



ANNUAL REPORT AND ACCOUNTS

FOR

THE YEAR ENDED 31 MARCH 2021

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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SECTION A: THE PERFORMANCE REPORT

Overview

This overview provides 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

For all of 2020/21 the NHS was on an emergency footing, responding to a global pandemic of a new coronavirus, Covid-19. The first confirmed positive case of Covid-19 in Scotland was recorded on 1/3/20. By 1/4/20 NHS Lanarkshire had 147 patients in hospital with confirmed or suspected Covid-19. 9 days later this number had risen to 287. To save lives and minimise spread, health services had to change dramatically and at pace.

We already had resilience plans drawn up in preparation for a flu pandemic and these went live on 2/3/20, facilitating rapid sharing of information and decision making. These arrangements linked across the whole public sector and worked well.

Whilst emergency treatment carried on throughout, elective surgery and a range of clinics were temporarily stood down on 18/3/20. This allowed staff to be redeployed to care for Covid-19 patients. Critical care capacity was more than doubled. Theatre staff and Allied Health Professionals joined clinical teams on the wards and ICU. A telephone hub to triage cases of suspected Covid-19 was set up in Airdrie, which could then refer patients to two community assessment centres. Testing capacity was progressively expanded and as well as testing where symptoms show, there are now fixed schedules of testing in health and social care as well as asymptomatic testing in the community. The existing public health protection team, skilled at managing small local outbreaks was supplemented by contact tracers to grow the Trace and Protect service. As well as identifying and contacting people who may have been near to someone with Covid-19, the expanded service worked closely with the local authority to assess risks in schools, workplaces and hospitality venues and provide advice to reduce transmission. Procurement teams nationally and locally sourced and distributed huge quantities of Personal Protective equipment. Estate teams carried out rapid alterations to health premises to allow physical distancing, more oxygen, more beds, and better ventilation. Enhanced cleaning was put in place.

Mental health assessment centres were set up on each hospital to allow patients with mental health symptoms to bypass A & E. Mass recruitment campaigns took place to staff new services and to help cover the increase in absence from staff needing to isolate if displaying Covid-19 symptoms. The ehealth team helped numerous services set up digital ways of interacting with patients so care could still be delivered safely. The Hospital at Home service was expanded to support more people in the community.

The first wave peaked in early April, though numbers in hospital stayed over 100 for two further months. Services started to stand up again but early hopes that the pandemic had passed proved unfounded. Hospital numbers began to rise again in September, steadily at first, but then more than doubling from 103 on 11/10/20 to 218 by 20/10/20 and 290 by 8/11/20. A slow decrease in December was followed by a post-Christmas surge peaking with 367 patients in hospital with Covid-19 on 18/1/21. Again, numbers in hospital were slow to reduce and it was 2 months before they fell below 100 again. Even on the 17/5/21 when national lockdown restrictions were loosened again, the number had not yet returned to single figures.

The normal flu vaccination programme was expanded to the over 50's. In December 2020 NHS Lanarkshire vaccinated the first care home resident against Covid-19 and in a huge programme, starting with the most vulnerable and frontline health and social care staff, by 1/6/21 had delivered 402,200 first doses and 259,779 second doses.

We are immensely proud of the staff across the whole system who worked so flexibly, so hard and so creatively for so long to protect the population in such physically and emotionally difficult circumstances. We know the toll it has taken and in looking to recover health services looking after staff wellbeing is essential. We are also grateful for the seamless support given by key partners as part of the whole system resilience response, particularly the two local authorities who provided workforce and premises at various stages to support the rapid stand-up of services such as contact tracing or vaccinations.

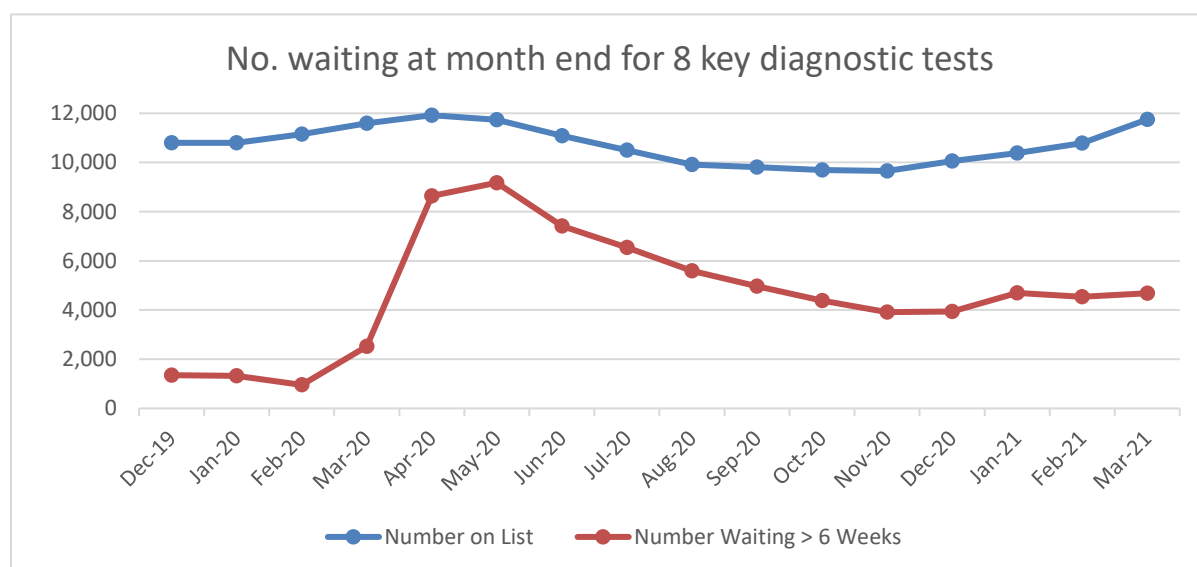
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Recovery we know will take a long time. Whilst no area was unaffected, west central Scotland alone experienced high numbers in every phase. By 1/6/21, 42,482 cases of Covid-19 had been confirmed in Lanarkshire since the start of the pandemic – the highest rate per capita of any Health Board area. In terms of the hospital bed days looking after Covid-19 patients, only NHS Greater Glasgow and Clyde had more per capita. The following paragraphs describe the impact this has had on our key activity measures and the scale of the recovery task ahead of us.

Throughout the pandemic emergency care continued. Over 95% of patients were still able to begin cancer treatment within 31 days of decision being taken to treat. 88.5% of patients started treatment within 62 days from first referral with suspicion of cancer, down from 96.9% in March 2020.

In the early stages of the pandemic, as shown in the graph below, there was an increase in the number of people waiting for key diagnostic tests such as scopes or imaging, peaking in April/May 2020. Inroads were made, more than halving the numbers waiting more than 6 weeks by October 2020. At this point the hospital started to experience high numbers of admissions for Covid-19 and although the impact on diagnostics waits was not as steep as in the initial phase further progress was prevented and they did increase slightly by the year end. Reducing these will be an area of focus in 2021/22.



The table below shows the dramatic impact the pandemic has had on the ability to see new outpatients, starting part way through March 2020. Even using new technology to see patients virtually, outpatient numbers seen were 49% down on 2019/20. Again, whilst there was an improvement in the quarter to the end of December, the extent of the post-Christmas surge in Covid cases meant this could not be sustained and substantial recovery work is being planned for 2021/22.

Indicator	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20	31/3/21
Number seen	35,298	29,896	8,703	14,134	23,245	24,157
Number who waited over 84 days	4,578	3,612	2,407	4,200	8,720	6,841
Percentage seen within 84 days	87.03%	87.92%	72.34%	70.28%	62.49%	71.68%
Total Number waiting	20,912	21,644	23,753	30,587	28,494	29,457
Number waiting over 84 days	1,121	1,651	15,482	14,245	12,813	13,170
Percentage waiting less than 84 days	94.64%	92.37%	34.82%	53.43%	55.03%	55.29%

This flows through into elective inpatient and day case treatments where reductions in physical capacity had an even greater impact, with the numbers treated in the 2020/21 only 30% of that in 2019/20.

Elective inpatients and daycases	31/12/19	31/3/20	30/6/20	30/9/20	31/12/20	31/3/21
Number seen	6,193	5,680	696	1,982	2,811	2,105
Median (days)	57	64	15	63	70	52
No. who waited over 84 days	1,681	1,904	147	925	1,281	767
% seen within 84 days	72.86%	66.48%	78.88%	53.33%	54.43%	63.56%
Total No. waiting	7,078	7,054	7,371	7,573	8,509	9,440
No. waiting over 84 days	1,841	2,076	6,415	5,783	5,437	6,650
% waiting less than 84 days	73.99%	70.57%	12.97%	23.64%	36.10%	29.56%

Elective waiting lists have built up to a high level during this period but are regularly reviewed to prioritise those most urgently needing treatment. The need to maintain physical distancing and increased turnaround time between patients is still limiting capacity but each service is looking at plans for catching up.

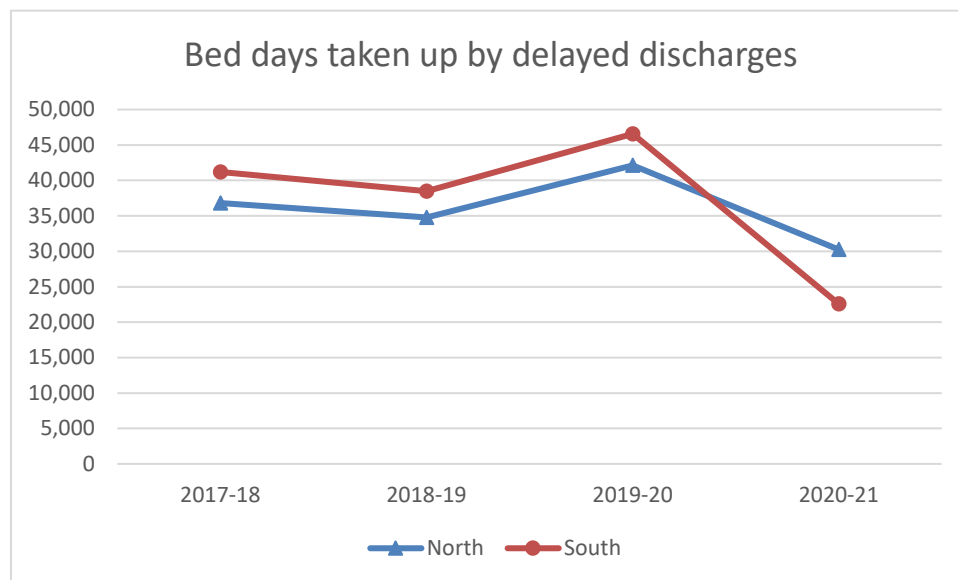
Numbers attending A & E had been rising steadily year on year, moving from an average of 15,960 a month in 2015/16 to 18,043 per month in the 11 months up till 1 March 2020, when Covid-19 began to spread through Scotland. In April 2020 the numbers attending A & E were half that of the previous April, then averaged 14,403 for the remaining 11 months. Concern that A & E's might be overwhelmed over winter led to a new national model with each Health Board introducing a Flow centre to help direct people who might otherwise have attended A & E to other places. Very low levels of Flu also helped reduce the usual winter peak. By May 2021 however, numbers were returning quickly to their previous level and this will be a key issue of concern in 2021/22.

Year	Annual attendances	Numbers seen within 4 hours	% seen within 4 hours
2020/21	167,709	145,739	86.9%
2019/20	211,083	179,112	84.8%
2018/19	211,257	191,715	90.7%
2017/18	205,648	188,328	91.7%
2016/17	198,621	183,693	92.7%
2015/16	191,524	176,850	92.4%

Prior to the pandemic, a combination of rising demand and difficulties recruiting and retaining staff had meant that, despite significant assessment and action planning, keeping waiting times down for Child and Adolescent Mental Health Services (CAMHS) was a constant challenge. The pandemic impacted on the ability to see people and although virtual appointment and online resources were used the numbers seen in the first 3 quarters of 2020/21 were 46% of the corresponding period in 2019/20. At 31 December 2020, 1,204 young people were waiting for their first appointment, 24% more than at the end of December 2019. A significant national investment is being made in child and adolescent mental health to tackle the harm left by the pandemic and combined with enhancements to IT and accommodation in 2021/22 this should greatly help recovery.

A 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. During 2019/20 the Hospital at Home model, first introduced in 2011, continued to evaluate well, allowing the daily equivalent of 64 beds worth of care offered by clinical teams in peoples own homes, preventing admission. The service extended into supporting earlier discharge during 2019/20 and further expanded capacity during the pandemic to keep more people out of hospital. The North Lanarkshire Health and Social Care partnership created multi-disciplinary rehabilitation teams in each locality and increased its input into re-enablement, putting more intense community support in at the earlier stage to allow people to retain more independent functioning in the longer term. These developments also supported the early development of a Discharge to Assess approach from the acute sites. The Lanarkshire Mental Health and Wellbeing Strategy was launched, setting in progress a range of service improvements covering all age groups. In 2019/20 The South Lanarkshire Health and Social Care partnership expanded the end of life care community support in line with the pan Lanarkshire palliative care strategy. Both councils, supported by Scottish Government funding, increased the resources available to prevent delayed discharges. South Lanarkshire HSCP, in close partnership with acute colleagues, embarked on an ambitious programme of delayed discharge improvement following a successful visit to view best practice in NHS Tayside. This included intensifying the planning for discharge from the start of someone's hospital stay and keeping social care packages open for those predicted only to be in hospital for short while. Over a series of

months this significantly reduced the numbers of patients in hospital and is now being rolled out within the North partnership. The combination of all these efforts and additional funding during the pandemic was that there was a large decrease in the number of patients delayed in hospital after they were clinically ready to leave. This achievement was hugely important in allowing the hospitals to continue to admit and treat people safely.



Despite the pandemic the Board has been able to take forwards elements of its strategic plans during the year. Under Achieving Excellence, where hospital care is still needed it will be organised into centres of excellence to provide specialised clinical services for patients. University Hospital Monklands has been recognised as the main cancer treatment centre and work was completed in 2020/21 to expand and improve the facilities for systemic anti-cancer therapies.

Orthopaedic inpatient services were consolidated onto 2 sites in 2016 order to secure the sustainability of medical workforce at consultant and trainee levels. In 2019 the Board approved the next phase to concentrate trauma surgery in University Hospital Wishaw (UHW) and Elective Surgery in University Hairmyres (UHH). This aligned with the national Trauma strategy and aimed to deliver improved and more consistent outcomes for patients, reduced time in hospital after surgery, better waiting times performance and less use of external providers as well as further strengthening the medical workforce model. Sustaining Trauma during the Covid-19 outbreak did require the services to be consolidated on UHW in advance of the completion of capital works to create a laminar flow theatre in UHH and a new 17 bedded ward in UHW which opened in November 2020.

UHH was agreed as the site of one of two regional vascular hubs and work on creating a hybrid theatre that combines sophisticated radiology technology and operating equipment was advanced in 2020/21. Clinicians from Lanarkshire, Ayrshire and Arran and Dumfries and Galloway will work together to provide the expertise needed to provide best quality interventions in this increasingly specialised field.

The Initial Agreement for refurbishing or replacing the ageing Monklands hospital infrastructure was approved by the national capital investment group in October 2017. After extensive stakeholder engagement a preferred site, at Wester Moffat, was recommended by the Board in December 2020 and subsequently endorsed by the Cabinet Secretary for Health and Sport. The availability of capital to pursue a replacement facility was confirmed and the Board is now working to deliver an Outline Business case.

NHS Lanarkshire is committed to getting the best solution and is acutely aware of the impact of any 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.

The scale of the recovery needed after the pandemic sits alongside difficulties with financial sustainability. Generally, with costs growing faster than income, staying within budget is becoming an increasing challenge for all Boards and NHS Lanarkshire's original 2020/21 financial plan predicted a £10m gap to be closed through efficiency. From the start resources were used in a different way than planned, focussing on the pandemic response. Costs related to Covid-19 were collected separately and over £100m of additional funding was received in instalments from Scottish Government. As few services were able to operate at full capacity during the pandemic not all of the original forecast cost growth materialised, so with SG funding for additional Covid-

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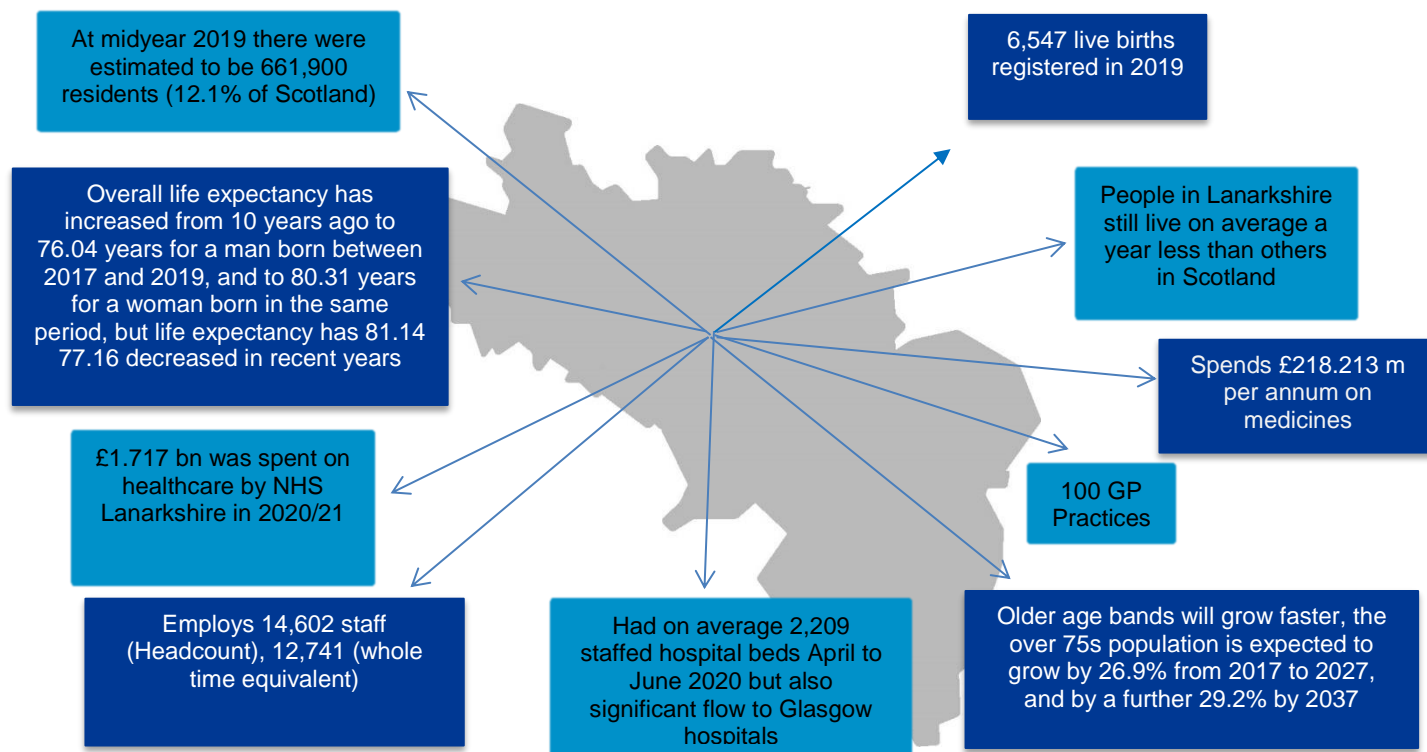
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19 costs the Board was able to breakeven. Further support for additional costs due to Covid-19 is expected during 2021/22 but the extent of the backlog, the wider impact of the pandemic on health inequalities and the underlying financial gap will make long term sustainability a growing challenge. The Board's strategy is being refreshed during 2021/22 to help map the most effective way through this.

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 Lanarkshire 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 IJBs 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.

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. £343.110m was spent on these in 2020/21, including £135.711m 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. £428.240m was spent by the Acute Division in 2020/21 on staffing, supplies and drugs, with property costs being picked up centrally. The need to access specialist services, plus a high number of

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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 2020/21, NHS Lanarkshire spent £204.123m with other NHS bodies in Scotland. To provide financial stability during the pandemic when patient flows were disrupted, payments to other NHS bodies were based on previous years' use.

Preventing or containing a communicable disease outbreak had been a background risk in the register since 2009 but as the Covid-19 threat evolved this specific risk was moved to the highest level in March 2020 and a separate register established for the various aspects of it. The separate risk registers have now been amalgamated. As already highlighted in the report, the scale of the recovery task is immense and features on the risk register. Other risks related to Covid-19 include sustaining a vaccination workforce to match the desired pace of roll out. High risks from previous years remain on the register, exacerbated by Covid-19. These include the sustainability of GP practices and the two centre out of hours model, the unscheduled care performance and the challenging financial outlook for 2021/22 onwards. There were wider workforce risks impacting across various specialties and a separate risk register for the business continuity work needed to keep Monklands operational. The level of delayed discharges, increased reliance on IT systems bringing cyber threats and the need always to handle data safely are ongoing high risks. All identified high risks are regularly reviewed and mitigating actions put in place. The Board has a well-established risk management process and the Governance report on page 19 provides further detail. The risk register considered by the Board in March 2021 can be found at [risk register](#).

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 Operational Plan (AOP) Standards and Corporate Objectives to the Board and against a wider suite of indicators to its Planning, Performance and Resources Committee (PPRC). The full corporate objectives can be found at <https://www.nhslanarkshire.scot.nhs.uk/about-us/corp-strategy/>

During the pandemic the impact on normal services was so profound that the traditional performance measures were less relevant. Although an AOP was prepared and submitted in March 2020, SG never formally signed it off, replacing it with later requests for remobilisation plans. Likewise, although the Board continued to receive reports on the AOP indicators on a monthly and quarterly schedule (PPRC having been stood down and replaced by a monthly Board meeting) its agenda was more focussed on the various strands of the Covid-19 response.

For consistency with previous years, the Board's performance against the traditional indicators is described in the following section. The activity figures in the Chief Executive's statement give a more detailed picture of the scale of the recovery task facing NHS Lanarkshire.

2.2 Performance against Annual Operational Plan Indicators

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. It was not formally signed off in 2020/21 due to the NHS moving on to an emergency footing.

Performance against National Targets 2020/21

NHS Lanarkshire is currently meeting or exceeding the target for 7 of the 26 AOP and previous LDP national targets (including financial targets). These are:

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

At December 2020, NHS Lanarkshire was at **97.2%** (March 2020, 98.3%)

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

At March 2020 NHS Lanarkshire early booking achievement ranged upwards from 91.2% across the five quintiles. (March 2019, 87.7% to 93.5%)

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

At March 2021, NHS Lanarkshire achieved 100% (March 2020, 100%)
- ✓ **Clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery. The Locally Agreed Standard set is 90%.**

NHS Lanarkshire achieved **99.6%** at December 2020 (December 2019, 99.6%).
- ✓ **Sustain and embed alcohol brief interventions (ABIs) in 3 priority settings (primary care, A&E, antenatal) and broaden delivery in wider settings. The Locally Agreed Standard set is 7,381 to be delivered in the year.**

NHS Lanarkshire delivered 11,263 by March 2020. (March 2019 10,101)
- ✓ **Achieve smoking cessation target numbers for 2019/20: Target 902 twelve week quits from the 40% most deprived areas. (Locally Agreed Standard)**

902 successful twelve week quits were recorded.
- ✓ **Financial Performance – see page 9**

There are 11 targets where NHS Lanarkshire did not achieve the previously expected performance. These are;
- X **Proportion of patients beginning cancer treatment within 62 days from urgent referral with suspicion of cancer. The target set is 95%. (AOP)**

At December 2020, NHS Lanarkshire achieved 88.5%. (March 2020, 96.9%)
- X **48-hour access to an appropriate member of the Primary Care Team. The Locally Agreed Standard set is 90%.**

NHS Lanarkshire at 89% based on the 2019/20 Health & Care Experience Survey (91% May 2018)
- X **80% of patients to wait no more than 12 weeks for a first outpatient appointment. (AOP) (NB last year the AOP target was 95%)**

At 31 March 2021 55.3% of people on the waiting list for outpatient treatment in NHS Lanarkshire had been waiting less than 12 weeks (31 March 2020 92.3%)
- X **90% of Psychological Therapies patients to start treatment within 18 weeks of referral. (AOP)**

In the quarter to 31 December 2020 73.7% of patients in Lanarkshire started their psychological therapy within 18 weeks of referral compared to 84.7% for the quarter to March 2020.
- X **Sickness absence to be 4% or less. (Locally Agreed Standard)**

NHS Lanarkshire's sickness absence rate was 5.5%. (5.7% for 2019/20).

In addition, absences relating to Covid-19 were 3.3%.
- X **No patient to wait more than six weeks for any of the eight key diagnostic tests and investigations. The AOP target is 95%.**

60.1% of patients waiting at the end of March 2021 had been waiting less than six weeks (March 2020, 78.3%)
- X **NHS Scotland was to 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. (Locally Agreed Standard)**

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For NHS Scotland to achieve this it would have needed to increase from 23.3% to 29% by December 2015. Combined performance for NHS Lanarkshire for 2018 and 2019 sits at 26.5%, (2017 and 2018, 24.8%)

- X No patient to wait more than 12 weeks from referral to treatment (AOP) (The AOP target set is 75% compliance).**

Of patients seen in the quarter to March 2021, 63.6% had waited less than 12 weeks (March 2020 66.5%).

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

NHS Lanarkshire achieved at 70.0% at December 2020 (65.2% at March 2020)

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

NHS Lanarkshire at **53%** based on the 2019/20 Health & Care Experience Survey (59%, May 2018.)

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

March 2021, 82.8% of people stayed less than 4 hours in A & E (March 2020, 86.3%)

There are 8 targets, including 3 new targets introduced in 2020/21 where either no specific end point was set by Scottish Government for 2020/21 or there was a longer time period to achieve or there is a time lag in getting the relevant data to measure achievement. NHS Lanarkshire's progress against these is described below.

Post Diagnostic Dementia Support: 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 2018/19. The specific target to be met by each Board has not yet been defined. For NHS Lanarkshire, 53% of people estimated to be newly diagnosed with dementia were referred for dementia post-diagnostic support against a national average of 43.4%. **(Locally Agreed Standard – national target awaited)**

Clostridium Difficile Infections (C Diff): During 2019/20 a new target was introduced to achieve a reduction of 10% in the rate of healthcare associated C Diff from 2019 to 2022 per 100,000 total occupied bed days, with 2018/19 used as the baseline. This would involve NHS Lanarkshire reducing to a rate of 14.8. At December 2020 NHS Lanarkshire sat at 19.6 (December 2019, 17.0). **(AOP)**

Staphylococcus Aureus Bacteraemia Infections (SAB): During 2019/20 a new target was introduced to achieve a 10% reduction in the rate of healthcare associated SAB from 2019 to 2022 per 100,000 total occupied bed days, with 2018/19 used as the baseline. This would involve NHS Lanarkshire reducing to a rate of 16.1 by the end of 3 years. At December 2020, NHS Lanarkshire sat at 18.8 (December 2019, 20.4) **(AOP)**

E. coli bacteraemia infections (ECB): A further target was introduced mid-year in 2019/20 for a reduction of 50% in healthcare associated E. coli bacteraemia (ECB) by 2023/24, with an initial reduction of 25% by 2021/22. This would involve a reduction in healthcare associated ECB to 33.5 per 100,000 total occupied bed days by 2021/22. At December 2020 this sat at 44.7 (December 2019 52.3) **(AOP)**

Mental Health Waiting Times in Emergency Departments: In 2019/20 a new target was introduced, aiming to look separately at the waiting times for mental health presentations in Emergency Departments. Data on Mental Health ED waiting times was not gathered separately, so a new system for collecting the data had to be created and a baseline established. It was agreed with SG that in year one (2019/20), systems would be developed to allow us to collate a baseline, with trajectories developed for year two based on this. **(AOP)**

Three new targets were introduced in 2020/21. The trajectory for these will soon be published. These are;

- A 10% reduction of antibiotic use in Primary Care (excluding dental) by 2022, using 2015/16 data as the baseline (items/1000/day).
- Use of intravenous antibiotics in secondary care defined as DDD / 1000 population / day will be no higher in 2022 than it was in 2018.

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- Use of WHO Access antibiotics (NHSE list) ≥60% of total antibiotic use in acute hospitals by 2022.

The Board also reviews 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.

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. The Board met all 3 targets.

2020 Actual Outturn £'000		Limit as set by SGHSCD £'000	2021 Actual Outturn £'000	Variance (Deficit)/ Surplus £'000
1,345,584	Core Revenue Resource Limit	1,561,008	1,561,008	0
39,555	Non-core Revenue Resource Limit	30,300	30,300	0
1,385,139	Total	1,591,308	1,591,308	0
17,640	Core Capital Resource Limit	23,340	23,340	0
0	Non-core Capital Resource Limit	0	0	0
17,640	Total	23,340	23,340	0
1,461,182	Cash Requirement	1,585,814	1,585,814	0

MEMORANDUM FOR IN YEAR OUTTURN	£'000
Reported (deficit)/surplus in 2020/21	0
Approved brought (deficit)/surplus from previous financial year	0
(Deficit)/Surplus against in year total Revenue Resource Limit	0

The core revenue limit provides funding for the day to day pay and supplies costs of running the health service. It has a base element which sat at £1,268.126m in April 2020 which can be relied on to continue into following years and receive any uplift voted for Health Boards in the Scottish Budget. The remainder is released in year, targeted for specific purposes. Medium to long term planning against these in year allocations is often more difficult because of uncertainties about their level and duration.

The base allocation received a £36.936m (3%) uplift, of which £8.213m went to North Lanarkshire IJB and £5.663m to South Lanarkshire IJB. There was no additional funding this year to bring NHS Lanarkshire closer to its share of the national resource allocation formula (NRAC) as the £17m available nationally was been targeted at Boards more than 0.8% away. The 4.57% estimated impact of the 3rd year of the Agenda for Change pay deal, a 10.9% potential increase in hospital drugs and a range of national commitments led to a projection that costs would exceed income by £29.828m to be filled by efficiency savings. Despite initiating an enhanced financial sustainability programme in June 2019, at the time of submitting the plan £10.030m of efficiency savings needed to close the gap still had to be identified.

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The financial sustainability programme was stood down in March 2020 to allow maximum focus on the Covid-19 response which required a rapid, large scale, change in service provision as described on page 1. The costs of expanding bed capacity, creating assessment centres, testing, tracing and vaccinating changing physical layouts, enhancing cleaning and covering staff absence were considerable. In total NHS Lanarkshire incurred £59.766m of additional costs with a further £35.582m spent through the local authority on supporting social care during the pandemic. In January 2021 the Scottish Government confirmed these costs would be fully funded. The year-end figures also include the £11.251m of P.P.E. and £0.124m of tests supplied by NHS NSS.

Staff costs increased by £74.814m (12.6%) from the previous year. The average number of whole-time equivalent staff increased by 783 (6.6%) as a result of successful mass recruitment for the different areas of the Covid-19 response. Numbers will remain high going in to 2021/22. There was also a pre-planned £2.999m investment in staffing in year through the primary care improvement fund to support sustainability of General Practices. This builds on earlier achievements in increasing multi-disciplinary support in GP Out of Hours, an increase in pharmacy support, and a programme for the NHS Board to take over vaccination programmes previously run by GPs. A £500 thank you payment was agreed nationally totalling £7.191m for NHS Lanarkshire. 2020/21 was the final year of a 3-year Agenda for Change (AFC) pay deal. A one year (AFC) deal for 2021/22 was agreed in May 2021 and backdated to 1 December 2020, with the increase across grades averaging 4% and costing £6.092m. This applied to all staff apart from doctors, dentists and senior managers.

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 2019/20 expenditure on hospital prescribed drugs increased by 10.62% to £84.322m. The financial plan initially assumed a similar rate of growth in 2020/21. As the year progressed however it became apparent that the disruption to the services that might initiate these new drugs had slowed the pace of expansion. Although there was still a rise in the highly specialist out of area services, the expenditure in the local acute hospitals was less than in the previous years. Overall expenditure was £82.502m, 2.1% less than in the previous year.

The predicted rise in other specialist national services and regional developments also slowed due to the need to concentrate on the emergency response. As the Scottish Government had funded the additional costs attributable to Covid-19, the shallower growth in hospital drugs and specialist services meant the £10.030m gap originally forecast in the financial plan reduced in size and was able to be closed through a number of efficiencies already secured before the start of the year. Although this meant financial targets were met for 2020/21 the non-recurring nature of elements of the saving or deferred cost growth (only £5.816m could be guaranteed as recurring) means a gap estimated at £17.356m remains as an ongoing challenge for future plans.

Normally the Board would have received and used substantial in year funding to meet acute access times. In 2019/20 this was £11.741m. Although there had been early hopes of a recovery the resurgence of Covid-19 in Lanarkshire in September 2020 and the further surge in January 2021 prevented additional measures to reduce the backlog. Although funding was available, the staffing and physical space was not and only £0.642m of additional Scottish Government funding could be used. This contributed to reduced numbers waiting for outpatient appointments, sustained performance against the cancer treatment time and a reduction in the first 3 quarters of people waiting for inpatient or day case treatments. With non-urgent procedures cancelled on 18th March 2020 due to the Covid-19 pandemic however there is now a huge recovery effort ahead of all NHS Boards

Any underspend against the budget delegated to the IJB's remains with the IJB, held in reserves for carry forward into future years. At 31/3/20 £6.715m (0.95%) of the in-year funding, much of it relating to specific commitments, was carried forward in this way (2018/19 £8.780m). In 2020/21 the figure was much higher and £25.304m was returned to North Lanarkshire IJB and £31.335m to South Lanarkshire IJB. There were several factors behind this.

As part of the policy objective of shifting the balance away from hospital care much of new Scottish Government investment in recent years has been targeted to Integration Authorities (IJBs) for areas such as social care, mental health and primary care. As there was inevitably a time lag between funding being announced and new services planned and set up, for a short period Scottish Government adopted a new practice of only releasing funding to cover expenditure, carrying forwards the amount unspent for the IJBs. In January 2021, the Scottish Government reverted to the previous practice and £9.863m of allocated but as yet unspent funding. The Scottish Government also issued £12.000m of further support for integration authorities, £2.460m to create a community living change fund and £4.514m as a second tranche of adult social care winter funding. In addition, it was agreed nationally that any unspent Covid-19 funding relating to the activities delegated to the IJBs, which had been issued based on forecasts at month 9, was to be retained to meet future costs. Over £8.5m was retained in this way and will give IJBs some funding certainty as they move into 2021/22. There was also an element of unspent funds similar to that in previous years.

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The Board completed an £25.998m capital programme, which included £3.224m of Covid-19 related expenditure. £6.529m was spent replacing medical equipment at the end of its life. As in previous years, substantial expenditure was incurred in keeping the aging infrastructure at Monklands District Hospital fit for continued use. £3.858m (2019/20, £4.906m) was spent on fire safety, security, ventilation 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. £2.600m was spend on fees and other costs of progressing the Monklands replacement business case. Following the approval of the Initial agreement in 2018. Other acute hospital property works totalling £5.871m, were advanced including completing the Chemotherapy centre at Monklands, creating a new ward with 17 single rooms on Wishaw to cope with the additional demand following the centralisation of Trauma and Orthopaedics and progressing work on a theatre for vascular surgery in Hairmyres as part of a regional business case,

The amount of capital required to maintain business continuity on Monklands along with the need to replace medical equipment, invest in IM & T and adapt for service change places a heavy demand on the formula capital allocation which has had to be supplemented by property sales and one off funding.

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 2020/21.

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.

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.

Payment Policy

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

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

Prior to this, the Board 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 2020/21 average credit taken was 9.87 days (2019/20 – 12.1 days);
- In 2020/21 the board paid 93.43% by value (2019/20 – 95.18%) and 93.50% by volume within 30 days (2019/20 – 92.33%);
- In 2020/21 the board paid 84.28% by value (2019/20 – 79.87%) and 87.97% by volume within 10 days (2019/20 – 84.89%).

Private Finance Initiative/Public Private Partnerships

The facilities at Hairmyres, Wishaw and Stonehouse Hospitals 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 £220.166m.

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 £43.732m.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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.

Events after the end of the reporting period

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

Heather Knox

Signed
Chief Executive

30 June 2021

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 2021.

1. Date of Issue

Financial statements were approved and authorised for issue by the Board on 30 June 2021.

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.

Ms L McDonald was appointed on 1 April 2020 as a Non-Executive Board Member with specific responsibilities as the Board's Whistleblowing Champion.

Chair Mrs N Mahal

Executive Directors	Mrs H Knox	Chief Executive (from 15 June 2020)
	Mr C Campbell	Chief Executive (until 15 June 2020)
	Mrs L Ace	Director of Finance
	Mr E Docherty	Director for Nurses, Midwives and Allied Health Professionals (from 1 April 2020)
	Dr J Burns	Medical Director
	Mr G Docherty	Director of Public Health

Non-Executive Directors Mrs L Macer, Miss M Morris, Mr P Campbell, Dr A Osborne, Councillor P Kelly, Mrs M Lees, Councillor J McGuigan, Mr B Moore, Mrs L Thomson, Ms L McDonald, Mr A Boyle (from 1 April 2020)

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 2021 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;
- 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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).

In early 2020 the Cabinet Secretary issued guidance to notify all NHS Boards that they were to operate on an emergency footing during the Covid pandemic. This resulted in a number of Governance Committees being stood down from April 2020, and papers were presented to the Board to ensure that interim governance arrangements were in place, and were reviewed regularly, including by Internal and External Auditors. This meant that some Committees met on fewer occasion than their terms of reference prescribed. The risks that were allocated to these Committees were overseen by the Board.

Healthcare Quality Assurance and Improvement Committee

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.

The Healthcare Quality Assurance and Improvement Committee supports the Board in its responsibilities for issues of clinical risk, control and governance and associated assurance in the area of Clinical Governance, through a process of constructive challenge.

The 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 Healthcare Quality Assurance and Improvement Committee met 5 times in 2020/21.

Chair

Mrs L Thomson

Members

Mrs M Lees, Dr A Osborne, Mr A Boyle, Ms L McDonald, Miss M Morris

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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 6 occasions during 2020/21. 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.

Chair Mr B Moore
Members Mrs L Macer, Mr P Campbell, Dr A Osborne, Councillor J McGuigan

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 3 times in 2020/21.

Chair Mrs L Macer
Members Mr B Moore, Mr P Campbell, Miss M Morris, Ms L McDonald

Remuneration Sub-Committee

The Board's Remuneration Sub-Committee is chaired by the Board Chair and comprises the Employee Director and 4 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 9 times in 2020/21.

Chair Mrs N Mahal
Members Mr B Moore, Mrs L Macer, 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 2020/21, 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. The Acute Governance Committee was stood down in April 2020, but met 3 times in 2020/21.

Chair Dr A Osborne
Members Ms L McDonald, Councillor P Kelly, Miss M Morris, Mrs L Thomson

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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. The committee was stood down in April 2020.

Chair Miss M Morris

Members Mr P Campbell, Mrs M Lees, Mr B Moore, Mr A Boyle, Councillor J McGuigan

Monklands Replacement Oversight Board

The Monklands Replacement Oversight Board comprises Non-Executive Directors of the Lanarkshire NHS Board, and is chaired by a Non-Executive Director of the NHS Board. The NHS Board established an Oversight Board in October 2019 to provide the required degree of assurance on the progression of the Monklands Replacement Project in accordance with the Corporate Objectives of NHS Lanarkshire and the appropriate statutory and mandatory standing orders and regulations. The Monklands Replacement Oversight Board (MROB) provides oversight and assurance, and makes recommendations, to the NHS Board in line with its remit. The Committee was stood down in April 2020 but met 2 times in 2020/21.

Chair Dr L Thomson

Members Mr A Boyle, Mr B Moore, Mrs L Macer

Health and Social Care Partnership Joint 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

Chair Councillor J Bradley, South Lanarkshire Council

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

Members Councillor R Lockhart, South Lanarkshire Council
Councillor J McGuigan, South Lanarkshire Council
Councillor A Falconer, South Lanarkshire Council
Mrs L Thomson, Non-Executive Director, Lanarkshire NHS Board
Mrs L Macer, Non-Executive Director, Lanarkshire NHS Board
Ms L McDonald, Non-Executive Director, Lanarkshire NHS Board

North Lanarkshire Health and Social Care Partnership Joint Integration Board

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

Vice-Chair Councillor P Kelly, North Lanarkshire Council

Members Councillor J Logue, North Lanarkshire Council
Councillor M Gallacher, North Lanarkshire Council
Councillor J Linden, North Lanarkshire Council
Miss M Morris, Non-Executive Director, Lanarkshire NHS Board
Mr B Moore, Non-Executive Director, Lanarkshire NHS Board
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.

Co-Chairs Miss M Morris, Mrs L Thomson

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

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Area Clinical Forum

The role of the Area Clinical Forum is to support the NHS Lanarkshire Board in the conduct of its business through the provision of multi-professional advice, maximising the contribution of clinicians in all aspects of the NHS Boards work. In doing so represent the integrated multi professional view of the advisory structures for: Allied Health Professions, Dental, Healthcare Sciences, Medical, Nursing and Midwifery; Optometric, Pharmaceutical and Psychology.

Chair Mrs M Lees

Members The Forum comprises 17 members, 2 from each professional committee (Allied Health Professions, Dental, Healthcare Sciences, Medical, Nursing and Midwifery, Optometric, Pharmacy, Psychology) and a third from the Committee which the Chairperson is a member. The Board's Medical Director attends the meeting regularly.

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.

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.

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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 and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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 15 June 2020.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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. A number of changes were made on 2 March 2020 when the Board invoked its emergency command and control arrangements to respond to the Covid-19 pandemic and these are explained in this statement.

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. A Board (the NHS Board), with a majority of Non-Executive members, sets its strategic direction in line with national policy and local needs and, supported by a number of governance committees, receives assurance on achievement of its objectives and on the quality of its services. The NHS Board's work is closely linked with that of the North Lanarkshire and South Lanarkshire Integration Joint Boards. These are separate legal bodies set up under the Public Bodies (Joint Working) (Scotland) Act 2014 which aims to better integrate Health and Social Care services. The planning, commissioning and oversight of a range of health services and adult social care are delegated by the Board and Local Authorities to Integration Joint Boards. 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. Having received a delegated budget to cover these services, the IJBs develop integrated strategic commissioning plans then direct the Health Board to provide the relevant health services.

On the 2nd of March 2020 NHS Lanarkshire moved from normal operating into emergency response mode in order to be able to react quickly to the evolving Covid -19 pandemic. Under the Boards agreed resilience arrangements a command and control structure was established. A Strategic or "Gold" command group met regularly- daily at the height of the pandemic- to assess the situation and take any decisions needed to best respond. A well-defined structure of tactical sub groups covering cross cutting themes such as Workforce, logistics or digital support reported in to the Strategic Command group. These groups were populated by people with the expertise to decide on and implement key actions. Operational groups based round sites or services were also set up and had clear lines of reporting and escalation through the command structure to allow rapid assessment and resolution. There were protocols around maintaining action logs and a separate Covid-19 risk register. Further information can be found on page 6.

In recognition of the Public Health emergency, the Scottish Government Director of Health Finance, Corporate Governance and Value recognised governance arrangements would need to change in a letter to Board Chairs dated 25 March 2020. At its meeting of 25 March 2020 the Board received and approved reports on immediate temporary changes to governance processes. At its meeting on 29 April 2020 the Board endorsed the Command and Control structure as the appropriate mechanism for rapid decision making. The Board also received an overview of services that had been stood down, how risks were being assessed and the process for ensuring services could safely be stood up once Covid-19 numbers reduced. The detailed Board papers covering these changes can be found at [April 2020 Board](#). It was proposed that a further assessment of risks, particularly those associated with the revised governance arrangements should be undertaken by the Audit Committee. This took place at a special meeting convened in May 2020 which concluded the arrangements were appropriate for the circumstances.

NHS LANARKSHIRE

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The NHS Board would normally have met in public at least 5 times with a Planning, Performance and Resource Committee (PPRC) meeting at least 4 times in the intervening months for a more detailed consideration of issues. At the April 2020 meeting the Board endorsed replacing PPRC with a focussed monthly Board meeting. The three governance committees covering staff, audit and clinical governance would continue to meet as necessary with an enhanced focus on Covid-19. Other governance committees such as Primary Care and Population Health and the Acute Governance Committee would stand down for a short period. A further review of governance arrangements took place at the June, July and November 2020 Board meetings to ensure the committee frequency gave the appropriate balance between emergency response and ongoing governance.

The Board met each month in 2020/21 as agreed with meetings from May 2020 onwards taking place virtually using Microsoft Teams and teleconferencing. Monthly Board meetings were livestreamed from January 2021 onwards to ensure there were the public could still access them.

Non-Executive Directors were kept informed on fast moving developments between Board meetings by a weekly electronic briefing and regular briefing sessions to allow more interactive questioning. Board Development events and a finance seminar were also held to allow more in depth presentations and discussions to help shape future thinking.

The Board's Healthcare Strategy, "Achieving Excellence", which gained Cabinet Secretary approval on 28 April 2017 is aimed at helping people live longer, healthier lives. It can be found at [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: [Health & Social Care Delivery Plan](#).

Work to scope out refreshing the healthcare strategy commenced in early 2020 through a series of informal discussions between the Director of Planning, Property & Performance and senior clinicians and managers. This work was halted as the pandemic escalated. It was later restarted, with a development workshop on 28th August 2020 with the Corporate Management team and other staff representing different strategic workstreams. The output was reported to the September 2020 Board but a second wave of Covid-19 cases delayed taking this forward. The programme was revived in April 2021 with a recognition that any new healthcare strategy would have to take account of the impacts of the Covid-19 pandemic including an exacerbation of health inequalities and significant backlogs of activity and would require different modes of delivery. Workstreams are being defined to allow the work to be completed in 2021/22.

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. North Lanarkshire IJB, following extensive engagement, published a refreshed three-year Strategic Commissioning Plan in March 2020 covering 2020-23 which can be found at [March 2020 Board](#). South Lanarkshire IJB had undertaken a similar exercise in 2018/19 and its strategic commissioning plan to cover the period 2019 to 2022 can be found at [March 2019 Board](#).

In May 2018 the Board approved a revised quality strategy for 2018- 2023 with strong links to Achieving Excellence [May 2018 Board](#).

Normally the Board's strategy and objectives are published at the start of the year in the Annual Operational Plan (AOP). Work commenced in September 2019 on the draft Annual Operational Plan (AOP) for 2020/21. Although a draft was submitted to Scottish Government for approval on 6th March 2020, the national and local priority became the response to the COVID-19 pandemic and the process was suspended. As the first wave of the pandemic receded, SG issued guidance for remobilisation plans to be submitted by the end of July 2021 to capture how services would stand up again. The first draft was submitted by the deadline, following a Board briefing on the 29th of July, and discussed at the Board meeting of 30th September 2020. There have been several iterations throughout the year and a draft for 201/22 was submitted in March 2021.

The Board normally maintains an overview of performance through reports against AOP targets with the PPRC considering a wider range of indicators. The latest full published report, covering quarter 4, 2019/20 was reviewed by the June 2020 Board and can be found at [24 June 2020 Board](#).

Although the 2020/21 Annual Operational plan was never formally enacted and PPRC did not meet during the year the Board continued to review progress against previously AOP targets, for quarters 1 and 2 in 2020/21. Each Board meeting also received reports on key system indicators such as A & E performance, elective waiting times and delayed discharges. In addition, regular reports on financial performance and Health Care Associated infection continued to be provided to the Board.

The Annual Operational plan is normally supported by corporate objectives which are approved by the Board and cascaded through personal objectives to the senior managers in the organisation. The Corporate Objectives for 2020/21 were agreed by the Board in March 2020 and can be found at [March 2020 Board](#).

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At the Board's August meeting it was recognised the implications of responding to COVID-19, would mean corporate objectives and performance trajectories would need to be revised. The Corporate Objectives were subsequently revisited in September 2020 and a small number of KPIs revised to reflect the implications of responding to Covid-19. A mid-year report was received by the [November 2020 Board](#) and work to rephrase objectives in the context of the pandemic is underway for 2021/22.

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.

In addition to the above an Operating Management Committee with a Non-Executive Chair provides more detailed oversight in the Acute Division and a Population Health, Primary Care & Community Services Governance Committee provide oversight of the delivery of these functions to supplement the IJBs' strategic overview.

The terms of reference of all governance committees were reviewed in year and changes reported to the [29 January 2020 Board](#) before being incorporated into an update of the code of corporate governance approved by the Board in [May 2020 Board](#). Information on the membership of these committees is set out in the Accountability report.

Each committee has a remit specifying clearly its responsibilities; work plans are produced at the start of the year, minutes or verbal updates are reported at the public Board meeting and annual reports confirming they have fulfilled their role are considered by the Board at the end of the year. Given the disruption caused by the pandemic the annual reports for 2020/21 were supplemented by a structured checklist which looked at any gaps in the intended workplan and where assurance was still required on that topic, looked at alternative sources of assurance. The annual reports were submitted to the Board in May 2021 and considered by the Audit Committee in June 2021 to help inform the committee's overview of governance arrangements for this statement. Through the additional assurance work, 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 2021 the Board reviewed, updated and approved its Scheme of Delegation and its Standing Financial Instructions ([SFI&SoD](#)).

A register of key legislation is maintained with the controls in place to ensure compliance is documented and periodically reviewed. Under normal operating 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. During the pandemic there was a high volume of Covid-19 specific circulars or professional guidance and these were routed through the Strategic (Gold) Command meetings for immediate action. The normal reporting to CMT was temporarily suspended and resurrected on 17 May 2021. In the interim the Board secretary periodically checked the Scottish Government website to ensure all circulars have been picked up and dealt with.

The Corporate Management Team (CMT) and Audit Committee normally 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. Corporate policies monitoring and reporting was reviewed early on in the Covid-19 pandemic and was suspended from April 2020. Agreement was reached on revised policy management arrangements with extensions to the normal review dates during the Covid-19 pandemic although this did not prevent changes being made when necessary. Notification for policy review has re-commenced effective from 1st January 2021.

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. NIS requirements are much wider than the Cyber Essentials accreditation the Board obtained in 2018 (and expiring in June 2021). A formal project was established in 2019/20 to deliver the required a range of policies, procedures and controls to meet the NIS standards. Substantial progress had been made, monitored by the Information Governance Committee and

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its newly established Cyber Security sub group. Full completion was originally expected by December 2020 but this was impacted by the pandemic. The Scottish Government Competent Authority "Health CA" completed a desktop audit of NHS Lanarkshire and published an interim report in February 2021. A detailed action plan has been prepared and will be followed up by an on-site audit scheduled for October 2021.

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 reviewed in 2020 and an updated version taken to the June 2020 Audit Committee. The Board's Fraud risk register was reviewed in year and the renewed assessment reviewed by the Audit Committee in September 2020. The Fraud Liaison Officer reports through the Director of Finance to the Audit Committee and has direct access to the Chief Executive. NHS Lanarkshire works closely with the NHS Counter Fraud services (CFS), a national service established to provide expertise to NHS bodies in fraud investigations, to ensure all reported cases of suspected fraud are appropriately followed up and any relevant lessons learned. The Audit Committee receives quarterly updates. 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. This is a Biennial review with data matches being provided to the Board in early 2021 for investigation.

It was recognised that the pandemic was likely to lead to an increase in fraudulent activity. During the year the Board included articles on recognising fraud in staff briefings, including messages in the Covid-19 daily staff update and ran virtual roadshows in conjunction with CFS on Anti-bribery and corruption, Once for Scotland Investigation Policy, General Fraud awareness and Guidance on sickness absence related fraud. Quarterly updates are provided to the Audit Committee.

The Board reviewed its "Whistleblowing – Safely Raising Concerns about Risk, Malpractice or Wrong Doing at Work" policy in December 2018. The policy reassures staff that it is safe and acceptable to raise concerns and to describe the process for staff to follow and points of access inside or external to the organisation.

The Public Services Reform (the Scottish Public Services Ombudsman) (Healthcare Whistleblowing) Order 2020 (SS1 2020/5) [SPSO](#) changed the way in which the NHS in Scotland handles whistleblowing concerns. It gave the Scottish Public Services Ombudsman (SPSO) the role of Independent National Whistleblowing Officer (INWO) and introduced a Non-Executive Whistleblowing Champion to monitor and support the effective delivery of NHS Lanarkshire's Whistleblowing Policy. The role is predominantly one of assurance, providing critical oversight and ensuring that managers are responding to whistleblowing concerns in accordance with the Standards and raising any issues of concern with the Board. The Whistleblowing Champion also has responsibility for ensuring that services delivered indirectly, including primary care services, contracted services and those delivered by Health and Social Care Partnerships are meeting the requirements of the Standards. The new National Whistleblowing Standards were due to take effect from 27 July 2020 but were paused due to the coronavirus. The Board's extant policy continued to be applied throughout the year. The NHS Board considered the implications of the new standards at its meeting on 31st [March 2021 Board](#), prior to them going live on 1st April 2021.

The Board has well established stakeholder engagement mechanisms in place which were developed further during 2019/20. As well as having public representation on the Acute Governance Committee and relevant other groups, a Public Reference Forum for person-centred care has been in place since 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 (HQAIC), which also received, in July 2020, an annual review of the work of the group and on other activities to promote patient centred care. In February 2020 a Person-Centred Care Group was established as a sub group of HQAIC. In March 2020 the NHS Board approved a new communications and engagement strategy for 2020 – 2025 and this can be found at [March 2020 Board](#).

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" [CEL 4](#) 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 has undertaken major service change consultation on the replacement or refurbishment of University Hospital Monklands, starting in 2018/19 with site selection being a key issue. The Cabinet Secretary for Health and Sport established an Independent Review Panel (IRP) in December 2018 to review the first iteration of this consultation which had recommended a preferred site. The IRP found that NHS Lanarkshire undertook extensive and high-quality work that was meaningfully informed by stakeholders but recommended further work to enhance public confidence. The

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Cabinet Secretary for Health and Sport subsequently asked NHS Lanarkshire to identify any other viable sites for the hospital during its re-evaluation process. As part of the process of implementing these recommendations, NHS Lanarkshire carried out an extensive stakeholder engagement process during 2019/20 guided by specialist external advisor who helped design a process and assess the effectiveness of how effective a public scoring event on 10 March 2020 had been. They recommended further engagement, culminating in a postal stakeholder scoring exercise in July and August 2020. The Board received assurance from Healthcare Improvement Scotland – Community Engagement that the requirements of CEL 4 (2010), “Informing, Engaging and Consulting People in Developing Health and Community Care Services” had been met fully. The results of the public scoring were combined with the economic and risk appraisal and presented to a Public Board meeting on 16 December 2020 at which the Board endorsed a site at Wester Moffat as the preferred option, a recommendation subsequently agreed by the Cabinet Secretary for Health and Sport. The Board meeting was live streamed to allow public access and the full set of papers can be found at [December 2020 Board](#).

Given the importance of this project, NHS Lanarkshire established an additional Board governance committee in November 2019, Monklands Replacement Oversight Board (MROB), to provide assurance on decision making processes in respect of the Monklands Replacement Project. This comprises non-executive directors, independent external experts and members of the public. MROB is also chaired by a non-executive director.

Staff engagement continues to take place through the Staff Governance Committee, Area Partnership Forum and Area Clinical Forum, with further partnership working structures and protocols at local level. The national iMatter tool, where staff can express their views on their workplace, has been rolled out across the organisation. Further engagement with staff had previously been established through increased visibility of Board Non-Executive and Executive directors and involvement of Non-Executive directors in patient safety walk rounds. To comply with physical distancing these were suspended during 2020/21. Virtual visits were trialled briefly but the most effective and consistent method was found to be frequent staff briefings by email, combined by video updates from the Chief Executive and other key figures.

The national finding that ethnic minorities were disproportionately impacted by the pandemic led to NHS Lanarkshire conducting four interactive, online, engagement forums during September 2020 to understand how inequalities were experienced by staff, including the impact of Covid-19. This was followed up by a wider staff questionnaire its own staff survey and establishing a Black, Asian and Ethnic Minorities (BAME) Forum for staff working in NHS Lanarkshire.

The Board Annual Report on Feedback, Comments, Concerns and Complaints for 2019/20 was considered in draft by the Board’s clinical governance committee (HQAIC) in July 2020. It described activities undertaken to encourage patient feedback through a wider variety of mediums, key performance indicators on the handling of complaints and improvement actions taken. This was supplemented by an annual report on Care Opinion, HQAIC received regular updates on Scottish Public Sector Ombudsman rulings. The July 2020 HQAIC received an annual report on the numbers of and learning from unintended or unexpected incidents that resulted in death or harm HQAIC received also regular updates throughout the year on Duty of Candour, serious adverse event reviews and SPSO rulings.

The latest update on the Boards improvement plan against the NHS Scotland Corporate Governance Blueprint (DL (2019)02) was considered by the Board in [May 2020 Board](#). At the July 2020 Board it was recognised Covid-19 would slow the pace of progress and it was agreed background work should continue and that Board should link in with national developments in the concept of “Active Governance”. This resulted in the Board agreeing to be part of a pilot with NHS National Education Scotland (NES) in February 2021 and participating in a workshop to ensure that Board members sought the right hard and soft intelligence, both quantitative and qualitative, presented in a format which enabled analysis, due scrutiny and which identified risk to support evidence based, risk assessed decision making.

In addition to the above the Audit Committee, in conjunction with another NHS Board, held an externally facilitated development event followed by a Board development session to reflect on the effectiveness of the committee and future direction.

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.

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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. Normally the Board would aim to schedule 5 – 6 Board

Development Seminars a year. During 2020/21, 31 briefing or discussion events were organised to meet Non Executive and wider Board needs during the period.

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 January 2021 and to a Board Development event in February 2021. 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 2019, drawing on the 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. Further enhancements were made in early 2020 to ensure reviews were completed in good time including distinct pathways for certain services, additional training and improvements to Datix, the incident recording system, to make it more intuitive and enhanced monitoring and early alerts. In July 2020 a bulletin was introduced to communicate more widely to staff the learning and improvements from SAERs.

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

Covid-19 Pandemic Response

Throughout the whole of 2020/21 the NHS in Scotland was on an emergency footing. The Covid-19 pandemic created a global and national crisis which directly impacted the communities of Lanarkshire and this had a profound impact on how services operated and how decision making and governance took place to support the pandemic response. The previous sections describe both the normal governance processes and adaptations needed during the pandemic. This section provides additional information specific to the Covid-19 response.

NHS Lanarkshire has a number of statutory duties across a range of legislation setting out when and how it should respond to incidents including being a category one responder under the Civil Contingencies Act 2004. Emergency Planning in NHS Lanarkshire is based on guidance issued by the Scottish Government including "Preparing for Emergencies" issued by the Scottish Government Health Resilience Unit in 2013 [preparing for emergencies](#) which details the emergency response arrangements the NHS should have in place and "NHS Scotland: Standards for Organisational Resilience" which were updated in May 2018.

Emergency planning is an ongoing discipline, designed to ensure that essential health care needs can still be met effectively when normal services become overloaded, restricted or non-operational for whatever reason. The NHS Lanarkshire Major Emergency plan sets out the generic response with specific sub sections such as pandemic influenza. These detail structures, responsibilities and responses to emergencies.

On 2 March 2020 NHS Lanarkshire declared the Covid-19 a live incident under the terms of its pandemic flu plan and moved into confirmed response mode. As described on page 1, a command and control structure was mobilised to facilitate rapid decision making and clear lines of communication during a fast evolving situation. A strategic, "Gold" command group to coordinate the response and take system wide decisions met daily through to 8 May 2020, then bi weekly until 1 June 2020 when the emergency response was deescalated and management of the incident reverted to usual business channels. In response to rising Covid 19 levels this was stood up again on the 14th of September and has continued to meet since with a frequency proportionate to level of active threat. In March 2020 the West of Scotland refreshed its arrangements for providing mutual aid to each other and these operated well throughout the different phases.

A management event to learn from the first phase of response was held in May 2020 and circulated to the Audit Committee. A Board session to learn from the pandemic event to date is scheduled during 2021/22.

On 17 April 2020, the Chief Executive of NHS Scotland requested that Health Boards deliver an enhanced system of assurance in relation to the safety and wellbeing of care home residents and staff in response to Covid-19, led by Directors of Public Health. A further letter was received on 20 April from the Chief Performance Officer of NHS Scotland to ask Health Boards to undertake an initial assessment of all care homes, followed by a risk-assessed, prioritised programme of engagement with care homes to assess the adequacy of preparedness and response to the prevention and management of Covid-19. On the 17th of May the Scottish Government issued guidance to NHS

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Boards, Local Authorities and IJBS providing guidance on the comprehensive support arrangements to be put in place for care homes. This was supplemented by later correspondence confirming the extension of the NHS Nurse Directors responsibility for providing enhanced clinical and care professional oversight to care homes during Covid-19. A tactical Group was set up to take forward necessary actions under the Command structure. HQAIC also set up various assurance mechanisms to provide oversight in this new area. The Board received assurance updates at its meeting of 27th of May 2020 and at subsequent meetings. The extension of the Nurse Directors duties into professional oversight of care homes is to continue throughout 2021/22 and assurance mechanisms will remain in place.

The Audit Committee in March 2021 considered a self-assessment against a Covid-19 guide produced by Audit Scotland which highlighted risks and issues for Public sector bodies to consider. This provided general assurance that the Board had adequately addressed key issues but it was noted that longer term sustainability was still a significant challenge and substantial transformation of services would be needed in future to allow recovery within available resources.

A number of payment mechanisms were altered to provide financial sustainability during the service disruption. It was agreed that Service Level agreements between NHS Boards would continue to be paid at the same level as in the previous year with an uplift equal to the general allocation uplift. Payments to Family Health Service Contractors were also altered in line with Scottish Government guidance to cover additional costs incurred or loss of income due to Covid-19. Sustainability payments were introduced for Social Care providers. The funds were allocated to the NHS Board to be delegated to the IJBs who in turn relied on the Local Authorities to administer these payments. Funding for this and other aspects of the Covid-19 response, was provided to IJBs based on estimates after the first 9 months and any amounts unused as at 31st March 2021 were to be retained in reserves to meet additional expenditure due to Covid-19 in 2021/22.

The NHS Board was fully funded by SG in 2020/21 for the additional capital and revenue costs it incurred in responding to the Covid-19 pandemic.

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;
- 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;
- The work of the service auditors in relation to the control frameworks operated by the following, which are reported through the Annual Service Audit Reports:
 - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards;
 - Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards; and
 - NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2020/21, the Service Audit Report in relation to the NSI financial ledger services was unqualified. The report covering PCFS was qualified and the report relating to IT Services contained two matters of emphasis though the overall opinion was unqualified. Primarily this was because of areas where there was insufficient documentary evidence on which to conclude rather than a finding that controls were absent or not operating. The Audit committee has considered the issues identified in the reports alongside additional information provided by NSS and a local assessment of impact and concluded that they do not represent significant governance issues that would materially impact on the NHS Lanarkshire Accounts.

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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 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.

All NHS Lanarkshire specific external audit reports, 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 which demonstrate a high level of management implementation of findings. The Chief Internal Auditor provided senior management with an Interim Control Evaluation in January 2021 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 2020/21 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. This confirms that in 2020/21, it operated in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation and reporting procedures 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, also confirming compliance. This was considered by the Audit Committee in June 2019.

During the year the Board has continued to develop its approach to assurance mapping as required by the Scottish Government 2018: Audit and Assurance Committee [handbook](#) and this work will continue in 2021/22.

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 approved at the [May 2019 Board meeting](#). The Board acknowledges that the strategy will continue to be subject to change, reflecting any organisational and structural changes, learning from best practice and is reviewed annually. 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.

The Board considers an annual report on risk management. The 2020/21 report was reviewed by the Audit Committee in June 2021 and considered at the Board meeting in June 2021. 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 2021.

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, updated monthly corporate risk registers with signposting to other relevant sites. 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 and this is monitored and reported on a monthly basis through corporate management team and quarterly to the Audit Committee.

Through this system each division maintains a register identifying and supporting the management of the operational risks facing the division. The same process is used for business critical programme of change risk management. Where risks are of such significance they may prevent corporate objectives being attained they are included in the corporate risk register.

The corporate risk register is considered at each meeting of the Audit Committee and of the Board. The Board agreed a more focussed consideration and reporting of corporate risks that are graded very high (red), including all other very high graded risks that are managed at operation level, or through business-critical programmes of change e.g. the Monklands Replacement Project (MRP). 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. Each corporate risk is aligned to a governance committee dependent on the type and nature of the risk, and a bespoke risk report has been received at every governance committee meeting over the year 2020/21 for assurance.

Within the major incident plan, there is an agreed taxonomy of recording, reporting, oversight and escalation of the level of risk for each command group. This was put in place from the outset in March 2020 and continued throughout the year. It requires very high graded incident risks to be escalated to the Board through the risk register reporting, and reports to the Board were adapted to include Covid-19 risks.

All corporate risks have an identified assurance committee for oversight. In April 2020 the Planning, Performance and Resource Committee (PPRC) and the frequency of the Population Health, Primary Care & Community Services Governance Committee (PHPC&CSGC) reduced to allow resources to be concentrated on the pandemic response. During this interim period, risks that have the PPRC or PHPC&CSGC identified as the assurance committee remain the responsibility of the Board. The Board received a full report on the risks that would normally be overseen by PPRC and the PHPC&CSGC groups at its meeting in [February 2021 Board](#) and these risks will be highlighted within the report bi-monthly until the full governance arrangements resume.

The Acute Governance Committee was also stood down in early 2020/21, but held meetings in September 2020, January 2021, and March 2021.

37 live corporate risks were reported to the NHS Board on 31st [March 2021 Board](#). The profile is shown in the heat map below. This compares to 22 live corporate risks at the end of March 2020 with the increase driven by the Covid-19 pandemic. There are 7 very high graded risks. 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. All of the very high rated risks are above normal tolerance levels which have been increased during the pandemic.

Corporate Risk Heatmap

			IMPACT				
			Negligible	Minor	Moderate	Major	Extreme
Score			1	2	3	4	5
LIKELIHOOD	Almost Certain	5				4	1
	Likely	4			6	2	
	Possible	3			8	11	1
	Unlikely	2			1	3	
	Rare	1					

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

The sustainability of GP services remains a very high risk. The ongoing background risk sits on the South Health and Social Care Partnership register with the corporate risk reflecting an immediate risk specific to the ability to maintain existing GM Services in its current format across NHS Lanarkshire since placed on an emergency footing. Services had been reconfigured to create Community Assessment Centres which provided a separate pathway for suspected Covid-19 cases plus a step change in the availability of Video/Telephone Consultations to help GP practices to continue to safely provide support to patients. Over the winter the centres were expanded to take in a wider range of respiratory conditions. Implementation of the new national contract agreed in 2017 continues. Practical measures to reduce the pressure on GP practices include additional pharmacists, the transition of responsibility of vaccinations to Health Board staff, with the progression of 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. Learning will also be taken from the measures put in place over the pandemic about alternative ways of accessing practice services.

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In June 2019, the Primary Care Out of Hours service became very fragile with the inability to cover every clinical session to sustain the two-site model with frequent closure of the Airdrie site. The risk level was raised to very high and this has continued throughout 2020. The need to staff the Covid-19 assessment centres as well, impacted further on the ability to staff the Out of Hours centres. Active daily management has been required, with business continuity plans with planned redirection to A&E, improved triaging jointly with NHS 24, plans for further recruitment of salaried

GP's and increased numbers of advanced Nurse practitioners and a communication & engagement strategy.

During the Covid-19 pandemic elective activity was curtailed. At peak times it was suspended to allow all staffing resources to be diverted to treat the surge of Covid-19 patients but, even in between, the need for additional physical distancing and infection control measures reduced the number of people who could be seen. Given the numbers waiting and the continued impact working in an environment with Covid-19 present, the risk to getting back to normal waiting times performance is graded very high. To reduce harm, processes are in place for regularly reviewing the waiting lists and having a structured clinical prioritisation process to ensure the most urgent cases are seen first combined with a review of very long waits over 52 weeks. Remobilisation plans are being developed.

At the end of March 2021 being able to rapidly recruit then sustain a workforce large enough for Covid-19 vaccination programme was a very high risk given the pace at which it had to happen and initial fluctuations in the vaccine supply. A cross cutting tactical group led by the Director of Nursing and Allied Health Professionals was established to take a risk based view on where staff would be redeployed from other services to meet the daily requirement. A new work role for a vaccinator was developed nationally and there was a substantial local recruitment campaign, with the aim to over recruit to allow for future turnover. To ensure staff resources could vaccinate the largest number possible and to minimise vaccine wastage the Board had to move to a more centralised method of delivery. The programme is proceeding well, hitting all national milestones, though ensuring there are sufficient staff remains a challenge.

A further very high Covid-19 related risk recognised at the end of March was the risk of disruption to day to day services during the ongoing pandemic. Controls in place to mitigate this risk included early warning surveillance to enable targeted action to suppress spread and to prepare for managing surges of cases, the Covid-19 Vaccination Implementation Plan and mutual aid between NHS bodies. Services devised alternative, safe ways of working/contact with patients e.g. Near Me and there were extensive communication releases, especially highlighting available emergency services and access to alternative services to minimise disease progression e.g. pharmacy. At times of peak activity, a tactical Cross-Cutting Group was in place to continuously risk assess service changes and look at workforce deployment.

There are two very high risks relating to financial sustainability which also came out as a high risk in assessing against the Audit Scotland Covid-19 impact guidance. One is that external factors will adversely affect the ability to achieve financial balance and the other is that the Board is unable to find sufficient efficiency savings in 2021/22 to balance its budget. There is still considerable uncertainty over 2021/22. In 2020/21 the Board incurred significant additional expenditure in responding to the pandemic but received full cover for these costs. During 2021/22 it is expected that the Board will work closely with the Scottish Government Health and Social Care Department in order to predict the level of additional financial support for the Covid-19 impact and also to agree the pace at which efficiency savings could be delivered whilst still recovering from the pandemic.

Conclusion

During the whole of 2020/21 the NHS in Scotland was operating under emergency powers and the Board revised its governance arrangements to allow the most effective response to the Covid-19 pandemic. Risks were well monitored and the emergency arrangements put in place by the Board were effective in allowing services to rapidly respond to each development. Against this unprecedented backdrop it is my assessment that during the 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. Going forward the NHS and society as a whole will experience significant challenges in recovering from the pandemic. There will be a substantial backlog of activity to be cleared, a strain on workforce and financial resources and a need for the remobilisation plans and refreshed overarching strategy to have effective prioritisation and look to new evidenced approaches.

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.

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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)
Remuneration of:						
Executive Members						
Chief Executive: Mrs H Knox (from 15/06/2020)*1	105 – 110	-	-	105 – 110	112	220 – 225
Chief Executive: Mr C Campbell (to 15/06/2020)*2	40 – 45	-	-	40 – 45	0	40 – 45
Director of Finance: Mrs L Ace	120 – 125	-	-	120 – 125	54	175 – 180
Medical Director Dr J Burns	150 – 155	-	-	150 – 155	0	150 – 155
Director for Nurses, Midwives and AHP's: Mr E Docherty (from 01/04/2020)	105 – 110	-	-	105 – 110	81	190 – 195
Director of Public Health & Health Policy: Mr G Docherty	115 – 120	-	-	115 – 120	71	185 – 190
Non-Executive Members						
The Chair: Mrs N Mahal	35 – 40	-	-	35 – 40	0	35 – 40
Employee Director: Mrs L Macer *3	60 – 65	-	-	60 – 65	19	80 – 85
Cllr J McGuigan	5 – 10	-	-	5 – 10	0	5 – 10
Mr A Boyle (from 01/04/2020)	10 – 15	-	-	10 – 15	0	10 – 15
Mrs M Morris	10 – 15	-	-	10 – 15	0	10 – 15
Mrs M Lees*4	65 – 70	-	2.5	65 – 70	30	95 – 100
Mr P Campbell	15 – 20	-	-	15 – 20	0	15 – 20
Dr A Osborne	10 – 15	-	-	10 – 15	0	10 – 15
Ms L McDonald	10 – 15	-	-	10 – 15	0	10 – 15
Mr B Moore	10 – 15	-	-	10 – 15	0	10 – 15
Mrs L Thomson	10 – 15	-	-	10 – 15	0	10 – 15
Cllr P Kelly	5 – 10	-	-	5 – 10	0	5 – 10
Senior Managers						
Director of HR: Mrs K Sandilands (from 01/04/2020)	90 – 95	-	-	90 – 95	93	185 – 190
Director of Information & Digital Technology: Mr D Wilson	100 – 105	-	-	100 -105	49	150 – 155
Director of Planning, Property & Performance: Mr C Lauder	105 – 110	-	-	105 – 110	58	160 – 165
Director of Acute Services: Mrs J Park (from 15/06/2020)*5	90 – 95	-	-	90 – 95	70	160 – 165
Director of Acute Services: Mrs H Knox (to 15/06/2020)*1	25 – 30	-	-	25 – 30	0	25 – 30
Total			2.5		637	

*1. Mrs H Knox's full year equivalent salary was £135,000 – £140,000 as chief executive, and £120,000 - £125,000 as director of acute services.

*2. Mr C Campbell's full year equivalent salary was £160,000 - £165,000.

*3. Mrs L Macer's salary includes £50,000 - £55,000 in respect of non-board duties.

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

*5. Mrs J Park's full year equivalent salary was £110,000 - £115,000.

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NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021 (AUDITED INFORMATION)					
Pensions Values Table					
	Total accrued pension at pensionable age at 31 March (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2020 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2021 (£000)	Real increase in CETV in year (£000)
Remuneration of:					
Executive Members					
Chief Executive: Mrs H Knox (from 15/06/2020)	55 – 60 plus lump sum of 140 - 145	5 – 7.5	1,063	1 206	143
Chief Executive: Mr C Campbell (to 15/06/2020)	***	***	***	***	***
Director of Finance: Mrs L Ace	50 – 55 plus lump sum of 105 - 110	2.5 - 5	883	957	74
Medical Director Dr J Burns	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mr E Docherty (from 01/04/2020)	30 – 35 plus lump sum of 60 - 65	2.5 - 5	467	549	82
Director of Public Health & Health Policy: Mr G Docherty	45 – 50 plus lump sum of 140 - 145	2.5 - 5	1,016	1,113	97
Non-Executive Members					
The Chair: Mrs N Mahal	0	0	0	0	0
Employee Director: Mrs L Macer	15 – 20 plus lump sum of 50 - 55	0 – 2.5	375	409	34
Cllr J McGuigan	0	0	0	0	0
Mr A Boyle (from 01/04/2020)	0	0	0	0	0
Mrs M Morris	0	0	0	0	0
Mrs M Lees	25 – 30 plus lump sum of 60 - 65	0 – 2.5	492	531	39
Mr P Campbell	0	0	0	0	0
Dr A Osborne	0	0	0	0	0
Ms L McDonald	0	0	0	0	0
Mr B Moore	0	0	0	0	0
Mrs L Thomson	0	0	0	0	0
Cllr P Kelly	0	0	0	0	0
Senior Managers					
Director of HR: Mrs K Sandilands (from 01/04/2020)	30 – 35 plus lump sum of 60 - 65	2.5 - 5	617	724	107
Director of Information & Digital Technology: Mr D Wilson	30 – 35 plus lump sum of 65 - 70	2.5 - 5	508	563	54
Director of Planning, Property & Performance: Mr C Lauder	45 – 50 plus lump sum of 110 - 115	2.5 - 5	881	958	77
Director of Acute Services: Mrs J Park (from 15/06/2020)	45 – 50 plus lump sum of 120 - 125	2.5 - 5	940	1,032	92
Director of Acute Services: Mrs H Knox (to 15/06/2020)	***	***	***	***	***
Total			7,242	8,042	799

* 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 2020/21 can be different from the "CETV at end of period" reported for 2019/20.

*** information not available

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NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2020 (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)
Remuneration of:						
Executive Members						
Chief Executive: Mr Calum Campbell *1	160 - 165	0	0	160 - 165	3	160 – 165
Director of Finance: Mrs L Ace	115 - 120	0	0	115 - 120	52	170 – 175
Medical Director Dr J Burns	145 - 150	0	0	145 - 150	0	145 – 150
Director for Nurses, Midwives and AHP's: Mrs I Barkby (to 31/03/2020) *2	110 - 115	0	0	110 - 115	52	165 – 170
Director of Public Health & Health Policy: Mr G Docherty (from 31/5/2019)	105 - 110	0	0	105 - 110	46	155 - 160
Non-Executive Members						
The Chair: Mrs N Mahal	30 - 35	0	0	30 - 35	0	30 – 35
Employee Director: Mrs L Macer *3	50 - 55	0	0	50 - 55	12	65 – 70
Mr J McGuigan	5 - 10	0	0	5 - 10	0	5 – 10
Mr M Fuller (to 31/03/2020)	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	2.7	60 - 65	22	85 – 90
Mr P Campbell	15 - 20	0	0	15 - 20	0	15 – 20
Dr A Osborne	10 - 15	0	0	10 - 15	0	10 – 15
Ms L McDonald (from 01/02/2020)	0 - 5	0	0	0 - 5	0	0 – 5
Mr B Moore	15 - 20	0	0	15 - 20	0	15 – 20
Dr L Thomson	10 - 15	0	0	10 - 15	0	10 – 15
Mr P Kelly	5 - 10	0	0	5 - 10	0	5 – 10
Senior Managers						
Director of HR: Mr J White (to 31/03/2020) *5	95 - 100	0	0	95 - 100	5	100 – 105
Director of Information & Digital Technology: Mr D Wilson	95 - 100	0	0	95 - 100	40	135 – 140
Director of Planning, Property & Performance: Mr C Lauder	105 - 110	0	0	105 - 110	55	155 – 160
Director of Acute Services: Mrs H Knox	120 - 125	0	0	120 - 125	79	200 – 205
Total			2.7		366	

*1. The Chief Executive was seconded to NHS Greater Glasgow & Clyde from 27 January 2020 until 30 April 2020, however Mr Campbell remained the accountable officer for NHS Lanarkshire during this period. The remuneration shown above is the total remuneration paid for the entire financial year.

*2. The Director of Nurses, Midwives and AHPs left the position on 31 March 2020 however a successor was appointed on 3 February 2020 to work with the outgoing Director of Nurses, Midwives and AHPs to ensure continuity and a more efficient handover.

*3. Mrs L Macer's salary includes £45,000 - £50,000 in respect of non-board duties.

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

*5. The Director of HR left the position on 31 March 2020 however a successor was appointed on 3 February 2020 to work with the outgoing Director of HR to ensure continuity and a more efficient handover.

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NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2020 (AUDITED INFORMATION)					
Pensions Values Table					
	Total accrued pension at pensionable age at 31 March (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2019 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2020 (£000)	Real increase in CETV in year (£000)
Remuneration of:					
Executive Members					
Chief Executive: Mr Calum Campbell	65 – 70 plus lump sum of 165 – 170	(0 – 2.5)	1,283	1,315	33
Director of Finance: Mrs L Ace	45 – 50 plus lump sum of 105 – 110	2.5 – 5	812	879	67
Medical Director Dr J Burns	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mrs I Barkby (to 31/03/2020)	50 – 55 plus lump sum of 150 – 155	2.5 – 5	1,106	1,203	81
Director of Public Health & Health Policy: Mr G Docherty (from 31/5/2019)	45 – 50 plus lump sum of 130 - 135	2.5 – 5	932	1,011	79
Non-Executive Members					
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	349	373	21
Mr J McGuigan	0	0	0	0	0
Mr M Fuller (to 31/03/2020)	0	0	0	0	0
Mrs M Morris	0	0	0	0	0
Mrs M Lees	25 – 30 plus lump sum of 60 – 65	0 – 2.5	459	489	31
Mr P Campbell	0	0	0	0	0
Dr A Osborne	0	0	0	0	0
Ms L McDonald (from 01/02/2020)	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
Senior Managers					
Director of HR: Mr J White (to 31/03/2020)	45 – 50 plus lump sum of 130 – 135	0 – 2.5	977	1,006	29
Director of Information & Digital Technology: Mr D Wilson	30 – 35 plus lump sum of 60 – 65	2.5 – 5	461	506	45
Director of Planning, Property & Performance: Mr C Lauder	40 – 45 plus lump sum of 105 – 110	2.5 – 5	806	877	71
Director of Acute Services: Mrs H Knox	50 – 55 plus lump sum of 130 – 135	2.5 – 5	953	1,058	105
Total			8,138	8,717	562

* 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 2019/20 can be different from the "CETV at end of period" reported for 2018/19.

*** information not available

2020-21		2019-20	
Range of Staff Remuneration	£18,478 - £383,695	Range of Staff Remuneration	£17,949 - £315,558
Highest Earning Director's Total Remuneration (£000s)	150 - 155	Highest Earning Director's Total Remuneration (£000s)	160 - 165
Median Total Remuneration	£31,967	Median Total Remuneration	£31,663
Ratio	4.76	Ratio	5.16

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.

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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.

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

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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

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

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a) Higher Paid Employees' Remuneration

Other employees whose remuneration fell within the following ranges:

Clinicians

	2021 Number	2020 Number
£70,001 to £80,000	62	42
£80,001 to £90,000	59	74
£90,001 to £100,000	69	66
£100,001 to £110,000	69	70
£110,001 to £120,000	79	69
£120,001 to £130,000	65	65
£130,001 to £140,000	64	44
£140,001 to £150,000	37	36
£150,001 to £160,000	28	25
£160,001 to £170,000	21	20
£170,001 to £180,000	20	17
£180,001 to £190,000	13	14
£190,001 to £200,000	16	4
£200,001 and above	8	8

Other

£70,001 to £80,000	66	47
£80,001 to £90,000	17	20
£90,001 to £100,000	19	5
£100,001 to £110,000	5	3
£110,001 to £120,000	3	1
£120,001 to £130,000	2	0
£130,001 to £140,000	0	0
£140,001 to £150,000	0	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

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b) Staff Costs and Numbers

	Executive Board Members	Non- Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	636	200	491,149	0	0	(4,530)	487,455	427,511
Social security costs	82	14	52,129	0	0	(325)	51,900	46,266
NHS scheme employers' costs	92	9	85,145	0	0	(495)	84,751	77,404
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	28,562	0	0	28,562	26,676
Agency staff	0	0	0	0	17,232	0	17,232	17,228
TOTAL	810	223	628,423	28,562	17,232	(5,350)	669,900	595,085

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 178,000 582,000

STAFF NUMBERS

Whole Time Equivalent 5.0 12.0 12,014.2 653.6 118.4 (62.6) 12,740.6 11,957.2

Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of: 3.1 9.5

Included in the total staff numbers above were disabled staff of: 54.6 31.6

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

Reconciliation to Income and Expenditure (Note 3)

	£'000
Total employee expenditure as above	669,900
Add: employee income included in Note 4	5,350
Less: capital staff costs	(178)
Total employee expenditure disclosed in Note 3	675,072

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

	2021				2020			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	2	3	0	5	1	3	0	4
Non-Executive Directors and Employee Director	5	7	0	12	5	7	0	12
Senior Employees	395	327	0	722	349	281	0	630
Other	1,855	12,008	0	13,863	1,721	11,370	0	13,091
Total Headcount	2,257	12,345	0	14,602	2,076	11,661	0	13,737

d) Sickness absence data

	2021	2020
Sickness Absence Rate	5.5%	5.7%

In addition to the above, covid-19 absences were 3.3%.

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 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data at the following link: <https://www.nhslanarkshire.scot.nhs.uk/about-us/trade-union-facility-time>.

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	0	0
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	1	1
£100,000 - £150,000	0	0	0
>£200,000	0	0	0
Total number of exit Packages by type	0	1	1
Total Resource Cost (£'000)	0	85	85

No prior year exit packages were agreed.

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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:

	No. Of Cases	£000
Losses	205	5,935

In the year to 31 March 2021, the following balances in excess of £250,000 were written off:

Reference	Description	2021 £000
CNORIS	Total claims paid under CNORIS scheme	1,675

In 2020-21 the Board was required to pay out £1.675m in respect of 5 claims individually greater than £250,000 settled under the CNORIS scheme (2019-20: £6.809m, 9 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 cost 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 2020/21 was £7.4m. The income received for providing these services was £8.1m resulting in a surplus of £0.7m.

Heather Knox

Signed

Chief Executive

Date 30 June 2021

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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

Reporting 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 2021 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 the affairs of the board and its group as at 31 March 2021 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 2020/21 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 for 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 5 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements 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 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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. This description forms part of my auditor's report.

Reporting 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. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

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

30 June 2021

SECTION C: FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2021

2020 £000		Note	2021 £000
598,339	Staff costs	3a	675,072
	Other operating expenditure	3b	
199,215	Independent Primary Care Services		207,399
266,754	Drugs and medical supplies		272,892
1,332,825	Other health care expenditure		1,508,789
<u>2,397,133</u>	Gross expenditure for the year		<u>2,664,152</u>
(926,267)	Less: operating income	4	(978,540)
2,209	Associates and joint ventures accounted for on an equity basis		(33,781)
<u>1,473,075</u>	Net expenditure for the year		<u>1,651,831</u>

OTHER COMPREHENSIVE NET EXPENDITURE

2020 £000		2021 £000
(4,063)	Net (gain) / loss on revaluation of property, plant and equipment	4,808
0	Net (gain) / loss on revaluation of intangibles	0
0	Net (gain) / loss on revaluation of available for sales financial assets	0
(4,063)	Other comprehensive expenditure	4,808
<u>1,469,012</u>	Comprehensive net expenditure	<u>1,656,639</u>

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2021

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
550,999	550,999	Property, plant and equipment	7c	541,891	541,891
2,552	2,552	Intangible assets	6a	2,189	2,189
		Financial assets:			
5,415	1,169	Investments	10	6,399	1,151
11,295	0	Investments in associates and joint ventures		45,076	0
59,864	59,864	Trade and other receivables	9	49,872	49,872
630,125	614,584	Total non-current assets		645,427	595,103
		Current Assets:			
8,103	8,103	Inventories	8	7,618	7,618
0	0	Intangible assets	6b	0	0
		Financial assets:			
42,749	42,729	Trade and other receivables	9	31,070	30,987
9,141	8,611	Cash and cash equivalents	11	4,374	3,846
0	0	Available for sale financial assets	10	0	0
0	0	Derivatives financial assets	23	0	0
3,110	3,110	Assets classified as held for sale	7b	585	585
63,103	62,553	Total current assets		43,647	43,036
693,228	677,137	Total assets		689,074	638,139
		Current liabilities			
(53,501)	(53,501)	Provisions	13a	(26,942)	(26,942)
		Financial liabilities:			
(227,749)	(227,716)	Trade and other payables	12	(320,043)	(320,002)
0	0	Derivatives financial liabilities	23	0	0
(281,250)	(281,217)	Total current liabilities		(346,985)	(346,944)
411,978	395,920	Non-current assets plus / less net current assets / liabilities		342,089	291,195
		Non-current liabilities			
(113,830)	(113,830)	Provisions	13a	(120,323)	(120,323)
		Financial liabilities:			
(131,780)	(131,780)	Trade and other payables	12	(124,334)	(124,334)
0	0	Liabilities in associates and joint ventures		0	0
(245,610)	(245,610)	Total non-current liabilities		(244,657)	(244,657)
166,368	150,310	Assets less liabilities		97,432	46,538
		Taxpayers' Equity			
(35,929)	(35,929)	General fund	SoCTE	(128,783)	(128,783)
186,239	186,239	Revaluation reserve	SoCTE	175,321	175,321
11,295	0	Other reserves – associates and joint ventures	SoCTE	45,076	0
4,763	0	Fund held on Trust	SoCTE	5,818	0
166,368	150,310	Total taxpayers' equity		97,432	46,538

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

The financial statements on pages 43 to 47 to were approved by the Board on 30 June 2021 and signed on their behalf by

Laura Ace

.....Director of Finance

Laura Ace

Heather Knox

.....Chief Executive

Heather Knox

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2021

2020 £000		Note	2021 £000	2021 £000
	Cash flows from operating activities			
(1,473,075)	Net expenditure	SoCTE	(1,651,831)	
29,343	Adjustments for non-cash transactions	2b	(7,533)	
15,516	Add back: interest payable recognised in net operating expenditure	2c	13,986	
(149)	Deduct: interest receivable recognised in net operating expenditure	4	(143)	
0	Investment income		0	
14,777	Movements in working capital	2d	105,466	
(1,413,588)	Net cash outflow from operating activities	26c		(1,540,055)
	Cash flows from investing activities			
(17,836)	Purchase of property, plant and equipment		(25,406)	
(833)	Purchase of intangible assets		(315)	
639	Investment additions	10	(1,002)	
0	Transfer of assets (to)/from other NHS Scotland bodies		360	
3,435	Proceeds of disposal of property, plant and equipment		3,720	
0	Proceeds of disposal of intangible assets		0	
0	Receipts from sale of investments		0	
149	Interest received		143	
(14,446)	Net cash outflow from investing activities	26c		(22,500)
	Cash flows from financing activities			
1,456,022	Funding	SoCTE	1,590,579	
5,160	Movement in general fund working capital	SoCTE	(4,765)	
1,461,182	Cash drawn down		1,585,814	
(12,240)	Capital element of payments in respect of finance leases and on-balance sheet PFI/HUB contracts	2b	(14,040)	
721	Interest paid		986	
(16,237)	Interest element of finance leases and on-balance sheet PFI/HUB contracts	2c	(14,972)	
1,433,426	Net Financing	26c		1,557,788
5,392	Net Increase / (decrease) in cash and cash equivalents in the period			(4,767)
3,749	Cash and cash equivalents at the beginning of the period			9,141
9,141	Cash and cash equivalents at the end of the period			4,374
	Reconciliation of net cash flow to movement in net debt/cash			
5,392	Increase / (decrease) in cash in year	11		(4,767)
3,749	Net debt / cash at 1 April			9,141
9,141	Net debt / cash at 31 March			4,374

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Balance at 31 March 2020		(35,929)	186,239	11,295	4,763	166,368
Retrospective restatements for changes in accounting policy and material errors	21	0	0	0	0	0
Restated balance at 1 April 2020		(35,929)	186,239	11,295	4,763	166,368
Changes in taxpayers' equity for 2020-21						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	13,626	0	0	13,626
Impairment of property, plant and equipment		0	(27,183)	0	0	(27,183)
Revaluation and impairments taken to operating costs	2a	0	8,749	0	0	8,749
Transfers between reserves		6,110	(6,110)	0	0	0
Transfer of Assets from other NHS and removal of Hospice Sustainability Fees		(2,876)	0	0	0	(2,876)
Net operating cost for the year		(1,686,667)	0	33,781	1,055	(1,651,831)
Total recognised income and expense for 2020-21		(1,683,433)	(10,918)	33,781	1,055	(1,659,515)
Funding:						
Drawn down		1,585,814	0	0	0	1,585,814
Movement in General Fund (creditor) / debtor		4,765	0	0	0	4,765
Balance at 31 March 2021	SoFP	(128,783)	175,321	45,076	5,818	97,432

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR
FOR THE YEAR ENDED 31 MARCH 2020

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Balance at 31 March 2019		(28,120)	188,842	13,504	5,132	179,358
Retrospective restatements for changes in accounting policy and material errors	20	0	0	0	0	0
Restated balance at 1 April 2019		(28,120)	188,842	13,504	5,132	179,358
Changes in taxpayers' equity for 2019-20						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	16,303	0	0	16,303
Impairment of property, plant and equipment		0	(19,305)	0	0	(19,305)
Revaluation and impairments taken to operating costs	2a	0	7,065	0	0	7,065
Transfers between reserves		6,666	(6,666)	0	0	0
Net operating cost for the year		(1,470,497)	0	(2,209)	(369)	(1,473,075)
Total recognised income and expense for 2019-20		(1,463,831)	(2,603)	(2,209)	(369)	(1,469,012)
Funding:						
Drawn down		1,461,182	0	0	0	1,461,182
Movement in General Fund (creditor) / debtor		(5,160)	0	0	0	(5,160)
Balance at 31 March 2020	SoFP	(35,929)	186,239	11,295	4,763	166,368

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 (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 30 below.

(a) Standards, amendments and interpretations effective in 2020/21

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

(b) Standards, amendments and interpretations early adopted in 2020/21

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

(c) Standards, amendments and interpretations issued but not adopted in 2020/21

- IFRS 16 - Leases

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS Lanarkshire expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

Impact of the new standard

The Board has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2022 and on the Statement of Financial Position at that date. The figures below represent existing leases as at 31 March 2021.

The standard is expected to reduce total expenditure in 2021-22 by £0.253m. Right-of-use assets totalling £13.972m will be brought onto the Statement of Financial Position, with an associated lease liability of £13.972m.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

	2022 £000
IFRS 16 – Impacts to the SoCNE	
Anticipated depreciation	2,705
Interest expense expected	177
IAS 17- basis lease payments expected	(3,135)
Net impact to SoCNE in the year to 31 March 2022	<u>(253)</u>

	2022 £000
IFRS 16 – Impacts to the SoFP	
Right of use asset from 1 April 2021	15,945
Net additions/(disposals) to right-of-use asset as at 31 March 2022	(1,973)
Net impact to SoFP in the year to 31 March 2022	<u>13,972</u>

Existing IAS 17 operating leases brought on at 1 April 2021	15,945
Re-measurements to finance leases brought on at 1 April 2021	0
Net additions/(disposals) to lease liability as at 31 March 2022	(1,973)
Net liability as at 31 March 2022	<u>13,972</u>

2. Basis of Consolidation

Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Lanarkshire Health Board Endowment Fund.

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

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

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

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. Retrospective Restatements

None.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

4. Going Concern

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

5. Accounting Convention

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

6. Funding

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

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

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

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

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

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.

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- 3) In line with 2.7.1 of the Capital Accounting Manual, 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 an annual programme of professional valuations. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. 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.

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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.

The following asset lives have been used:

Asset Category/Component	Useful Life
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.

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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 assets 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.

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- 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:

Asset Category/Component	Useful Life
Software Licences	5
Information Technology Software	5

9. Non-current assets held for sale

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

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

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

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

10. Donated Assets

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

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

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

12. Leasing

Finance leases

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

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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.

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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.

NHS Lanarkshire also provides for its liability from participating in the scheme. The participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on the information prepared by NHS Boards and Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

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.

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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 14 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.

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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.

(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.

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(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.

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) and incorporates additional activities relating to Primary Care wide functions and healthcare providers out with the Board area.

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27. Cash and cash equivalents

Cash and cash equivalents include 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.

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;

- Estimation of asset lives: The Board's methodology for determining useful asset lives reflects the actual pattern of consumption of depreciated replacement cost assets. The methodology 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.

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NOTES TO THE ACCOUNTS
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2. MEMORANDA TO THE PRIMARY STATEMENTS

		2021	2021
2a. SUMMARY OF RESOURCE OUTTURN			
SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	£000	£000
Net expenditure	SoCNE		1,651,831
Total non-core expenditure (see below)			(30,300)
Family Health Services non-discretionary allocation			(95,359)
Donated assets income	2b		0
Endowment net expenditure			1,055
Associates and joint ventures accounted for on an equity basis			33,781
Total core expenditure			1,561,008
Core Revenue Resource Limit			1,561,008
Saving/(excess) against Core Revenue Resource Limit			0

SUMMARY OF NON-CORE REVENUE RESOURCE OUTTURN

Capital grants to / (from) other bodies		0	
Depreciation / amortisation		15,205	
Annually Managed Expenditure – impairments		8,789	
Annually Managed Expenditure - creation of provisions		(288)	
Annually Managed Expenditure - depreciation of donated assets	2b	42	
Annually Managed Expenditure - pension valuation		0	
Additional Scottish Government non-core funding		0	
IFRS PFI/HUB expenditure		6,552	
Total Non-Core Expenditure			30,300
Non-Core Revenue Resource Limit			30,300
Saving / (excess) against Non-Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource	Expenditure	Saving/ (Excess)
	£000	£000	£000
Core	1,561,008	1,561,008	0
Non-Core	30,300	30,300	0
Total	1,591,308	1,591,308	0

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

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2b. Memoranda to the Statement of Cashflows: Consolidated adjustments for non-cash transactions

2020 £000		Note	2021 £000
	Expenditure not paid in cash		
20,669	Depreciation	7a	21,044
758	Amortisation	6	711
36	Depreciation of donated assets	7a	42
12,375	Impairments on PPE charged to SoCNE		27,299
(5,195)	Net revaluation on PPE charged to SoCNE		(18,434)
(605)	Reversal of impairments on PPE charged to SoCNE		(76)
0	Impairments on intangible assets charged to SoCNE	6	0
0	Net revaluation on intangible assets charged to SoCNE	6	0
0	Reversal of impairments on intangible assets charged to SoCNE	6	0
490	(Gain)/loss on re-measurement of non-current assets held for sale	7b	(40)
(89)	Funding of Donated Assets	7a	0
0	Loss/(profit) on disposal of intangible assets		0
(1,305)	Loss/(profit) on disposal of property plant and equipment		(1,062)
0	Impairment of investments charged to SoCNE	10	0
2,209	Associates and joint ventures accounted for on an equity basis	SoCNE	(33,781)
0	Removal of Hospice Sustainability Fees paid as NHSL acting as agent		(3,313)
0	Fixed Asset Transfers from other Scottish Heath Boards & Department of Health		77
29,343	Total expenditure not paid in cash	CFS	(7,533)

2c. Memoranda to the Statement of Cashflows: Interest payable recognised in operating expenditure

2020 £000			2021 £000
	Interest payable		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
16,237	PFI/HUB Finance lease charges allocated in the year	18b	14,972
0	Other Finance lease charges allocated in the year		0
(721)	Provisions - Unwinding of discount		(986)
15,516	Net interest payable	CFS	13,986

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

2d. Memoranda to the Statement of Cashflows: Consolidated movements in working capital

2020 Net Movement £000		Note	Opening balances £000	Closing balances £000	2021 Net movement £000
	INVENTORIES				
(1,246)	Balance Sheet	8	8,103	7,618	
(1,246)	Net decrease / (increase)				485
	TRADE AND OTHER RECEIVABLES				
(11,163)	Due within one year	9	42,749	31,070	
5,799	Due after more than one year	9	59,864	49,872	
(5,364)			102,613	80,942	
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	
(5,364)	Net decrease / (increase)		102,613	80,942	21,671
	TRADE AND OTHER PAYABLES				
22,585	Due within one year	12	227,749	320,043	
(14,040)	Due after more than one year	12	131,780	124,334	
(1,101)	Less: property, plant & equipment (capital) included in above		(5,706)	(5,983)	
0	Less: intangible assets (capital) included in above		0	0	
0	Less: bank overdraft	12	0	0	
(5,160)	Less: General Fund creditor included in above	12	(8,611)	(3,846)	
12,240	Less: lease and PFI/HUB creditors included in above	12	(145,819)	(131,779)	
0	Less: interest payable included in above	12	0	0	
14,524	Net decrease / (increase)		199,393	302,769	103,376
	PROVISIONS				
6,863	Statement of Financial Position	13a	167,331	147,265	
6,863	Net decrease / (increase)				(20,066)
14,777	Net movement (decrease) / increase	CFS			105,466

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

3. OPERATING EXPENSES

3a. Staff costs

2020 Total £000		Note	2021 Board £000	2021 Consolidated £000
143,399	Medical and Dental		153,910	153,910
262,018	Nursing		303,748	303,748
192,922	Other Staff		217,414	217,414
598,339	Total	SoCNE	675,072	675,072

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

2020 Total £000			2021 Board £000	2021 Consolidated £000
Independent Primary Care Services:				
100,553	General Medical Services		106,690	106,690
32,829	Pharmaceutical Services		39,039	39,039
52,264	General Dental Services		47,651	47,651
13,569	General Ophthalmic Services		14,019	14,019
199,215	Total		207,399	207,399
Drugs and medical supplies:				
137,934	Prescribed drugs Primary Care		135,711	135,711
84,322	Prescribed drugs Secondary Care		82,502	82,502
0	PPE and testing kits		13,136	13,136
44,498	Medical Supplies		41,543	41,543
266,754	Total		272,892	272,892
Other health care expenditure				
823,071	Contribution to Integration Joint Boards		946,498	946,498
200,054	Goods and services from other NHS Scotland bodies		204,123	204,123
1,791	Goods and services from other UK NHS bodies		1,546	1,546
19,363	Goods and services from private providers		14,758	14,758
8,657	Goods and services from voluntary organisations		9,225	9,225
44,215	Resource Transfer		45,897	45,897
0	Loss on disposal of assets		0	0
234,654	Other operating expenses		286,122	286,122
195	External Auditor's remuneration - statutory audit fee		200	200
62	- other services - details provided below		63	63
763	Endowment Fund expenditure		0	357
1,332,825	Total		1,508,432	1,508,789
1,798,794	Total Other Operating Expenditure		1,988,723	1,989,080

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 2021

4. OPERATING INCOME

2020 Total £000		Note	2021 Board £000	2021 Consolidated £000
503	Income from Scottish Government		684	684
40,130	Income from other NHS Scotland bodies		43,168	43,168
444	Income from NHS non-Scottish bodies		123	123
0	Income from private patients		0	0
825,530	Income for services commissioned by Integration Joint Board		891,919	891,919
10,062	Patient charges for primary care		703	703
89	Donations		1,761	1,761
1,305	Profit on disposal of assets		1,062	1,062
7,990	Contributions in respect of clinical and medical negligence claims		3,101	3,101
149	Interest received	CFS	143	143
	Non-NHS:			
23	Overseas patients (non-reciprocal)		23	23
0	Non-patient care income generation schemes		0	0
394	Endowment Fund Income		0	1,412
39,648	Other		34,441	34,441
926,267	Total Income	SoCNE	977,128	978,540

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 £000
Net operating cost reported to Board at 31 March 2021	428,240	179,157	344,681	479,250	255,339	1,686,667
Net Operating Cost per Annual Accounts	428,240	179,157	344,681	479,250	255,339	1,686,667

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	IJB North £000	IJB South £000	Other Healthcare Providers NHSL Wide £000	Total 2020 £000
Net operating cost reported to Board at 31 March 2020	401,184	158,119	295,891	408,184	207,208	1,470,586
Net Operating Cost per Annual Accounts	401,184	158,119	295,891	408,184	207,208	1,470,586

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 2021

6. INTANGIBLE ASSETS

6A. INTANGIBLE ASSETS (NON-CURRENT) - CONSOLIDATED

		Software Licences	IT - software	Total
	Note	£000	£000	£000
Cost or Valuation:				
At 1 April 2020		3,377	2,829	6,206
Additions	CFS	208	107	315
Transfers between asset categories		873	(838)	35
Disposals		0	0	0
At 31 March 2021		4,458	2,098	6,556
Amortisation				
At 1 April 2020		2,541	1,113	3,654
Provided during the year		473	238	711
Transfers between asset categories		18	(16)	2
Disposals		0	0	0
At 31 March 2021		3,032	1,335	4,367
Net book value at 1 April 2020		836	1,716	2,552
Net book value at 31 March 2021	SoFP	1,426	763	2,189

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

6a. INTANGIBLE ASSETS (NON-CURRENT) - BOARD

	Software Licences	IT - software	Total
	£000	£000	£000
Cost or Valuation:			
At 1 April 2020	3,377	2,829	6,206
Additions	208	107	315
Transfers between asset categories	873	(838)	35
Disposals	0	0	0
At 31 March 2021	4,458	2,098	6,556
Amortisation			
At 1 April 2020	2,541	1,113	3,654
Provided during the year	473	238	711
Transfers between asset categories	18	(16)	2
Disposals	0	0	0
At 31 March 2021	3,032	1,335	4,367
Net book value at 1 April 2020	836	1,716	2,552
Net book value at 31 March 2021	1,426	763	2,189

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

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

	Software Licences	IT - software	Total
Note	£000	£000	£000
Cost or Valuation:			
At 1 April 2019	3,999	2,998	6,997
Additions	160	673	833
Transfers between asset categories	0	145	145
Disposals	(782)	(987)	(1,769)
At 31 March 2020	3,377	2,829	6,206
Amortisation			
At 1 April 2019	2,938	1,700	4,638
Provided during the year	385	373	758
Transfers between asset categories	0	27	27
Disposals	(782)	(987)	(1,769)
At 31 March 2020	2,541	1,113	3,654
Net book value at 1 April 2019	1,061	1,298	2,359
Net book value at 31 March 2020	836	1,716	2,552

SoFP

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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

	Software Licences	IT - software	Total
	£000	£000	£000
Cost or Valuation:			
At 1 April 2019	3,999	2,998	6,997
Additions	160	673	833
Transfers between asset categories	0	145	145
Disposals	(782)	(987)	(1,769)
At 31 March 2020	3,377	2,829	6,206
Amortisation			
At 1 April 2019	2,938	1,700	4,638
Provided during the year	385	373	758
Transfers between asset categories	0	27	27
Disposals	(782)	(987)	(1,769)
At 31 March 2020	2,541	1,113	3,654
Net book value at 1 April 2019	1,061	1,298	2,359
Net book value at 31 March 2020	836	1,716	2,552

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

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
Cost or valuation								
At 1 April 2020	16,743	495,309	186	74,697	11,824	5,663	1,995	606,417
Additions – purchased	12	1,379	91	11,295	682	46	12,178	25,683
Additions - donated	0	0	0	0	0	0	0	0
Completions	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(100)	(35)	100	0	(35)
Transfer (to)/from non-current assets held for sale	(75)	0	0	0	0	0	0	(75)
Revaluations	0	(1,224)	0	0	0	0	0	(1,224)
Impairment charges	(2)	(18,434)	0	0	0	0	(8,370)	(26,806)
Impairments reversals	0	0	0	0	0	0	0	0
Disposals - purchased	0	(1)	0	(208)	0	0	0	(209)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2021	16,678	477,029	277	85,684	12,471	5,809	5,803	603,751
Depreciation								
At 1 April 2020	0	0	158	42,228	7,588	5,444	0	55,418
Provided during the year - purchased	0	14,531	11	5,235	1,176	91	0	21,044
Provided during the year – donated	0	0	0	42	0	0	0	42
Asset Transfers (to)/from other SG Consolidation Entities	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(9)	(2)	9	0	(2)
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(14,850)	0	0	0	0	0	(14,850)
Impairment charges	0	395	0	98	0	0	0	493
Impairment reversals	0	(76)	0	0	0	0	0	(76)
Disposals – purchased	0	0	0	(209)	0	0	0	(209)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2021	0	0	169	47,385	8,762	5,544	0	61,860
Net book value at 1 April 2020	16,743	495,309	28	32,469	4,236	219	1,995	550,999
Net book value at 31 March 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891
SoFP								
Open Market Value of Land in Land and Dwellings Included Above	565							
Asset financing:								
Owned – purchased	11,626	213,131	108	38,068	3,709	265	5,803	272,710
Owned - donated	0	0	0	231	0	0	0	231
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	263,898	0	0	0	0	0	268,950
Net book value at 31 March 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891
SoFP								

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD

	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
Cost or valuation								
At 1 April 2020	16,743	495,309	186	74,697	11,824	5,663	1,995	606,417
Additions – purchased	12	1,379	91	11,295	682	46	12,178	25,683
Additions – donated	0	0	0	0	0	0	0	0
Completions	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(100)	(35)	100	0	(35)
Transfer (to)/from non-current assets held for sale	(75)	0	0	0	0	0	0	(75)
Revaluations	0	(1,224)	0	0	0	0	0	(1,224)
Impairment charges	(2)	(18,434)	0	0	0	0	(8,370)	(26,806)
Impairment reversals	0	0	0	0	0	0	0	0
Disposals – purchased	0	(1)	0	(208)	0	0	0	(209)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2021	16,678	477,029	277	85,684	12,471	5,809	5,803	603,751
Depreciation								
At 1 April 2020	0	0	158	42,228	7,588	5,444	0	55,418
Provided during the year – purchased	0	14,531	11	5,235	1,176	91	0	21,044
Provided during the year - donated	0	0	0	42	0	0	0	42
Asset Transfers (to)/from other SG Consolidation Entities	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(9)	(2)	9	0	(2)
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(14,850)	0	0	0	0	0	(14,850)
Impairment charges	0	395	0	98	0	0	0	493
Impairment reversals	0	(76)	0	0	0	0	0	(76)
Disposals – purchased	0	0	0	(209)	0	0	0	(209)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2021	0	0	169	47,385	8,762	5,544	0	61,860
Net book value at 1 April 2020	16,743	495,309	28	32,469	4,236	219	1,995	550,999
Net book value at 31 March 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891
Open Market Value of Land in Land and Dwellings Included Above	565							
Asset financing:								
Owned – purchased	11,626	213,131	108	38,068	3,709	265	5,803	272,710
Owned – donated	0	0	0	231	0	0	0	231
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	263,898		0	0	0	0	268,950
Net book value at 31 March 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891

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NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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

	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
Cost or valuation								
At 1 April 2019	17,490	501,943	185	70,560	16,916	5,663	3,022	615,779
Additions - purchased	0	3,136	0	8,617	1,167	0	6,017	18,937
Additions – donated	0	0	0	89	0	0	0	89
Completions	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(145)	0	0	0	(145)
Transfers (to)/from non-current assets held for sale	(750)	0	0	0	0	0	0	(750)
Revaluations	3	(4,575)	1	0	0	0	0	(4,571)
Impairment charges	0	(5,195)	0	0	0	0	(7,044)	(12,239)
Impairment reversals	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	0	(4,363)	(6,259)	0	0	(10,622)
Disposals - donated	0	0	0	(61)	0	0	0	(61)
At 31 March 2020	16,743	495,309	186	74,697	11,824	5,663	1,995	606,417
Depreciation								
At 1 April 2019	0	(3)	147	42,078	12,170	5,329	0	59,721
Provided during the year - purchased	0	14,368	11	4,499	1,676	115	0	20,669
Provided during the year - donated	0	0	0	36	0	0	0	36
Asset Transfers (to)/from other SG Consolidation Entities	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	(27)	0	0	0	(27)
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(13,830)	0	0	1	0	(7,045)	(20,874)
Impairment charges	0	70	0	66	0	0	7,045	7,181
Impairment reversals	0	(605)	0	0	0	0	0	(605)
Disposals - purchased	0	0	0	(4,363)	(6,259)	0	0	(10,622)
Disposals – donated	0	0	0	(61)	0	0	0	(61)
At 31 March 2020	0	0	158	42,228	7,588	5,444	0	55,418
Net book value at 1 April 2019	17,490	501,946	38	28,482	4,746	334	3,022	556,058
Net book value at 31 March 2020	16,743	495,309	28	32,469	4,236	219	1,995	550,999
Open Market Value of Land in Land and Dwellings Included Above	3,200							
Asset financing:								
Owned - purchased	9,974	222,826	28	32,196	4,236	219	1,995	271,474
Owned - donated	0	0	0	273	0	0	0	273
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	6,769	272,483	0	0	0	0	0	279,252
Net book value at 31 March 2020	16,743	495,309	28	32,469	4,236	219	1,995	550,999

SoFP

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

7b. ASSETS HELD FOR SALE - CONSOLIDATED & BOARD

The following assets held for sale related to surplus land at the former Alexander Hospital, Kilsyth and Red Deer Health Centres. In addition, Croy Clinic was also presented for sale. These assets have been approved for sale by NHS Lanarkshire Capital Investment Group.

		Property, Plant & Equipment	Total
	Note	£000	£000
At 1 April 2020		3,110	3,110
Transfers from property, plant and equipment		75	75
Transfers (to)/from intangible assets	6	0	0
Gain or losses recognised on re-measurement of non-current assets held for sale		40	40
Disposals of non-current assets held for sale		(2,640)	(2,640)
At 31 March 2021	SoFP	585	585

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

7b. ASSETS HELD FOR SALE (PRIOR YEAR) – CONSOLIDATED & BOARD

	Note	Property, Plant & Equipment £000	Total £000
At 1 April 2019		4,963	4,963
Transfers from property, plant and equipment		750	750
Transfers (to)/from intangible assets	6	0	0
Gain or losses recognised on re-measurement of non-current assets held for sale		(490)	(490)
Disposals of non-current assets held for sale		(2,113)	(2,113)
At 31 March 2020	SoFP	3,110	3,110

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FOR THE YEAR ENDED 31 MARCH 2021

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
		Net book value of property, plant and equipment at 31 March			
550,726	550,726	Purchased		541,660	541,660
273	273	Donated		231	231
550,999	550,999	Total	SoFP	541,891	541,891
		Net book value related to land valued at open market value at 31 March			
3,200	3,200			565	565
0	0	Net book value related to buildings valued at open market value at 31 March		0	0
		Total value of assets held under:			
0	0	Finance Leases		0	0
0	0	Hire Purchase Contracts		0	0
279,252	279,252	PFI and PPP Contracts		268,950	268,950
279,252	279,252			268,950	268,950
		Total depreciation charged in respect of assets held under:			
0	0	Finance leases		0	0
0	0	Hire Purchase Contracts		0	0
6,443	6,443	PFI and PPP contracts		6,552	6,552
6,443	6,443			6,552	6,552

All land and 100% of buildings were revalued by an independent valuer. The Valuation Office Agency, as at 31/03/21 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 a decrease of £4.808m (2019-20: an increase of £4.063m) which was credited to the revaluation reserve. Impairment of £8.789m (2019-20: £7.000m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

7d. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
		Expenditure			
833	833	Acquisition of intangible assets	6	315	315
18,937	18,937	Acquisition of property, plant and equipment	7a	25,683	25,683
89	89	Donated asset additions	7a	0	0
0	0	HUB		0	0
19,859	19,859	Gross Capital Expenditure		25,998	25,998
		Income			
0	0	Net book value of disposal of intangible assets	6	0	0
0	0	Net book value of disposal of property, plant and equipment	7a	0	0
0	0	Net book value of disposal of donated assets	7a	0	0
2,113	2,113	Value of disposal of non-current assets held for sale	7b	2,640	2,640
17	17	HUB - repayment of investment		18	18
89	89	Donated asset income		0	0
2,219	2,219	Capital Income		2,658	2,658
17,640	17,640	Net Capital Expenditure		23,340	23,340
		SUMMARY OF CAPITAL RESOURCE OUTTURN			
17,640	17,640	Core capital expenditure included above		23,340	23,340
17,640	17,640	Core Capital Resource Limit		23,340	23,340
0	0	Saving / (excess) against Core Capital Resource Limit		0	0
0	0	Non-core capital expenditure included above		0	0
0	0	Non-core Capital Resource Limit		0	0
0	0	Saving / (excess) against Non-Core Capital Resource Limit		0	0
17,640	17,640	Total capital expenditure		23,340	23,340
17,640	17,640	Total Capital Resource Limit		23,340	23,340
0	0	Saving / (excess) against Total Capital Resource Limit		0	0

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

8. INVENTORIES

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
8,103	8,103	Raw materials and consumables		7,618	7,618
8,103	8,103	Total inventories	SoFP	7,618	7,618

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

9. TRADE AND OTHER RECEIVABLES

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
		Receivables due within one year			
		NHS Scotland			
198	198	Scottish Government Health & Social Care Directorate		333	333
3,163	3,163	Boards		1,906	1,906
3,361	3,361	Total NHS Scotland Receivables		2,239	2,239
167	167	NHS non-Scottish bodies		50	50
0	0	General Fund receivable		0	0
2,110	2,110	VAT recoverable		4,526	4,526
5,727	5,727	Prepayments		7,569	7,569
1,070	1,050	Accrued income		229	229
10,796	10,796	Other receivables		9,133	9,050
19,518	19,518	Reimbursement of provisions		7,324	7,324
0	0	Other public sector bodies		0	0
42,749	42,729	Total Receivables due within one year	SoFP	31,070	30,987
		Receivables due after more than one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
0	0	Boards		0	0
0	0	Total NHS Scotland Receivables		0	0
0	0	Other Public Sector Bodies		0	0
306	306	Prepayments		275	275
963	963	Accrued income		570	570
0	0	Other receivables		0	0
58,595	58,595	Reimbursement of provisions		49,027	49,027
59,864	59,864	Total Receivables due after more than one year	SoFP	49,872	49,872
102,613	102,593	TOTAL RECEIVABLES		80,942	80,859
1,042	1,042	The total receivables figure above includes a provision for impairments of:		809	809
		WGA Classification			
3,163	3,163	NHS Scotland		1,906	1,906
0	0	Central Government bodies		0	0
0	0	Whole of Government bodies		0	0
167	167	Balances with NHS bodies in England and Wales		50	50
99,283	99,263	Balances with bodies external to Government		78,986	78,903
102,613	102,593	Total		80,942	80,859
2020	2020			2021	2021
£000	£000	Movements on the provision for impairment of receivables are as follows:		£000	£000
1,018	1,018	At 1 April		1,042	1,042
553	553	Provision for impairment		809	809
(41)	(41)	Receivables written off during the year as uncollectable		(7)	(7)
(488)	(488)	Unused amounts reversed		(1,035)	(1,035)
1,042	1,042	At 31 March		809	809

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

9. TRADE AND OTHER RECEIVABLES (cont'd)

As of 31 March 2020, receivables with a carrying value of £0.809m (2019-20: £1.042m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2020 £000	Board 2020 £000		Consolidated 2021 £000	Board 2021 £000
124	124	Up to 3 months past due	30	30
0	0	3 to 6 months past due	92	92
918	918	Over 6 months past due	687	687
1,042	1,042		809	809

The receivables assessed as individually impaired were mainly [English, Welsh and Irish NHS Trusts/Health Authorities, other Health Bodies, overseas patients, research companies and private individuals] and it was assessed that not all of the receivable balance may be recovered.

A review was carried out in 2020/21 to assess the % of debt not likely to be recovered. This % is based on age of debt, category of customer and value outstanding over the preceding three years. Based on this assessment as at 31 March 2021, receivables with a carrying value of £5.276m (2019-20: £8.640m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2020 £000	2020 £000		2021 £000	2021 £000
8,640	8,640	Up to 3 months past due	4,081	4,081
0	0	3 to 6 months past due	995	995
0	0	Over 6 months past due	200	200
8,640	8,640		5,276	5,276

The receivables assessed as past due but not impaired were mainly [NHS Scotland Health Boards, Local Authorities and Universities] 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:

2020 £000	2020 £000		2021 £000	2021 £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
92,741	92,721	Existing customers with no defaults in the past	76,806	76,796
0	0	Existing customers with some defaults in the past	0	0
92,741	92,721	Total neither past due or impaired	76,806	76,796

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.

2020 £000	2020 £000		2021 £000	2021 £000
		The carrying amount of receivables are denominated in the following currencies:		
102,613	102,593	Pounds	80,942	80,859
0	0	Euros	0	0
0	0	US Dollars	0	0
102,613	102,593		80,942	80,859

All non-current receivables are due within 55 years (2019-20: 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 £49.872m (2019-20: £59.864m).

The effective interest rate on non-current other receivables is a combined interest rate of 101.22% for year 1, 102.86% for 2 years, 104.94% for 3 years (2019-20 combined interest rate of 101.38% for 1 year, 102.88% for 2 years, 104.4% for 3 years).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

10. INVESTMENTS

Consolidated 2020 £000	Board 2020 £000		Consolidated 2021 £000	Board 2021 £000	
0	0	Government securities	0	0	
5,415	1,169	Other	6,399	1,151	
5,415	1,169	TOTAL	6,399	1,151	SoFP
6,071	1,186	At 1 April	5,415	1,169	
(639)	0	Additions	1,002	0	CFS
(17)	(17)	Disposals	(18)	(18)	
0	0	Impairment recognised in SoCNE	0	0	2
0	0	Revaluation surplus / (deficit) transferred to equity	0	0	
5,415	1,169	At 31 March	6,399	1,151	
0	0	Current	0	0	SoFP
5,415	1,169	Non-current	6,399	1,151	SoFP
5,415	1,169	At 31 March	6,399	1,151	
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 2021

11. CASH AND CASH EQUIVALENTS

	Note	2021 £000	2020 £000
Balance at 1 April		9,141	3,749
Net change in cash and cash equivalent balances	<u>CFS</u>	(4,767)	5,392
Balance at 31 March	<u>SoFP</u>	4,374	9,141
Overdrafts		0	0
Total Cash - Cash Flow Statement		4,374	9,141
The following balances at 31 March were held at:			
Government Banking Service		3,810	8,575
Commercial banks and cash in hand		36	36
Overdrafts		0	0
Short term investments		0	0
Endowment cash		528	530
Balance at 31 March		4,374	9,141

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

12. TRADE AND OTHER PAYABLES

Consolidated 2020 £000	Board 2020 £000		Note	Consolidated 2021 £000	Board 2021 £000
		Payables due within one year			
		NHS Scotland			
		Scottish Government Health & Social Care Directorate		0	0
0	0	Boards	SFR 30.0	13,950	13,950
23,333	23,333	Total NHS Scotland Payables		13,950	13,950
23,333	23,333				
1,040	1,040	NHS Non-Scottish bodies		1,067	1,067
8,611	8,611	Amounts payable to General Fund		3,846	3,846
49,714	49,714	FHS practitioners		43,330	43,330
6,257	6,224	Trade payables		7,484	7,443
90,189	90,189	Accruals		187,689	187,689
5,738	5,738	Deferred income		8,241	8,241
14,039	14,039	Net obligations under PFI/Hub Contracts	18b	7,445	7,445
0	0	Bank overdrafts	11	0	0
12,116	12,116	Income tax and social security		13,358	13,358
9,161	9,161	Superannuation		10,375	10,375
6,948	6,948	Holiday pay accrual		22,757	22,757
603	603	Other payables		501	501
227,749	227,716	Total Payables due within one year	SoFP	320,043	320,002
		Payables due after more than one year			
		NHS Scotland			
		Scottish Government Health & Social Care Directorate		0	0
0	0	Boards	SFR 30.0	0	0
0	0	Total NHS Scotland Payables		0	0
		Other public sector bodies			
		Net obligations under PFI/Hub contracts due within 2 years	18b	8,692	8,692
7,445	7,445	Net obligations under PFI/Hub contracts due after 2 years but within 5 years	18b	35,579	35,579
30,599	30,599	Net obligations under PFI/Hub contracts due after 5 years	18b	80,063	80,063
93,736	93,736	Total Payables due after more than one year	SoFP	124,334	124,334
131,780	131,780				
359,529	359,496	TOTAL PAYABLES		444,377	444,336
		WGA Classification			
23,333	23,333	NHS Scotland	SFR 30.0	13,950	13,950
0	0	Central Government bodies		0	0
0	0	Whole of Government bodies		0	0
0	0	Balances with NHS bodies in England and Wales		0	0
336,196	336,163	Balances with bodies external to Government		430,427	430,386
359,529	359,496	Total		444,377	444,336
		Borrowings included above comprise:			
0	0	Bank overdrafts		0	0
0	0	Finance leases		0	0
145,819	145,819	PFI contracts		131,779	131,779
145,819	145,819			131,779	131,779
		The carrying amount and fair value of the non-current borrowings are as follows			
		Carrying amount			
0	0	Finance leases		0	0
131,780	131,780	PFI contracts		124,334	124,334
131,780	131,780			124,334	124,334

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

12. TRADE AND OTHER PAYABLES (cont'd)

Consolidated 2020 Fair value £000	Board 2020 Fair Value £000
0	0
131,780	131,780
131,780	131,780

The carrying amount and fair value of the non-current borrowings are as follows

Fair value
Finance leases
PFI contracts

Consolidated 2021 Fair value £000	Board 2021 Fair value £000
0	0
124,334	124,334
124,334	124,334

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

2020 £000	2020 £000
359,529	359,496
0	0
0	0
359,529	359,496

The carrying amount of payables are denominated in the following currencies:

Pounds
Euros
US Dollars

2021 £000	2021 £000
444,377	444,336
0	0
0	0
444,377	444,336

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

13a. PROVISIONS – CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2021 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2020	11,916	74,251	80,852	312	167,331
Arising during the year	905	30,573	4,194	12	35,684
Utilised during the year	(811)	(3,719)	(4,281)	(95)	(8,906)
Unwinding of discount	16	(998)	0	(4)	(986)
Reversed unutilised	(499)	(45,159)	0	(200)	(45,858)
At 31 March 2021	11,527	54,948	80,765	25	147,265

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2021 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	819	5,953	20,145	25	26,942
Payable between 2 - 5 years	3,341	27,491	49,081	0	79,913
Payable between 6 - 10 years	3,443	0	4,175	0	7,618
Thereafter	3,924	21,504	7,364	0	32,792
At 31 March 2021	11,527	54,948	80,765	25	147,265

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

PROVISIONS – CONSOLIDATED AND BOARD (PRIOR YEAR)

	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 2019	11,460	77,852	70,485	671	160,468
Arising during the year	1,414	39,834	10,949	326	52,523
Utilised during the year	(853)	(9,954)	(582)	(139)	(11,528)
Unwinding of discount	24	(741)	0	(4)	(721)
Reversed unutilised	(129)	(32,740)	0	(542)	(33,411)
At 31 March 2020	11,916	74,251	80,852	312	167,331

	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	1,493	37,951	13,745	312	53,501
Payable between 2 - 5 years	3,422	36,300	48,512	0	88,234
Payable between 6 - 10 years	3,593	0	4,043	0	7,636
Thereafter	3,408	0	14,552	0	17,960
At 31 March 2020	11,916	74,251	80,852	312	167,331

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

13a. PROVISIONS CONTINUED

Pensions and similar obligations

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 (0.95%) (2019-20 0.5%) 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 legal Claims against NHS Board

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 101.22% for 1 year, 102.86% for 2 years, 104.94% for 3 years (2019-20 combined interest rate of 101.38% for 1 year, 102.88% for 2 years, 104.44% for 3 years).

Other (non-endowment)

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 101.22% for 1 year, 102.86% for 2 years and 104.94% for 3 years (2019-20 combined interest rates of 101.38% for 1 year, 102.88% for 2 years, 104.44% for 3 years).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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

2020 £000		Note	2021 £000
74,540	Provision recognising individual claims against the NHS Board as at 31 March		54,957
(78,113)	Associated CNORIS receivable at 31 March	<u>9</u>	(56,351)
80,852	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	<u>13a</u>	80,765
77,279	Net Total Provision relating to CNORIS at 31 March		79,371

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 NHS Scotland 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 2021

14. CONTINGENT LIABILITIES

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

2020		2021
£000	Nature	£000
<u>32,584</u>	Clinical and medical compensation payments	<u>42,660</u>
<u>32,584</u>	TOTAL CONTINGENT LIABILITIES	<u>42,660</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>32,056</u>	Clinical and medical compensation payments	<u>42,292</u>
<u>32,056</u>		<u>42,292</u>

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

16. COMMITMENTS

Capital Commitments

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

2020		Property, plant and equipment £000	2021 £000
£000			
	Contracted		
100	Laboratory Information Management System	80	80
0	Hairmyres Combined Heat and Power	100	100
0	Day Surgery Air Handling Unit Replacement	63	63
0	Hairmyres Vascular Surgery	400	400
100	Total	643	643
	Authorised but not Contracted		
862	Monklands Business Continuity	1,574	1,574
200	Ophthalmology Surgicube	0	0
2,847	Wishaw 24 Bed Unit	0	0
262	SACT	0	0
0	Continuous Batch Washer	900	900
0	Computer Aided Facilities Management	275	275
4,171	Total	2,749	2,749

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 2021

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:

2020 £000		2021 £000
	Land	
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	0
2	Later than five years	0
	Buildings	
1,563	Not later than one year	1,761
1,323	Later than one year, not later than 2 years	1,483
3,200	Later than two year, not later than five years	3,141
2,871	Later than five years	1,906
	Other	
2,354	Not later than one year	2,024
1,855	Later than one year, not later than 2 years	1,545
188	Later than two year, not later than five years	237
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
3,340	Hire of equipment (including vehicles)	2,892
2,707	Other operating leases	3,249
6,047	Total	6,141

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 2021

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 £69.847m. 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 £146.208m. 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 £4.111m. The hospital is provided under a contract between Lanarkshire Health Board and Stonehouse Hospitals Limited, with the service arrangements provided internally by Lanarkshire Health Board.

HUB Projects

The provision of three community Health Centres in East Kilbride, Kilsyth and Wishaw under the Scottish Future Trust Hubco leased model. These new facilities opened in 2015/16 and are provided by HUB South West Scotland under a 25-year contract. The Hubco provides the centres and is responsible for lifecycle and hard facilities management services which are delivered under a subcontract with Graham Facilities Management Ltd. The contract is managed under a performance regime with deduction applied to the payment for performance failures. The current estimated capital value of these facilities is £43.732m.

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

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 finance lease obligation. Contractual payments therefore comprise two elements, imputed finance lease charges and service charges. The imputer finance lease obligation as follows:

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FOR THE YEAR ENDED 31 MARCH 2021

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

2020 £000	Gross Minimum Lease Payments	Hairmyres £000	Wishaw £000	Stonehouse £000	Hub £000	2021 TOTAL £000
29,010	Rentals due within 1 year	0	16,865	434	3,663	20,962
20,962	Due within 1 to 2 years	0	17,314	434	3,663	21,411
65,788	Due within 2 to 5 years	0	55,170	1,303	10,989	67,462
136,102	Due after 5 years	0	58,261	3,474	51,282	113,017
251,862	Total	0	147,610	5,645	69,597	222,852

2020 £000	Less Interest Element	Hairmyres £000	Wishaw £000	Stonehouse £000	Hub £000	2021 TOTAL £000
(14,971)	Rentals due within 1 year	0	(10,412)	(317)	(2,788)	(13,517)
(13,517)	Due within 1 to 2 years	0	(9,693)	(305)	(2,721)	(12,719)
(35,189)	Due within 2 to 5 years	0	(23,352)	(826)	(7,705)	(31,883)
(42,366)	Due after 5 years	0	(10,802)	(1,208)	(20,944)	(32,954)
(106,043)	Total	0	(54,259)	(2,656)	(34,158)	(91,073)

2020 £000	Present value of minimum lease payments	Note	Hairmyres £000	Wishaw £000	Stonehouse £000	Hub £000	2021 TOTAL £000
14,039	Rentals due within 1 year	12	0	6,453	117	875	7,445
7,445	Due within 1 to 2 years	12	0	7,621	129	942	8,692
30,599	Due within 2 to 5 years	12	0	31,818	477	3,284	35,579
93,736	Due after 5 years	12	0	47,459	2,266	30,338	80,063
145,819	Total		0	93,351	2,989	35,439	131,779

2020 Total £000		2021 Total £000
16,237	Interest charges	14,972
33,117	Other charges	33,875
49,354	Total	48,847

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2020 £000		2021 £000
996	Contingent rents (included in Other Charges)	1,074

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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 2020-21 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.

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 £6,240 up to £50,000, 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.

	2021 £000	2020 £000
Pension cost charge for the year	84,444	77,209
Additional costs arising from early retirement	0	0
Provisions/liabilities/prepayments included in the Statement of Financial Position	11,527	11,916
Pension costs for the year for staff transferred from local authority	0	0

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

20. RETROSPECTIVE RESTATEMENTS

There were no exceptional items of prior year adjustments in the financial year.

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

21. RESTATED PRIMARY STATEMENTS

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

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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
	Note	£000	£000	£000	£000
AS AT 31 MARCH 2021					
Assets per balance sheet					
Investments	10	0	0	6,399	6,399
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	9,982	0	0	9,982
Cash and cash equivalents	11	4,374	0	0	4,374
		14,356	0	6,399	20,755
BOARD					
	Note	£000	£000	£000	£000
AS AT 31 MARCH 2021					
Assets per balance sheet					
Investments	10	0	0	1,151	1,151
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	9,899	0	0	9,899
Cash and cash equivalents	11	3,846	0	0	3,846
		13,745	0	1,151	14,896
CONSOLIDATED (Prior Year)					
	Note	£000	£000	£000	£000
At 31 March 2020					
Assets per balance sheet					
Investments	10	0	0	5,415	5,415
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	12,996	0	0	12,996
Cash and cash equivalents	11	9,141	0	0	9,141
		22,137	0	5,415	27,552
BOARD (Prior Year)					
	Note	£000	£000	£000	£000
At 31 March 2020					
Assets per balance sheet					
Investments	10	0	0	1,169	1,169
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	12,976	0	0	12,976
Cash and cash equivalents	11	8,611	0	0	8,611
		21,587	0	1,169	22,756

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

22. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

		Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
CONSOLIDATED				
AS AT 31 MARCH 2021				
Liabilities per balance sheet				
PFI Liabilities	12	0	131,779	131,779
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	266,674	266,674
		0	398,453	398,453
BOARD				
AS AT 31 MARCH 2021				
Liabilities per balance sheet				
PFI Liabilities	12	0	131,779	131,779
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	266,633	266,633
		0	398,412	398,412
CONSOLIDATED (Prior Year)				
At 31 March 2020				
Liabilities per balance sheet				
PFI Liabilities	12	0	145,819	145,819
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	163,362	163,362
		0	309,181	309,181
BOARD (Prior Year)				
At 31 March 2020				
Liabilities per balance sheet				
PFI Liabilities	12	0	145,819	145,819
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	163,329	163,329
		0	309,148	309,148

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

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 £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
AS AT 31 MARCH 2021				
PFI Liabilities	20,962	21,411	67,462	113,017
Total	20,962	21,411	67,462	113,017
	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
At 31 March 2020				
PFI Liabilities	29,010	20,962	65,788	136,102
Total	29,010	20,962	65,788	136,102

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.

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

23. DERIVATIVE FINANCIAL INSTRUMENTS (Consolidated and Board)

Lanarkshire Health Board has not entered into any such transactions.

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FOR THE YEAR ENDED 31 MARCH 2021

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 2020/21 the Board received payments from the IJB of £382,443,000 and made payments to the IJB of £407,747,000. There is an outstanding balance of £18,352,000 at the year end, being the Board's share of the IJB surplus.

South Lanarkshire Integration Joint Board (IJB) is a related party of NHS Lanarkshire. During the year the Board received payments from the IJB of £507,416,000 and made payments to the IJB of £538,751,000. There is an outstanding balance of £15,429,500 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 (GCU) is a related party of NHS Lanarkshire. Mrs Neena Mahal, Board Chair and Non-Executive Director, holds the position of Lay Governor on the Court of Glasgow Caledonian University (GCU). During 2020/21 the Board received payments from GCU of £30,163 and made payments to GCU of £155,997. There is a balance due from GCU of £3,636 and due to GCU of £675 at the year end.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

	2020	Gross Inflows	Gross Outflows	2021
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	678	301	(361)	618
Total Monetary Assets	678	301	(361)	618

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

26a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group			Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
2020 £000		Note	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000
	Total income and expenditure						
598,339	Staff costs	3	675,072	0	0	0	675,072
	Other operating expenditure	3					
199,215	Independent Primary Care Services		207,399	0	0	0	207,399
266,754	Drugs and medical supplies		272,892	0	0	0	272,892
1,332,825	Other health care expenditure		1,508,432	357	0	0	1,508,789
2,397,133	Gross expenditure for the year		2,663,795	357	0	0	2,664,152
(926,267)	Less: operating income	4	(977,128)	(1,412)	0	0	(978,540)
2,209	Associates and joint ventures accounted for on an equity basis		0	0	(15,429)	(18,352)	(33,781)
1,473,075	Net Expenditure		1,686,667	(1,055)	(15,429)	(18,352)	1,651,831

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 2021

26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

Consolidated 2020 £000		Note	Board 2021 £000	Endowment 2021 £000	Integration Joint Board South Lanarkshire 2021 £000	Integration Joint Board North Lanarkshire 2021 £000	Consolidated 2021 £000
	Non-current assets:						
550,999	Property, plant and equipment	SoFP	541,891	0	0	0	541,891
2,552	Intangible assets	SoFP	2,189	0	0	0	2,189
	Financial assets:						
5,415	Investments	SoFP	1,151	5,248	0	0	6,399
11,295	Investments in associates and joint ventures	SoFP	0	0	18,517	26,559	45,076
59,864	Trade and other receivables	SoFP	49,872	0	0	0	49,872
630,125	Total non-current assets		595,103	5,248	18,517	26,559	645,427
	Current Assets:						
8,103	Inventories	SoFP	7,618	0	0	0	7,618
0	Intangible assets	SoFP	0	0	0	0	0
	Financial assets:						
42,749	Trade and other receivables	SoFP	30,987	83	0	0	31,070
9,141	Cash and cash equivalents	SoFP	3,846	528	0	0	4,374
0	Investments	SoFP	0	0	0	0	0
0	Derivatives financial assets	SoFP	0	0	0	0	0
3,110	Assets classified as held for sale	SoFP	585	0	0	0	585
63,103	Total current assets		43,036	611	0	0	43,647
693,228	Total assets		638,139	5,859	18,517	26,559	689,074
	Current liabilities						
(53,501)	Provisions	SoFP	(26,942)	0	0	0	(26,942)
	Financial liabilities:						
(227,749)	Trade and other payables	SoFP	(320,002)	(41)	0	0	(320,043)
0	Derivatives financial liabilities	SoFP	0	0	0	0	0
(281,250)	Total current liabilities		(346,944)	(41)	0	0	(346,985)
411,978	Non-current assets plus / less net current assets/liabilities		291,195	5,818	18,517	26,559	342,089
	Non-current liabilities						
(113,830)	Provisions	SoFP	(120,323)	0	0	0	(120,323)
	Financial liabilities:						
(131,780)	Trade and other payables	SoFP	(124,334)	0	0	0	(124,334)
0	Liabilities in associates and joint ventures	SoFP	0	0	0	0	0
(245,610)	Total non-current liabilities		(244,657)	0	0	0	(244,657)
166,368	Assets less liabilities		46,538	5,818	18,517	26,559	97,432
	Taxpayers' Equity						
(35,929)	General fund	SoFP	(128,783)	0	0	0	(128,783)
186,239	Revaluation reserve	SoFP	175,321	0	0	0	175,321
0	Other reserves	SoFP	0	0	0	0	0
11,295	Other reserves - joint venture	SoFP	0	0	18,517	26,559	45,076
4,763	Funds Held on Trust	SoFP	0	5,818	0	0	5,818
166,368	Total taxpayers' equity		46,538	5,818	18,517	26,559	97,432

NHS LANARKSHIRE

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FOR THE YEAR ENDED 31 MARCH 2021

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

PRIOR YEAR		Board 2020 £000	Endowment 2020 £000	Integration Joint Board South Lanarkshire 2020 £000	Integration Joint Board North Lanarkshire 2020 £000	Consolidated 2020 £000
Non-current assets:						
Property, plant and equipment	SoFP	550,999	0	0	0	550,999
Intangible assets	SoFP	2,552	0	0	0	2,552
Financial assets:						
Investments	SoFP	1,169	4,246	0	0	5,415
Investments in associates and joint ventures		0	0	3,088	8,207	11,295
Trade and other receivables	SoFP	59,864	0	0	0	59,864
Total non-current assets		614,584	4,246	3,088	8,207	630,125
Current Assets:						
Inventories	SoFP	8,103	0	0	0	8,103
Intangible assets	SoFP	0	0	0	0	0
Financial assets:						
Trade and other receivables	SoFP	42,729	20	0	0	42,749
Cash and cash equivalents	SoFP	8,611	530	0	0	9,141
Investments	SoFP	0	0	0	0	0
Derivatives financial assets	SoFP	0	0	0	0	0
Assets classified as held for sale	SoFP	3,110	0	0	0	3,110
Total current assets		62,553	550	0	0	63,103
Total assets		677,137	4,796	3,088	8,207	693,228
Current liabilities						
Provisions	SoFP	(53,501)	0	0	0	(53,501)
Financial liabilities:						
Trade and other payables	SoFP	(227,716)	(33)	0	0	(227,749)
Derivatives financial liabilities	SoFP	0	0	0	0	0
Total current liabilities		(281,217)	(33)	0	0	(281,250)
Non-current assets plus / less net current assets/liabilities		395,920	4,763	3,088	8,207	411,978
Non-current liabilities						
Provisions	SoFP	(113,830)	0	0	0	(113,830)
Financial liabilities:						
Trade and other payables	SoFP	(131,780)	0	0	0	(131,780)
Liabilities in associates and joint ventures		0	0	0	0	0
Total non-current liabilities		(245,610)	0	0	0	(245,610)
Assets less liabilities		150,310	4,763	3,088	8,207	166,368
Taxpayers' Equity						
General fund	SoFP	(35,929)	0	0	0	(35,929)
Revaluation reserve	SoFP	186,239	0	0	0	186,239
Other reserves	SoFP	0	0	0	0	0
Other reserves - joint venture	SoFP	0	0	3,088	8,207	11,295
Funds Held on Trust	SoFP	0	4,763	0	0	4,763
Total taxpayers' equity		150,310	4,763	3,088	8,207	166,368

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26c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
2020 £000		2021 £000	2021 £000	2021 £000	2021 £000	2021 £000
	Cash flows from operating activities					
(1,473,075)	Net operating expenditure	(1,686,667)	1,055	15,429	18,352	(1,651,831)
29,343	Adjustments for non-cash transactions	26,248	0	(15,429)	(18,352)	(7,533)
15,516	Add back: interest payable recognised in net operating expenditure	13,986	0	0	0	13,986
(149)	Deduct: interest receivable recognised in net operating expenditure	(143)	0	0	0	(143)
0	Investment income	0	0	0	0	0
14,777	Movements in working capital	105,521	(55)	0	0	105,466
(1,413,588)	Net cash outflow from operating activities	(1,541,055)	1,000	0	0	(1,540,055)
	Cash flows from investing activities					
(17,836)	Purchase of property, plant and equipment	(25,406)	0	0	0	(25,406)
(833)	Purchase of intangible assets	(315)	0	0	0	(315)
639	Investment additions	0	(1,002)	0	0	(1,002)
0	Transfer of assets (to)/from other NHS bodies	360	0	0	0	360
3,435	Proceeds of disposal of property, plant and equipment	3,720	0	0	0	3,720
0	Proceeds of disposal of intangible assets	0	0	0	0	0
0	Receipts from sale of investments	0	0	0	0	0
149	Interest received	143	0	0	0	143
(14,446)	Net cash outflow from investing activities	(21,498)	(1,002)	0	0	(22,500)
	Cash flows from financing activities					
1,456,022	Funding	1,590,579	0	0	0	1,590,579
5,160	Movement in general fund working capital	(4,765)	0	0	0	(4,765)
1,461,182	Cash drawn down	1,585,814	0	0	0	1,585,814
(12,240)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(14,040)	0	0	0	(14,040)
721	Interest paid	986	0	0	0	986
(16,237)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(14,972)	0	0	0	(14,972)
1,433,426	Net Financing	1,557,788	0	0	0	1,557,788
5,392	Net Increase / (decrease) in cash and cash equivalents in the period	(4,765)	(2)	0	0	(4,767)
3,749	Cash and cash equivalents at the beginning of the period	8,611	530	0	0	9,141
9,141	Cash and cash equivalents at the end of the period	3,846	528	0	0	4,374
	Reconciliation of net cash flow to movement in net debt / cash					
5,392	Increase / (decrease) in cash in year	(4,765)	(2)	0	0	(4,767)
3,749	Net debt / cash at 1 April	8,611	530	0	0	9,141
9,141	Net debt / cash at 31 March	3,846	528	0	0	4,374

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

	Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
PRIOR YEAR	2020 £000	2020 £000	2020 £000	2020 £000	2020 £000
Cash flows from operating activities					
Net operating expenditure	(1,470,497)	(369)	(2,425)	216	(1,473,075)
Adjustments for non-cash transactions	27,134	0	2,425	(216)	29,343
Add back: interest payable recognised in net operating expenditure	15,516	0	0	0	15,516
Deduct: interest receivable recognised in net operating expenditure	(149)	0	0	0	(149)
Investment income	0	0	0	0	0
Movements in working capital	14,815	(38)	0	0	14,777
Net cash outflow from operating activities	(1,413,181)	(407)	0	0	(1,413,588)
Cash flows from investing activities					
Purchase of property, plant and equipment	(17,836)	0	0	0	(17,836)
Purchase of intangible assets	(833)	0	0	0	(833)
Investment additions	0	639	0	0	639
Transfer of assets to/(from) other NHS bodies	0	0	0	0	0
Proceeds of disposal of property, plant and equipment	3,435	0	0	0	3,435
Proceeds of disposal of intangible assets	0	0	0	0	0
Receipts from sale of investments	0	0	0	0	0
Interest received	149	0	0	0	149
Net cash outflow from investing activities	(15,085)	639	0	0	(14,446)
Cash flows from financing activities					
Funding	1,456,022	0	0	0	1,456,022
Movement in general fund working capital	5,160	0	0	0	5,160
Cash drawn down	1,461,182	0	0	0	1,461,182
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(12,240)	0	0	0	(12,240)
Interest paid	721	0	0	0	721
Interest element of finance leases and on-balance sheet PFI / PPP contracts	(16,237)	0	0	0	(16,237)
Net Financing	1,433,426	0	0	0	1,433,426
Net Increase / (decrease) in cash and cash equivalents in the period	5,160	232	0	0	5,392
Cash and cash equivalents at the beginning of the period	3,451	298	0	0	3,749
Cash and cash equivalents at the end of the period	8,611	530	0	0	9,141
Reconciliation of net cash flow to movement in net debt / cash					
Increase / (decrease) in cash in year	5,160	232	0	0	5,392
Net debt / cash at 1 April	3,451	298	0	0	3,749
Net debt / cash at 31 March	8,611	530	0	0	9,141

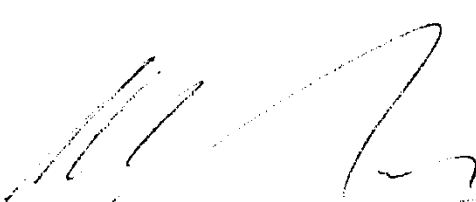
ACCOUNTS DIRECTION



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