



**ANNUAL REPORT AND ACCOUNTS**

**FOR**

**THE YEAR ENDED 31 MARCH 2019**

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

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## SECTION A: THE PERFORMANCE REPORT

### 1. Overview

The purpose of the overview is to give the reader a short summary of the Board's purpose, the key risks to the achievement of its objectives and how it has performed during the year.

#### 1.1 Statement from the Chief Executive on the Performance of the NHS Lanarkshire

NHS Lanarkshire delivered a solid all round performance in 2018/19, despite a difficult financial background.

Patient Safety is the Board's top priority. The latest Hospital Standardised Mortality Ratio, (HSMR) is therefore of particular note. HSMR is a quality indicator which has been used by HIS to reflect patient safety. The Patient Safety Programme set a national target of a 10% reduction between January 2014 and December 2018. The December 2018 figures show NHS Lanarkshire has achieved a reduction in HSMR of 25.9%, the greatest improvement shown by any mainland board over the reporting period. At 0.75, NHS Lanarkshire had the lowest absolute HSMR of any mainland Board. This exceptional achievement reflects the commitment of all NHS Lanarkshire staff to delivering a wide range of patient safety improvements across the whole system of care.

I am also pleased to note that for urgent cancer care NHS Lanarkshire ensured that every quarter over 95% of patients begin cancer treatment within 31 days of decision being taken to treat and within 62 days from urgent referral with suspicion of cancer. NHS Lanarkshire continues to see a high number of people for 8 key diagnostic tests within 6 weeks of referral, with 98.9% seen within 6 weeks in the quarter to 31 March 2019, compared to a Scottish average of 84%.

In other areas the Board broadly maintained previous levels of performance in the face of rising demand. 16,668 more outpatients and 403 more elective inpatients or day cases were seen within 12 weeks than in the previous year. Numbers still waiting at the end of 2018/19 were 5.8% lower for outpatients and very slightly less for inpatients. Set against rising demand, this increased throughput was still not enough to meet treatment time guarantees and waiting times for planned care remain a key area of focus for the Board.

209,826 people attended A & E's in Lanarkshire in 2018/19, 2.81% up on the year before and 19,974 (10.52%) more than in 2015/16. Compared to 3 years ago, NHS Lanarkshire is managing to see an additional 15,121 people (8.6%) within 4 hours of arriving. This solid achievement however is not enough to keep pace with the rising demand and over the course of the year 8.3% of patients were not seen within 4 hours.

Admissions to Lanarkshire hospitals have also been increasing over the last 3 years despite the success of IJB initiatives such as "Hospital at Home" where patients receive enhanced nursing and medical support in their own homes. Thanks to collaborative work with the IJBs and new models of early rehabilitation, the average length of stay once in hospital has decreased. The number of bed days each year taken up by people who are clinically fit to go home in Lanarkshire is higher than national average, particularly in the South IJB area. Since the IJBs became live in April 2016, there has been significant progress made in South which over 3 years has achieved a 24.1% reduction in delayed discharges. 8398 fewer bed days were lost to delayed discharges in 2018/19 than 3 years previously. This still means 191 beds on average are taken up each night by people who don't have a clinical need to be there. The over 75 population is set to rise steeply over the coming years and if NHS Lanarkshire is to cope with the rising demand for health care this will present, it is vital that collaborative working with the IJBs makes further inroads into maintaining peoples health in the community.

The goal of NHS Lanarkshire's long term healthcare strategy, "Achieving Excellence" is to shift the balance away from treatment in hospitals. This includes preventing ill-health in the first instance and developing enhanced community services where people are looked after at home or in homely settings. Hospital care will be organised into centres of excellence to provide specialised clinical services for patients.

Substantial effort went in to taking "Achieving Excellence" forwards in 2018/19. Completed work includes creating a new unit, compliant to modern standards unit and allowing better use of specialised staff, to prepare the potentially toxic drugs such as those used in chemotherapy. This replaced 4 separate smaller units. The business case for meeting the increased demand for Systemic Anti-Cancer treatment was approved and the capital works to facilitate this will be completed in 2019/20.

The Initial Agreement for refurbishing or replacing the ageing Monklands hospital infrastructure was approved by the national capital investment group in October 2017. NHS Lanarkshire undertook a major service change consultation between 16 July and 15 October 2018 on the replacement or refurbishment options. This gave the public, patients, carers, NHS Lanarkshire staff and many other stakeholders across Lanarkshire and the wider West of Scotland the chance to share their views at public meetings and through other channels. The Cabinet Secretary for Health and

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Sport established an Independent Review Team (IRT) in December 2018 to review the Monklands public consultation and options appraisal undertaken by NHS Lanarkshire. The IRT is due to pass its report to the Cabinet Secretary on 31 May 2019.

NHS Lanarkshire is committed to getting the best solution and is acutely aware of the impact of delay. Despite a rigorous risk management programme and millions of pounds of investment annually, the infrastructure at Monklands is at the end of its life and the risk of service disruption as problems emerge is ever present. The longer before a new facility is available, the more money that is spent on a time limited building and, with building inflation, the higher the cost of a new build. Finding a way forwards is one of NHS Lanarkshire's key priorities in 2019/20.

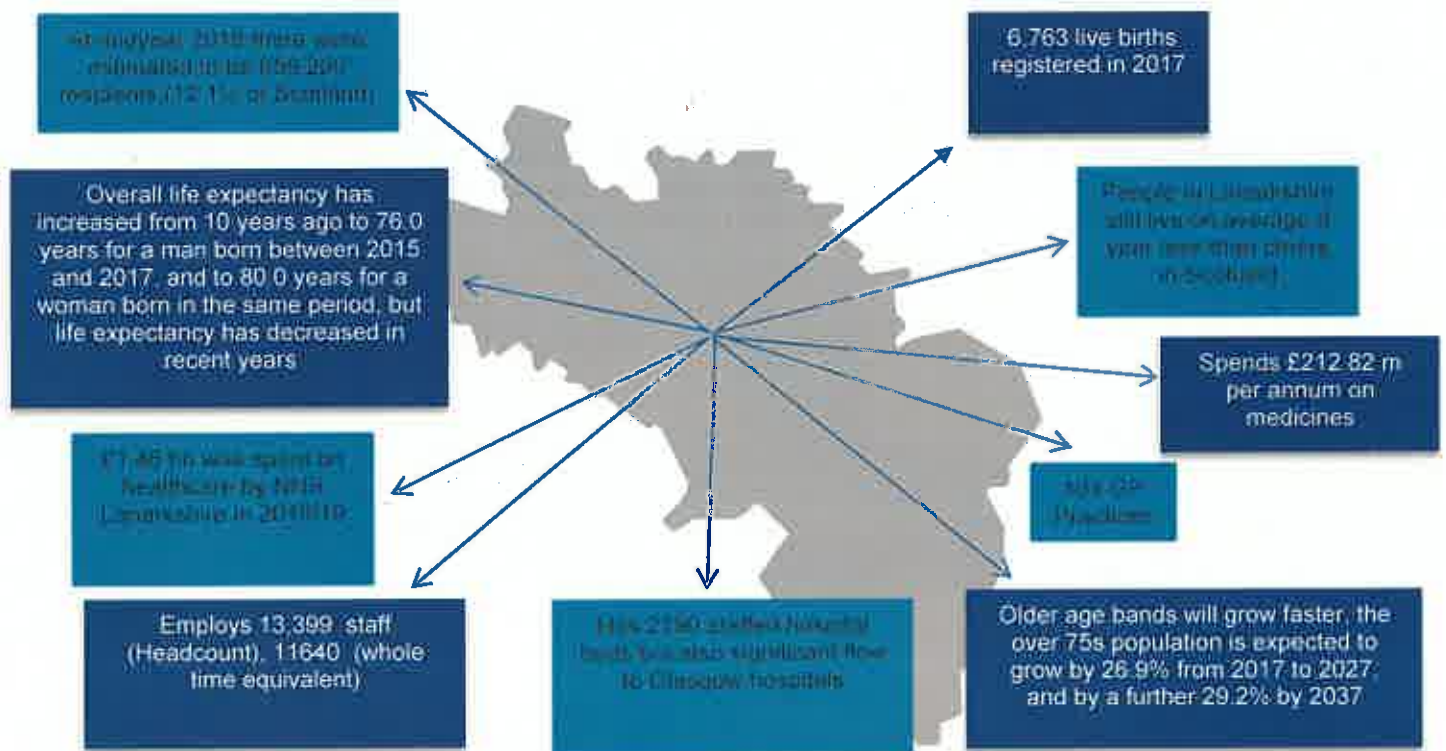
With costs generally growing faster than income, staying within budget in 2018/19 required strong cost control and delivery of efficiencies. NHS Lanarkshire managed these pressures, not only ending the year within budget but also being able to make additional investments in boosting services over winter and approving a new flexible community IT system.

I would like to acknowledge the hard work of all of the Board's staff, and thank them for all their efforts which allow us to continue to provide safe, effective, person-centred care within the resources allocated to us.

## 1.2 Lanarkshire Health Board (Commonly known as NHS Lanarkshire) – Role and Responsibilities

Lanarkshire Health Board was established under the National Health Service (Scotland) Act 1972 and is responsible for commissioning and providing health care services for the residents of Lanarkshire.

### NHS Lanarkshire at a glance



The principal role of NHS Lanarkshire remains the protection and improvement of the health of the resident population, and the delivery of high quality, patient-focused services. As well as setting strategic direction, setting annual and longer term objectives, and monitoring performance against these, NHS Lanarkshire ensures there are high standards of corporate governance and effective financial stewardship.

The Public Bodies (Joint Working) (Scotland) Act 2014 seeks to bring greater integration of health and social care services. In line with its requirements, in June 2015, two separate legal bodies, known as Integration Joint Boards (IJBs), were established, one for North and one for South Lanarkshire. Formal powers were transferred to these bodies from 1st April 2016. Under the Act the NHS Board delegates the planning and commissioning for Primary, Community and Mental Health services to the IJB's. The IJB's also strategically plan, alongside the NHS Board for Accident and Emergency Services, and inpatient services for General, Geriatric, Respiratory, Rehabilitation and Palliative Care inpatient services. Each Integration Joint Board comprises 4 directors from the NHS Board, 3 of which are non-executive directors, and 4 councillors from the respective Council. Each have appointed a Chief Officer and a Chief Finance Officer responsible for delivery of the IJB's objectives.

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The IJB decide what integrated services will be provided and how they will be funded and direct the NHS Board and local authority to deliver those services.

NHS Lanarkshire contracts with GPs, opticians, dentists and pharmacists to provide a full range of primary care services. £321.619 m was spent on these in 2018/19, including £136.597m to reimburse the cost of GP prescribed drugs. The NHS Board's Acute Division operates three large district general hospitals – Wishaw, Monklands and Hairmyres –all with University status. All three district general hospitals provide full accident and emergency services and are supported by a number of smaller satellite units such as Stonehouse, Udston and Coathill hospitals. £367.955 m was spent by the Acute Division in 2018/19 on staffing, supplies and drugs, with property costs being picked up centrally. The need to access specialist services, plus a high number of patients choosing to use hospitals they find geographically more convenient (predominately in Glasgow), means that NHS Lanarkshire has a high proportion of expenditure in out of area services. During 2018/19, NHS Lanarkshire spent £191.228 m with other NHS bodies in Scotland.

The key risks to the Board delivering its objectives are seen as the availability of GPs and the sustainability of GP practices, wider workforce challenges, and the challenging financial outlook. The increased reliance on IT systems means the global threat of cyber attacks and the need always to handle data safely now feature much more highly in the risk to the Boards daily operations and reputation. All identified high risks are regularly reviewed and mitigating actions put in place. The UK wide risks on health service delivery potentially associated with EU withdrawal are being monitored and resilience groups established in preparation for any of them materialising. The Board has a well established risk management process and the Governance report on page 19 provides further detail on this process, the Board's high risks and actions being taken. The risk register considered by the Board in March 2019 can be found at <https://www.nhslanarkshire.scot.nhs.uk/download/2019-march-27-board-papers/?wpdmdl=5182&ind=1553676345280>

## 2. Performance against key non-financial targets

### 2.1 Corporate Performance Management Systems

The Board has well established corporate performance systems that provide regular reports both against Annual Operating Plan Standards and Corporate Objectives to the Board and against a wider suite of indicators to its Planning, Performance and Resources Committee

### 2.2 Corporate Objectives 2018/19

The Corporate Objectives flow from the Annual Operational Plan into personal objectives for senior staff. For 2018/19, Corporate Objectives centred around five high level ambitions:

1. **Continuously improve experiences and outcomes** – Delivering services that listen and respond to the needs of individuals, patients and carers to continuously improve experiences and outcomes
2. **Deliver person-centred, safe, effective and sustainable services** – ensuring they are of the highest quality
3. **Excellence in employment, engagement and partnership working** – using the influence of NHS Lanarkshire's organisational values and behaviours to support more effective partnership working with all of our stakeholders and our ambitions as an employer of choice
4. **Shift the Balance of Care** – ensuring that Acute Services and North and South Lanarkshire H&SCPs give sufficient focus to health inequalities, prevention, self-care, home support and care to reduce reliance on hospitals and to support the desired shift in the balance of care
5. **Achieve desired outcomes and best value for money** – ensuring that all resources are deployed to best effect, achieving transformational change in desired outcomes and value for money

The full corporate objectives can be found at <https://www.nhslanarkshire.scot.nhs.uk/about-us/corp-strategy/>

### 2.3 Annual Operational Plan 2018/19

The Annual Operational Plan is the contract between Lanarkshire NHS Board and Scottish Government and sets out the Standards that are expected to be achieved during the year. It has an associated Financial Plan. There were 7 non-financial Targets set in 2018/19 and our performance against each, and a number of former LDP standards, is set out in the table below. The information below is based on latest published data at time of writing.

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## Performance against National Targets 2018/19

NHS Lanarkshire is currently meeting or exceeding the target for 9 of the 22 national targets (including financial targets) as described in more detail below.

- ✓ **Proportion of patients beginning cancer treatment within 31 days of decision being taken to treat.** The standard set is 95%. (AOP)

At December 2018, NHS Lanarkshire was at **99%** (December 2017, 98%)

- ✓ **Proportion of patients beginning cancer treatment within 62 days from urgent referral with suspicion of cancer.** The standard set is 95%. (AOP)

At December 2018, NHS Lanarkshire achieved **95.2%**. (December 2017, 96.1%)

- ✓ **At least 80% of pregnant women in each SIMD quintile will have booked for antenatal care by the 12th week of gestation.**

At March 2018, NHS Lanarkshire early booking achievement ranged from **84.9% to 90.7%** across the five quintiles. (March 2017, 87.4% to 91%)

- ✓ **Eligible patients will commence IVF treatment within 12 months.** The standard set is 90%.

At March 2019, NHS Lanarkshire achieved **100%** (March 2018, 100%)

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

NHS Lanarkshire's rate was **0.26** at December 2018 (December 2017, 0.23)

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

NHS Lanarkshire achieved **99%** at December 2018 (December 2017, 99.5%).

- ✓ **Sustain and embed alcohol brief interventions (ABIs) in 3 priority settings (primary care, A&E, antenatal) and broaden delivery in wider settings.** The standard set is 7,381 to be delivered in the year.

NHS Lanarkshire delivered **10,328** by March 2018. (March 2017 9,657)

- ✓ **48 hour access to an appropriate member of the Primary Care Team.** The standard set is 90%.

NHS Lanarkshire at **91%** based on the Health & Care Experience Survey published in May 2018.

There is a stated government ambition that everyone newly diagnosed with dementia is offered a dedicated post-diagnostic service. There are two elements to this standard and the latest national data available for both elements is for 2016/17. For NHS Lanarkshire, 61.3% of people estimated to be newly diagnosed with dementia were referred for dementia post-diagnostic support (2015/16 - 56%) against a national average of 46.7%. In addition, for NHS Lanarkshire 88.5% of people diagnosed with dementia who were referred for post-diagnostic support received one year's support (2015/16 - 83.5%) against a national average of 83.9%.

There are a further 11 measures where NHS Lanarkshire is not currently meeting the national target as described below.

- X **No patient to wait more than six weeks for any of the eight key diagnostic tests and investigations**

In NHS Lanarkshire 98.9% of patients waiting at the end of March 2019 had been waiting less than six weeks (March 2018, 98%). For six of the tests no patients were waiting for more than six weeks, but there were 94 patients still waiting longer for cystoscopy as a new process was embedded and 26 patients waiting longer for a CT scan due to challenges in Consultant Radiologist recruitment (5 wte vacancies) alongside the prioritisation of urgent suspicion of cancer activity and inpatient activity. In both cases the backlog was being cleared by sourcing additional activity. The Scottish average was 84% so despite the difficulties, NHS Lanarkshire's performance has remained high.

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- X NHS Scotland was achieve a 25% increase in the 2010 and 2011 combined percentage of breast, colorectal and lung cancer cases that are diagnosed at stage 1 by December 2015.**

For NHS Scotland to achieve this it would have needed to increase from 23.3% to 29% by December 2015. Combined performance for 2016 and 2017 for Scotland sits at 25.3%, with NHS Lanarkshire at 24.9%. A 25% increase for Lanarkshire would have equated to 29.9%. To increase the percentage of cancers detected at Stage 1 the Board is trying to increase the number of people taking advantage of all cancer screening programmes (including the cervical screening programme which is not included in the national target).

- X No patient to wait more than 12 weeks from referral to treatment (AOP)**

Of patients seen in the quarter to March 2019, 62.1% had waited more than 12 weeks (March 2018 62.6%). The Scottish average was 68.4%: This is an area where NHS Lanarkshire recognises it has an ongoing gap between demand and capacity and this is explored in more depth in the Integrated Performance analysis on page 8 NHS Lanarkshire at 62.1% at March 2019 (The standard set is 100% compliance).

- X 95% of patients to wait no more than 12 weeks for a first outpatient appointment.**

At the 31 March 2019 89.7% of people on the waiting list for outpatient treatment in NHS Lanarkshire had been waiting less than 12 weeks against a Scottish average of 75%. This is an improvement on the 84.8% at March 2018 and further information is included in the integrated performance analysis.

- X 90% of patients seen and treated within 18 weeks of referral (acute services). The standard set is 90%.**

This target links all stages of the patient's journey from the initial referral to the start of treatment and so provides a different view on the separate diagnostic, outpatient and inpatient targets. NHS Lanarkshire achieved 84.5% at March 2019. In March 2018 this was 82.1%, gradually increasing to 90% in June and July 2018, then dipping.

- X 90% of young people children to start treatment within 18 weeks of referral for specialist Child & Adolescent Mental Health Services (CAMHS)**

NHS Lanarkshire achieved at 76.6% at March 2019, an improvement on 71.4% at March 2018. The overall Scottish performance was 73.6%. This is an area where rising referrals combined with continued difficulties with staff turnover means Lanarkshire has struggled to maintain performance and last achieved 90% in January 2017. Further information can be found in the Integrated Performance analysis.

- X 90% of Psychological Therapies patients to start treatment within 18 weeks of referral.**

In the quarter to 31 March 2019 82.2% of patients in Lanarkshire started their psychological therapy within 18 weeks of referral. 1086 (15%) more people were seen in 2018/19 than in the previous year and the percentage seen within 18 weeks compares favourably with the same quarter last year (79%) and the current Scottish average of 77.4%. It still falls short of the desired level, impacted on by challenges in maintaining staffing levels through vacancies and maternity leave and more recently the challenge of ensuring there are appropriate facilities in each locality. Ways to explore how these issues can be resolved are being explored.

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

NHS Lanarkshire was at 0.35 for the latest quarter (December 2018), an improvement on the rate of 0.38 at December 2017 but slightly above the Scottish average of 0.33. Further information can be found in the integrated performance analysis.

- X Advance booking of an appointment with a GP three or more working days in advance. The standard set is 90%.**

NHS Lanarkshire at 59% based on the Health & Care Experience Survey published in May 2018.

- X Sustain and embed successful smoking cessation quits at 12 weeks post quit, in the 40% most deprived SIMD areas. The standard set is 1,299 12 week quits to be delivered in 2018/19 (1,411, 2017/18).**

NHS Lanarkshire had achieved 673 of the 2018/19 annual target at December 2018 of 975. In 2017/18 it achieved 1274 12 week quits.

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**X Sickness absence to be 4% or less.**

NHS Lanarkshire's sickness absence rate was **5.87%** for 2018/19. Further commentary can be found in the Integrated performance analysis.

**X 95% of people wait less than 4 hours from arrival to admission or discharge or transfer for A&E treatment. (AOP)**

In March 2019, 91.7% of people stayed less than 4 hours in A & E compared to a Scottish average of 91.3%. A & E attendances continue to grow year on year, and even though NHS Lanarkshire sees more people within the 4 hours each year, this puts continued pressure on this target. Further information can be found in the integrated performance analysis.

The AOP Targets and former LDP standards above achieve prominence because of their national status. Other key indicators which the Board and Corporate Management Team review regularly are the numbers of delayed discharges and associated bed days and a suite of measures related to Patient Safety. Patient Safety indicators include a wider range of control of infection measures than covered by the AOP/Targets/former LDP standards plus a range of other safety measures such as the Hospital Standardised Mortality Ratio. The performance against these indicators as reported to the March 2019 Board can be found at:

<https://www.nhslanarkshire.scot.nhs.uk/download/2019-march-27-board-papers/>

During 2017/18, 6 key measures were introduced to track performance under integration and these continue to be monitored. These include reducing the number of A & E attendances and unplanned admissions, reducing the resulting number of bed days, reducing the number of bed days lost to delayed discharges, percentage of last 6 months of life spent at home or in a community setting and increasing the percentage of resources spent in the community.

**Performance Analysis**

**Financial Performance**

NHS Boards are required to meet 3 financial targets in-year: a Revenue Resource Limit a Capital Resource Limit and a Cash requirement. The Revenue and Capital Resource Limits are further analysed into Core and Non Core where Non Core represents item of expenditure that are of a technical accounting nature, details of which can be found on the Statement of Resource Outturn.

2018 Actual Outturn		Limit as set by SGHSCD	2019 Actual Outturn	Variance (Deficit)/ Surplus
£'000		£'000	£'000	£'000
1,239,447	Core Revenue Resource Limit	1,272,215	1,271,927	288
35,715	Non-core Revenue Resource Limit	24,370	24,370	0
<b>1,275,162</b>	<b>Total Revenue Resource Limits</b>	<b>1,296,585</b>	<b>1,296,297</b>	<b>288</b>
20,773	Core Capital Resource Limit	20,440	20,440	0
0	Non-core Capital Resource Limit	0	0	0
<b>20,773</b>	<b>Total Capital resource Limit</b>	<b>20,440</b>	<b>20,440</b>	<b>0</b>
1,317,334	Cash Requirement	1,381,868	1,381,868	0

MEMORANDUM FOR IN YEAR OUTTURN	£'000
Reported (deficit) / surplus in 2018/19	288
Approved brought forward (deficit) / surplus from previous financial year	381
(Deficit) / Surplus against in-year total Revenue Resource Limit	(93)

The core revenue limit provides funding for the day to day pay and supplies costs of running the health service. Approximately 91% of this allocation is notified at the start of the year and can be assumed will continue into following years. The remainder is released in year targeted for specific purposes.



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The largest element of the funding confirmed in year is for General Medical Services. As part of a national commitment to the sustainability of GP practices, a new GP contract came into force in April 2018, and the core funding increased from £82.432m to £89.813m (9%). This was supplemented by £8.311 m of specific time limited funding to focus on transforming aspects of Primary Care, 15.4% more than in the previous year. The Primary Care Improvement Plan, which will take several years to develop and implement is being led by the South Lanarkshire IJB and so far has achieved increased multi-disciplinary support in GP Out of Hours, an increase in pharmacy support, a programme for the NHS Board to take over vaccination programmes previously run by GPs and the Board agreeing to take over the lease of a GP premise as the first step in a premises work plan.

In line with the wider ambition to shift the balance of care from acute hospitals to being more community based, the Scottish Government made additional investments in increased numbers of health visitors, family nurse practitioners and additional funding for mental health and alcohol and drugs programmes. In year funding across these areas increased by £3.748m (24.9%).

For many years the Scottish Government has provided in year non-recurring support for acute access targets and winter pressures. In 2018/19 £10.942m was given specifically for these purpose, 82.9% of which related to elective waiting times performance. The amount received for winter and unscheduled care was slightly less than in 2017/18. With this broadly equivalent funding NHS Lanarkshire was able to see more inpatients and outpatients in year and despite rising demand end 2018/19 with fewer patients on the waiting list than at the start. The dependence on non-recurring funding to achieve this however is of concern.

After many years of a 1% cap on pay rises for all but the lowest earners in the NHS, in 2018/19, a 3 year pay deal was agreed which over the period would deliver a 9% rise, with most staff receiving 3 % in the first year. Additional funding was provided by the Scottish Government to cover the cost of year 1. Pay costs rose by 4.36% to £538.801m in year. The average number of whole time equivalents employed by the Board rose by 103.7 (0.92%).

Policies to give earlier or easier access to new drugs, many of which come at very high cost, mean the hospital drugs bill is an area of fast growing cost pressure for NHS Boards. In 2018/19 expenditure on hospital prescribed drugs increased by 6.4% to £76.230m. This cost growth was shallower than had been originally anticipated in the financial plan though is forecast to rise steeply in 2019/20.

The overall increase in the core resource budget from the previous year was 2.6% but when the specific elements discussed above are taken account of, the amount left was insufficient to cover the inflationary rises in other supplies and services or other unavoidable cost rises. The initial financial plan estimated £25.821m of efficiency savings would be needed to close the gap between the growth in income and the growth in costs. At the year end the Board could demonstrate a higher achievement than this, at £28.762m. The better than expected performance allowed the Board to make additional in year investment including boosting services over the winter period and taking forward a new community IT system which should make a substantial difference to mobile working. The small residual surplus of £0.288m is expected to be available to the Board in 2019/20.

Funding to territorial Boards is determined by the NRAC national allocation formula that takes account of population characteristics. NHS Lanarkshire's funding sits below its fair share under the formula and its strong financial performance has been delivered despite not having its target share of resources. Not all of the savings made by the Board have been secured on an ongoing basis and the financial plan for 2019/20 starts with an estimate £7.389m excess of recurring budgets over anticipated income which will need to be resolved in that year. £2.200m of NRAC funding to take the Board to within 0.8% of its target share in 2019/20 will help close this gap but the rest will rely on efficiency savings.

Any underspend against the budget delegated to the IJB's remains with the IJB, held in reserves for carry forward into future years. At 31/3/19 £8.780m (1.32%) of the in-year funding had not been spent and will be returned to IJB reserves (2017/18 £4.246m). Much of the funding relates to ring-fenced areas.

The Board completed an £20.897m capital programme. £7.696m was spent replacing medical equipment at the end of its life. This included £1.590m of imaging equipment and £0.674m replacing the second of the 2 cardiac catheterisation labs at Hairmyres. These cover Lanarkshire and Ayrshire and are used for reperfusion after myocardial infarction and other cardiac procedures. In 2019/20 the facility should also start to receive patients from Dumfries and Galloway.

£1.620m was spent on the final phase of the Monklands theatre and ITU refurbishment which was handed over in November 2018. This was a £21.561million, twelve phase replacement and upgrade of the Surgical Department over 5 years to provide 7 new operating suites, including two Ultra Clean Theatres, relatives' area, reception and recovery areas and a state-of-the-art 10-bed ICU. A minimum of six theatres were maintained operational for NHS Lanarkshire during each phase of the project and the extended timescale reflects the complexities of attempting any major renovation work in an operational facility.

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Expenditure of £1.327m allowed a new aseptic unit to be created on the Monklands site. These units are used to prepare potentially toxic drug preparations, such as chemotherapy drugs, in carefully controlled conditions. NHS Lanarkshire had four units previously, too small to meet current more demanding safety standards or make most efficient use of staffing. This work is consistent with a national work stream looking to make best use of facilities but also to standardise on best practice processed.

Although the initial agreement to replace Monklands hospital was approved in October it would have been many years before a new facility was in place, a timescale which has now been lengthened by delays in having an approved site. As in previous years, substantial expenditure was incurred in keeping the aging infrastructure at Monklands District Hospital fit for continued use. £3.358m was spent on fire safety, infection control, security, lift and electrical upgrades, asbestos removal and drainage. Any work on this busy site requires careful programming and infection control measures and is often limited by the ability to temporarily vacate areas.

£2.045m was spent on I.M.&T. projects with a strong focus on upgrading the telecommunications infrastructure and IT network. Work to procure, test and roll out of a new laboratory information system and hospital electronic prescribing system continued and a new business case was approved for a flexible community information system with expanded Wi-Fi access. Such systems are seen as critical to more agile, electronically enabled, work patterns in future.

NHS Lanarkshire operates a Laundry for itself and 3 other NHS Boards in the West of Scotland. The equipment had originally been leased but in 2018/19 it was bought out by the Board primarily because it gave more flexibility to upgrade and adapt the production line but also because it was slightly cheaper over the remaining period.

The amount of capital required to maintain business continuity on Monklands along with the capital required on the regional services placed a heavy demand on the formula capital allocation. As in previous years NHS Lanarkshire had to take money from its revenue budgets to support essential capital work. As the pressure on revenue budgets increases from 19/20 onwards this is unlikely to be a feasible option.

### Integrated Performance Analysis

#### Performance against Key Non-Financial Targets

As set out in the tables in pages 4 and 5, NHS Lanarkshire met or exceeded 9 of the 22 measurable national targets. This included ensuring prompt treatment for those suspected of having cancer, where NHS Lanarkshire exceeded 95% for both the 31 and 62 day target in each quarter.

With rising demand and difficulties recruiting to full workforce across various specialties, maintaining performance against the other acute access targets has proved challenging.

There has been a 19,974 (10.52%) increase in the number of people attending A&E's in NHS Lanarkshire over 3 years, with 2018/19 numbers 2.81% up on the year before. Hairmyres initially saw the steepest growth as patients who previously would have attended the A&E in the Victoria Hospital in Glasgow, switched to Hairmyres but from 2017/18 there has been exceptional growth in the numbers of people attending Wishaw. The A&E departments not only faced the challenge of this rise in demand but also that of recruitment to maintain staffing levels. Despite this, the emergency departments managed to increase the number of people seen with 4 hours by 15,121 over 3 years.

Emergency Department	Hairmyres	Monklands	Wishaw	Total
Attendances 18/19	65,993	70,353	73,480	209,826
Attendances 17/18	64,277	68,598	71,212	204,087
Attendances 15/16	60,166	66,828	62,858	189,852
Increased Attendances since last year	1,716	1,755	2,268	5,739
	2.67%	2.56%	3.18%	2.81%
Increased attendances since 15/16	5,827	3,525	10,622	19,974
	9.68%	5.27%	16.90%	10.52%
Seen in 4 hours 18/19	58,634	66,455	65,196	190,285
Seen in 4 hours 17/18	56,890	65,054	64,815	186,759
Seen in 4 hrs 15/16	54,998	64,006	56,160	175,164
Additional seen in 4 hrs since last year	1,744	1,401	381	3,526
	3.07%	2.15%	0.59%	1.89%
Additional seen in 4 hrs since 15/16	3,636	2,449	9,036	15,121
% achievement 18/19	88.85%	94.46%	88.73%	91.51%
% achievement 17/18	91.41%	95.78%	89.34%	92.26%

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

This level of increase in A&E attendances threatens sustainable safe care. Accident and Emergency services are one of the hospital services delegated to IJBs so planning for avoiding unnecessary attendances or ensuring once in hospital people are able to return to the community as soon as possible is a joint effort. An unscheduled care Board has been established encompassing the Acute Division Director and the Chief Officers of the IJB with agreed action plans for initiatives that could help to reduce this pressure.

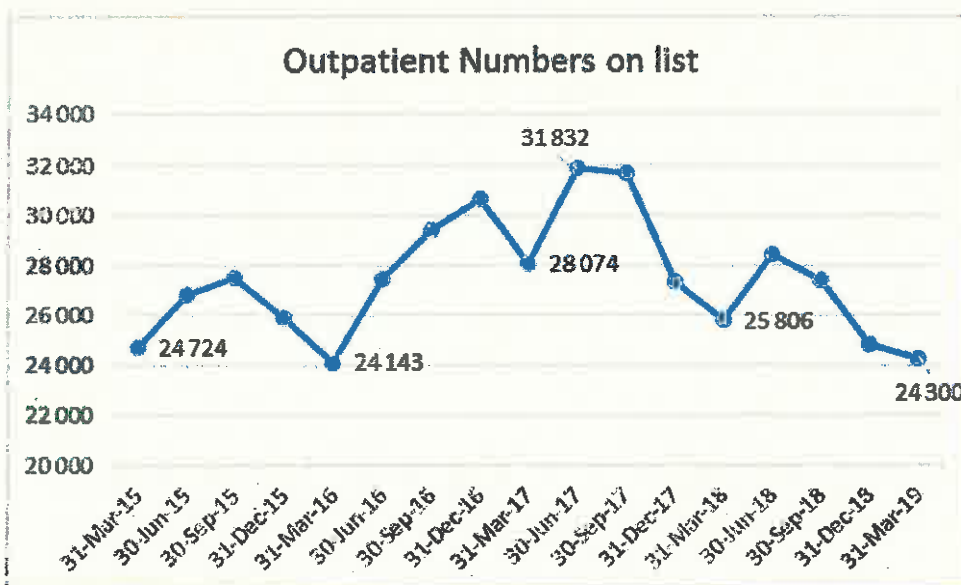
The IJBs are well placed to respond to this as both health and social care services sit within their remit. The impact rising pressures on social care could have on health care also sits behind the Scottish Governments decision to specify that between 16/17 and 17/18 £44m of the NHS uplift was to be passed to local authorities. In 2015/16, prior to the IJBs becoming live, 205 beds on average were taken up every night by people who were clinically fit to leave hospital but some other factor was delaying this. Although the population split was 49:51 South: North, the delayed discharges were split 58:42. By 2018/19, as a result of a 24.1% decrease in bed days lost to delayed discharges by the South IJB, this had reduced to 182 beds blocked every night, an annual impact of 8398 fewer bed days lost. Although North has not seen an overall decrease since 2015/16 it did make inroads in 2018/19 into bringing the level back nearer to that base figure.

To ensure NHS Lanarkshire can continue to safely care for emergency attendances, it is essential that progress continues in reducing delayed discharges and other blocks to the smooth flow of patients through the system. The latest improvement actions being undertaken by the IJBs and the Acute Division can be found at:

North IJB <https://www.nhslanarkshire.scot.nhs.uk/download/2019-may-29-board-papers/?wpdmdl=5727&ind=1559039842338>  
 South IJB <https://www.nhslanarkshire.scot.nhs.uk/download/2019-may-29-board-papers/?wpdmdl=5727&ind=1559039844146>  
 Acute Division <https://www.nhslanarkshire.scot.nhs.uk/download/2019-may-29-board-papers/?wpdmdl=5727&ind=1559039778294>

The Acute Division paper referred to above also gives a more detailed analysis of the Board's performance against planned care waiting times targets.

During 2018/19 additional outpatient capacity had been put in place internally and with external providers. 37872 new outpatients subject to a treatment time guarantee were seen, 6712 (5.1%) more than in the previous year. Taking into account the impact of increased demand, this reduced the total number waiting at the year end from 25806 to 24300, the lowest level in 3 years. 78% were seen within 12 weeks which in absolute terms meant 16,668 (17%) more people were seen within 12 weeks than in the previous year. The graph below illustrates the substantial progress made.



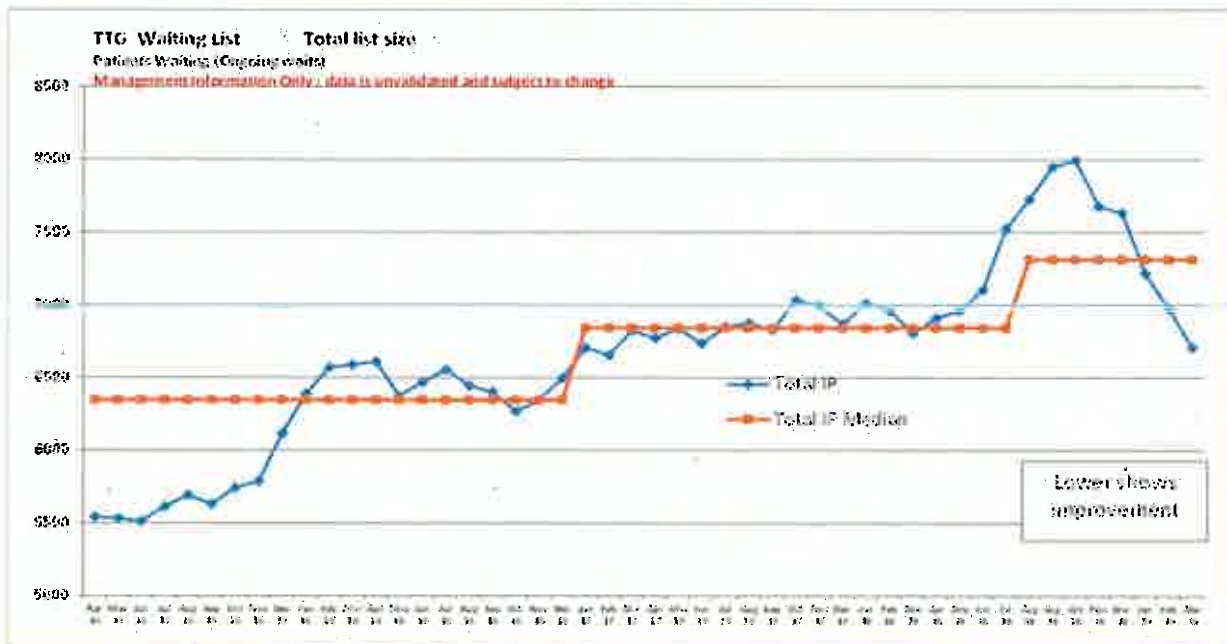
Source: ISD Data published 28 May 2019

<https://www.isdscotland.org/Health-Topics/Waiting-Times/Publications/data-tables2017.asp?id=2420#242>

# NHS LANARKSHIRE

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

The increased number of outpatients seen flowed through into an increased demand for inpatient and daycase procedures. During 2019/20 NHS Lanarkshire treated 26240 inpatient or day cases, 1491 (6%) more than in the previous year. If demand had remained static, this would have made substantial inroads in to the numbers waiting but because demand was rising, the number waiting at 31<sup>st</sup> March 2019 (6715) was only 11 less than at the end of the previous year. 225 fewer people had been waiting for more than 12 weeks (1222 in total) than at the end of the previous year. The graph below shows how the waiting lists have moved from April 2015 and shows how there was a significant push in the final 2 quarters of 2018/19 to reduce the numbers waiting.



Outside hospital, rising referrals combined with recruitment and retention difficulties continued to impact on the plans to improve the waiting times for Child and Adolescent Mental Health Services. CAMHS referrals in Lanarkshire doubled between 2012 and 2017. 2006 young people started treatment in 2018/19, 13% more than the previous year. 76.6% of these started treatment within 18 weeks, a slight increase from 71.4% in 2017/18 despite the higher numbers of referrals. Previous actions, such as advertising posts on a permanent basis, accepting the risk funding was only fixed term, were successful though the market demand of posts means turnover is still an issue. The ISD CAMHS workforce report show an increase in CAMHS workforce in Lanarkshire from 87.0wte in September 2013 to 118.5wte in March 2019.

These issues are not unique to Lanarkshire and a national task force has been established to direct a programme of investment in services to support the mental health and well being for children and young people from 0 – 25 years over the course of the current 3 year Programme for Government. The North Lanarkshire Health and Social Care services has reviewed local services in depth and developed a longer term action plan. This includes a hub where a multidisciplinary team look at the neurodevelopmental pathway to help early intervention, improved premises, standardising on best practice in terms of return appointments for specialised treatment as well as continued initiatives to improve recruitment and retention.

### Hospital cleanliness & control of infection control of high importance

During the year NHS Lanarkshire was inspected by the Healthcare Environment Inspectorate at University Hospital Wishaw. The inspection reported good environmental cleanliness and staff awareness. It identified 3 areas where changes were required; on storage of instruments, preparation of intravenous drugs and documentation of invasive devices with 2 further recommendations. These have been acted on.

NHS Lanarkshire contributes to the national surveillance programme overseen by Health Protection Scotland and the NHS Board receives a Hospital Acquired Infection Report (HAIRT) report from the Infection Prevention and Control team detailing performance against national standards and local delivery plan targets for hand hygiene, surveillance and antimicrobial stewardship. There are a wide range of initiatives underway including further capital investment in work in Theatres and wards at Monklands Hospital to improve the standard of the environment.

The two LDP standards relating to control of infection are the rate of infections with Clostridium Difficile (C Dif) and Staphylococcus Aureus bacteraemia (SAB) per 1,000 total occupied bed days. Both these infections occur naturally in the community and in healthcare settings it is important to take measures to prevent infections spreading.

## NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

Achieving the annual target of no more than 0.32 cases of c dif per 1000 occupied bed days would mean ensuring there were less than 159 cases in 2018/19. Submitted data gives a total of 119 cases meaning NHS Lanarkshire has met this target for the third consecutive year.

Achieving the national target for no more than 0.24 SAB infections per 1000 occupied bed days would mean no more than 104 cases in 2018/19. 155 cases have been recorded meaning, as in 2017/18, the target has not been met. Alongside continuous work to audit and improve hand hygiene rates, and proactive round invasive devices, the NHSL Safety Manual for Infection Prevention and Control is being revised following consultation and specific enhancements are in place in high risk areas. For example University Hospital Monklands (UHM) Renal Department carry out a clinical review of all SAB cases and complete an SBAR for discussion with the Senior Nurse. The findings of the reviews are also shared with staff through the safety brief and at the SAB Improvement meetings. University Hospital Wishaw (UHW) Neonatal Unit carry out weekly reviews of PVC/CVC insertion & maintenance bundle documentation. Staff are progressing with the review of this work with the support of the Improvement Midwife.

Supporting staff back to work is important both for staff wellbeing and continuity of patient care. The national target is to keep sickness absence below 4% of available hours. In 2018/19 the sickness absence rate in NHS Lanarkshire was 5.87% (2017/18, 5.65%) against a Scottish average of 5.39%. Monthly performance data is supplied to managers across NHSL to allow them to effectively manage sickness absence and support staff back to work. The divisional performance reviews also look at any wider issues and actions. Alongside good reporting and policy compliance, full engagement of occupational health services, this included looking at ways by which staff could come back to the workplace in modified roles rather than facing extended periods of sickness. A new national policy on managing sickness absence will be implemented in 2019/20 and a Lanarkshire workshop has been organised for July 2019 to discuss ways to further improve attendance in NHS Lanarkshire.

There are 2 former LDP standards associated with access to GP surgeries. In the latest survey from May 2018 91% of residents sampled reported being able to secure 48 hour access to an appropriate member of the Primary Care Team against a standard of 90%. This is an increase from the 81% who secured 48 hour access in the previous survey in 2016. However only 59% of those sampled reported being able to book an appointment more than 3 days in advance against 69% in 2016. The standard is 90%. Sustaining primary care services in future is one of the high risks recognised by the Board. A new national contract was implemented in 2018/19 with increased resources attached and additional funding has been supplied in 2017/18 and 2018/19 to take forwards a primary care transformation plan.

The Hospital Standardised Mortality Ratio, HSMR has been reported quarterly for all Scottish hospitals participating in the Scottish Patient Safety Programme (SPSP) since December 2009. It is calculated by comparing the number of actual deaths within 30 days of admission to hospital against the number of predicted deaths. This single quality indicator has been used by HIS to reflect patient safety and use as a flag for engagement with Boards where there is an upward change in HSMR. The Patient Safety Programme set a national target of a 10 % reduction between January 2014 and December 2018. The December 2018 figures show NHS Lanarkshire has achieved a reduction in HSMR of 25.9%, the greatest improvement shown by any mainland board over the reporting period. At 0.75, NHS Lanarkshire had the lowest absolute HSMR of any mainland Board.

This exceptional achievement reflects the commitment of all NHS Lanarkshire staff to delivering a wide range of patient safety improvements across the whole system of care.

### **Additional Explanations of Amounts Included in the Financial Statements**

The following section highlights significant estimates included in the accounts:

Provisions for impairment of receivables are contained in note 9 of the accounts.

Details of outstanding liabilities can be found in note 12 of the accounts. There are no significant remote contingent liabilities requiring disclosure in 2018/19.

NHS Lanarkshire has legal obligations in relation to clinical and non-clinical claims. Details of these are contained in notes 13 and 14 of the accounts. In 16/17 a national change in the discount factor used to calculate the cost of future liabilities caused a significant upwards shift in the provision for legal claims and the impact of this change is reflected in these accounts.

There are no retrospective restatements or post balance sheet items.

Any changes in non-current assets can be found in notes 6, 7, 9 and 10 of the accounts.

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## Private Finance Initiative / Public Private Partnerships

The facilities at Hairmyres, Wishaw and Stonehouse Hospital are provided to NHS Lanarkshire under private finance initiatives. The contracts run until 30 June 2031, 30 November 2028 and April 2034 respectively. The estimated capital value of the facilities is £ 237.463m.

Three community Health Centres in East Kilbride, Kilsyth and Wishaw are provided to NHS Lanarkshire 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 current estimated capital value of these facilities is £44.694m.

## **Payment Policy**

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

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

Prior to this, the Boards did endeavour 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 2018/19 average credit taken was 12.4 days (2017/18 – 8.6 days);
- In 2018/19 the board paid 89.11% by value (2017/18 – 92.1%) and 92.6% by volume within 30 days (2017/18 – 94.2%);
- In 2018/19 the board paid 78.3% by value (2017/18 – 79.5%) and 85.1% by volume within 10 days (2017/18 – 89.2%).

## **Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report.

## **Social Matters**

NHS Lanarkshire is committed to contributing to a fair and just society. Its Equality strategy commits to effective partnership working with communities to reduce inequalities, looking at areas such as homelessness, financial inclusion and poverty, and community resilience. Its code of conduct and fraud policy have strong anti-corruption, and anti-bribery provisions and its checks look to avoid engaging with any organisation with serious organised crime connections. Guidance has been issued to staff on spotting and responding to suspected human trafficking. Under the leadership of the Director of Public Health, NHS Lanarkshire fulfils its public sector duty under the PREVENT programme. PREVENT is part of the UK Counter Terrorism Programme. Its aim is to stop people from being drawn into violent extremist activity, by intervening before criminal activity has taken place

## **Sustainability and Environmental Reporting**

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which NHS Lanarkshire is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Act, along with copies of prior year national reports, can be found at the following resource:

<http://www.keepsotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/>

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

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

Signed  
Chief Executive



26 June 2019

## SECTION B: THE ACCOUNTABILITY REPORT

### CORPORATE GOVERNANCE REPORT

#### The Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2019.

#### 1. Date of Issue

Financial statements were approved and authorised for issue by the Board on 26 June 2019.

#### 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 Audit Scotland 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.

**Chair** Mrs N Mahal

**Executive Directors**

Mr C Campbell	Chief Executive
Mrs L Ace	Director of Finance
Mrs I Barkby	Director for Nurses, Midwives and Allied Health Professionals
Dr I Wallace	Medical Director (to 30 September 2018)
Dr J Burns	Medical Director (from 1 October 2018)

**Non-Executive Directors** Mrs L Macer, Mr M Fuller, Miss M Morris, Mr P Campbell, Dr A Osborne, Mr T Steele (to 30 June 2018), Councillor P Kelly, Mrs M Lees, Councillor J McGuigan, Mr B Moore (from 1 September 2018), Dr L Thomson (from 1 September 2018)

#### 4. Statement of NHS Board Members' Responsibilities

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 2019 and of its net expenditure 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.

**5. 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 24.

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

[Our Board | NHS Lanarkshire](#)

**6. 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.

**7. 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 5 times in 2018/19. It has three key roles:

The Healthcare Quality Assurance and Improvement Committee is responsible for providing assurance at all levels across the organisation that the health improvement and care we provide fulfils the Quality Ambitions of being Safe, Effective and Person-Centred and that staff at all levels are given necessary support to identify areas for quality improvement and the training and development to implement change.

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>Chair</b>	Mr M Fuller
<b>Members</b>	Mrs M Lees, Dr A Osborne, Mrs Macer, Mr T Steele (to 30 June 2018), Councillor J McGuigan, Dr L Thomson (from 1 December 2018)

***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 2018/19. 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>Chair</b>	Mr T Steele (to 30 June 2018), Mr B Moore (from 1 September 2018)
<b>Members</b>	Mrs L Macer, Mr P Campbell, Dr A Osborne, Councillor J McGuigan



# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## ***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 2018/19.

**Chair** Mrs L Macer  
**Members** Mr T Steele (to 30 June 2018), Mr B Moore (from 1 September 2018), Mr P Campbell, Miss M Morris, Mr Tom Wilson, 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 6 times in 2018/19.

**Chair** 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 2018/19, no Reference Committee meetings were required to be convened by NHS Lanarkshire.

## **Additional Board Committees -**

### ***Acute Governance Committee***

The Acute Governance 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.

**Chair** Dr A Osborne  
**Members** Mr M Fuller, Mr T Steele (to 30 June 2018), Councillor P Kelly, Miss M Morris, Dr L Thomson (from 1 December 2018)

### **Population Health, Primary Care & Community Services Governance Committee**

The Population Health, Primary Care & Community Services Governance 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 govern the actions of NHS Lanarkshire in protecting and improving the health of the population with particular emphasis on addressing inequalities and on delivering effective primary care services. The focus will be on populations and the actions of organisations; provide support to the governance and delivery of community based services by Health and Social Care Partnerships given their role in the delivery of programmes and services that impact on public health; and be responsible for monitoring the governance of mental health (including learning disability) services.

**Chair** Miss M Morris  
**Members** Mr P Campbell, Mr M Fuller, Mrs M Lees, Mr B Moore (from 1 December 2018)

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## 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:

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

<b>Chair</b>	Mr P Campbell, Non-Executive Director, Lanarkshire NHS Board
<b>Vice-Chair</b>	Councillor J Bradley, South Lanarkshire Council
<b>Members</b>	Councillor R Lockhart, South Lanarkshire Council Councillor J McGuigan, South Lanarkshire Council Councillor A Falconer, South Lanarkshire Council Mr T Steele, Non-Executive Director, Lanarkshire NHS Board (to 30 June 2018) Dr L Thomson, Non-Executive Director, Lanarkshire NHS Board (from 1 December 2018) Dr I Wallace, Medical Director, Lanarkshire NHS Board (to 30 September 2018) Mrs L Macer, Non-Executive Director, Lanarkshire NHS Board

### *North Lanarkshire Health and Social Care Partnership Joint Integration Board*

<b>Chair</b>	Councillor P Kelly, North Lanarkshire Council
<b>Vice-Chair</b>	Dr A Osborne, Non-Executive Director, Lanarkshire NHS Board
<b>Members</b>	Councillor J Logue, North Lanarkshire Council Councillor M Gallacher, North Lanarkshire Council Councillor A Stubbs, North Lanarkshire Council Miss M Morris, Non-Executive Director, Lanarkshire NHS Board Mr M Fuller, Non-Executive Director, Lanarkshire NHS Board (to 1 December 2018) Mr B Moore, Non-Executive Director, Lanarkshire NHS Board (from 1 December 2019) Mr P Campbell, Non-Executive Director, 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-Chairs</b>	Mr M Fuller, Miss M Morris, Dr L Thomson (from 1 December 2018)
<b>Members</b>	Mrs C Prentice, Mrs M Caraher, Mrs L Robertson, Mr C J Sargent, Mr J Woods

#### 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.

#### 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 - [Financial Information | NHS Lanarkshire](#)

Information specifying the number of individuals who received remuneration in excess of £150,000 can be found in the Staff Report.

#### 11. Personal data related incidents reported to the Information Commissioner

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

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

12. 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.

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## Statement of Accountable Officer's Responsibilities

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 confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable.

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 21 November 2014.

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## 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

NHS Lanarkshire is responsible for commissioning and providing health care services for the residents of Lanarkshire. The NHS Board met 6 times in public during 2018/19 both to maintain its strategic direction and to receive assurance on achievement of its objectives and on the quality of its services. In April, June, September 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. 7 Board Development events were held throughout the year to increase background understanding of complex issues and to allow time for reflection on approach and effectiveness.

The Public Bodies (Joint Working) (Scotland) Act 2014, aims to integrate Health and Social Care services by delegating the planning, commissioning and oversight of a range of health services and adult social care to two separate legal bodies, known as Integration Joint Boards (IJBs), one for North and one for South Lanarkshire. The delegated services include 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 and in the North, until December 2018, Children's services. 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. NHS Lanarkshire delegated the relevant portion of the health budget to the IJBs who in turn directed NHS Lanarkshire to provide a range of specified health services. In 2018/19, a Ministerial Strategy Group conducted a review of Integration and issued recommendations which are being followed up through a self-assessment process to be submitted in May 2019. The self-assessment should be accompanied by an improvement plan and progress against the baseline is expected to be monitored locally.

The Board's Healthcare Strategy, "Achieving Excellence", which gained Cabinet Secretary approval on 28<sup>th</sup> April 2017 is aimed at helping people live longer, healthier lives. It can be found at: <https://www.nhsianarkshire.scot.nhs.uk/download/achieving-excellence/>. The document is consistent with the overarching strategic direction set out in the national health and social care delivery plan published in December 2016 which can be found at: <http://www.gov.scot/healthandsocialcaredeliveryplan>.

The NHS Board's healthcare strategy sits alongside the strategic commissioning plans developed by the Integration Joint Boards for Health and Social care in North and South Lanarkshire. During the year South Lanarkshire Integration Joint Board refreshed its strategic commissioning plan to cover the period 2019 to 2022 after extensive public engagement. The respective plans can be found at <https://www.northlanarkshire.gov.uk/CHttpHandler.ashx?id=12704&p=0> and [https://www.southlanarkshire.gov.uk/sihscp/downloads/file/54/strategic\\_commissioning\\_plan](https://www.southlanarkshire.gov.uk/sihscp/downloads/file/54/strategic_commissioning_plan)  
In May 2018 the Board approved a revised quality strategy for 2018- 2023 with strong links to Achieving excellence.

# NHS LANARKSHIRE

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

The Board's overall strategy and objectives are published at the start of the year in the Annual Operational Plan (AOP) which is agreed with the Scottish Government Health and Social Care Directorates. The Annual Operational plan replaced the previous Local Delivery plan. It is supported by corporate objectives which are approved by the Board and cascaded through personal objectives to the senior managers in the organisation. The Annual Operational Plan (AOP) for 2018/19 can be found at <https://www.nhs.uk/lanarkshire/download/2019-may-30-board-papers/?wpdmdl=5562&ind=1556703612788> and the corporate objectives at <https://www.nhs.uk/lanarkshire/about-us/corp-strategy/>

The Board maintains an overview of performance through formal quarterly performance reporting against AOP targets with the PPRC considering a wider range of indicators. The suite of indicators was originally derived from a comprehensive review of performance management arrangements in 2014/15 and is periodically reviewed to ensure it captures relevant national indicators. The 2018/19 reports encompass changes introduced by the new AOP requirements. The reports are supplemented by an electronic integrated performance dashboard to improve the visible presentation and to allow Board members to track the indicators in between formal reports.

In addition, the Board receives reports on the most recent reported performance against Access targets, Finance, Clinical Governance including Healthcare Associated Infection and the Hospital Standardised Mortality Ratio (HSMR). 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 systems 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 Accountability report.

An Operating Management Committee with a Non-Executive Chair provides more detailed oversight in the Acute Division. As a result of the Public Bodies (Joint Working) (Scotland) Act 2014, the Community Health Partnerships ceased to exist on 1 April 2015 and the scrutiny role previously performed by the North and South Operating Management Committees (OMCs) migrated to the IJBs. In March 2018 the Board established a Population Health, Primary Care & Community Services Governance Committee to provide oversight of the delivery of these functions to supplement the IJBs' strategic overview and this met 5 times in 2018/19.

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 2018/19 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 2019 the Board reviewed, updated and approved its Scheme of Delegation and its Standing Financial Instructions. The Board's Code of Governance was also updated and approved in March 2019.

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 with a further listing at the weekly Corporate Management team for wider awareness and discussion if required. The Corporate Management Team (CMT) 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.

The network and information systems directive (NIS) focuses on the availability of crucial network and information systems in order to protect the UK's critical infrastructure and thereby ensure service continuity. A formal project has been established to deliver full NIS compliance during 2019/20.

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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 Board's fraud policy was updated and approved in March

2017. 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 (CFS), 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, piloted a New Insider Threat Workshop for CFS and in April and May 2018 ran further awareness sessions. The fraud risk assessment was refreshed and presented to the Audit Committee in June 2018.

The Board reviewed its extant policy "Whistleblowing – Safely Raising Concerns about Risk, Malpractice or Wrong Doing at Work" in 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 both internal and external to the organisation. One of the Board's Non-Executive Directors, acts as Whistleblowing champion to ensure internal mechanisms are working effectively. The NHS Board held a development session on 3 June 2019 to consider the "Sturrock Review into Cultural Issues related to allegations of Bullying and Harassment in NHS Highland" and will ensure its own policies evolve in line with any national changes to whistleblowing arrangements and emerging ideas on good practice.

The Board has well established stakeholder engagement mechanisms in place. As well as having public representation on the Acute Governance Committee and relevant other groups, 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, which also received, in July 2018, an annual review of the work of the group and on other activities to promote patient centred care.

In addition to the Public Reference Forum, NHS Lanarkshire engages with a wide range of stakeholder groups and forums including, but not limited to, the Disability Engagement Group, Lanarkshire Ethnic Minority Action Group, public partnership forms, carers groups and the third sector.

NHS Lanarkshire's approach to stakeholder engagement is in line with the Scottish Government's guidance CEL 4 (2010) "Informing, Engaging and Consulting People in Developing Health and Community Care Services" which includes the principle of involving public and service users in service changes at the earliest opportunity.

NHS Lanarkshire works closely with the Scottish Health Council (SHC) to ensure compliance with CEL 4 (2010) particularly in relation to the SHC's assurance role for major service change consultations. NHS Lanarkshire undertook a major service change consultation on the replacement or refurbishment of University Hospital Monklands in 2018/19. The consultation, which ran from 16 July until 15 October 2018, gave the public, patients, carers, NHS Lanarkshire staff and many other stakeholders across Lanarkshire and the wider West of Scotland the chance to share their views at public meetings and through other channels.

The Cabinet Secretary for Health and Sport established an Independent Review Team in December 2018 to review the Monklands public consultation and options appraisal undertaken by NHS Lanarkshire. The report was submitted to the Cabinet Secretary at the end of May and publication is anticipated to be in June 2019.

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, has been rolled out across the organisation.

The Board Annual Report on Feedback, Comments, Concerns and Complaints for 2017/18 was considered by the Board's clinical governance committee (HQAIC) in July 2018. It described activities undertaken to encourage patient feedback through a wider variety of mediums, key performance indicators on the handling of complaints and actions taken to improve. As part of a commitment to continuous improvement, the complaints manager was asked to undertake a review against the Scottish Public Service Ombudsman's (SPSO) Improvement Framework, best practice information, and benchmarking visits. This was reported to HQAIC in May 2019 and is being developed into an improvement action plan.

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In early 2017/18 the Board undertook a Governance Review to ensure that NHS Lanarkshire has effective and robust structures in place to deliver good governance and to underpin the implementation of Achieving Excellence, the Health and Social Care Delivery Plan and the Annual operational plan. The outcome of the review, in terms of

refreshed Governance committee remits, changes to the Non-Executive Director Committee Portfolios, and the Governance Committee structure (including notably the establishment of a Population Health, Primary Care and Community Services Governance Committee) were endorsed at the September 2017 Board meeting and implemented in early 2018.

In October 2018 the NHS Board undertook a self-assessment against the draft national framework which was later formally issued by circular NHS Scotland Corporate Governance Blueprint DL (2019) 02. The results, which reflected well on the arrangements in place, were discussed in depth at a Board development day, the output of which was an action plan for further improvements which will be monitored throughout 2019/20. The assessment and improvement plan were submitted to the Scottish Government in April 2019 in accordance with national requirements and were presented to the NHS Board on May 2019.

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 Development Seminars is in place to support shared development needs, and these are scheduled 6 times per year.

As a public sector body the Board has a duty to deliver Best Value and the Governance Framework described above helps support this. A periodic stocktake is undertaken of the mechanisms the Board has in place against the Best Value guidance to ensure there is comprehensive coverage. The latest stocktake was presented to the Audit Committee in June 2018. There have been no significant changes that would require this to be revisited in 2019.

### 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;
- 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 an assurance report from the Endowment Trustees and there are no issues arising in respect of these Endowment Accounts that would require disclosure in this statement.

Given the scale of the services for which planning and commissioning is now delegated to the IJBs, assurances have been received from the IJBs/them that they have an adequate and effective system of internal control in place, and assurances have been received on the financial information provided to NHS Lanarkshire for inclusion in the annual accounts. Similar assurances have been provided by NHS Lanarkshire to the IJBs on these matters.



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All NHS Lanarkshire specific external audit reports, 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 Audit committee receives

quarterly reports on all internal Audits conducted as well as follow up reports measuring the extent of management implementation of findings. The Chief Internal Auditor provided senior management with an interim assessment of the governance arrangements in March 2019 so actions against any identified issues could be put in place and produced 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. Based on the work undertaken throughout the year, Internal Audit has concluded that the Board has adequate and effective internal controls in place and that the 2018/19 internal audit plan has been delivered in line with Public Sector Internal Audit Standards.

External Audit produce an opinion each year on the adequacy of the internal audit function and this confirms arrangements of the expected standard are in place. In April 2019 an independent external quality assessment of the Internal Audit Function's compliance with the Public Sector Internal Audit Standards was concluded, confirming compliance. This was considered by the Audit Committee in June 2019.

The Scottish Government revised the Audit Committee Handbook (2008) and in March 2018 launched a new version entitled: Audit and Assurance Committee Handbook. The Audit committee was presented with an overview of the changes and work is underway to ensure NHS Lanarkshire adopts expected improvements, such as more formal mapping of assurance mechanisms.

## **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, and approved at the May 2018 Board meeting. 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 Board considers an annual report on risk management. The 2018/19 report was reviewed by the Audit Committee in June 2019 following consideration at the public Board meeting in May 2019. A structured review of the effectiveness of the Board's risk management practices takes place annually, using the key lines of enquiry recommended in the Annex F of the revised Scottish Government Audit and Assurance Committee Handbook. The Audit Committee considered this in March 2019.

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. 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.

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The corporate risk register is considered at each meeting of the Audit Committee and of the Board. In 2017/18 the Board agreed a more focussed consideration and reporting of risks that are graded high (orange) and very high (red), including other very high graded risks that are managed at operation level, or through business-critical programmes of change e.g. the Monklands Replacement/Refurbishment Project (MRRP) funding and recruitment and retention of interventional radiologists. 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. From the 33 live corporate risks, the profile, plotted by likelihood x impact = assessed level of risk, is shown below. The figures in brackets give the comparative figure for April 2018.

			IMPACT				
			Negligible	Minor	Moderate	Major	Extreme
			1	2	3	4	5
		Score					
LIKE LIHOOD	Almost Certain	5			1 (1)	1 (2)	
	Likely	4		0 (1)	4 (3)	3 (2)	
	Possible	3		1 (3)	7 (8)	7 (9)	
	Unlikely	2		0 (3)	3 (2)	4 (4)	
	Rare	1		1 (1)	1 (2)		

Score	Risk	Score	Risk	Score	Risk	Score	Risk
1-4	Low	5-9	Medium	10-15	High	16-25	Very High

**Key to Risk Grading**  
Risk Score = Likelihood X impact

Based on the organisations risk appetite, each risk is assigned a tolerance level and a process has been introduced requiring the Board to be notified of where a very high risk sits outside the tolerance level. This has applied to the risks potentially associated with EU withdrawal where the very high risk level comes from external factors that reasonable preparations cannot fully diminish given the current level of uncertainty. The Board has identified individuals with expertise in areas potentially impacted by EU withdrawal and developed remits for a resilience structure so that emerging issues can rapidly be assessed and decided on through the designated channels. Education events and desktop exercises have been undertaken to best prepare the groups for this role. This will be kept under constant review as further information emerges and preparations adjusted accordingly.

The sustainability of GP services remains a very high risk. Implementation of a new national contract agreed in 2017 continues, alongside a longer term Primary Care Improvement plan. Practical measures to reduce the pressure on GP practices include additional pharmacists, plans to move the responsibility for vaccinations over to health Board staff, and a rolling programme to transfer the property responsibility to the NHS board where GPs feel it the property burden is affecting the practice’s attractiveness.

Achieving the required level of CRES savings to close the gap between income growth and cost growth had been flagged as a very high risk in April 2018 but a combination of strong delivery, good general cost control and shallower than expected cost growth in some areas, meant this risk was successfully mitigated. A new, very high graded risk has been set out to highlight that NHS Lanarkshire may not be able to realise the savings in 2019/20 that are required to balance the budget. The financial plan submitted to March 2019 Board meeting the Scottish Government to support the annual operational plan relied on £17.974m of efficiency savings, of which £2.382m had still to be identified. However only £9.265m of the savings have been identified as recurring, leaving a significant financial sustainability risk. An enhanced focus on identifying recurring cash releasing efficiency savings will be required from the first quarter of 2019/20 onwards.

The risk that there could be non-compliance with the new General Data Protection Regulations (GDPR) was regraded in year from high to very high. The risk rating reflects a better understanding of the organisations exposure, with thousands of employees with valid access to data which they need to communicate in order to perform their duties and regulations which require interpretation. The organisation already had extensive information security policies, training and an Information Governance Committee in place. In response to the higher assessed risk level the organisation created a programme of work specifically related to compliance with GDPR, invested in an information governance team with 5 new support posts and enhanced the focus on training. Information Assurance was reviewed by Internal Audit, confirming controls were in place and any suggestions for further improvement were implemented. The reliance on every employee complying with the policies means this risk remains very high. NHS Lanarkshire has in place a Fairwarning system designed to detect when an employee, with valid access to the main patient access systems, uses it to access the records of people whom they are providing clinical care to, such as relatives or neighbours for whom they are not responsible for treatment. There are however other stores of electronic data which

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are not covered by the Fairwarning system and in 2018 a bank employee with valid access to radiology images as part of their duties, accessed the image store to find the contact details of patients in order to text them out of work. On being alerted to this by a patient, the employee was removed from the staff bank, the breach reported to the Information Commissioner's Office, Police Scotland, the Health and Care Professions Council (professional body) and the Scottish Government eHealth Department. Patients whose details had potentially been accessed were notified and a Serious Adverse Event Review (SAER) carried out. Based on the findings of the SAER the Board is extending the scope of Fairwarning to two additional systems, including the radiology system, and the supplier of the Fairwarning system will be invited to demonstrate their new product offering with a view to understanding its capabilities in extending the scope and effectiveness of the current detection algorithms. There will continue to be a strong focus on education and learning from any breaches with strong action taken in response to any breach.

Within the 12 risks graded high (orange) there are risks relating to the ability to maintain unscheduled and planned care access targets and other LDP standards, risks around being able to recruit and retain sufficient clinical staff and risks relating to maintaining cost effective prescribing and the impact of other external cost pressures and compliance with new legislation on the Duty of Candour. Two new high risks emerged in 2018/19 relating to continuity of service in the event of two key suppliers facing difficulties. Alternative arrangements were successfully put in place following the collapse of the national Clinical waste contract, albeit at increased cost until the permanent arrangements take effect in summer 2019.

Risks are regularly reviewed and any past their review date are reported to the Corporate Management Team for actions and the Board and Audit Committee kept informed of compliance. The environment is scanned regularly for emerging risks from new regulations, system failures in other public sector areas, or intelligence on supplier stability. The latest version of the risk register considered by the Board can be accessed through the May 2019 Board papers.

NHS Lanarkshire is committed to learning from good practice and also from adverse events, complaints and other incidents that identify gaps in process and procedures and to take appropriate action to reduce the likelihood of similar events being experienced.

The Board's policy on reporting, recording and management of adverse events including undertaking Significant Adverse Event Reviews (SAER's) was reviewed and updated in 2018, drawing on the revised National Framework issued by Healthcare Improvement Scotland in July 2018 and taking into account findings from Internal Audit reviews. The aim of the policy is to ensure that all adverse events are reported, acted upon, and analysed as appropriate and that the knowledge thus gained is regularly disseminated to improve quality, patient safety, staff safety and performance of the organisation. This will encourage and strengthen a learning culture in which the quality of care for patients and working lives for staff will continuously be improved. The policy was amended to increase clarity of the definitions to make it easier for staff to follow the correct process for each event and to amend the timescale for reviews in line with national definitions. An Internal Audit report in May 2018 gave an adequate assurance rating to the controls round SAERS but highlighted the Board is not achieving its internal target completion time. Compliance with the revised timescales in the new policy will be closely monitored. SAERs are reported through clinical governance and risk management structures, with the Board maintaining an overview of key performance indicators and trends.

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. Quarterly updates are provided to the Audit Committee.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice.

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## Disclosures

### 1) Treatment Times Guarantee

NHS Lanarkshire strives to meet a range of access targets as set out in the performance report, ensuring while doing so that clinically urgent cases are prioritised. From 2016/17 onwards NHS Lanarkshire has struggled to deliver its previous high levels of performance against the treatment time guarantee of 84 days from referral to treatment for inpatients and daycases. This is despite greater investment through internal resources and in year funding from SGHSCD. The number of patients seen in each quarter, the numbers who had waited more than 84 days and the numbers waiting more than 84 days at the quarter end, are set out in the next table

Indicator	31-Mar-2016	31-Mar-2018	30-Jun-2018	30-Sep-2018	31-Dec-2018	31-Mar-2019
Number seen	6,501	6,754	6,080	5,758	7,000	7,402
Median (days)	63	64	58	62	71	70
90th percentile (days)	100	173	161	158	179	165
Number who waited over 84 days	1,112	2,470	1,745	1,947	2,884	2,802
Percentage seen within 84 days	82.84%	63.43%	71.30%	66.19%	58.80%	62.15%
Total Number waiting	6,361	6,726	7,076	7,841	7,520	6,715
Number waiting over 84 days	1,202	1,447	1,852	2,437	2,091	1,222
Percentage waiting less than 84 days	81.10%	78.49%	73.83%	68.92%	72.19%	81.80%

During 2018/19 NHS Lanarkshire treated 1491 (6%) more people than in 2017/18. However, because demand also rose, the numbers waiting at the end of the year were only 11 less than at 31 March 2018. Of the people still waiting, 225 (15%) fewer had been waiting more than 12 weeks. If demand had stayed at the same level as in 2017/18 this performance would have made substantial inroads in to the waiting list, but as it was, the additional work carried out was just sufficient to keep pace with the rise in numbers. This, combined with an ongoing reliance on SGHSCD funding means NHS Lanarkshire, like other Boards, will struggle to return to the previous high percentage achievement against the target.

In its opening 2019/20 financial plan, NHS Lanarkshire committed at risk to additional activity in the first six months, mainly sourced through the independent sector, to avoid any lull in waiting list activity whilst clarity was awaited on in year funding. In May 2019 funding confirmation was received and this will at a minimum allow the Board to treat the same numbers as in 2018/19 though every effort is being made to increase throughput.

The key areas of challenge remain orthopaedics, ophthalmology and general surgery. Work continues to improve efficiency and productivity of orthopaedic elective lists and reduce the number of patients waiting over 12 weeks. Within ophthalmology there continues to be an increasing pressure from a growth in demand from the chronic disease non-surgical work e.g. macular degeneration which does not feature in national reporting but has significantly impacted on the Board's ability to deliver the elective programme. There has been a significant amount of investment in the service since 2017/18, particularly to support extended nursing roles and consultant capacity. The service delivered an increased number of elective procedures in 2018/19 with the creation of a cataract list at University Hospital Monklands but the increase is not yet enough to keep pace with the increased demand and focus on getting the maximum benefit from the service redesign needs to continue.

Within general surgery work is underway to review the model of care for elective, cancer and emergency patients across the 3 sites. Whilst the numbers waiting over 12 weeks have not improved significantly, there has been an improvement on the numbers waiting over 26 weeks and an improvement in the colorectal cancer performance.

Other than the issues described above, 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 internal control.

## **REMUNERATION 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.

**NHS LANARKSHIRE  
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NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019 (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>						
<b>Chief Executive:</b>						
Mr Calum Campbell	160 - 165	0	0	160 - 165	0	160 - 165
<b>Director of Finance:</b>						
Mrs L Ace	110 - 115	0	0	110 - 115	45	155 - 160
<b>Medical Director:</b>						
Dr I Wallace (to 30/09/2018) *1	85 - 90	0	0	85 - 90	0	85 - 90
<b>Medical Director:</b>						
Dr J Burns (from 01/10/2018) *2	85 - 70	0	7.9	75 - 80	0	75 - 80
<b>Director for Nurses, Midwives and AHP's:</b>						
Mrs I Barkby	105 - 110	0	0	105 - 110	33	140 - 145
<b>Non-Executive Members</b>						
<b>The Chair:</b>						
Mrs N Mahal	30 - 35	0	0	30 - 35	0	30 - 35
<b>Employee Director:</b>						
Mrs L Macer *3	50 - 55	0	0	50 - 55	10	60 - 65
Mr J McGuigan	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
Mrs M Lees *4	60 - 65	0	2.1	60 - 65	19	80 - 85
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 (to 30/06/2018)	0 - 5	0	0	0 - 5	0	0 - 5
Mr B Moore (from 01/09/2018)	0 - 5	0	0	0 - 5	0	0 - 5
Dr L Thomson (from 01/09/2018)	0 - 5	0	0	0 - 5	0	0 - 5
Mr P Kelly	5 - 10	0	0	5 - 10	0	5 - 10
<b>Senior Managers</b>						
<b>Director of HR:</b>						
Mr J White	95 - 100	0	0	95 - 100	150	245 - 250
<b>Director of Information &amp; Technology:</b>						
Mr D Wilson (from 01/07/2018) *5	70 - 75	0	0	70 - 75	44	115 - 120
<b>Director of Strategic Planning &amp; Performance:</b>						
Mr C Lauder (from 01/07/2018) *6	70 - 75	0	0	70 - 75	81	150 - 155
<b>Director of Strategic Planning &amp; Performance:</b>						
Mr C Sloey (to 30/06/2018) *7	30 - 35	0	0	30 - 35	0	30 - 35
<b>Director of Acute Services:</b>						
Mrs H Knox	115 - 120	0	0	115 - 120	71	185 - 190
<b>Director of Public Health &amp; Health Policy:</b>						
Mr G Docherty	105 - 110	0	0	105 - 110	117	220 - 225
<b>Total</b>			10.0		570	

\*1. Dr I Wallace's full year equivalent salary was £165,000 - £170,000.

\*2. Dr J Burns' full year equivalent salary is £140,000 - £145,000.

\*3. Mrs L Macer's salary includes £45,000 in respect of non-board duties.

\*4. Mrs M Lees' entire salary relates to non-board duties.

\*5. Mr D Wilson's full year equivalent salary is £90,000 - £95,000.

\*6. Mr C Lauder's full year equivalent salary is £95,000 - £100,000.

\*7. Mr C Sloey's full year equivalent summary was £120,000 - £125,000.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

<b>NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019 (AUDITED INFORMATION)</b>					
<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 2018 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2019 (£000)	Real Increase in CETV In year (£000)
<b>Remuneration of:</b>					
<b>Executive Members</b>					
Chief Executive: Mr Calum Campbell	60 – 65 plus lump sum of 180 - 185	(0 – 2.5)	1,251	1,281	10
Director of Finance: Mrs L Ace	40 – 45 plus lump sum of 105 - 110	2.5 - 5	768	827	59
Medical Director: Dr I Wallace	35 – 40 plus lump sum of 110 - 115	(35 – 37.5)	1,711	891	(833)
Medical Director Dr J Burns	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mrs I Barkby	45 – 50 plus lump sum of 140 - 145	0 – 2.5	1,016	1,087	57
<b>Non-Executive Members</b>					
The Chair: Mrs N Mahal	0	0	0	0	0
Employee Director: Mrs L Macer	15 – 20 plus lump sum of 45 - 50	0 – 2.5	321	343	17
Mr J McGuigan	0	0	0	0	0
Mr M Fuller	0	0	0	0	0
Mrs M Morris	0	0	0	0	0
Mrs M Lees	20 – 25 plus lump sum of 55 - 60	0 – 2.5	424	451	27
Mr P Campbell	0	0	0	0	0
Dr A Osborne	0	0	0	0	0
Mr T Steele	0	0	0	0	0
Mr B Moore	0	0	0	0	0
Dr L Thomson	0	0	0	0	0
Mr P Kelly	0	0	0	0	0
<b>Senior Managers</b>					
Director of HR: Mr J White	40 – 45 plus lump sum of 130 - 135	5 – 7.5	789	961	172
Director of Information & Technology: Mr D Wilson	25 – 30 plus lump sum of 55 - 60	2.5 - 5	408	453	45
Director of Strategic Planning & Performance: Mr C Lauder	40 – 45 plus lump sum of 100 - 105	2.5 - 5	704	792	88
Director of Strategic Planning & Performance: Mr C Sloey	15 – 20 plus lump sum of 50 - 55	(40 – 42.5)	1,401	392	(1,014)
Director of Acute Services: Mrs H Knox	45 – 50 plus lump sum of 120 - 125	2.5 - 5	849	937	88
Director of Public Health & Health Policy: Mr G Docherty	40 – 45 plus lump sum of 120 - 125	5 – 7.5	750	892	128
<b>Total</b>			<b>10,392</b>	<b>9,287</b>	<b>(1,156)</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 2018/19 can be different from the "CETV at end of period" reported for 2017/18.

\*\*\* information not available

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**NHS LANARKSHIRE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 MARCH 2018  
(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 *1	160 - 165	0	0	160 - 165	***	160 - 165
Director of Finance: Mrs L Ace	105 - 110	0	0	105 - 110	38	145 - 150
Medical Director: Dr I Wallace	165 - 170	0	0	165 - 170	0	165 - 170
Director for Nurses, Midwives and AHP's: Mrs I Barkby	105 - 110	0	0	105 - 110	11	115 - 120
<b>Non-Executive Members</b>						
The Chair: Mrs N Mahal	30 - 35	0	0	30 - 35	0	30 - 35
Employee Director: Mrs L Macer *2	50 - 55	0	0	50 - 55	2	50 - 55
Mr J Burns (to 30.04.17)	0 - 5	0	0	0 - 5	0	0 - 5
Mr J McGuigan (from 29.06.17)	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 (to 30.04.17) *3	10 - 15	0	0	10 - 15	12	25 - 30
Mrs M Lees (from 01.05.17) *4	50 - 55	0	5.0	55 - 60	8	65 - 70
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 Steeie	10 - 15	0	0	10 - 15	0	10 - 15
Mr P Kelly	5 - 10	0	0	5 - 10	0	5 - 10
<b>Senior Managers</b>						
Director of HR: Mr K Small (to 28.02.18) *5	110 - 115	0	5.0	115 - 120	0	115 - 120
Interim Director of HR: Mr J White (from 01.03.18) *6	5 - 10	0	0	5 - 10	96	100 - 105
Director of Strategic Planning & Performance: Mr C Sbey	120 - 125	0	0	120 - 125	0	120 - 125
Director of Acute Services: Mrs H Knox	105 - 110	0	0	105 - 110	75	180 - 185
Interim Director of Public Health & Health Policy: Mr G Docherty (from 01.01.18) *7	25 - 30	0	0	25 - 30	107	130 - 135
<b>Total</b>			<b>10.0</b>		<b>349</b>	

- \*1. Mr C Campbell withdrew from the pension scheme during the year.  
 \*2. Mrs L Macer's salary includes £42,000 in respect of non-board duties.  
 \*3. Mr A Docherty's salary includes £12,000 in respect of non-board duties.  
 \*4. Mrs M Lees' entire salary relates to non-Board duties.  
 \*5. Mr K Small's full year equivalent salary was £120,000 - £125,000.  
 \*6. Mr J White's full year equivalent salary is £80,000 - £85,000.  
 \*7. Mr G Docherty's full year equivalent salary is £90,000 - £95,000.  
 \*\*\*information not available



**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

<b>NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2018 (AUDITED INFORMATION)</b>					
<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 2017 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2018 (£000)	Real increase in CETV in year (£000)
<b>Remuneration of:</b>					
<b>Executive Members</b>					
Chief Executive: Mr Calum Campbell	40 – 45 plus lump sum of 105 - 110	(15 - 17.5)	1,107	791	(318)
Director of Finance: Mrs L Ace	35 – 40 plus lump sum of 95 - 100	2.5 - 5	640	694	54
Medical Director: Dr I Wallace	70 – 75 plus lump sum of 210 - 215	0 – 2.5	1,587	1,625	33
Director for Nurses, Midwives and AHP's: Mrs I Barkby	40 – 45 plus lump sum of 130 - 135	0 – 2.5	908	958	38
<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 40 - 45	0 – 2.5	388	301	9
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	40 – 45 plus lump sum of 100 - 105	0 – 2.5	662	694	33
Mrs M Lees	20 – 25 plus lump sum of 55 - 60	0 – 2.5	385	382	18
Mr P Campbell	0	0	0	0	0
Dr A Osborne	0	0	0	0	0
Mr T Steele	0	0	0	0	0
Mr P Kelly	0	0	0	0	0
Director of HR: Mr K Small	***	***	***	***	***
Interim Director of HR: Mr J White	35 – 40 plus lump sum of 105 - 110	2.5 - 5	634	738	94
Director of Strategic Planning & Performance: Mr C Sloey	55 – 60 plus lump sum of 175 - 180	0 – 2.5	1,281	1,326	28
Director of Acute Services: Mrs H Knox	40 – 45 plus lump sum of 115 - 120	2.5 - 5	731	820	89
Interim Director of Public Health & Health Policy: Mr G Docherty	30 – 35 plus lump sum of 100 - 105	5 – 7.5	591	720	116
<b>Total</b>			<b>8,874</b>	<b>9,049</b>	<b>194</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 2017/18 can be different from the "CETV at end of period" reported for 2016/17.

\*\*\* Information not available

2018-19		2017-18	
Range of Staff Remuneration	£17,110 - £258,095	Range of Staff Remuneration	£16,532 - £248,241
Highest Earning Director's Total Remuneration (£000s)	160 - 165	Highest Earning Director's Total Remuneration (£000s)	165 - 170
Median Total Remuneration	£25,309	Median Total Remuneration	£26,872
Ratio	6.39	Ratio	6.10

**Commentary**

The range of staff remuneration figures are based on the lowest and highest paid employees' full time pay rate. 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 2019

## **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.

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.

# **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

## **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.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**a) Higher Paid Employees' Remuneration**

Other employees whose remuneration fell within the following ranges:

**Clinicians**

£70,001 to £80,000

£80,001 to £90,000

£90,001 to £100,000

£100,001 to £110,000

£110,001 to £120,000

£120,001 to £130,000

£130,001 to £140,000

£140,001 to £150,000

£150,001 to £160,000

£160,001 to £170,000

£170,001 to £180,000

£180,001 to £190,000

£190,001 to £200,000

£200,001 and above

**2019  
Number**

**2018  
Number**

56	66
63	61
61	55
48	65
70	58
59	49
52	42
41	44
23	27
24	22
17	11
10	9
6	5
5	1

**Other**

£70,001 to £80,000

£80,001 to £90,000

£90,001 to £100,000

£100,001 to £110,000

£110,001 to £120,000

£120,001 to £130,000

£130,001 to £140,000

£140,001 to £150,000

£150,001 to £160,000

£160,001 to £170,000

£170,001 to £180,000

£180,001 to £190,000

£190,001 to £200,000

£200,001 and above

42	42
17	9
5	8
3	2
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**b) Staff Costs and Numbers**

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>STAFF COSTS</b>								
Salaries and wages	536	169	407,896	0	0	(2,779)	405,822	401,694
Social security costs	69	13	43,758	0	0	(261)	43,579	42,892
NHS scheme employers' costs	48	6	52,698	0	0	(343)	52,409	51,691
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	17,406	0	0	17,406	1,721
Agency staff	0	0	0	0	16,530	0	16,530	16,219
<b>TOTAL</b>	<b>653</b>	<b>188</b>	<b>504,352</b>	<b>17,406</b>	<b>16,530</b>	<b>(3,383)</b>	<b>535,746</b>	<b>514,217</b>

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 328,100

**STAFF NUMBERS**

Whole Time Equivalent 4.0 11.0 11,222.1 377.2 84.7 (58.0) 11,640.9 11,362.8

Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of: 5.3

Included in the total staff numbers above were disabled staff of: 39.0

Included in the total staff numbers above were Special Advisers of: 0

**Reconciliation to Income and Expenditure (Note 3)**

Total employee expenditure as above	£'000	535,746
Add: employee income included in Note 4		3,383
Less: capital staff costs		(328)
Total employee expenditure disclosed in Note 3		538,801

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

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

	2019				2018			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	1	3	0	4	2	2	0	4
Non-Executive Directors and Employee Director	5	6	0	11	5	5	0	10
Senior Employees*	340	272	0	612	328	248	0	576
Other	1,699	11,073	0	12,772	1,828	10,934	0	12,762
<b>Total Headcount</b>	<b>2,045</b>	<b>11,354</b>	<b>0</b>	<b>13,399</b>	<b>2,163</b>	<b>11,189</b>	<b>0</b>	<b>13,352</b>

**d) Sickness absence data**

	2019	2018
Sickness Absence Rate	5.9%	5.6%

**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) Trade Union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 place a legislative requirement on relevant public sector bodies to collate and publish, on an annual basis, a range of data on the amount and cost of facility time. This information for NHS Lanarkshire can be found in Annex A to these accounts.

**g) Exit packages**

Summary data on the use of exit packages agreed in year.

Exit Packages	Current year		
Exit Package cost band	Number of Compulsory	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	0	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	0	0
£100,000 - £150,000	0	1	1
£150,000 - £200,000	0	0	0
>£200,000	0	0	0
<b>Total number of exit Packages by type</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Total Resource Cost (£'000)</b>	<b>0</b>	<b>142</b>	<b>142</b>

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

<b>Exit Packages – Prior Year</b>			<b>Prior year</b>
<b>Exit Package cost band</b>	<b>Number of Compulsory</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
< £10,000	0	1	1
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	0	0
£150,000 - £200,000	0	0	0
>£200,000	0	0	0
<b>Total number of exit Packages by type</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total Resource Cost (£'000)</b>	<b>0</b>	<b>5</b>	<b>5</b>

**PARLIAMENTARY ACCOUNTABILITY REPORT**

**Losses and Special Payments**

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments over £250k require formal approval to regularise such transactions and their notation in the annual accounts.

The write-off of the following losses and special payments has been approved by the board:

	<b>No. Of Cases</b>	<b>£000</b>
Losses	295	5,123

In the year to 31 March 2019, the following balances in excess of £250,000 were written off:

<b>Reference</b>	<b>Description</b>	<b>2019 £000</b>
CNORIS	Total claims paid under CNORIS scheme	2,835

In 2018-19 the Board was required to pay out £2.835m in respect of 4 claims individually greater than £250,000 settled under the CNORIS scheme (2017-18: £1.89m, 4 cases). Further details on the scheme can be found in Note 1 (accounting policies) of the annual accounts.

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in note 13.

**Fees and Charges**

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Lanarkshire charges for services provided on a full costs basis, wherever applicable.

NHS Lanarkshire is required to disclose any services it provides where the full annual cost is £1 million or more and the full cost of the services are material to the financial statements.

Salus is an NHS Lanarkshire based provider of Occupational Health, Safety and Return to Work services across the public and private sectors. The financial objective of Salus is to generate income which supports NHS patient care and economic growth. The full cost of providing these services to non-NHS bodies in 2018/19 was £6.5m. The income received for providing these services was £7.8m resulting in a surplus of £1.3m.

Signed



Chief Executive

Date 26 June 2019

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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

### Report on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Lanarkshire Health Board and its group for the year ended 31 March 2019 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

#### In my opinion the accompanying 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 2019 and of the net expenditure 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 2018/19 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.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 18 July 2016. The period of total uninterrupted appointment is 3 years. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

#### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.



# NHS LANARKSHIRE

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual report and accounts**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Report on regularity of expenditure and income**

#### **Opinion on regularity**

In my 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.

#### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Report on other requirements**

#### **Opinions on matters prescribed by the Auditor General for Scotland**

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

**Matters on which I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

**Use of my report**

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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Fiona Mitchell-Knight FCA  
Audit Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

26 June 2019

## SECTION C: FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019

2018 £000		Note	2019 £000
516,276	Staff costs	3a	538,801
	Other operating expenditure	3b	
173,924	Independent Primary Care Services		185,022
254,767	Drugs and medical supplies		256,365
1,260,571	Other health care expenditure		1,253,582
<u>2,205,538</u>	Gross expenditure for the year		<u>2,233,770</u>
(855,542)	Less: operating income	4	(858,878)
(6,449)	Associates and joint ventures accounted for on an equity basis		(264)
<u>1,343,547</u>	<b>Net expenditure for the year</b>		<u>1,374,628</u>

### OTHER COMPREHENSIVE NET EXPENDITURE

2018 £000		2019 £000
(9,994)	Net (gain) / loss on revaluation of property, plant and equipment	(12,681)
0	Net (gain) / loss on revaluation of intangibles	0
0	Net (gain) / loss on revaluation of available for sales financial assets	0
(9,994)	<b>Other comprehensive expenditure</b>	(12,681)
<u>1,333,553</u>	<b>Comprehensive net expenditure</b>	<u>1,361,947</u>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**SUMMARY OF RESOURCE OUTTURN  
FOR THE YEAR ENDED 31 MARCH 2019**

<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>	<b>Note</b>	<b>2019 £000</b>
<b>Net expenditure</b>	SoCNE	<b>1,374,628</b>
Total non core expenditure (see below)		(24,370)
Family Health Services non-discretionary allocation		(78,784)
Donated assets income	2a	0
Endowment net expenditure		189
Associates and joint ventures accounted for on an equity basis		264
<b>Total core expenditure</b>		<b>1,271,927</b>
Core Revenue Resource Limit		1,272,215
<b>Saving/(excess) against Core Revenue Resource Limit</b>		<b>288</b>

**SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN**

Capital grants to / (from) other bodies		0
Depreciation / amortisation		14,828
Annually Managed Expenditure - impairments		5,550
Annually Managed Expenditure - creation of provisions		(2,360)
Annually Managed Expenditure - depreciation of donated assets	2a	33
IFRS PFI/HUB expenditure		6,319
<b>Total Non Core Expenditure</b>		<b>24,370</b>
Non Core Revenue Resource Limit		24,370
<b>Saving / (excess) against Non Core Revenue Resource Limit</b>		<b>0</b>

**SUMMARY RESOURCE OUTTURN**

	<b>Resource £000</b>	<b>Expenditure £000</b>	<b>Saving/ (Excess) £000</b>
Core	1,272,215	1,271,927	288
Non Core	24,370	24,370	0
<b>Total</b>	<b>1,296,585</b>	<b>1,296,297</b>	<b>288</b>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.


**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2019**

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
552,849	552,849	Property, plant and equipment	7c	556,058	556,058
2,709	2,709	Intangible assets	6	2,359	2,359
5,657	1,202	Financial assets:			
13,240	0	Available for sale financial assets	10	6,071	1,186
65,675	65,675	Investments in associates and joint ventures		13,504	0
		Trade and other receivables	9	65,663	65,663
<b>640,130</b>	<b>622,435</b>	<b>Total non-current assets</b>		<b>643,655</b>	<b>625,266</b>
		<b>Current Assets:</b>			
6,227	6,227	Inventories	8	6,857	6,857
		Financial assets:			
38,796	38,678	Trade and other receivables	9	31,586	31,571
3,358	2,940	Cash and cash equivalents	11	3,749	3,451
1,415	1,415	Assets classified as held for sale	7b	4,963	4,963
<b>49,796</b>	<b>49,260</b>	<b>Total current assets</b>		<b>47,155</b>	<b>46,842</b>
<b>689,926</b>	<b>671,695</b>	<b>Total assets</b>		<b>690,810</b>	<b>672,108</b>
		<b>Current liabilities</b>			
(38,784)	(38,784)	Provisions	13a	(30,190)	(30,190)
		Financial liabilities:			
(202,021)	(201,973)	Trade and other payables	12	(205,164)	(205,098)
<b>(240,805)</b>	<b>(240,757)</b>	<b>Total current liabilities</b>		<b>(235,354)</b>	<b>(235,288)</b>
<b>449,121</b>	<b>430,938</b>	<b>Non-current assets plus / less net current assets / liabilities</b>		<b>455,456</b>	<b>436,820</b>
		<b>Non-current liabilities</b>			
(131,116)	(131,116)	Provisions	13a	(130,278)	(130,278)
		Financial liabilities:			
(158,057)	(158,057)	Trade and other payables	12	(145,820)	(145,820)
<b>(289,173)</b>	<b>(289,173)</b>	<b>Total non-current liabilities</b>		<b>(276,098)</b>	<b>(276,098)</b>
<b>159,948</b>	<b>141,765</b>	<b>Assets less liabilities</b>		<b>179,358</b>	<b>160,722</b>
		<b>Taxpayers' Equity</b>			
(42,182)	(42,182)	General fund	SoCTE	(28,120)	(28,120)
183,947	183,947	Revaluation reserve	SoCTE	188,842	188,842
13,240	0	Other reserves - associates and joint ventures	SoCTE	13,504	0
4,943	0	Fund held on Trust	SoCTE	5,132	0
<b>159,948</b>	<b>141,765</b>	<b>Total taxpayers' equity</b>		<b>179,358</b>	<b>160,722</b>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

The financial statements on pages 41 to 46 were approved by the Board on 26 June 2019 and signed on their behalf by

  
Laura Ace ..... Director of Finance

  
..... Chief Executive  
Calum Campbell

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

2018 £000		Note	2019 £000	2019 £000
	<b>Cash flows from operating activities</b>			
(1,343,547)	Net expenditure	SoCTE	(1,374,628)	
21,328	Adjustments for non-cash transactions	2a	26,466	
16,468	Add back: interest payable recognised in net operating expenditure	2b	15,457	
(205)	Deduct: interest receivable recognised in net operating expenditure	4	(58)	
35,199	Movements in working capital	2c	2,253	
<u>(1,270,757)</u>	<b>Net cash outflow from operating activities</b>	27c		<u>(1,330,510)</u>
	<b>Cash flows from investing activities</b>			
(17,041)	Purchase of property, plant and equipment		(24,823)	
(1,513)	Purchase of intangible assets		(126)	
(415)	Investment additions	10	(430)	
128	Proceeds of disposal of property, plant and equipment		458	
205	Interest received		58	
<u>(18,636)</u>	<b>Net cash outflow from investing activities</b>	27c		<u>(24,863)</u>
	<b>Cash flows from financing activities</b>			
1,314,924	Funding	SoCTE	1,381,357	
2,410	Movement in general fund working capital	SoCTE	511	
1,317,334	Cash drawn down		1,381,868	
(9,273)	Capital element of payments in respect of finance leases and on-balance sheet PFI/HUB contracts	2c	(10,647)	
1,818	Interest paid		1,878	
(18,286)	Interest element of finance leases and on-balance sheet PFI/HUB contracts	2b	(17,335)	
<u>1,291,593</u>	<b>Net Financing</b>	27c		<u>1,355,764</u>
2,200	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>			391
1,158	<b>Cash and cash equivalents at the beginning of the period</b>			3,358
<u>3,358</u>	<b>Cash and cash equivalents at the end of the period</b>			<u>3,749</u>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
2,200	Increase / (decrease) in cash in year	11		391
1,158	Net debt / cash at 1 April			3,358
<u>3,358</u>	<b>Net debt / cash at 31 March</b>			<u>3,749</u>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019**

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>		(42,182)	183,947	13,240	4,943	159,948
Retrospective restatements for changes in accounting policy and material errors	21	0	0	0	0	0
<b>Restated balance at 1 April 2018</b>		(42,182)	183,947	13,240	4,943	159,948
<b>Changes in taxpayers' equity for 2018-19</b>						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	19,098	0	0	19,098
Impairment of property, plant and equipment		0	(11,967)	0	0	(11,967)
Revaluation and impairments taken to operating costs	2a	0	5,550	0	0	5,550
Transfers between reserves		7,786	(7,786)	0	0	0
Net operating cost for the year	CFS	(1,375,081)	0	264	189	(1,374,628)
<b>Total recognised income and expense for 2018-19</b>		(1,367,295)	4,895	264	189	(1,361,947)
<b>Funding:</b>						
Drawn down	CFS	1,381,868	0	0	0	1,381,868
Movement in General Fund (creditor) / debtor	CFS	(511)	0	0	0	(511)
<b>Balance at 31 March 2019</b>	SoFP	(28,120)	188,842	13,504	5,132	179,358

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR  
 FOR THE YEAR ENDED 31 MARCH 2018**

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
<b>Balance at 31 March 2017</b>		(28,660)	195,616	6,791	4,830	178,577
Retrospective restatements for changes in accounting policy and material errors	21	0	0	0	0	0
<b>Restated balance at 1 April 2017</b>		(28,660)	195,616	6,791	4,830	178,577
<b>Changes in taxpayers' equity for 2017-18</b>						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	21,049	0	0	21,049
Impairment of property, plant and equipment		0	(18,556)	0	0	(18,556)
Revaluation and impairments taken to operating costs	2a	0	7,501	0	0	7,501
Transfers between reserves		21,663	(21,663)	0	0	0
Net operating cost for the year	CFS	(1,350,109)	0	6,449	113	(1,343,547)
<b>Total recognised income and expense for 2017-18</b>		(1,328,446)	(11,669)	6,449	113	(1,333,553)
<b>Funding:</b>						
Drawn down	CFS	1,317,334	0	0	0	1,317,334
Movement in General Fund (creditor) / debtor	CFS	(2,410)	0	0	0	(2,410)
<b>Balance at 31 March 2018</b>	SoFP	(42,182)	183,947	13,240	4,943	159,948

The Notes to the Accounts, numbered 1 to 27, 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 (FRm) 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 30 below.

#### **(a) Standards, amendments and interpretations effective in 2018/19**

- IFRS 9 – Financial Instruments;

The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected loss impairment model; and a revised approach to hedge accounting.

- IFRS 15 – Revenue from Contracts with Customers;

The standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

#### **(b) Standards, amendments and interpretations early adopted in 2018/19**

There are no new standards, amendments or interpretations early adopted this year.

#### **(c) Standards, amendments and interpretations issued but not adopted in 2018/19**

- IFRS 16 - Leases

Following a recommendation from HM Treasury the application of IFRS 16, the revised standard for lease accounting, has been deferred one year and will now be effective from financial year 2020/21. Implementation of IFRS 16 will require most leased buildings, plant and equipment to be included in the Statement of Financial Position as a "right to use" asset and a corresponding liability. This is a departure from the current accounting standard (IAS 17) which differentiates between an operating lease and a finance lease with the cost of all operating leases charged annually to operating costs. Work is underway to accurately quantify the impact of adoption of this new standard which is expected to have a material impact on the value of assets and liabilities reported in the Board's Financial Statements. This work involves the establishment of a local lease register to record the key information required by the standard and to support the calculation of the value of the right to use assets and corresponding liability on the Board's Statement of Financial Position. The NHS Scotland Technical Accounting Group (TAG) has also established a national sub group to lead the development of accounting guidance and ensure consistency of application of the standard across NHS Scotland Boards, including the definition of low value and short term lease arrangements. This group will also support the Scottish Government Health Directorates and NHS Boards in the assessment of the potential budgetary impact of adoption of the new standard.

### **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 LANARKSHIRE

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of the IJBs using the equity method of accounting.

Note 26 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

### 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.

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

## 7. Property, plant and equipment

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

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

### 7.1 Recognition

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

All assets falling into the following categories are capitalised:

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

### 7.2 Measurement

#### Valuation

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

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, 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 a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. 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. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

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.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

#### Subsequent expenditure

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

#### Revaluations and Impairment

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

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

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

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to 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.

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The following asset lives have been used:

<b>Asset Category/Component</b>	<b>Useful Life</b>
Buildings Structure	55 - 80
Buildings Engineering	30 - 35
Buildings External Plant	25 - 30
Office, short life medical and IT	3 - 5
Vehicles and soft furnishings	5 - 7
Mainframe IT Installations	5 - 8
Furniture and medium life medical	5 - 10
Engineering plant and long life medical	12 - 15

**8. Intangible Assets**

**8.1 Recognition**

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

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

The main classes of intangible assets recognised are:

Software

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

Software licences

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

**8.2 Measurement**

Valuation

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

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

Revaluation and Impairment

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

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

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

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

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

### **8.3 Amortisation**

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

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

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

Amortisation is charged on a straight line basis.

The following asset lives have been used:

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

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

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

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

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

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

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## 10. Donated Assets

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

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

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

## 12. Leasing

### Finance leases

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

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

### Operating leases

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

### Leases of land and buildings

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

NHS Lanarkshire does not lease any assets to third parties.

## 13. Impairment of non-financial assets

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

**14. General Fund Receivables and Payables**

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

**15. Inventories**

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

**16. Losses and Special Payments**

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

**17. Employee Benefits**

**Short-term Employee Benefits**

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

**Pension Costs**

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

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

**18. Clinical and Medical Negligence Costs**

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

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



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**19. Related Party Transactions**

Material related party transactions are disclosed in the note 24 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

**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 14, 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**

Business model

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

(a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(c) Financial assets at fair value through other comprehensive income

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

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.

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## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

### (a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

### (b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

### (c) Financial assets held at fair value through other comprehensive income

## Financial Liabilities

### Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or
- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

### (b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

### Recognition and measurement

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

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

### (a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

### (b) Amortised costs

Financial liabilities held at amortised cost 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 3 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 5 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 Integrated Joint Boards 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 National Westminster Bank to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

**28. Foreign exchange**

The functional and presentation currencies of the Board are sterling.

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

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

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

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

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

**29. Third party assets**

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

However, they are disclosed in Note 25 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.

## NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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 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.

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 2. NOTES TO THE CASH FLOW STATEMENT

#### 2a. Consolidated adjustments for non-cash transactions

2018 £000		Note	2019 £000
	<b>Expenditure not paid in cash</b>		
19,829	Depreciation	7a	20,632
505	Amortisation	6	514
34	Depreciation of donated assets	7a	33
11,058	Impairments on PPE charged to SoCNE		7,777
(2,154)	Net revaluation on PPE charged to SoCNE		(589)
(1,403)	Reversal of impairments on PPE charged to SoCNE		(1,638)
(6,449)	Associates and joint ventures accounted for on an equity basis	SoCNE	(264)
(92)	Endowments		0
0	Other non cash transactions		1
<u>21,328</u>	<b>Total expenditure not paid in cash</b>	CFS	<u>26,466</u>

#### 2b. Interest payable recognised in operating expenditure

2018 £000			2019 £000
	<b>Interest payable</b>		
18,286	PFH/HUB Finance lease charges allocated in the year	18b	17,335
(1,818)	Provisions - Unwinding of discount		(1,878)
<u>16,468</u>	<b>Net interest payable</b>	CFS	<u>15,457</u>

#### 2c. Consolidated movements in working capital

2018 Net movement £000		Note	Opening balances £000	Closing balances £000	2019 Net movement £000
	<b>INVENTORIES</b>				
(206)	Balance Sheet	8	6,227	6,857	
<u>(206)</u>	<b>Net decrease / (increase)</b>				<u>(630)</u>
	<b>TRADE AND OTHER RECEIVABLES</b>				
4,558	Due within one year	9	38,796	31,586	
(23,186)	Due after more than one year	9	65,675	65,663	
<u>(18,628)</u>			104,471	97,249	
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 debtor included in above	9	0	0	
<u>(18,628)</u>	<b>Net decrease / (increase)</b>		104,471	97,249	<u>7,222</u>
	<b>TRADE AND OTHER PAYABLES</b>				
31,039	Due within one year	12	202,021	205,164	
(10,649)	Due after more than one year	12	158,057	145,820	
(2,019)	Less: property, plant & equipment (capital) included in above		(8,656)	(4,605)	
(2,410)	Less: General Fund creditor included in above	12	(2,940)	(3,451)	
9,273	Less: lease and PFH/HUB creditors included in above	12	(168,706)	(158,059)	
<u>25,234</u>	<b>Net decrease / (increase)</b>		179,776	184,869	<u>5,093</u>
	<b>PROVISIONS</b>				
28,799	Statement of Financial Position	13a	169,900	160,468	
<u>28,799</u>	<b>Net decrease / (increase)</b>		169,900	160,468	<u>(9,432)</u>
<u>35,199</u>	<b>Net movement (decrease) / increase</b>	CFS			<u>2,253</u>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

3. OPERATING EXPENSES

3a. Staff costs

2018 Total £000		Note	2019 Board £000	2019 Consolidated £000
127,038	Medical and Dental		133,032	133,032
225,401	Nursing		235,117	235,117
163,837	Other Staff		170,652	170,652
<b>516,276</b>	<b>Total</b>	SoCNE	<b>538,801</b>	<b>538,801</b>

Further detail and analysis of employee costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3b. Other operating expenditure

RESTATED

2018 Total £000			2019 Board £000	2019 Consolidated £000
<b>Independent Primary Care Services:</b>				
86,060	General Medical Services		92,794	92,794
26,282	Pharmaceutical Services		29,010	29,010
48,073	General Dental Services		49,700	49,700
13,509	General Ophthalmic Services		13,518	13,518
<b>173,924</b>	<b>Total</b>		<b>185,022</b>	<b>185,022</b>
<b>Drugs and medical supplies:</b>				
140,207	Prescribed drugs Primary Care		136,597	136,597
71,640	Prescribed drugs Secondary Care		76,230	76,230
42,920	Medical Supplies		43,538	43,538
<b>254,767</b>	<b>Total</b>		<b>256,365</b>	<b>256,365</b>
<b>Other health care expenditure</b>				
751,500	Contribution to Integration Joint Boards		777,905	777,905
183,302	Goods and services from other NHSScotland bodies		191,228	191,228
1,552	Goods and services from other UK NHS bodies		1,818	1,818
16,079	Goods and services from private providers		15,787	15,787
9,415	Goods and services from voluntary organisations		8,017	8,017
42,881	Resource Transfer		43,116	43,116
0	Loss on disposal of assets		35	35
255,207	Other operating expenses		214,870	214,870
192	External Auditor's remuneration - statutory audit fee		192	192
72	- other services - details provided below		59	59
371	Endowment Fund expenditure		0	555
<b>1,260,571</b>	<b>Total</b>		<b>1,253,027</b>	<b>1,253,582</b>
<b>1,689,262</b>	<b>Total Other Operating Expenditure</b>		<b>1,694,414</b>	<b>1,694,969</b>

Fees in respect of audit carried out of North and South Integration Joint Boards. Fee for audit of Patients' Private Funds.

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 4. OPERATING INCOME

2018 Total £000		Note	2019 Board £000	2019 Consolidated £000
288	Income from Scottish Government		660	660
33,852	Income from other NHS Scotland bodies		35,206	35,206
400	Income from NHS non-Scottish bodies		453	453
16	Income from private patients		1	1
748,224	Income for services commissioned by Integration Joint Board		772,393	772,393
9,472	Patient charges for primary care		9,972	9,972
78	Profit on disposal of assets		0	0
31,033	Contributions in respect of clinical and medical negligence claims		3,005	3,005
205	Interest received	CFS	58	58
	<b>Non NHS:</b>			
13	Overseas patients (non-reciprocal)		36	36
484	Endowment Fund Income		0	744
31,477	Other		36,350	36,350
<b>855,542</b>	<b>Total Income</b>	SoCNE	<b>858,134</b>	<b>858,878</b>



# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 5. SEGMENT INFORMATION

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

	Acute Operating Division £000	Corporate Functions £000	IJB North £000	IJB South £000	Other Healthcare Providers NHSL Wide £000	Total 2019 £000
Net operating cost reported to Board at 31 March 2019	367,955	148,969	280,849	385,159	192,149	1,375,081
Net Operating Cost per Annual Accounts	367,955	148,969	280,849	385,159	192,149	1,375,081

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	Restated IJB North £000	Restated IJB South £000	Other Healthcare Providers NHSL Wide £000	Total 2018 £000
Net operating cost reported to Board at 31 March 2018	355,387	151,103	270,630	369,279	203,710	1,350,109
Net Operating Cost per Annual Accounts	355,387	151,103	270,630	369,279	203,710	1,350,109

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.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

6. INTANGIBLE ASSETS

6. INTANGIBLE ASSETS (NON-CURRENT) - CONSOLIDATED

	Note	Software Licences £000	IT - software £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April 2018		3,778	3,114	6,892
Additions	CFS	286	(160)	126
Transfers between asset categories		0	44	44
Disposals		(65)	0	(65)
<b>At 31 March 2019</b>		<b>3,999</b>	<b>2,998</b>	<b>6,997</b>
<b>Amortisation</b>				
At 1 April 2018		2,606	1,577	4,183
Provided during the year		397	117	514
Transfers between asset categories		0	6	6
Disposals		(65)	0	(65)
<b>At 31 March 2019</b>		<b>2,938</b>	<b>1,700</b>	<b>4,638</b>
<b>Net book value at 1 April 2018</b>		<b>1,172</b>	<b>1,537</b>	<b>2,709</b>
<b>Net book value at 31 March 2019</b>	SoFP	<b>1,061</b>	<b>1,298</b>	<b>2,359</b>

6. INTANGIBLE ASSETS (NON-CURRENT) - BOARD

		Software Licences £000	IT - software £000	Total £000
<b>Cost or Valuation:</b>				
At 1 April 2018		3,778	3,114	6,892
Additions		286	(160)	126
Transfers between asset categories		0	44	44
Disposals		(65)	0	(65)
<b>At 31 March 2019</b>		<b>3,999</b>	<b>2,998</b>	<b>6,997</b>
<b>Amortisation</b>				
At 1 April 2018		2,606	1,577	4,183
Provided during the year		397	117	514
Transfers between asset categories		0	6	6
Disposals		(65)	0	(65)
<b>At 31 March 2019</b>		<b>2,938</b>	<b>1,700</b>	<b>4,638</b>
<b>Net book value at 1 April 2018</b>		<b>1,172</b>	<b>1,537</b>	<b>2,709</b>
<b>Net book value at 31 March 2019</b>	SoFP	<b>1,061</b>	<b>1,298</b>	<b>2,359</b>

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**6. INTANGIBLE ASSETS (NON-CURRENT), cont. - CONSOLIDATED PRIOR YEAR**

	Software Licences	IT - software	Total
Note	£000	£000	£000
<b>Cost or Valuation:</b>			
At 1 April 2017	3,527	1,877	5,404
Additions	253	1,260	1,513
Disposals	(2)	(23)	(25)
<b>At 31 March 2018</b>	<b>3,778</b>	<b>3,114</b>	<b>6,892</b>
<b>Amortisation</b>			
At 1 April 2017	2,211	1,492	3,703
Provided during the year	397	108	505
Disposals	(2)	(23)	(25)
<b>At 31 March 2018</b>	<b>2,606</b>	<b>1,577</b>	<b>4,183</b>
<b>Net book value at 1 April 2017</b>	<b>1,316</b>	<b>385</b>	<b>1,701</b>
<b>Net book value at 31 March 2018</b>	<b>1,172</b>	<b>1,537</b>	<b>2,709</b>

SoFP

**6. INTANGIBLE ASSETS (NON-CURRENT), cont. - BOARD PRIOR YEAR**

	Software Licences	IT - software	Total
	£000	£000	£000
<b>Cost or Valuation:</b>			
At 1 April 2017	3,527	1,877	5,404
Additions	253	1,260	1,513
Disposals	(2)	(23)	(25)
<b>At 31 March 2018</b>	<b>3,778</b>	<b>3,114</b>	<b>6,892</b>
<b>Amortisation</b>			
At 1 April 2017	2,211	1,492	3,703
Provided during the year	397	108	505
Disposals	(2)	(23)	(25)
<b>At 31 March 2018</b>	<b>2,606</b>	<b>1,577</b>	<b>4,183</b>
<b>Net book value at 1 April 2017</b>	<b>1,316</b>	<b>385</b>	<b>1,701</b>
<b>Net book value at 31 March 2018</b>	<b>1,172</b>	<b>1,537</b>	<b>2,709</b>

SoFP

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

7a. PROPERTY, PLANT AND EQUIPMENT – 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 2018	21,394	500,899	185	67,266	15,354	5,786	1,190	612,074
Additions – purchased	0	0	0	10,525	1,805	0	8,442	20,772
Completions	0	932	0	0	0	0	(932)	0
Transfers between asset categories	0	0	0	3,143	0	0	0	3,143
Transfer (to)/from non-current assets held for sale	(3,748)	(125)	0	0	0	0	0	(3,873)
Revaluations	18	802	0	0	0	0	0	820
Impairment charges	(174)	(565)	0	0	0	0	(5,678)	(6,417)
Disposals – purchased	0	0	0	(10,307)	(243)	(123)	0	(10,673)
Disposals – donated	0	0	0	(67)	0	0	0	(67)
<b>At 31 March 2019</b>	<b>17,490</b>	<b>501,943</b>	<b>185</b>	<b>70,560</b>	<b>16,916</b>	<b>5,663</b>	<b>3,022</b>	<b>615,779</b>
<b>Depreciation</b>								
At 1 April 2018	0	(3)	136	42,771	10,921	5,400	0	59,225
Provided during the year – purchased	0	13,970	11	5,107	1,492	52	0	20,632
Provided during the year – donated	0	0	0	33	0	0	0	33
Transfers between asset categories	0	0	0	3,181	0	0	0	3,181
Revaluations	(150)	(12,450)	0	0	0	0	(5,678)	(18,278)
Impairment charges	150	118	0	1,242	0	0	5,678	7,188
Impairment reversals	0	(1,638)	0	0	0	0	0	(1,638)
Disposals – purchased	0	0	0	(10,189)	(243)	(123)	0	(10,555)
Disposals – donated	0	0	0	(67)	0	0	0	(67)
<b>At 31 March 2019</b>	<b>0</b>	<b>(3)</b>	<b>147</b>	<b>42,078</b>	<b>12,170</b>	<b>5,329</b>	<b>0</b>	<b>59,721</b>
<b>Net book value at 1 April 2018</b>	<b>21,394</b>	<b>500,902</b>	<b>49</b>	<b>24,495</b>	<b>4,433</b>	<b>386</b>	<b>1,190</b>	<b>552,849</b>
<b>Net book value at 31 March 2019</b>	<b>17,490</b>	<b>501,946</b>	<b>38</b>	<b>28,482</b>	<b>4,746</b>	<b>334</b>	<b>3,022</b>	<b>556,058</b>

Open Market Value of Land in Land and Dwellings Included Above

Asset financing:	5,813							
Owned – purchased	10,721	226,558	38	28,262	4,746	334	3,022	273,681
Owned – donated	0	0	0	220	0	0	0	220
On-balance sheet PFI contracts	6,769	275,388	0	0	0	0	0	282,157
<b>Net book value at 31 March 2019</b>	<b>17,490</b>	<b>501,946</b>	<b>38</b>	<b>28,482</b>	<b>4,746</b>	<b>334</b>	<b>3,022</b>	<b>556,058</b>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

7a. PROPERTY, PLANT AND EQUIPMENT – BOARD

	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2018	21,394	500,899	185	67,266	15,354	5,786	1,190	612,074
Additions – purchased	0	0	0	10,525	1,805	0	8,442	20,772
Completions	0	932	0	0	0	0	(932)	0
Transfers between asset categories	0	0	0	3,143	0	0	0	3,143
Transfer (to)/from non-current assets held for sale	(3,748)	(125)	0	0	0	0	0	(3,873)
Revaluations	18	802	0	0	0	0	0	820
Impairment charges	(174)	(565)	0	0	0	0	(5,678)	(6,417)
Disposals – purchased	0	0	0	(10,307)	(243)	(123)	0	(10,673)
Disposals – donated	0	0	0	(67)	0	0	0	(67)
<b>At 31 March 2019</b>	<b>17,490</b>	<b>501,943</b>	<b>185</b>	<b>70,560</b>	<b>16,916</b>	<b>5,663</b>	<b>3,022</b>	<b>615,779</b>
<b>Depreciation</b>								
At 1 April 2018	0	(3)	136	42,771	10,921	5,400	0	59,225
Provided during the year – purchased	0	13,970	11	5,107	1,492	52	0	20,632
Provided during the year - donated	0	0	0	33	0	0	0	33
Transfers between asset categories	0	0	0	3,181	0	0	0	3,181
Revaluations	(150)	(12,450)	0	0	0	0	(5,678)	(18,278)
Impairment reversals	150	118	0	1,242	0	0	5,678	7,188
Disposals - purchased	0	(1,638)	0	0	0	0	0	(1,638)
Disposals – donated	0	0	0	(10,189)	(243)	(123)	0	(10,555)
At 31 March 2019	0	(3)	147	42,078	12,170	5,329	0	59,721
<b>Net book value at 1 April 2018</b>	<b>21,394</b>	<b>500,902</b>	<b>49</b>	<b>24,495</b>	<b>4,433</b>	<b>386</b>	<b>1,190</b>	<b>552,849</b>
<b>Net book value at 31 March 2019</b>	<b>17,490</b>	<b>501,946</b>	<b>38</b>	<b>28,482</b>	<b>4,746</b>	<b>334</b>	<b>3,022</b>	<b>556,058</b>
SoFP								
Open Market Value of Land in Land and Dwellings Included Above	5,813							
<b>Asset financing:</b>								
Owned – purchased	10,721	226,558	38	28,262	4,746	334	3,022	273,681
Owned – donated	0	0	0	220	0	0	0	220
On-balance sheet PFI contracts	6,769	275,388	0	0	0	0	0	282,157
<b>Net book value at 31 March 2019</b>	<b>17,490</b>	<b>501,946</b>	<b>38</b>	<b>28,482</b>	<b>4,746</b>	<b>334</b>	<b>3,022</b>	<b>556,058</b>
SoFP								

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED & BOARD PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2017	21,463	498,900	185	65,494	14,186	5,786	5,088	611,102
Additions - purchased	0	5,757	0	6,342	1,958	0	5,003	19,060
Revaluations	94	(199)	0	0	0	0	0	(105)
Impairment charges	(55)	(2,099)	0	0	0	0	(8,901)	(11,055)
Disposals - purchased	(108)	(1,460)	0	(4,570)	(790)	0	0	(6,928)
<b>At 31 March 2018</b>	<b>21,394</b>	<b>500,899</b>	<b>185</b>	<b>67,266</b>	<b>16,354</b>	<b>5,786</b>	<b>1,190</b>	<b>612,074</b>
<b>Depreciation</b>								
At 1 April 2017	68	1,498	125	42,438	11,389	5,358	0	59,876
Provided during the year - purchased	0	13,612	11	4,842	3,322	42	0	19,829
Provided during the year - donated	0	0	0	34	0	0	0	34
Revaluations	0	(12,253)	0	0	0	0	(8,901)	(21,154)
Impairment charges	0	3	0	0	0	0	8,901	8,904
Impairment reversals	0	(1,403)	0	0	0	0	0	(1,403)
Disposals - purchased	(68)	(1,460)	0	(4,543)	(790)	0	0	(6,861)
<b>At 31 March 2018</b>	<b>0</b>	<b>(3)</b>	<b>136</b>	<b>42,771</b>	<b>10,921</b>	<b>5,400</b>	<b>0</b>	<b>59,225</b>
<b>Net book value at 1 April 2017</b>	<b>21,395</b>	<b>497,402</b>	<b>60</b>	<b>23,056</b>	<b>1,797</b>	<b>428</b>	<b>5,088</b>	<b>551,226</b>
<b>Net book value at 31 March 2018</b>	<b>21,394</b>	<b>500,902</b>	<b>49</b>	<b>24,495</b>	<b>4,433</b>	<b>386</b>	<b>1,190</b>	<b>552,849</b>

Open Market Value of Land in Land and Dwellings Included Above

Asset financing:	6,125							
Owned - purchased	14,625	226,934	49	24,242	4,433	386	1,190	271,859
Owned - donated	0	0	0	253	0	0	0	253
On-balance sheet PFI contracts	6,769	273,968	0	0	0	0	0	280,737
<b>Net book value at 31 March 2018</b>	<b>21,394</b>	<b>500,902</b>	<b>49</b>	<b>24,495</b>	<b>4,433</b>	<b>386</b>	<b>1,190</b>	<b>552,849</b>

**NHS LANARKSHIRE**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**7b. ASSETS HELD FOR SALE**

The following assets held for sale related to surplus land at the former Alexander, Coathill, Holehills, Kilsyth, Law and Stonehouse Hospitals. In addition, Coathill and Croy Clinic buildings were also presented for sale. These assets have been approved for sale by NHS Lanarkshire Capital Investment Group.

**ASSETS HELD FOR SALE - CONSOLIDATED**

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2018</b>	<b>1,415</b>	<b>1,415</b>
Transfers from property, plant and equipment	3,873	3,873
Disposals of non-current assets held for sale	(325)	(325)
<b>At 31 March 2019</b>	<b>4,963</b>	<b>4,963</b>

**ASSETS HELD FOR SALE - BOARD**

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April 2018</b>	<b>1,415</b>	<b>1,415</b>
Transfers from property, plant and equipment	3,873	3,873
Disposals of non-current assets held for sale	(325)	(325)
<b>At 31 March 2019</b>	<b>4,963</b>	<b>4,963</b>

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

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April 2017</b>	<b>1,415</b>	<b>1,415</b>
<b>At 31 March 2018</b>	<b>1,415</b>	<b>1,415</b>

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

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 April 2017</b>	<b>1,415</b>	<b>1,415</b>
<b>At 31 March 2018</b>	<b>1,415</b>	<b>1,415</b>

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Net book value of property, plant and equipment at 31 March</b>			
552,596	552,596	Purchased		555,838	555,838
253	253	Donated		220	220
<u>552,849</u>	<u>552,849</u>	<b>Total</b>	<b>SoFP</b>	<u>556,058</u>	<u>556,058</u>
6,125	6,125	Net book value related to land valued at open market value at 31 March		5,813	5,813
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>			
0	0	Finance Leases		0	0
0	0	Hire Purchase Contracts		0	0
<u>280,737</u>	<u>280,737</u>	PFI and PPP Contracts		<u>282,157</u>	<u>282,157</u>
<u>280,737</u>	<u>280,737</u>			<u>282,157</u>	<u>282,157</u>
		<b>Total depreciation charged in respect of assets held under:</b>			
0	0	Finance leases		0	0
0	0	Hire Purchase Contracts		0	0
<u>6,005</u>	<u>6,005</u>	PFI and PPP contracts		<u>6,319</u>	<u>6,319</u>
<u>6,005</u>	<u>6,005</u>			<u>6,319</u>	<u>6,319</u>

All property was revalued by an independent valuer, Gerald Eve, as at 31 March 2019 on the basis of fair value (market value or depreciated replacement costs 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 of £12.681m (2017-18: an increase of £10.720m) which was credited to the revaluation reserve. Impairment of £5.500m (2017-18: £7.500m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.



NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

7d. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
<b>Expenditure</b>					
1,513	1,513	Acquisition of intangible assets	6	126	126
19,060	19,060	Acquisition of property, plant and equipment	7a	20,772	20,772
288	288	HUB		0	0
<u>20,861</u>	<u>20,861</u>	<b>Gross Capital Expenditure</b>		<u>20,898</u>	<u>20,898</u>
<b>Income</b>					
0	0	Net book value of disposal of intangible assets	6	0	0
67	67	Net book value of disposal of property, plant and equipment	7a	118	118
0	0	Net book value of disposal of donated assets	7a	0	0
0	0	Value of disposal of non-current assets held for sale	7b	325	325
61	61	HUB - repayment of investment		15	15
0	0	Donated asset income		0	0
<u>128</u>	<u>128</u>	<b>Capital Income</b>		<u>458</u>	<u>458</u>
<u>20,733</u>	<u>20,733</u>	<b>Net Capital Expenditure</b>		<u>20,440</u>	<u>20,440</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

20,733	20,733	Core capital expenditure included above	20,440	20,440
20,733	20,733	Core Capital Resource Limit	20,440	20,440
<u>0</u>	<u>0</u>	<b>Saving / (excess) against Core Capital Resource Limit</b>	<u>0</u>	<u>0</u>
0	0	Non core capital expenditure included above	0	0
0	0	Non core Capital Resource Limit	0	0
<u>0</u>	<u>0</u>	<b>Saving / (excess) against Non Core Capital Resource Limit</b>	<u>0</u>	<u>0</u>
20,733	20,733	Total capital expenditure	20,440	20,440
20,733	20,733	Total Capital Resource Limit	20,440	20,440
<u>0</u>	<u>0</u>	<b>Saving / (excess) against Total Capital Resource Limit</b>	<u>0</u>	<u>0</u>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

8. INVENTORIES

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
6,227	6,227	Raw materials and consumables		6,857	6,857
<b>6,227</b>	<b>6,227</b>	<b>Total inventories</b>	<b>SoFP</b>	<b>6,857</b>	<b>6,857</b>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

9. TRADE AND OTHER RECEIVABLES

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Receivables due within one year</b>			
		<b>NHSScotland</b>			
109	109	Scottish Government Health & Social Care Directorate		228	228
1,078	1,078	Boards		3,053	3,053
<b>1,187</b>	<b>1,187</b>	<b>Total NHSScotland Receivables</b>		<b>3,281</b>	<b>3,281</b>
271	271	NHS non-Scottish bodies		274	274
0	0	General Fund receivable		0	0
3,594	3,594	VAT recoverable		3,321	3,321
8,224	8,106	Prepayments		4,208	4,208
3,094	3,094	Accrued income		3,014	2,999
3,543	3,543	Other receivables		4,199	4,199
18,883	18,883	Reimbursement of provisions		13,289	13,289
0	0	Other public sector bodies		0	0
<b>38,798</b>	<b>38,678</b>	<b>Total Receivables due within one year</b>	<b>SoFP</b>	<b>31,586</b>	<b>31,571</b>
		<b>Receivables due after more than one year</b>			
		<b>NHSScotland</b>			
0	0	Scottish Government Health & Social Care Directorate		0	0
0	0	Boards		0	0
<b>0</b>	<b>0</b>	<b>Total NHSScotland Receivables</b>		<b>0</b>	<b>0</b>
0	0	Other Public Sector Bodies		0	0
366	366	Prepayments		336	336
0	0	Accrued income		336	336
0	0	Other receivables		0	0
65,309	65,309	Reimbursement of provisions		64,991	64,991
<b>65,675</b>	<b>65,675</b>	<b>Total Receivables due after more than one year</b>	<b>SoFP</b>	<b>65,663</b>	<b>65,663</b>
<b>104,471</b>	<b>104,353</b>	<b>TOTAL RECEIVABLES</b>		<b>97,249</b>	<b>97,234</b>
819	819	The total receivables figure above includes a provision for impairments of:		1,018	1,018
		<b>WGA Classification</b>			
1,078	1,078	NHS Scotland		3,053	3,053
3,594	3,594	Central Government bodies		228	228
997	997	Whole of Government bodies		0	0
271	271	Balances with NHS bodies in England and Wales		274	274
98,531	98,413	Balances with bodies external to Government		93,694	93,679
<b>104,471</b>	<b>104,353</b>	<b>Total</b>		<b>97,249</b>	<b>97,234</b>
<b>2018 £000</b>	<b>2018 £000</b>	<b>Movements on the provision for impairment of receivables are as follows:</b>		<b>2019 £000</b>	<b>2019 £000</b>
645	645	At 1 April		819	819
369	369	Provision for impairment		458	458
(18)	(18)	Receivables written off during the year as uncollectable		(13)	(13)
(177)	(177)	Unused amounts reversed		(246)	(246)
<b>819</b>	<b>819</b>	<b>At 31 March</b>		<b>1,018</b>	<b>1,018</b>

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 9. TRADE AND OTHER RECEIVABLES (cont'd)

As of 31 March 2019, receivables with a carrying value of £1.018m (2018: £0.819m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2018 £000	Board 2018 £000		Consolidated 2019 £000	Board 2019 £000
369	369	3 to 6 months past due	29	29
450	450	Over 6 months past due	989	989
<b>819</b>	<b>819</b>		<b>1,018</b>	<b>1,018</b>

The receivables assessed as individually impaired were mainly, companies, patients and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2019, receivables with a carrying value of £5.612m (2018: £3.377m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2018 £000	2018 £000		2019 £000	2019 £000
3,377	3,377	Up to 3 months past due	5,612	5,612
0	0	3 to 6 months past due	0	0
0	0	Over 6 months past due	0	0
<b>3,377</b>	<b>3,377</b>		<b>5,612</b>	<b>5,612</b>

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

Concentration of credit risk is limited due to customer base being large and unrelated / 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:

2018 £000	2018 £000		2019 £000	2019 £000
		Counterparties with external credit ratings		
0	0	A	0	0
0	0	BB	0	0
0	0	BBB	0	0
0	0	Counterparties with no external credit rating:	0	0
0	0	New customers	0	0
100,275	100,157	Existing customers with no defaults in the past	89,917	89,705
0	0	Existing customers with some defaults in the past	0	0
<b>100,275</b>	<b>100,157</b>	<b>Total neither past due or impaired</b>	<b>89,917</b>	<b>89,705</b>

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.

2018 £000	2018 £000		2019 £000	2019 £000
		The carrying amount of receivables are denominated in the following currencies:		
104,471	104,353	Pounds	97,249	97,234
0	0	Euros	0	0
0	0	US Dollars	0	0
<b>104,471</b>	<b>104,353</b>		<b>97,249</b>	<b>97,234</b>

All non-current receivables are due within 20 years (2017-18: 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 £65.663 (2017-18: £65.675m).

The effective interest rate on non-current other receivables is a combined interest rate of 101.43% for year 1, 102.47% for 2 years, 103.83% for 3 years and 105.2% for 4 years (2017-18 real discount rate: -2.42%).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

10. INVESTMENTS

Consolidated 2018 £000	Board 2018 £000		Consolidated 2019 £000	Board 2019 £000
0	0	Government securities	0	0
5,657	1,202	Other	6,071	1,186
<u>5,657</u>	<u>1,202</u>	<b>TOTAL</b>	<u>6,071</u>	<u>1,186</u>
			<b>SoFP</b>	
5,211	976	<b>At 1 April</b>	5,657	1,202
415	288	Additions	<u>CFS</u> 430	0
(83)	(62)	Disposals	(16)	(16)
0	0	Impairment recognised in SoCNE	<u>2</u>	0
114	0	Revaluation surplus / (deficit) transferred to equity	0	0
<u>5,657</u>	<u>1,202</u>	<b>At 31 March</b>	<u>6,071</u>	<u>1,186</u>
			<b>SoFP</b>	
0	0	Current	0	0
5,657	1,202	Non-current	<u>SoFP</u> 6,071	1,186
<u>5,657</u>	<u>1,202</u>	<b>At 31 March</b>	<u>6,071</u>	<u>1,186</u>
0	0	The carrying value includes an impairment provision of	0	0

Other financial assets comprised of an initial investment of £975,164 in Hub SW NHSL Holdco Ltd in the form of 10.50% fixed coupon unsecured loan notes. Interest was subsequently rolled up into this investment during the build phase of each of the Hubs on the same terms as the initial investment. The investment is repayable in full with interest over a period of 25 years to NHS Lanarkshire.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

11. CASH AND CASH EQUIVALENTS

	Note	2019 £000	2018 £000
Balance at 1 April		3,358	1,158
Net change in cash and cash equivalent balances	<u>CFS</u>	391	2,200
<b>Balance at 31 March</b>	<u>SoFP</u>	<b>3,749</b>	<b>3,358</b>
Overdrafts		0	0
<b>Total Cash - Cash Flow Statement</b>		<b>3,749</b>	<b>3,358</b>
The following balances at 31 March were held at:			
Government Banking Service		3,410	2,901
Commercial banks and cash in hand		41	39
Overdrafts		0	0
Short term investments		0	0
Endowment cash		298	418
<b>Balance at 31 March</b>		<b>3,749</b>	<b>3,358</b>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

12. TRADE AND OTHER PAYABLES

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Payables due within one year</b>			
		<b>NHSScotland</b>			
		Scottish Government Health & Social Care Directorate		0	0
0	0	Boards		17,994	17,994
21,072	21,072	<b>Total NHSScotland Payables</b>		17,994	17,994
21,072	21,072				
		<b>NHS Non-Scottish bodies</b>		1,018	1,018
735	735	Amounts payable to General Fund		3,451	3,451
2,940	2,940	FHS practitioners		44,691	44,691
42,840	42,840	Trade payables		6,575	6,509
8,539	8,498	Accruals		89,425	89,425
87,027	87,020	Deferred income		5,321	5,321
3,642	3,642	Net obligations under PFI/Hub Contracts	18	12,239	12,239
10,649	10,649	Bank overdrafts	11	0	0
0	0	Income tax and social security		10,868	10,868
10,660	10,660	Superannuation		7,158	7,158
7,142	7,142	Holiday pay accrual		6,079	6,079
6,480	6,480	Other payables		345	345
295	295	<b>Total Payables due within one year</b>	SoFP	205,164	205,098
202,021	201,973				
		<b>Payables due after more than one year</b>			
		<b>NHSScotland</b>			
		Scottish Government Health & Social Care Directorate		0	0
0	0	Boards		0	0
0	0	<b>Total NHSScotland Payables</b>		0	0
		<b>Other public sector bodies</b>			
		Net obligations under PFI/Hub contracts due within 2 years	18	14,039	14,039
12,239	12,239	Net obligations under PFI/Hub contracts due after 2 years but within 5 years	18	26,267	26,267
30,177	30,177	Net obligations under PFI/Hub contracts due after 5 years	18	105,514	105,514
115,641	115,641	<b>Total Payables due after more than one year</b>	SoFP	145,820	145,820
158,057	158,057				
360,078	360,030	<b>TOTAL PAYABLES</b>		350,984	350,918
		<b>WGA Classification</b>			
		NHS Scotland		17,994	17,994
21,072	21,072	Central Government bodies		18,026	18,026
17,758	17,758	Whole of Government bodies		2,470	2,470
735	735	Balances with NHS bodies in England and Wales		1,018	1,018
735	735	Balances with bodies external to Government		311,476	311,410
319,778	319,730	<b>Total</b>		350,984	350,918
360,078	360,030				
		<b>Borrowings included above comprise:</b>		<b>£000</b>	<b>£000</b>
		Bank overdrafts		0	0
		Finance leases		0	0
		PFI contracts		158,059	158,059
168,706	168,706			158,059	158,059
168,706	168,706				
		<b>The carrying amount and fair value of the non-current borrowings are as follows</b>		<b>2019</b>	<b>2019</b>
		<b>Carrying amount</b>		<b>£000</b>	<b>£000</b>
		Finance leases		0	0
		PFI/Hub contracts		145,820	145,820
158,057	158,057			145,820	145,820
158,057	158,057				

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**12. TRADE AND OTHER PAYABLES (cont'd)**

Consolidated	Board		Consolidated	Board
2018	2018		2019	2019
Fair value £000	Fair Value £000		Fair value £000	Fair value £000
0	0	The carrying amount and fair value of the non-current borrowings are as follows		
158,057	158,057	Fair value		
<u>158,057</u>	<u>158,057</u>	Finance leases	0	0
		PFI contracts	145,820	145,820
			<u>145,820</u>	<u>145,820</u>

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

2018	2018		2019	2019
£000	£000		£000	£000
360,078	360,030	The carrying amount of payables are denominated in the following currencies:	350,984	350,918
0	0	Pounds	0	0
0	0	Euros	0	0
<u>360,078</u>	<u>360,030</u>	US Dollars	<u>350,984</u>	<u>350,918</u>



NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2019 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2018	12,320	84,911	71,988	681	169,900
Arising during the year	537	21,702	14,532	198	36,969
Utilised during the year	(849)	(3,385)	(4,152)	(90)	(8,476)
Unwinding of discount	22	(1,699)	(194)	(7)	(1,878)
Reversed unutilised	(570)	(23,677)	(11,689)	(111)	(36,047)
<b>At 31 March 2019</b>	<b>11,460</b>	<b>77,852</b>	<b>70,485</b>	<b>671</b>	<b>160,468</b>

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Lanarkshire are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows to 31 March 2019

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2019 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	1,480	14,121	13,919	670	30,190
Payable between 2 - 5 years	3,312	63,731	48,249	3	115,295
Payable between 6 - 10 years	3,449	0	4,023	0	7,472
Thereafter	3,219	0	4,294	(2)	7,511
<b>At 31 March 2019</b>	<b>11,460</b>	<b>77,852</b>	<b>70,485</b>	<b>671</b>	<b>160,468</b>

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2018 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2017	11,827	64,459	64,337	478	141,101
Arising during the year	1,450	44,521	17,669	360	64,000
Utilised during the year	(881)	(3,811)	(3,217)	(64)	(7,973)
Unwinding of discount	24	(1,509)	(330)	(3)	(1,818)
Reversed unutilised	(100)	(18,749)	(6,471)	(90)	(25,410)
<b>At 31 March 2018</b>	<b>12,320</b>	<b>84,911</b>	<b>71,988</b>	<b>681</b>	<b>169,900</b>

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Lanarkshire are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows to 31 March 2018

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2018 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	1,522	18,925	17,660	677	38,784
Payable between 2 - 5 years	3,490	58,503	38,535	4	100,532
Payable between 6 - 10 years	3,762	7,483	1,846	0	13,091
Thereafter	3,546	0	13,947	0	17,493
<b>At 31 March 2018</b>	<b>12,320</b>	<b>84,911</b>	<b>71,988</b>	<b>681</b>	<b>169,900</b>

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 13 a. 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 0.29% (2017-18 0.10%) 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 combined Treasury discount rates used to assess the time value of money are 101.23% for 1 year, 102.47% for 2 years, 103.83% for 3 years and 105.2% for 4 years (2017-18 real discount rate: -2.42%).

#### 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 combined Treasury discount rates used to assess the time value of money are 101.23% for 1 year, 102.47% for 2 years, 103.83% for 3 years and 105.2% for 4 years (2017-18 real discount rate: -2.42%).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

**13b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)**

<b>2018</b>		<b>Note</b>	<b>2019</b>
<b>£000</b>			<b>£000</b>
85,215	Provision recognising individual claims against the NHS Board as at 31 March	<b>13a</b>	78,145
(84,192)	Associated CNORIS receivable at 31 March	<b>9</b>	(78,280)
71,988	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	<b>13a</b>	70,485
<b>73,011</b>	<b>Net Total Provision relating to CNORIS at 31 March</b>		<b>70,350</b>

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

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

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

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

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

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**14. CONTINGENT LIABILITIES**

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

<b>2018</b>		<b>2019</b>
<b>£000</b>	<b>Nature</b>	<b>£000</b>
<u>23,800</u>	Clinical and medical compensation payments	<u>17,379</u>
<u>23,800</u>	<b>TOTAL CONTINGENT LIABILITIES</b>	<u>17,379</u>

The Board has not entered into 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**

<u>22,877</u>	Clinical and medical compensation payments	<u>16,744</u>
<u>22,877</u>		<u>16,744</u>

**NHS LANARKSHIRE**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**15. EVENTS AFTER THE END OF THE REPORTING YEAR**

**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 material effect on the accounts.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

**16. COMMITMENTS**

**Capital Commitments**

The Board has the following capital commitments which have not been provided for in the accounts

2018 £000		Property, plant and equipment £000	2019 £000
	<b>Contracted</b>		
1,200	Monklands Replacement of Theatres & ICU	0	0
<u>1,200</u>	<b>Total</b>	<u>0</u>	<u>0</u>
	<b>Authorised but not Contracted</b>		
1,870	Monklands Business Continuity	5,866	5,866
618	Laboratory Information Management System	352	352
<u>2,488</u>	<b>Total</b>	<u>6,218</u>	<u>6,218</u>

**Other Financial Commitments**

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

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

**17. COMMITMENTS UNDER LEASES**

**Operating Leases**

Total future minimum lease payments under operating leases are given in the table below for the each of the following periods:

**Obligations under operating leases comprise:**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</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 year, not later than five years	1
3	Later than five years	2
	<b>Buildings</b>	
1,346	Not later than one year	1,261
1,049	Later than one year, not later than 2 years	1,117
2,443	Later than two year, not later than five years	3,033
3,649	Later than five years	2,991
	<b>Other</b>	
3,247	Not later than one year	2,255
1,795	Later than one year, not later than 2 years	1,616
343	Later than two year, not later than five years	224
0	Later than five years	0
	<b>Amounts charged to Operating Costs in the year were:</b>	
3,343	Hire of equipment (including vehicles)	2,867
2,814	Other operating leases	2,810
<u>6,157</u>	<b>Total</b>	<u>5,677</u>

**Contingent rents recognised as an expense in the period were:**

Contingent rents

**Finance Leases**

None

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 18. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet

The Board has entered into the following on-balance sheet PFI projects.

##### 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 £73.604m. 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 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 £152.567m. 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 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 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 £4.290m. 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 Scotiand 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 £44.926m.

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:



NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

18. COMMITMENTS UNDER PFI/HUB CONTRACTS - On Balance Sheet (cont'd)

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

2018		Hairmyres	Wishaw	Stonehouse	Hub	2019 TOTAL
£000	Gross Minimum Lease Payments	£000	£000	£000	£000	£000
27,983	Rentals due within 1 year	8,282	16,098	434	3,663	28,477
28,477	Due within 1 to 2 years	8,451	16,462	434	3,663	29,010
71,384	Due within 2 to 5 years	0	51,992	1,303	10,989	64,284
180,478	Due after 5 years	0	95,618	4,342	58,608	158,568
<b>308,322</b>	<b>Total</b>	<b>16,733</b>	<b>180,170</b>	<b>6,513</b>	<b>76,923</b>	<b>280,339</b>

2018		Hairmyres	Wishaw	Stonehouse	Hub	2019 TOTAL
£000	Less Interest Element	£000	£000	£000	£000	£000
(17,334)	Rentals due within 1 year	(1,462)	(11,529)	(339)	(2,908)	(16,238)
(16,238)	Due within 1 to 2 years	(774)	(11,019)	(328)	(2,850)	(14,971)
(41,207)	Due within 2 to 5 years	0	(28,947)	(913)	(8,157)	(38,017)
(64,837)	Due after 5 years	0	(25,311)	(1,743)	(26,000)	(53,054)
<b>(139,616)</b>	<b>Total</b>	<b>(2,236)</b>	<b>(76,806)</b>	<b>(3,323)</b>	<b>(39,915)</b>	<b>(122,280)</b>

2018		Note	Hairmyres	Wishaw	Stonehouse	Hub	2019 TOTAL
£000	Present value of minimum lease payments		£000	£000	£000	£000	£000
10,649	Rentals due within 1 year	12	6,820	4,569	95	755	12,239
12,239	Due within 1 to 2 years	12	7,677	5,443	106	813	14,039
30,177	Due within 2 to 5 years	12	0	23,045	390	2,832	26,267
115,641	Due after 5 years	12	0	70,307	2,599	32,608	105,514
<b>168,706</b>	<b>Total</b>		<b>14,497</b>	<b>103,364</b>	<b>3,190</b>	<b>37,008</b>	<b>158,059</b>

2018		2019
£000	Total	£000
18,286	Interest charges	17,335
32,248	Other charges	32,146
<b>50,534</b>	<b>Total</b>	<b>49,481</b>

2018		2019
£000	Total	£000
832	Contingent rents (included in Other Charges)	926

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**19. PENSION COSTS**

**The new NHS Pension Scheme (Scotland) 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 1/54 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 Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2018-19 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

**The existing NHS Superannuation Scheme (Scotland)**

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. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at [www.sppa.gov.uk](http://www.sppa.gov.uk).

**National Employment Savings Trust (NEST)**

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st March 2013	1%	1%	2%
1st October 2018	3%	2%	5%
1st October 2019	5%	3%	8%

Pension members can choose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.

NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

	2019	2018
	£000	£000
Pension cost charge for the year	52,404	51,666
Additional costs arising from early retirement	0	0
Provisions/liabilities/prepayments included in the Statement of Financial Position	11,460	12,320
Pension costs for the year for staff transferred from local authority	0	0

**NHS LANARKSHIRE**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**20. RETROSPECTIVE RESTATEMENTS**

**Retrospective restatements which have been recognised in these Accounts are:**

	<b>DR £000</b>	<b>CR £000</b>
Restatement of segmental information in 2017/18 within note 5. Credit IJB North - £60,824,000 and debit IJB South - £60,824,000.	60,824	60,824
Restatement of other operating expenditure in 2017/18 within note 3b. Debit goods and services from private providers - £4,236,000, credit other operating expenses - £4,236,000.	4,236	4,236

**NHS LANARKSHIRE**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**21. RESTATED PRIMARY STATEMENTS**

There were no exceptional items or retrospective restatements in the financial year.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

22. FINANCIAL INSTRUMENTS

22a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED		Financial assets as fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
		£000	£000	£000	£000
<b>AS AT 31 MARCH 2019</b>					
<b>Assets per balance sheet</b>					
	<b>Note</b>				
Investments	10	0	0	6,071	6,071
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	7,823	0	0	7,823
Cash and cash equivalents	11	3,749	0	0	3,749
		<u>11,572</u>	<u>0</u>	<u>6,071</u>	<u>17,643</u>
<b>BOARD</b>					
<b>AS AT 31 MARCH 2019</b>					
<b>Assets per balance sheet</b>					
	<b>Note</b>				
Investments	10	0	0	1,186	1,186
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	7,808	0	0	7,808
Cash and cash equivalents	11	3,451	0	0	3,451
		<u>11,259</u>	<u>0</u>	<u>1,186</u>	<u>12,445</u>
<b>CONSOLIDATED (Prlor Year)</b>					
<b>At 31 March 2018</b>					
<b>Assets per balance sheet</b>					
	<b>Note</b>				
Investments	10	0	0	5,657	5,657
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	6,908	0	0	6,908
Cash and cash equivalents	11	3,358	0	0	3,358
		<u>10,266</u>	<u>0</u>	<u>5,657</u>	<u>15,923</u>
<b>BOARD (Prlor Year)</b>					
<b>At 31 March 2018</b>					
<b>Assets per balance sheet</b>					
	<b>Note</b>				
Investments	10	0	0	1,202	1,202
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	6,908	0	0	6,908
Cash and cash equivalents	11	2,940	0	0	2,940
		<u>9,848</u>	<u>0</u>	<u>1,202</u>	<u>11,050</u>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

22. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED		Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
<b>AS AT 31 MARCH 2019</b>				
	<b>Note</b>			
Liabilities per balance sheet		0	0	0
PFI Liabilities	12	0	158,059	158,059
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	151,584	151,584
		<u>0</u>	<u>309,643</u>	<u>309,643</u>
<b>BOARD</b>				
<b>AS AT 31 MARCH 2019</b>				
	<b>Note</b>			
Liabilities per balance sheet		0	0	0
PFI Liabilities	12	0	158,059	158,059
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	151,518	151,518
		<u>0</u>	<u>309,577</u>	<u>309,577</u>
<b>CONSOLIDATED (Prior Year)</b>				
<b>At 31 March 2018</b>				
	<b>Note</b>			
Liabilities per balance sheet				
PFI Liabilities	12	0	168,706	168,706
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	148,856	148,856
		<u>0</u>	<u>317,562</u>	<u>317,562</u>
<b>BOARD (Prior Year)</b>				
<b>At 31 March 2018</b>				
	<b>Note</b>			
Liabilities per balance sheet				
PFI Liabilities	12	0	168,706	168,706
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	148,808	148,808
		<u>0</u>	<u>317,514</u>	<u>317,514</u>

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2019

#### 22. FINANCIAL INSTRUMENTS, cont.

##### 22b. 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.

###### 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.

###### 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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>AS AT 31 MARCH 2019</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PFI Liabilities	28,477	29,010	64,284	158,568
<b>Total</b>	<b>28,477</b>	<b>29,010</b>	<b>64,284</b>	<b>158,568</b>
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 March 2018</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PFI Liabilities	27,983	28,477	71,384	180,478
<b>Total</b>	<b>27,983</b>	<b>28,477</b>	<b>71,384</b>	<b>180,478</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.

##### 22c. FAIR VALUE ESTIMATION

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

**NHS LANARKSHIRE**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**23. DERIVATIVE FINANCIAL INSTRUMENTS (Consolidated and Board)**

Lanarkshire Health Board has not entered into any such transactions.



**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**24. RELATED PARTY TRANSACTIONS**

Lanarkshire Endowment Funds are managed by Trustees who are also Directors of the Board (as notified in the Remuneration Report) and is therefore a related party. During the year the Board did not receive from or make any payments to Endowments and there is no balance due to or from the Board at the year end.

North Lanarkshire Integration Joint Board (IJB) is a related party of NHS Lanarkshire. During 2018/19 the Board received payments from the IJB of £332,792,000, and made payments to the IJB of £337,827,000. There is an outstanding balance of £1,109,000 at the year end, being the Board's share of the IJB deficit.

South Lanarkshire Integration Joint Board (IJB) is a related party of NHS Lanarkshire. During the year the Board received payments from the IJB of £436,333,000 and made payments to the IJB of £440,078,000. There is an outstanding balance of £1,373,000 at the year end, being the Board's share of the IJB surplus.

The NHS Lanarkshire Board members who are also members of the Integration Joint Board can be found within the Accountability Report of these accounts.

Glasgow Caledonian University is a related party of NHS Lanarkshire. Both Mrs Neena Mahal, Board Chair and Non-Executive Director, and Dr Lesley Thomson, Non-Executive Director hold the positions of Lay Governor on the Court of Glasgow Caledonian University (GCU). During 2018/19 the Board received payments from GCU of £76,119 and made payments to GCU of £119,662. There is a balance due from GCU of £35,649 and due to GCU of £32,932 at the year end.

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 25. 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.

	2018	Gross Inflows	Gross Outflows	2019
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	689	398	(368)	719
Total Monetary Assets	689	398	(368)	719

# NHS LANARKSHIRE

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

### 26a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group		Note	Board 2018 £000	Endowment 2018 £000	Integration Joint Board South Lanarkshire 2018 £000	Integration Joint Board North Lanarkshire 2018 £000	Consolidated 2018 £000
	<b>Total income and expenditure</b>						
516,276	Staff costs	3	538,801	0	0	0	538,801
	Other operating expenditure	3					
173,924	Independent Primary Care Services		185,022	0	0	0	185,022
254,767	Drugs and medical supplies Other health care expenditure		256,365	0	0	0	256,365
<u>1,260,571</u>			<u>1,253,027</u>	<u>555</u>	<u>0</u>	<u>0</u>	<u>1,253,582</u>
2,205,538	Gross expenditure for the year		2,233,215	555	0	0	2,233,770
(855,542)	Less: operating income	4	(858,134)	(744)	0	0	(858,878)
(6,449)	Associates and joint ventures accounted for on an equity basis		0	0	(1,373)	1,109	(264)
<u>1,343,547</u>	<b>Net Expenditure</b>		<u>1,375,081</u>	<u>(189)</u>	<u>(1,373)</u>	<u>1,109</u>	<u>1,374,628</u>

The Board recharges £30,000 staff costs per year to the Endowment Fund.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated 2018 £000	Note	Integration Joint Board (Joint Ventures)				Consolidated 2019 £000
		Board 2019 £000	Endowment 2019 £000	South Lanarkshire 2019 £000	North Lanarkshire 2019 £000	
	<b>Non-current assets:</b>					
552,849	Property, plant and equipment	SoFP 556,058	0	0	0	556,058
2,709	Intangible assets	SoFP 2,359	0	0	0	2,359
	<b>Financial assets:</b>					
5,657	Available for sale financial assets	SoFP 1,186	4,885	0	0	6,071
13,240	Investments in associates and joint ventures	SoFP 0	0	5,513	7,991	13,504
65,675	Trade and other receivables	SoFP 65,663	0	0	0	65,663
<b>640,130</b>	<b>Total non-current assets</b>	<b>625,266</b>	<b>4,885</b>	<b>5,513</b>	<b>7,991</b>	<b>643,655</b>
	<b>Current Assets:</b>					
6,227	Inventories	SoFP 6,857	0	0	0	6,857
0	Intangible assets	SoFP 0	0	0	0	0
	<b>Financial assets:</b>					
38,796	Trade and other receivables	SoFP 31,571	15	0	0	31,586
3,358	Cash and cash equivalents	SoFP 3,451	298	0	0	3,749
0	Available for sale financial assets	SoFP 0	0	0	0	0
0	Derivatives financial assets	SoFP 0	0	0	0	0
1,415	Assets classified as held for sale	SoFP 4,963	0	0	0	4,963
<b>49,796</b>	<b>Total current assets</b>	<b>46,842</b>	<b>313</b>	<b>0</b>	<b>0</b>	<b>47,155</b>
<b>689,926</b>	<b>Total assets</b>	<b>672,108</b>	<b>5,198</b>	<b>5,513</b>	<b>7,991</b>	<b>690,810</b>
	<b>Current liabilities</b>					
(38,784)	Provisions	SoFP (30,190)	0	0	0	(30,190)
	<b>Financial liabilities:</b>					
(202,021)	Trade and other payables	SoFP (205,098)	(66)	0	0	(205,164)
0	Derivatives financial liabilities	SoFP 0	0	0	0	0
<b>(240,805)</b>	<b>Total current liabilities</b>	<b>(235,288)</b>	<b>(66)</b>	<b>0</b>	<b>0</b>	<b>(235,354)</b>
<b>449,121</b>	<b>Non-current assets plus / less net current assets/liabilities</b>	<b>436,820</b>	<b>5,132</b>	<b>5,513</b>	<b>7,991</b>	<b>455,456</b>
	<b>Non-current liabilities</b>					
(131,116)	Provisions	SoFP (130,278)	0	0	0	(130,278)
	<b>Financial liabilities:</b>					
(158,057)	Trade and other payables	SoFP (145,820)	0	0	0	(145,820)
0	Liabilities in associates and joint ventures	SoFP 0	0	0	0	0
<b>(289,173)</b>	<b>Total non-current liabilities</b>	<b>(276,098)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(276,098)</b>
<b>159,948</b>	<b>Assets less liabilities</b>	<b>160,722</b>	<b>5,132</b>	<b>5,513</b>	<b>7,991</b>	<b>179,358</b>
	<b>Taxpayers' Equity</b>					
(42,182)	General fund	SoFP (28,120)	0	0	0	(28,120)
183,947	Revaluation reserve	SoFP 188,842	0	0	0	188,842
0	Other reserves	SoFP 0	0	0	0	0
13,240	Other reserves - joint venture	SoFP 0	0	5,513	7,991	13,504
4,943	Funds Held on Trust	SoFP 0	5,132	0	0	5,132
<b>159,948</b>	<b>Total taxpayers' equity</b>	<b>160,722</b>	<b>5,132</b>	<b>5,513</b>	<b>7,991</b>	<b>179,358</b>

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

PRIOR YEAR		Board 2018 £000	Endowment 2018 £000	Integration Joint Board (Joint Ventures) South Lanarkshire 2018 £000	North Lanarkshire 2018 £000	Consolidated 2018 £000
<b>Non-current assets:</b>						
Property, plant and equipment	SoFP	552,849	0	0	0	552,849
Intangible assets	SoFP	2,709	0	0	0	2,709
<b>Financial assets:</b>						
Available for sale financial assets	SoFP	1,202	4,455	0	0	5,657
Investments in associates and joint ventures		0	0	4,140	9,100	13,240
Trade and other receivables	SoFP	65,675	0	0	0	65,675
<b>Total non-current assets</b>		<b>622,435</b>	<b>4,455</b>	<b>4,140</b>	<b>9,100</b>	<b>640,130</b>
<b>Current Assets:</b>						
Inventories	SoFP	6,227	0	0	0	6,227
Intangible assets	SoFP	0	0	0	0	0
<b>Financial assets:</b>						
Trade and other receivables	SoFP	38,678	118	0	0	38,796
Cash and cash equivalents	SoFP	2,940	418	0	0	3,358
Available for sale financial assets	SoFP	0	0	0	0	0
Derivatives financial assets	SoFP	0	0	0	0	0
Assets classified as held for sale	SoFP	1,415	0	0	0	1,415
<b>Total current assets</b>		<b>49,260</b>	<b>536</b>	<b>0</b>	<b>0</b>	<b>49,796</b>
<b>Total assets</b>		<b>671,695</b>	<b>4,991</b>	<b>4,140</b>	<b>9,100</b>	<b>689,926</b>
<b>Current liabilities</b>						
Provisions	SoFP	(38,784)	0	0	0	(38,784)
<b>Financial liabilities:</b>						
Trade and other payables	SoFP	(201,973)	(48)	0	0	(202,021)
Derivatives financial liabilities	SoFP	0	0	0	0	0
<b>Total current liabilities</b>		<b>(240,757)</b>	<b>(48)</b>	<b>0</b>	<b>0</b>	<b>(240,805)</b>
<b>Non-current assets plus / less net current assets/liabilities</b>		<b>430,938</b>	<b>4,943</b>	<b>4,140</b>	<b>9,100</b>	<b>449,121</b>
<b>Non-current liabilities</b>						
Provisions	SoFP	(131,116)	0	0	0	(131,116)
<b>Financial liabilities:</b>						
Trade and other payables	SoFP	(158,057)	0	0	0	(158,057)
Liabilities in associates and joint ventures		0	0	0	0	0
<b>Total non-current liabilities</b>		<b>(289,173)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(289,173)</b>
<b>Assets less liabilities</b>		<b>141,765</b>	<b>4,943</b>	<b>4,140</b>	<b>9,100</b>	<b>159,948</b>
<b>Taxpayers' Equity</b>						
General fund	SoFP	(42,182)	0	0	0	(42,182)
Revaluation reserve	SoFP	183,947	0	0	0	183,947
Other reserves	SoFP	0	0	0	0	0
Other reserves - joint venture	SoFP	0	0	4,140	9,100	13,240
Funds Held on Trust	SoFP	0	4,943	0	0	4,943
<b>Total taxpayers' equity</b>		<b>141,765</b>	<b>4,943</b>	<b>4,140</b>	<b>9,100</b>	<b>159,948</b>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

26c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated	Integration Joint Board (Joint Ventures)				
	Board	Endowment	South Lanarkshire	North Lanarkshire	Consolidated
2018 £000	2019 £000	2019 £000	2019 £000	2019 £000	2019 £000
	<b>Cash flows from operating activities</b>				
(1,343,547)	(1,375,081)	189	1,373	(1,109)	(1,374,628)
21,328	26,730	0	(1,373)	1,109	26,466
16,468	15,457	0	0	0	15,457
(205)	(58)	0	0	0	(58)
0	0	0	0	0	0
35,199	2,132	121	0	0	2,253
<b>(1,270,757)</b>	<b>(1,330,820)</b>	<b>310</b>	<b>0</b>	<b>0</b>	<b>(1,330,510)</b>
	<b>Cash flows from investing activities</b>				
(17,041)	(24,823)	0	0	0	(24,823)
(1,513)	(126)	0	0	0	(126)
(415)	0	(430)	0	0	(430)
0	0	0	0	0	0
128	458	0	0	0	458
0	0	0	0	0	0
0	0	0	0	0	0
205	58	0	0	0	58
<b>(18,636)</b>	<b>(24,433)</b>	<b>(430)</b>	<b>0</b>	<b>0</b>	<b>(24,863)</b>
	<b>Cash flows from financing activities</b>				
1,314,924	1,381,357	0	0	0	1,381,357
2,410	511	0	0	0	511
<b>1,317,334</b>	<b>1,381,868</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,381,868</b>
(9,273)	(10,647)	0	0	0	(10,647)
1,818	1,878	0	0	0	1,878
(18,286)	(17,335)	0	0	0	(17,335)
<b>1,291,593</b>	<b>1,335,764</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,355,764</b>
2,200	511	(120)	0	0	391
1,158	2,940	418	0	0	3,358
<b>3,358</b>	<b>3,451</b>	<b>298</b>	<b>0</b>	<b>0</b>	<b>3,749</b>
	<b>Reconciliation of net cash flow to movement in net debt / cash</b>				
2,200	511	(120)	0	0	391
1,158	2,940	418	0	0	3,358
<b>3,358</b>	<b>3,451</b>	<b>298</b>	<b>0</b>	<b>0</b>	<b>3,749</b>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

26c. CONSOLIDATED STATEMENT OF CASHFLOWS (cont'd)

PRIOR YEAR	Board 2018 £000	Endowment 2018 £000	Integration Joint Board (Joint Ventures)		Consolidated 2018 £000
			South Lanarkshire 2018 £000	North Lanarkshire 2018 £000	
<b>Cash flows from operating activities</b>					
Net operating expenditure	(1,350,109)	113	1,080	5,369	(1,343,547)
Adjustments for non-cash transactions	27,857	(80)	(1,080)	(5,369)	21,328
Add back: interest payable recognised in net operating expenditure	16,468	0	0	0	16,468
Deduct: interest receivable recognised in net operating expenditure	(205)	0	0	0	(205)
Investment income	0	0	0	0	0
Movements in working capital	35,315	(116)	0	0	35,199
<b>Net cash outflow from operating activities</b>	<b>(1,270,674)</b>	<b>(83)</b>	<b>0</b>	<b>0</b>	<b>(1,270,757)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(17,041)	0	0	0	(17,041)
Purchase of intangible assets	(1,513)	0	0	0	(1,513)
Investment additions	(288)	(127)			(415)
Transfer of assets to/(from) other NHS bodies	0	0	0	0	0
Proceeds of disposal of property, plant and equipment	128	0	0	0	128
Proceeds of disposal of intangible assets	0	0	0	0	0
Receipts from sale of investments	0	0	0	0	0
Interest received	205	0	0	0	205
<b>Net cash outflow from investing activities</b>	<b>(18,509)</b>	<b>(127)</b>	<b>0</b>	<b>0</b>	<b>(18,636)</b>
<b>Cash flows from financing activities</b>					
Funding	1,314,924	0	0	0	1,314,924
Movement in general fund working capital	2,410	0	0	0	2,410
<b>Cash drawn down</b>	<b>1,317,334</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,317,334</b>
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(9,273)	0	0	0	(9,273)
Interest paid	1,818	0	0	0	1,818
Interest element of finance leases and on-balance sheet PFI / PPP contracts	(18,286)	0	0	0	(18,286)
<b>Net Financing</b>	<b>1,291,593</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,291,593</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>2,410</b>	<b>(210)</b>	<b>0</b>	<b>0</b>	<b>2,200</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>530</b>	<b>628</b>	<b>0</b>	<b>0</b>	<b>1,158</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,940</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>3,358</b>
<b>Reconciliation of net cash flow to movement in net debt / cash</b>					
Increase / (decrease) in cash in year	2,410	(210)	0	0	2,200
Net debt / cash at 1 April	530	628	0	0	1,158
<b>Net debt / cash at 31 March</b>	<b>2,940</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>3,358</b>

**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**27. IMPACT OF NEWLY ADOPTED IFRS ON THE FINANCIAL STATEMENTS**

**27a. ADOPTION OF IFRS 9**

The Board has adopted IFRS 9 Financial Instruments for the first time in 2018-19.

The Board has assessed the impact of the introduction of this standard on all financial instruments, and has concluded that any impact is either nil or immaterial for the purposes of these accounts.



**NHS LANARKSHIRE**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**27. IMPACT OF NEWLY ADOPTED IFRS ON THE FINANCIAL STATEMENTS, cont.**

**27b. ADOPTION OF IFRS 15**

The Board has adopted IFRS 15 revenue contracts for the first time in 2018-19.

The Board has assessed the impact of the introduction of this standard on all revenue contracts, and has concluded that any impact is either nil or immaterial for the purposes of these accounts.



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

# Annex A

## Facility Time Publication Requirements

The facility time data that organisations are required to collate and publish under the new regulations is shown below. We have included tables to illustrate the information required.

**Table 1**  
**Relevant Union Officials**

What was the total number of your employees who were relevant union officials during the relevant period?

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
73	64.56

**Table 2**  
**Percentage of time spent on facility time**

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of Employees
0%	0
1-50%	70
51-99%	2
100%	1

**Table 3**  
**Percentage of pay bill spent on facility time**

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

<i>First Column</i>	<i>Figures</i>
Provide the total cost of facility time	£213,345
Provide the total pay bill	£499,793,906
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.043%

**Table 4**  
**Paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	This information is not held.
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