



ANNUAL REPORT AND ACCOUNTS

FOR

THE YEAR ENDED 31 MARCH 2022

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

A.	PERFORMANCE REPORT	1 – 15
B.	ACCOUNTABILITY REPORT	
	Corporate Governance Report	
	Directors' Report	16 – 20
	Statement of Accountable Officer's Responsibilities	21
	Governance Statement	22 - 32
	Remuneration and Staff Report	33 - 42
	Parliamentary Accountability Report	43
	Independent Auditor's Report	44 – 47
C.	FINANCIAL STATEMENTS	
	Consolidated Statement of Comprehensive Net Expenditure	48
	Consolidated Statement of Financial Position	49
	Consolidated Statement of Cashflows	50
	Consolidated Statement of Changes in Taxpayers' Equity	51 – 52
NOTES TO THE ACCOUNTS		
NOTE 1	ACCOUNTING POLICIES	53 – 66
NOTE 2	MEMORANDA TO THE PRIMARY STATEMENTS	67 – 69
NOTE 3	OPERATING EXPENSES	70
NOTE 4	OPERATING INCOME	71
NOTE 5	SEGMENT INFORMATION	72
NOTE 6	INTANGIBLE ASSETS	73 - 76
NOTE 7	PROPERTY, PLANT AND EQUIPMENT	77 – 83
NOTE 8	INVENTORIES	84
NOTE 9	TRADE AND OTHER RECEIVABLES	85 – 86
NOTE 10	INVESTMENTS	87
NOTE 11	CASH AND CASH EQUIVALENTS	88
NOTE 12	TRADE AND OTHER PAYABLES	89 – 90
NOTE 13	PROVISIONS	91 – 94
NOTE 14	CONTINGENT LIABILITIES	95
NOTE 15	EVENTS AFTER THE END OF THE REPORTING YEAR	96
NOTE 16	COMMITMENTS	97
NOTE 17	COMMITMENTS UNDER LEASES	98
NOTE 18	COMMITMENTS UNDER PFI CONTRACTS – ON BALANCE SHEET	99 – 100
NOTE 19	PENSION COSTS	101 – 102
NOTE 20	RETROSPECTIVE RESTATEMENTS	102
NOTE 21	RESTATED PRIMARY STATEMENT	102
NOTE 22	FINANCIAL INSTRUMENTS	103 – 105
NOTE 23	DERIVATIVE FINANCIAL INSTRUMENTS	106
NOTE 24	RELATED PARTY TRANSACTIONS	107
NOTE 25	THIRD PARTY ASSETS	108
NOTE 26	CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE,	109 – 113
	ACCOUNTS DIRECTION	114 - 115

SECTION A: THE PERFORMANCE REPORT

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 NHS Lanarkshire

2021/22 was the second full year where the NHS operated on an emergency footing, responding to the global Covid-19 pandemic. This has had a profound impact on activity during the year.

Services which had been set up at pace in the early stages of the pandemic to save lives and minimise spread, were well established by 2021, though continued to evolve. Alongside regular testing in NHS and Social Care settings, a wide network of community testing centres was in place, promoting asymptomatic testing as well as testing people with symptoms. 214,188 cases were picked up in year through these routes. Test and Protect followed up on cases, tracing contacts and advising on isolation to prevent spread. In December 2020 NHS Lanarkshire vaccinated the first care home resident against Covid-19 setting off a huge programme that responded rapidly to evolving national advice. In 2021/22 1,123,031 doses were given as well as the normal flu vaccination programme expanding to take in the over 50's. As at 24 May 2022 90.5% of the over 40s had received at least 3 doses with 1,562,931 cumulative doses having been delivered. As new drugs became available to treat Covid-19, a new service was set up to make sure the most vulnerable people were identified and brought in to the treatment pathway.

Despite the more transmissible delta and omicron variants appearing in 2021/22 and the progressive lifting of physical restrictions, the protective measures above helped to reduce the incidence of serious illness with days spent in hospital within 28 days of a positive Covid-19 test dropping from 47,130 in 2020/21 to 33,870 this year with an even greater impact on ICU admissions. Daily numbers varied from a low of 5 on the 29th May 2021 to a high of 382 on 28th March 2022. With no period free from cases during the year, additional PPE, physical distancing, enhanced cleaning, regular testing and the need to keep separate pathways remained throughout, impacting on the time taken at each stage of a patient's journey. Staff absences due to having to isolate or being ill due to Covid-19 averaged at 2.3%, though peaked at 4.7% when Covid-19 cases were at their highest. Despite expanded use of bank staff and agency, internal redeployment, supernumerary recruitment of healthcare support workers and bringing in the newly qualified nurse intake 4 months early, being able to staff to the level of demand was a constant challenge.

There were 203,578 Emergency Department attendances in 2021/22, 21.4% up on the previous year. In March 2020 when the first case of Covid-19 was recorded in Scotland attendances at the ED's dropped sharply from prep-pandemic levels but have been climbing back to within 4 % of the 2018/19 level. Emergency admissions were a similar level to those in 2018/19 but with a longer length of stay there was pressure on hospital occupancy, exacerbated by periods where specific areas in the hospital had to be closed to control the spread of Covid-19. Waiting times within the EDs grew, with 70% of patients seen within 4 hours compared to 84.8% in 2019/20.

Social Care services faced similar issues maintaining staffing and at points were unable to admit to various care homes because of Covid-19 outbreaks. The number of bed days occupied by people who were clinically ready to leave hospital but whose discharge was delayed had dropped from 80,772 in 2019/20 to 46,743 in the first year of the pandemic. 57,853 bed days were lost to delayed discharge in 2021/22, climbing back throughout the year to nearer pre pandemic levels in the final quarter where Covid-19 levels were having a severe impact. There has been strong partnership working with the Integrated Joint Boards and Local Authorities who also provided invaluable support with community testing and premises for the vaccination programme.

The sustainability of GMS services was already a high-risk pre-pandemic and GP practices experienced periods of extreme strain over the year. High levels of staff absence due to Covid-19 meant between January and February 2022 GP services Lanarkshire wide had to move to urgent care only.

A combination of the impact of Covid-19 infection control measures, staffing shortages and growing demand meant waits for diagnostic tests have increased. At 31 December 2021 there were 20,695 people waiting, 85% more than at the end of February 2020 with 65.2% waiting more than 6 weeks compared to 8.6% at February 2020. Numbers waiting for outpatient appointments had also increased to 39,145 at 31 March 2022.

With pressure on beds and staffing the ability to see elective cases was hugely curtailed, although 4,916 more people were seen in 2021/22 than in the first year of the pandemic. A national clinical prioritisation tool is being used to ensure the most urgent patients are seen first.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

NHS Lanarkshire followed the guidance on minimising the spread of Covid-19 throughout while also being conscious that the longer the pandemic lasted the more the potential harm from delayed treatments grew. Mortality, as expected was higher during 2020/21. The Board's standardised Hospital Mortality rates remain within the expected ranges as shown on page 11.

More detail on each element can be found in the performance analysis section of this report.

Further waves of Covid-19 as immunity wanes or new variants appear is a real possibility and a permanent vaccination workforce is being established, expected to start a booster campaign in the autumn. Even if further disruption from Covid-19 is avoided, the scale of the recovery task is immense. A goal of NHS Lanarkshire's long-term healthcare strategy 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. The Scottish Government has targeted over £610m nationally in enhancing social care and multi-disciplinary working. Approximately £75m is expected for Lanarkshire with £4.67m for multi-disciplinary teams and £3.5m for additional healthcare support workers to flow through the NHS Board and the rest through the two councils. Both Integrated Joint Boards have approved proposals to boost social care in the community and to support people back to their own homes where possible after a hospital stay. Relieving the current unsustainable levels of pressure on unscheduled care and reducing the waiting times in the Emergency Departments will depend very much on joint working and successful outcomes from these investments.

Relieving the pressure from unscheduled care is also essential to be able to remobilise planned care. Local services are being gradually stepped up as physical distancing requirements are relaxed. The Scottish Government's plan is for an expanded network of elective centres and shared learning coordinated by the Centre for Sustainable Development hosted by the Golden Jubilee national waiting times unit. NHS Lanarkshire will build on this and any local learning from adaptations made during the pandemic. Remobilisation plans are being drawn up for submission to the Scottish Government in July 2022.

Workforce availability and finance will be real constraints with efficiency, workforce planning and development, employability initiatives and creative recruitment important themes. In everything it approaches the Board wants to do so through the lens of trying to reduce health inequalities which have been exacerbated during the pandemic. It aims to function as an anchor institution whose size and influence within the community can be a force for good working alongside both local authorities.

For staff the last 2 years have been almost without respite and whilst the Board has put in place various wellbeing supports, assisted by Scottish Government and NHS Charities together monies, the toll of working through this global event needs to be recognised. Our continued thanks go to our staff and primary care contractors for all they have done and continue to do. We recognise too the heavy impact on the public of extended waiting times and thank them for their continued patience. Remobilisation will be gradual and will not be easy but by working together and learning the most we can from any new approaches we hope eventually to rebuild more sustainably.

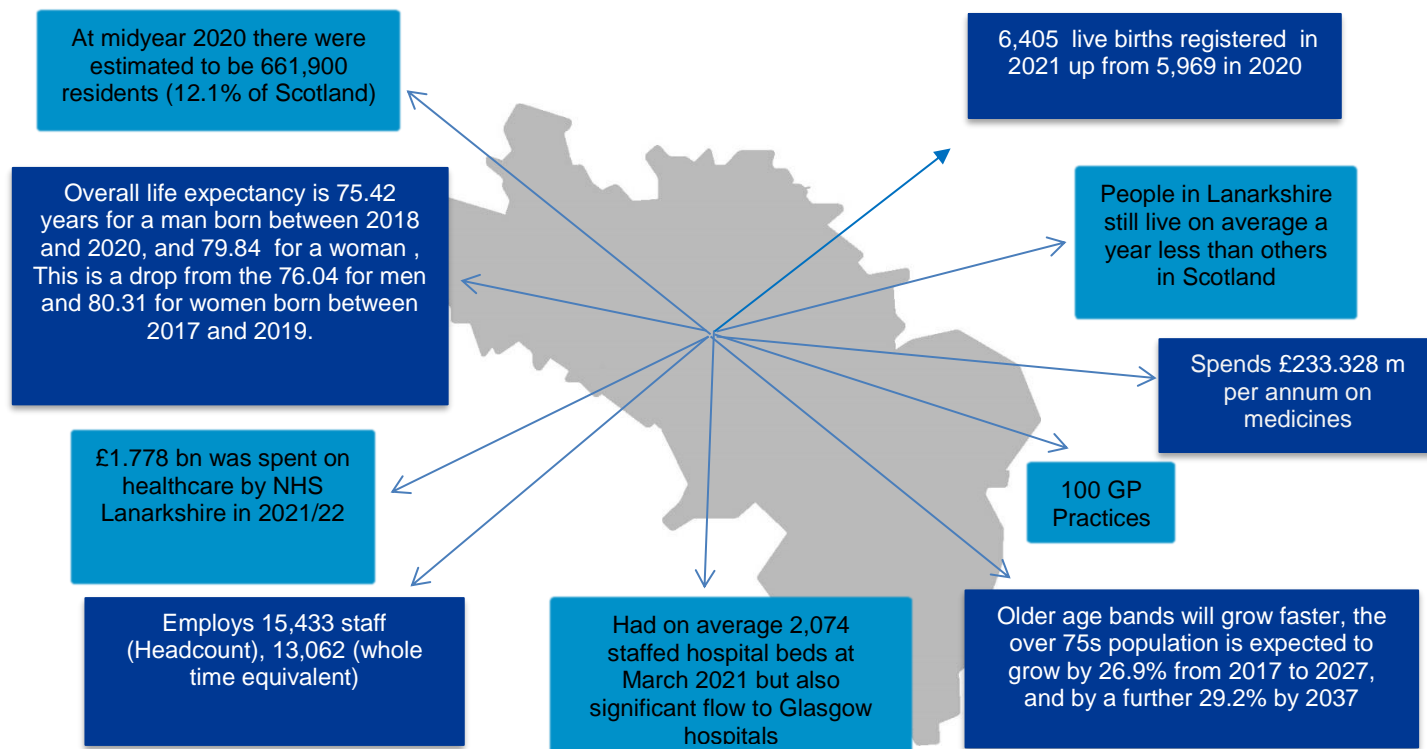
NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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. £351.567m was spent on these in 2021/22, including £136.565m 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. £453.836m was spent by the Acute Division in 2021/22 on staffing, supplies and drugs, with property costs being picked up centrally. The need to access specialist services, plus a high number of patients choosing to use hospitals they find geographically more convenient (predominately in Glasgow), means that NHS Lanarkshire has a high proportion of expenditure in out of area services. During 2021/22, NHS Lanarkshire spent £212.181m 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Some very high risks facing NHS Lanarkshire at the start of the year have been managed down. As the Board developed its response to Covid-19 and delivered a successful vaccination programme the earlier risks around the pandemic response and in particular that the Board could not sustain a workforce to meet the pace of roll out could be deescalated. The risk that the Board may be unable to breakeven in 2021/22 has been closed following certainty on Covid-19 support funding and successful financial management of the Board's other budgets. It has however been replaced with a very high risk that the Board could not achieve financial breakeven in 2022/23 as opening forecasts predict a gap between costs and income of over £38m and continued service pressures make it difficult to pursue efficiencies or savings programmes. The very high risk that the Board would not be able to recover performance during the year due to the significant pandemic impact on service delivery materialised and so was removed as a risk. The scale of the recovery effort needed however continues to grow and once new expectations are clarified with Boards the risk needs to be reassessed and reinstated as appropriate. Some very 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. A number of separate risks relating to delayed discharges and unscheduled care demand were coalesced into a single very high risk on the ability to maintain patient flow. The risk that NHS Lanarkshire, faced with increased demand and staffing shortages across various areas, would not be able to maintain the necessary safe workforce remains very high and is now supplemented by a risk around being able to maintain staff wellbeing across a fatigued workforce. The risk that the Child and Adolescent Mental Health Service cannot meet the increasing clinical demands due to a significantly high number of cumulative staff vacancies for both clinical and non-clinical posts and challenges recruiting to new posts identified through the national recovery and renewal fund is classed as very high though by May 2022 there were some hopeful signs that measures taken were near to turning this around. 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. The high numbers of occasions where data is needed or communicated and the complexity of applying interpreting means a very high background risk that NHSL is inadvertently non-compliant through human error; lack of understanding or ineffective practice and this is a regular focus of the Information Governance Committee. A new very high risk was introduced in year on the re-procurement of the Laboratory Managed Service contract due to the complexity of the process and the impact on other services if there was to be any disruption.

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](#) was considered by the Board in March 2022.

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).

During the pandemic the impact on normal services was so profound that the traditional performance measures were less relevant. The 2020/21 objectives (<https://www.nhslanarkshire.scot.nhs.uk/about-us/corp-strategy/>) were not revised until March 2022 when the Board approved interim [Corporate Objectives](#) for 2022/23.

Although an AOP was prepared and submitted in March 2020, Scottish Government never formally signed it off, replacing it with later requests for remobilisation plans. In the absence of a 2021/22 AOP and any new national performance targets from the Scottish Government, the Board or PPRC continued to review progress against the draft 2020/21 AOP targets and previous local standards, although its agenda was more focussed on the various strands of the Covid-19 response. The Board improved its presentation of the data, adopting run charts with information on statistical significant in line with good practice improvement methodology. Where available data was out of date or where measures had not been confirmed the indicator was not included in the suite reviewed regularly as it provided no current meaningful information. This applied to 5 of the previous 26 indicators including the GP access targets which even pre-pandemic were only reassessed every 2 years. The latest full published report, [AOP](#) covering quarter 3, 2021/22 was reviewed by the March 2022 Board. The 2021/22 quarter 4 position will be reviewed by the PPRC in June 2022. For consistency with previous years, the Board's performance against the traditional indicators is described in the following section. The activity figures in the performance analysis section give a more detailed picture of the scale of the recovery task facing NHS Lanarkshire.

2.2 Performance against Annual Operational Plan Indicators

NHS Lanarkshire is currently meeting or exceeding the target for 7 of the 21 AOP and previous LDP national targets (including financial targets) actively monitored during 2021/22. These are:

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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

At December 2021, NHS Lanarkshire was at **98.2%** (March 2021, 98.8%)
- ✓ **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 2021 NHS Lanarkshire early booking achievement ranged upwards from 90% across the five quintiles. (March 2020 upwards from 91.2%)
- ✓ **Eligible patients will commence IVF treatment within 12 months. The Locally Agreed Standard set is 90%.**

At March 2022, NHS Lanarkshire achieved 100% (March 2021, 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 **98.5%** at December 2021 (December 2020, 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). More recent data is still awaited.
- ✓ **Achieve smoking cessation target numbers for 2019/20: Target 902 twelve week quits from the 40% most deprived areas. (Locally Agreed Standard)**

943 successful twelve week quits were recorded in the year to March 2021. More recent data is awaited.
- ✓ **Financial Performance – see page 9**

There are 8 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 2021, NHS Lanarkshire achieved 88.1%. (March 2021, 90.9%)
- X **95% of patients to wait no more than 12 weeks for a first outpatient appointment. (AOP)**

At 31 March 2022 56.65% of people on the waiting list for outpatient treatment in NHS Lanarkshire had been waiting less than 12 weeks (31 March 2021 56.6%, 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 March 2022 85.5% of patients in Lanarkshire started their psychological therapy within 18 weeks of referral compared to (31 March 2021 74.7%)
- X **Sickness absence to be 4% or less. (Locally Agreed Standard)**

NHS Lanarkshire's sickness absence rate was 5.5% in March 2021, peaking at 8.07% in November 2021 and sitting at 6.6% in March 2022.

This excludes absences due to Covid-19 which averaged 2.2% over the year.
- X **No patient to wait more than six weeks for any of the eight key diagnostic tests and investigations. The AOP target is 95%.**

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

37.8% of patients waiting at the end of March 2022 had been waiting less than six weeks (March 2021, 60.1%)

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 2022, 51.04% had waited less than 12 weeks (March 2021 63.6%).

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 81.1% at March 2022 (55.3% at March 2021)

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

March 2022, 60.2% of people stayed less than 4 hours in A & E (March 2021, 82.8%)

There are 6 targets, including 3 new targets introduced in 2020/21 where either no specific end point was set by Scottish Government for 2021/22 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.

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 2021 NHS Lanarkshire sat at 21.4 (March 2021, 23.7). **(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 2021, NHS Lanarkshire sat at 16.6 (March 2021, 26.8) **(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 2021 this sat at 36.6 (March 2021 39.4) **(AOP)**

Three new targets were introduced in 2020/21. The trajectory for two of these has still to be confirmed. 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). The target is 1.8. Performance at September 2021 was 1.9, up from 1.56 at March 21.
- Use of intravenous antibiotics in secondary care defined as DDD/1000 population/day will be no higher in 2022 than it was in 2018. At June 21 the Board was at 85%.
- Use of WHO Access antibiotics (NHSE list) ≥60% of total antibiotic use in acute hospitals by 2022. At June 21 the Board was at 56.9%

The Board previously reviewed 6 key measures introduced to track performance under integration including 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. The routine focus during the pandemic switched to the more immediate operational measures of delayed discharges as well waiting times for AHP services.

Performance Analysis

The impact of trying to prevent the spread of Covid-19 and treating those who became seriously ill was deep and wide ranging. In 2021/22 NHS Lanarkshire, at 323.6 per 1000, had the highest number of confirmed positive

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

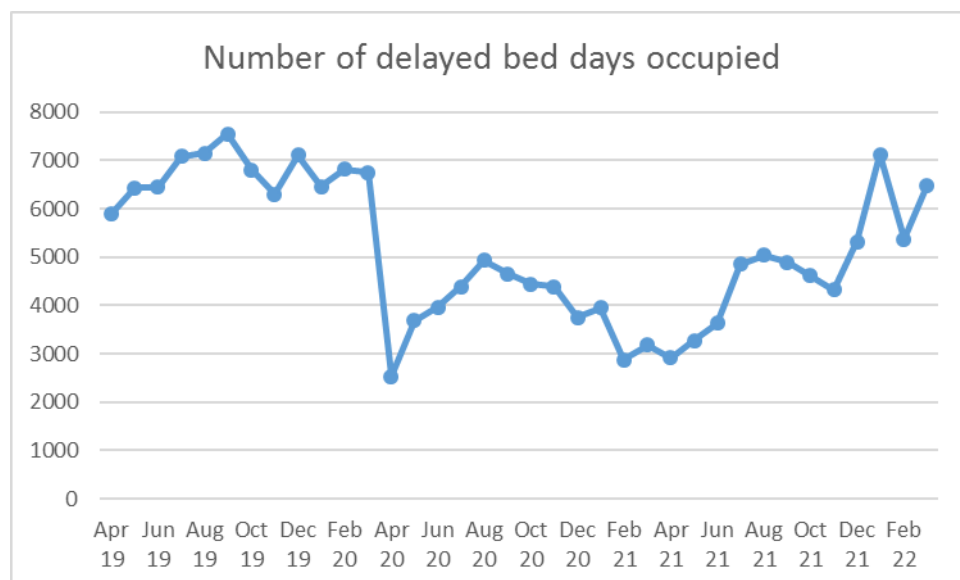
cases in Scotland though its hospitalisation rate at c 51 per 1000 had decreased from being the second highest in 2020/21 to the fifth highest in the current year.

The Board had expanded its workforce by 9.2%, the equivalent of 1,103.8 whole time staff since March 2020. Staffing and running costs of the vaccination programme alone were over £16.656m (with the cost of most premises and vaccines on top), with over 158 people employed in Test and Protect at its peak and other new services such as a flow navigation service and an anti-viral pathway established since 2019/20. There was supernumerary recruitment across many services, with the acute bringing in substantial additional numbers of healthcare support workers and opening access to agency staffing for unfilled shift in an unprecedented fashion. The spend on agency nursing within the acute rose from £3.524m in 2020/21 to £13.164m in 2021/22. Despite every feasible measure being enacted, the expansion was not enough to cope with the combination of new demands and staff absences due to sickness (which ranged between 5.46% and 8.07%) and the Covid-19 related absence (which ranged between 0.9% and 4.7%). Five additional areas, two of which were offsite, were set up to take additional patients but only 2 could ever be staffed and even then only intermittently. The Acute sites reassessed staffing levels shift by shift, juggling between areas to ensure minimum safe staffing.

With the same pressures in community and social care, the ability to support people out of hospital was also constrained. The Chief Officers of the Integrated Joint Boards were an integral part of the NHS Boards emergency command and control group and huge efforts have been made since the start of the pandemic across health and social care to streamline processes or mitigate capacity shortfalls due to care homes being closed to admissions or homecare staff being unavailable.

Where people are finished their episode of hospital care but are still waiting for support to be able to leave, most often social care, it is termed a delayed discharge. In 2019/20 on average 220 hospital beds every day across Lanarkshire were blocked to new admissions because of delayed discharges, giving a total of 80,772 lost bed days across the year. In 2019/20 on average 7.9% of total discharges from hospital were classed as delayed.

In April 2020 there was a dramatic change in hospital occupancy as people stayed away, fewer planned treatments were scheduled and there were intense efforts to transfer people safely from hospital in advance of the rising numbers of Covid-19 patients being admitted. In total there were 3,266 discharges from Lanarkshire hospitals in April 2020, compared to 6,359 in April 2019. With fewer discharges in total, there were fewer delayed discharges – at 8%, the percentage of discharges that were delayed remained consistent with the pre-pandemic proportion for the first 9 months of that year. From January 2021 however, the proportion of discharges classed as delayed began to drop. Even though discharges in the first 6 months of 2021/22 had climbed up to 89.8% of pre-pandemic levels, the number of those discharges that were subject to a delay sat at 51% of the previous level, with only 4.3% of discharge being subject to a delay compared to the 7.9% previously. The total number of bed days lost to delay in 2021/22 was 57,853 compared to 80,722 pre pandemic. Full data is not yet available, but as the graph below shows there has been a substantial increase in the final quarter of the year. During that period there was significant staff absence or care homes closed due to Covid-19, and the full impact of recruitment in social care had not yet been felt. It is hoped going in to summer 2022/23 that the substantial investment in social care announced by Scottish Government in the budget manages to reverse this.

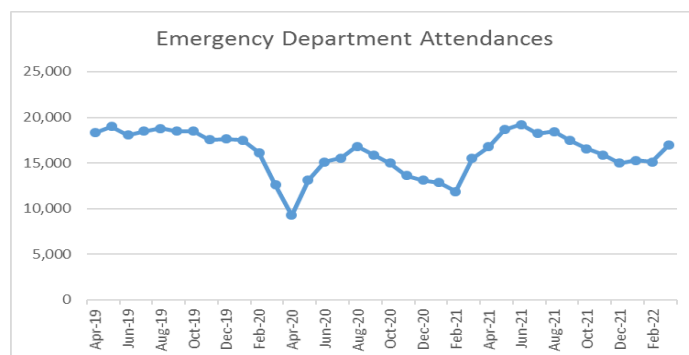


Emergency Department attendances in Lanarkshire, as shown in the table below, had been increasing steadily since 2015/16. 2019/20 was heading to be the highest year yet but when the Covid-19 reached the UK people stayed away and the numbers in March 2020 were only 69.7% of those in the previous March. As the graph

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

shows numbers have since climbed, briefly peaking above pre-pandemic levels in June 2021, falling back again then rising in the final quarter. Despite rising numbers, the Emergency Departments had managed to treat more patients within 4 hours each successive year up until 2019/20, when there was already a struggle to maintain this turnaround before the further constraints from operating in an environment with Covid-19 present. Since 2018/19 there has been both non-recurring and recurring investment in the Emergency Departments assessed as £4.240m in real terms with 70 additional WTE staff in 2021/22 than in 2018/19. Detailed work is underway to look at the best way to improve flow through the department and how to provide better pathways for people who don't need to be in an emergency department. A cross system unscheduled care board is meeting to oversee the improvements. The ability to maintain patient flow through the system is recognised as a very high risk to the Board.

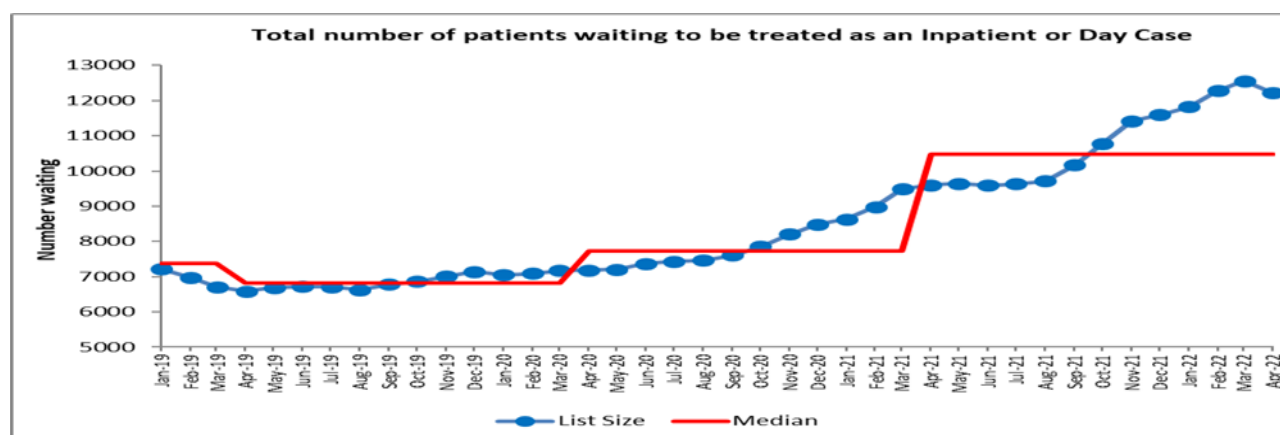


	Annual attendances	Seen within 4 hours	% seen within 4 hours
2021/22	203,578	142,518	70.0%
2020/21	167,709	145,739	86.9%
2019/20	211,083	179,112	84.9%
2018/19	211,257	191,715	90.7%
2017/18	205,648	188,328	91.6%
2016/17	198,621	183,693	92.5%
2015/16	191,524	176,850	92.3%

Although ED attendances in 2021/22 were 3% less than in the 2018/19, the resulting 67,680 emergency admissions were over 99.9% of those in 2018/19 suggesting those presenting were on average, sicker. Data on average length of stay for 2021/22 is still provisional and only available up to December 2021 but the early indication from the first 9 month's data is that, at 6.08 days, the average length of stay is higher than the 5.53 in the earlier period. That greater length of stay combined with beds being temporarily unavailable in wards closed due to Covid-19 has led to sustained periods of high hospital occupancy. This in turn has severely restricted the pace at which the elective care programme could be picked up.

In the 2019 calendar year, before any pandemic impact was felt, NHS Lanarkshire treated 27,072 inpatients and daycases. In 2020/21 this dropped to 7,709. In 2021/22 this increased by 63.8% to 12,625 still far short of the throughput needed to make inroads into the backlog which had risen from 7,020 at 31/3/20 to 12,456 at 31/3/22.

With lengthened waiting lists across Scotland since the start of the pandemic a national clinical prioritisation tool has been introduced to ensure those needing treatment most urgently are seen first. It can be found at <https://www.gov.scot/publications/supporting-elective-care-clinical-prioritisation-framework/>. It gives guidance on determining a patient's clinical urgency and sets out review stages to ensure each individual patient's case is assessed regularly to ensure the most appropriate care and support is provided. It has 4 bands of priority with priority 4 meaning a clinician has assessed the patient could safely wait more than 12 weeks. Using the tool 38% of patients on the waiting list for surgery at April 2022 have been categorised as Priority 4 which would give a provisional target of 62% being seen within 12 weeks. Covid-19 rates remained high in the hospital during the quarter to 31/3/22, contributing to a shortfall against this intermediate target with 51.04% of those seen waiting less than 12 weeks. 9066 people were waiting more than 12 weeks at 31/3/22. Clinical urgency remains the priority at all times with the focus on scheduling Priority 2 and 3 patients within the 12 weeks. By the end of April, the aim was to be running approximately 70 % of the pre Covid-19 elective theatres and every effort will be made to schedule Priority 4 patients with lengthy waits into available capacity. The graph below shows how the numbers waiting have grown over time, with the beginning of a turnaround in April 2022.



NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Cancer treatment continues to be given priority. The quarter 4 data shows that NHS Lanarkshire achieved the National Standard of 95% of all patients diagnosed with cancer will begin treatment within 31 days of decision to treat. However only 81.04% of cases met the 62-day standard from initial referral to treatment due to ongoing challenges within the diagnostic element of the pathways mainly due to scopes and radiology capacity to support the Breast one stop pathway.

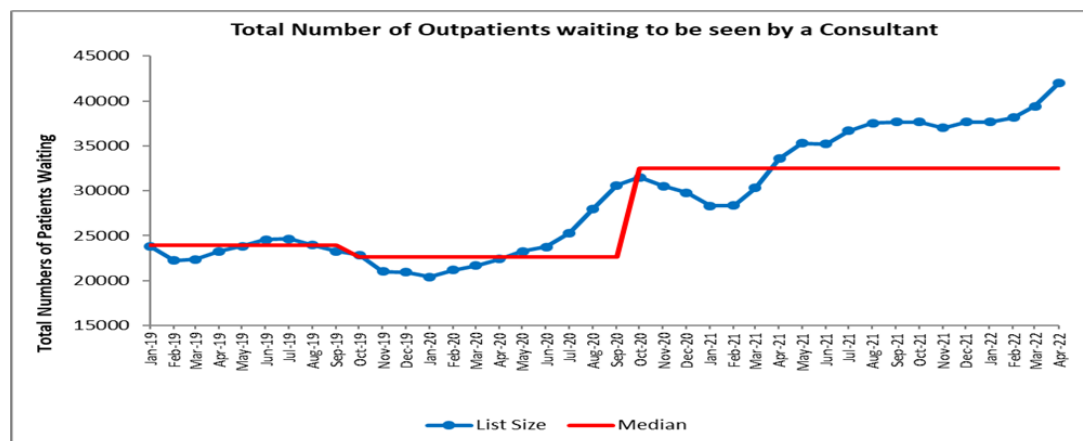
Restrictions in outpatient capacity with physical distancing and the emergency care demand mean the numbers being added to the inpatient and day case lists for surgery are lower than pre-pandemic. 24,865 were added to the list in 2019/20 compared to 10,195 in 2021/22. As outpatient activity expands, the pent up demand will increase the numbers needing inpatient or day case treatment.

Clinical teams continue to see urgent new outpatients through a variety of different care models (face to face and virtual). Routine activity is gradually being introduced following individual departmental risk assessments to reduce 2 metre physical distancing and the redeployment of clinical staff to acute areas. NHS Lanarkshire has recommenced outpatient activity with a range of external providers who will be undertaking face to face consultations. The focus will be to reduce the waiting times for routine patients, particularly those waiting over 52 weeks.

The following table shows how achievements up to March 2020 in increasing throughput and reducing numbers waiting were eroded from the start of the pandemic. In 2021/22 there was a 56.2% increase from the previous year in numbers seen. As more people who had been waiting longer were seen, the percentage seen within 84 days was diluted.

	16/17	17/18	18/19	19/20	20/21	21/22
Number seen	130,668	131,048	137,789	136,747	68,794	107,473
Seen within 12 weeks	102,754	96,247	112,910	118,353	46,835	70,907
% within 12 weeks	78.6%	73.4%	81.9%	86.5%	68.1%	66.0%
Nos waiting at year end	28,091	25,840	23,164	19,970	29,566	39,145

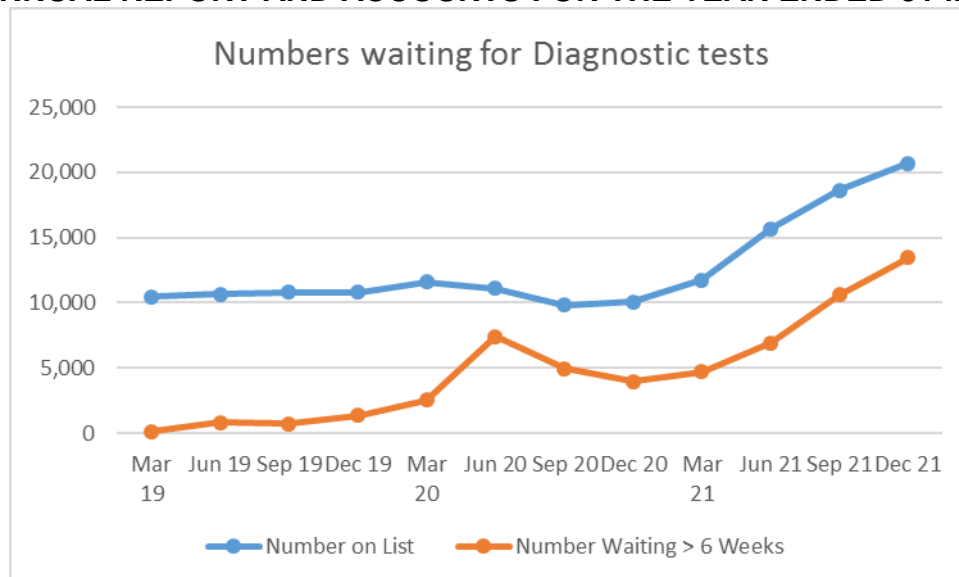
The graph below shows the trend in numbers of people waiting for outpatient appointments.



Waiting times for diagnostic tests have also been severely impacted by physical distancing requirements and workforce shortages. Waiting times for 8 key diagnostic tests and investigations, including imaging, endoscopies, colonoscopies and cystoscopies are monitored. The normal target is to ensure that 95% of the results of any test or investigation is available within 6 weeks of receiving the request. The graph below shows the sharp increase in numbers waiting over 6 weeks in the first quarter when pandemic restrictions came in and the steady growth up to December 2021 as demand continued to outstrip capacity.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

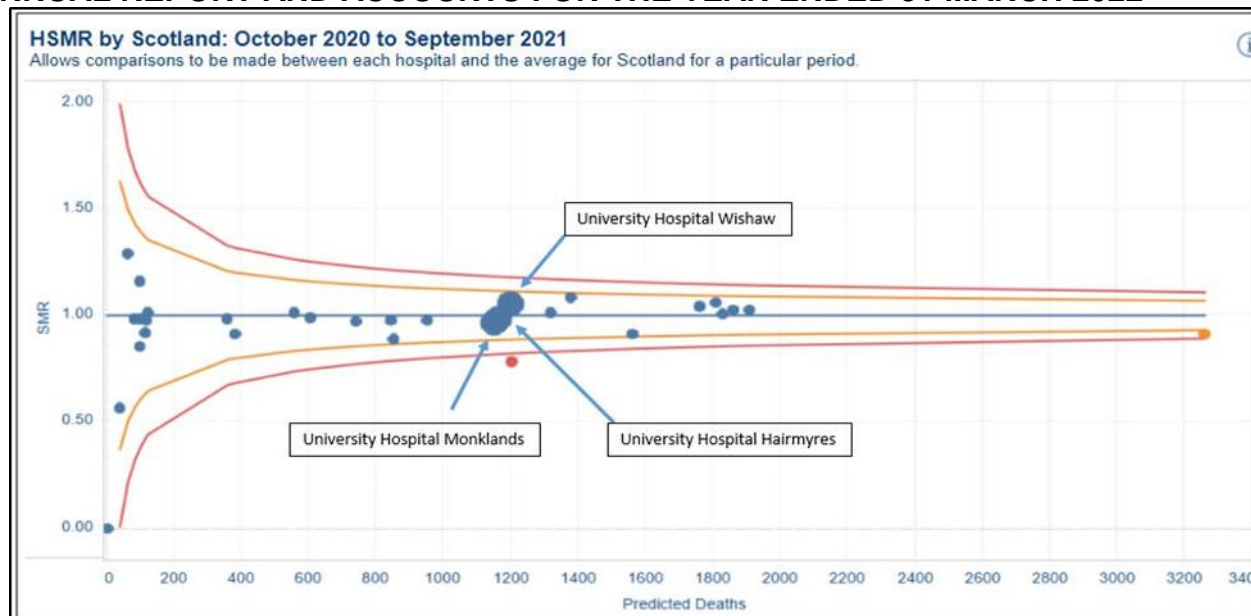


Radiology imaging remains under significant stress due to increasing demand for inpatient, outpatient and cancer examinations, particularly in MRI and subspecialty MRI examinations. Additional external and internal capacity is being sourced to address these waits. All aspects of endoscopy remain challenged due to staffing and accommodation constraints. Alternatives to endoscopy, for example cytosponge and colon capsule endoscopy are being introduced.

Outside the acute sector the waiting times to access child and adolescent mental health services remained a concern, with the ability to bring it down in the face of recruitment difficulties and high levels of urgent demand rated very high in the organisations risk register. There has been significant Scottish Government investment in this area. A new service model proven to have success elsewhere is being rolled out, there has been intensive extensive recruitment activity and over half of the projected 100 WTE new posts from the Recovery and Renewal Fund will be in place by the end of May 2022. New staff will support the roll out of the new model and other wider developments around the Neurodevelopmental Pathway, Out of Hours, Liaison and Intensive services. The latest published activity and performance statistics are shown in the following table.

	12 months to Dec 21	12 months to Dec 20	19/20	18/19
Waiting at start of period	1,204	972	1,164	894
Seen in 12 months	949	1,058	1,889	2,006
Still waiting at end of period	1,887	1,204	1,184	1,164
Added to list during 12 months	1,632	826	1,909	2,276
% seen within 18 weeks	64.3%	58.8%	57.01%	76.6%

The Hospital Standardised Mortality Ratio (HSMR) is calculated by comparing the number of actual deaths within 30 days of admission to hospital against the number of predicted deaths. This single quality indicator has been used by Health Improvement Scotland to reflect patient safety and use as a flag for engagement with Boards where there is an upward change in HSMR. The Patient Safety Programme set a national target of a 10% reduction between January 2014 and December 2018. NHS Lanarkshire achieved a reduction in HSMR of 25.9%. Since August 2019 an updated methodology has been used, charting each hospitals position on a funnel plot to show if it falls within expected range. The latest data, issued in February 2022, covers admissions from October 2020 to September 2021. The three NHS Lanarkshire hospitals are highlighted on the funnel plot as the three larger dots with labels, as below. All hospitals are shown to be within control limits for the current reporting period in comparison to the HSMR for Scotland (1.00).



Social Matters

NHS Lanarkshire is committed to contributing to a fair and just society. Its emerging healthcare strategy seeks to clearly position it as an anchor institution in Lanarkshire whose size and level of engagement with its partners allows it to make a positive impact to community wellbeing and inequalities. Its equality strategy commits to effective partnership working with communities to reduce inequalities, looking at areas such as homelessness, financial inclusion and poverty, and community resilience. It has been accredited as a Living wage employer and its procurement strategy, updated in June 2022, sets out its commitment to seeking community benefits and Fair Work employment, encouraging local businesses to bid for NHS contracts to stimulate the local economy. The Board aims to maximise its contribution to employability both for young people entering work and for older people who may wish to re-train as a consequence of job loss – or where current employment has difficulty in being sustained. In 2021/22, NHS Lanarkshire had 21 students on Project Search, supported 58 Modern Apprenticeships in a range of disciplines and had 5 Graduate Apprenticeships, with further cohorts planned for 2022 through the 15 students completed Kickstart. 18 students completed the Clinical Employability Programme with New College Lanarkshire and have secured posts on the staff bank, and a further 18 commenced in April 2022 Young Persons Guarantee. The Board hosted a successful Virtual Careers Fair with 356 participants with a number of online sessions to support school pupils e.g. UCAT prep, application/ interview process, mock interview. Over 100 volunteers have now been re-engaged to provide support to the Acute Sites in a range of roles e.g. ED, mealtimes, community mums, meet and greet and ward support.

The Board has issued guidance and made available learning for staff on spotting and responding to suspected human trafficking. Its code of conduct and fraud policy have strong anti-corruption, and anti-bribery provisions and its checks look to avoid engaging with any organisation with serious organised crime connections. Under the leadership of the Director of Public Health, NHS Lanarkshire fulfils its public sector duty under the PREVENT programme. PREVENT is part of the UK Counter Terrorism Programme. Its aim is to stop people from being drawn into violent extremist activity, by intervening before criminal activity has taken place.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

2021 Actual Outturn £'000		Limit as set by SGHSCD £'000	2021 Actual Outturn £'000	Variance (Deficit)/ Surplus £'000
1,561,008	Core Revenue Resource Limit	1,635,375	1,635,375	0
30,300	Non-core Revenue Resource Limit	29,425	29,425	0
1,591,308	Total	1,664,800	1,664,800	0
23,340	Core Capital Resource Limit	29,480	29,480	0
0	Non-core Capital Resource Limit	0	0	0
23,340	Total	29,480	29,480	0
1,585,814	Cash Requirement	1,670,537	1,670,537	0

MEMORANDUM FOR IN YEAR OUTTURN	£'000
Core Revenue Resource Variance (Deficit)/Surplus in 2021-22	0
Financial flexibility: funding banked with/(provided by) Scottish Government*	0
Underlying (Deficit)/Surplus against in year total Revenue Resource Limit	0

A one-year financial plan was submitted to Scottish Government by NHS Lanarkshire in March 2021. Due to the impact of the Covid-19 pandemic, the Scottish Government paused the three-year Annual Operating and financial planning process. Recognising the exceptional nature of 2021/22 and the impact on delivery of financial plans additional non repayable funding was provided to support in year financial balance across all NHS Boards. NHS Lanarkshire received £9m. This compensated for the difficulties in pursuing efficiency schemes during the pandemic which in other times would have been needed to balance the Board's budget.

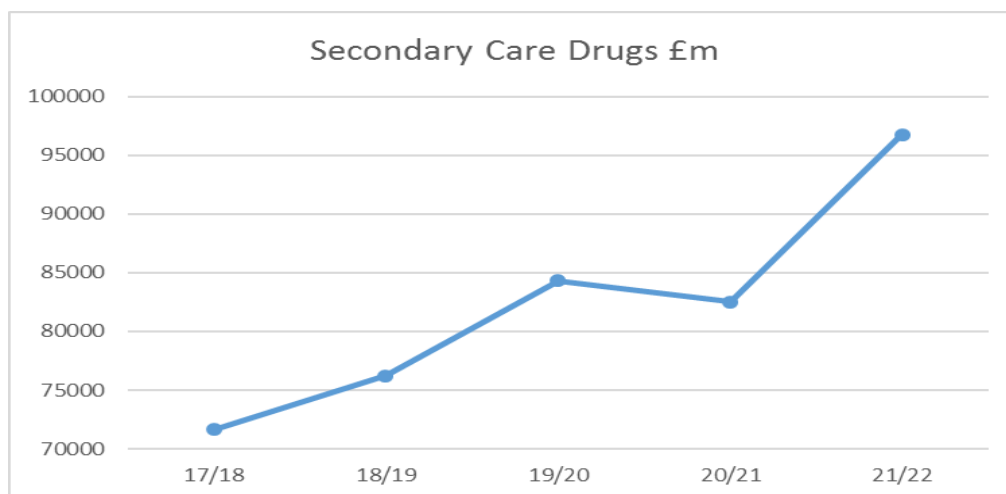
The core revenue limit provides funding for the day to day pay and supplies costs of running the health service. It has a base element which can be relied on to continue into following years and receive any uplift voted for Health Boards in the Scottish Budget. This sat at £1,285.937m in April 2021 (1.4% more than the April 2020 starting position). The remainder – which in 2021/22 amounted to £349.438m - 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 £19.006m (1.5%) uplift, of which £4.219m went to North Lanarkshire IJB and £2.910m 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). £20.316m was received to cover the excess costs of the one year pay deal for Agenda for Change and medical staff over the public sector pay policy though the estimated £2.794m tail from the previous years' pay deal remained a cost pressure.

The expenditure on drugs prescribed through the hospitals increased from £82.502m in 2020/21 to £96.723m. As the graph below shows there has been a steady upwards rise, driven by the expanded use of new high-cost drugs over the last 5 years (35.7% in total), interrupted by the first year of the pandemic but now accelerating. With the allocation uplift sitting at 1.5%, the 17.4% increase in expenditure in 2021/22 creates a £13.023m new cost pressure that in the longer term has to be met from savings in other areas. It is estimated that since 2014/15 the expenditure increase has outstripped the funding growth by £29.607m, and with the continued high growth forecast for 2022/23, this is a major contributor to the financial challenges facing the Board.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022



Other cost pressures facing the Board included expansion in the regional elective centres, moving Microsoft products on to the national cloud-based solution, an increase in the national risk pool for clinical negligence and other claims, rising energy and supplies costs.

The opening plan assumed that if all additional costs related to responding to Covid-19 were funded the Board would still face a recurring gap of circa £29m that needed to be filled by recurring efficiency savings. The financial sustainability programme was stood down in March 2020 to allow maximum focus on the Covid-19 response and given the sustained pressure on the system was not reactivated in 2021/22. An estimated £0.847m of savings were delivered recurrently though a slower pace than forecast for in some developments areas which means the underlying gap moving into 2022/23 is now assessed at £24.254m.

During 2021/22 the NHS Board received £149.365m of funding to support the additional costs of responding to the Covid-19 pandemic, £98.635m of which was passed to the IJBs. Of this, £28.670m was paid to the Local Authorities to cover social care sustainability payments and other additional social care costs, £5.089m used for community and mental health services and £64.876m remained in reserve at the year-end for future Covid-19 costs. The £50.730m amount retained by the Board matched in year expenditure and included the £9m of cover for efficiency schemes which could not be progressed, £16.656m for the vaccination programme, £8.156m for testing and tracing, £11.247m for additional staffing and beds and £4.987m on other costs associated with infection control, public health input or equipment. PPE and test kits were supplied free of charge to the Board during the year but at the year-end a funding adjustment of £5.697m, in addition to the figures quoted above was made to reflect the amount the Board had used.

In 2020/21, the first full year of the pandemic staff costs increased by £74.814m (12.6%) on the previous year. This included £7.191m for a one off £500 thank you payment. Whole-time equivalent staff rose by 783 (6.6%) largely as a result of successful mass recruitment for the different areas of the Covid-19 response though also reflecting a pre-planned investment of £2.999m through the primary care improvement fund to support sustainability of General Practices. In 2021/22 pay costs rose by a further £31.026m (4.6%) and whole-time equivalent staff numbers increased by 320.9 to 13,061.5. Taken together this means the 2021/22 staff numbers were 1,103.9 (9.2%) higher than in 2019/20 and the pay expenditure had increased by £105.840m (17.8%).

Expenditure on agency and locum staff increased by 52.7% to £26.328m with the increase coming mostly from acute nursing as the sites struggled to maintain safe staffing numbers in the face of high absence levels and high emergency workload. Staff absence due to sickness and Covid-19 (including the need to isolate) ranged from 7% in May 2021 to 11.49% in March 2022.

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 successive waves thereafter prevented additional measures to reduce the backlog. Although funding was available, the staffing and physical space was not and only £1.979m of additional Scottish Government funding could be used.

Any underspend against the budget delegated to the IJB's remains with the IJB, held in reserves for carry forward into future years. The total amount of in-year funding, much of it relating to specific commitments, transferred to reserves from the NHS allocations was £115.805m, including the £64.876m relating to Covid-19. Also included were accumulated balances on the Primary Care Improvement fund, additional funding for multi-disciplinary teams and healthcare support workers, money to expand mental health, alcohol and drugs and traumatic brain injury services.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

The Board completed a £30.013m capital programme. £5.621m (2021/22 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 University Hospital Monklands fit for continued use. £5.856m (2020/21, £3.858m) 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. £5.744m was spent on fees and other costs of progressing the Monklands replacement business case and £6.750m on procuring the new site. Work continued on the works needed to establish a new theatre with advanced imaging capabilities at University Hospital Hairmyres for the regional vascular service and work commenced to establish a base for the child and adolescent mental health service in South Lanarkshire and the Medical Education and Training department underwent a refurbishment that increased its capacity.

The amount of capital required to maintain business continuity on University Hospital Monklands along with the need to replace medical equipment, invest in Information Management & Technology 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 contingent liabilities requiring disclosure in 2021/22.

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 2021/22 average credit taken was 8.46 days (2020/21 – 9.87 days);
- In 2021/22 the board paid 93.39% by value (2020/21 – 93.43%) and 95.35% by volume within 30 days (2020/21 – 93.50%);
- In 2021/22 the board paid 82.79% by value (2020/21 – 84.28%) and 90.34% by volume within 10 days (2020/21 – 87.97%).

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 £233.210m.

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 £43.7733m.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net zero by 2045, five years in advance of the rest of the UK. In 2020, the Climate Change (Scotland) Amendment order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets.

All designated Major Players (of which NHS Lanarkshire is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually and superseding prior requirements for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018 - 2032 while national reports can be found at the following resource:

<https://sustainablesotlandnetwork.org/reports>

Events after the end of the reporting period

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

Header to Knox

Signed
Chief Executive

29 June 2022

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 2022.

1. Date of Issue

Financial statements were approved and authorised for issue by the Board on 29 June 2022.

2. Appointment of Auditors

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

3. Board Membership

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

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

Chair

Mr M Hill (from 1 January 2022)
Mrs N Mahal (to 31 December 2021)

Executive Directors

Mrs H Knox	Chief Executive
Mrs L Ace	Director of Finance
Mr E Docherty	Director for Nurses, Midwives and Allied Health Professionals
Dr J Burns	Medical Director
Prof S J Pravinkumar	Director of Public Health (from 1 December 2021)
Mr G Docherty	Director of Public Health (to 1 December 2021)

Non-Executive Directors Mrs L Macer, Miss M Morris (to 31 August 2021), Mr P Campbell (to 31 August 2021), Dr A Osborne (to 28 February 2022), Councillor P Kelly, Mrs M Lees, Councillor J McGuigan, Mr B Moore, Mrs L Thomson, Ms L McDonald, Mr A Boyle, Mr N Findlay (from 1 October 2021), Mr D Reid (from 1 October 2021), Mr J Muir (from 1 October 2021), Mr P Couser (from 1 February 2022), Mr N Dar (from 1 February 2022), Mr C Lee (from 1 February 2022), Ms S White (from 1 February 2022)

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 2022 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 2022

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 6 times in 2021/22.

Chair

Mrs L Thomson

Members

Mrs M Lees, Dr A Osborne (to 28 February 2022), Mr A Boyle, Ms L McDonald (to 15 December 2021), Miss M Morris (to 31 August 2021), Mr D Reid (from 15 December 2021)

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 4 occasions during 2021/22. 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 (to 31 August 2021), Dr A Osborne (to 28 February 2022), Councillor J McGuigan, Ms L McDonald, Mr J Muir (from 15 December 2021)

Staff Governance Committee

The Committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level. The Staff Governance Committee is an essential element of the Governance Framework and ensures compliance with the national Staff Governance Standard. The Committee met 4 times in 2021/22.

Chair

Mrs L Macer

Members

Mr B Moore, Mr P Campbell (to 31 August 2021), Miss M Morris (to 31 August 2021), Ms L McDonald, Mrs L Thomson (from 15 December 2021), Mr N Findlay (from 15 December 2021)

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 7 times in 2021/22.

Chair

Mr A Boyle (from 1 January 2022)

Mrs N Mahal (to 31 December 2021)

Members

Mr B Moore, Mrs L Macer, Miss M Morris (to 31 August 2021), Mr P Campbell (to 31 August 2021), Mrs L Thomson (from 15 December 2021), Mr M Hill (from 1 January 2022)

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 2021/22, no Reference Committee meetings were required to be convened by NHS Lanarkshire.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 met 4 times in 2021/22.

Chair	Ms L McDonald (from 1 March 2022) Dr A Osborne (to 28 February 2022)
Members	Ms L McDonald (to 28 February 2022), Councillor P Kelly, Miss M Morris (to 31 August 2021), Mrs L Thomson, Mr J Muir (from 15 December 2021)

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 Board decided to stand down all non-essential meetings, including the Committee, in April 2020, but reviewed this position in August 2021 and the Committee started to meet, with a Covid focused agenda, from September 2021.

The Committee met on 5 occasions.

Chair	Mr A Boyle (from 1 September 2021) Miss M Morris (to 31 August 2021)
Members	Mr P Campbell (to 31 August 2021), Mrs M Lees, Mr B Moore, Mr A Boyle, Councillor J McGuigan, Mr N Findlay (from 15 December 2021)

Monklands Replacement Oversight Board

The Monklands Replacement Oversight Board was established 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. However, in May 2021 the Board decided to delegate this oversight to the Planning, Performance and Resources Committee. In January 2022, the Board reviewed these arrangements and decided to establish a new Standing Committee of the Board, the Monklands Replacement Project Governance Committee, from 1 April 2022.

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 (to 31 August 2021) Ms L McDonald, Non-Executive Director, Lanarkshire NHS Board (from 15 December 2021)
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 (to 14 December 2021) Mr D Reid, Non-Executive Director, Lanarkshire NHS Board (from 15 December 2021)

North Lanarkshire Health and Social Care Partnership Joint Integration Board

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Chair	Councillor P Kelly, North Lanarkshire Council (from 1 March 2022) Dr A Osborne, Non-Executive Director, Lanarkshire NHS Board (to 28 February 2022)
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 (to 31 August 2021) Mr B Moore, Non-Executive Director, Lanarkshire NHS Board Mr P Campbell, Non-Executive Director, Lanarkshire NHS Board (to 31 August 2021) Mr N Findlay, Non-Executive Director, Lanarkshire NHS Board (from 15 December 2021) Mr A Boyle, Non-Executive Director, Lanarkshire NHS Board (from 15 December 2021)

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	Mr B Moore (from 15 December 2021), Miss M Morris (to 31 August 2021), Mrs L McDonald
Members	Mrs C Prentice, Mrs M Caraher, Mrs L Robertson, Mr C J Sargent, Mr J Woods

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 5 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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

Board Purpose

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.

Emergency Operating Arrangements

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, twice weekly by March 2022- 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 Clinical, Public health, Vaccinations or Logistics 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 7. This structure remained in place throughout 2021/22 with the national emergency status being removed on 30 April 2022 and the Board's Gold command group standing down on 5th of May 2022.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Board and Committee Meetings

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. 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 the April 2020 meeting the Board endorsed to Command and Control mechanism and agreed replacing PPRC with a focussed monthly Board meeting, further reviewing governance arrangements at intervals. Three governance committees covering staff, audit and clinical governance continued to meet as necessary with an enhanced focus on Covid-19. The May 2021 Board agreed to stand up all Governance Committees with agendas focussed on key issues and revert to bi-monthly meetings of the Board from June 2021, interspersed by PPRC. This was only partially achieved as a further Covid-19 wave appeared in September 2021 and the Population Health, Primary Care and Community Services Committee and the Acute Governance Committee meetings were delayed until later in the year. During 2021/22 all Board, Planning, Performance and Resources Committee (PPCR) and Governance committee meetings were held virtually. Monthly Board meetings were livestreamed from January 2021 onwards to ensure 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 January 2022 the Board agreed to the establishment of a Monklands Replacement Project Governance Committee as a sub-Committee of the Planning, Performance and Resources Committee, while recognising that the decision making rested ultimately with the NHS Board. The role of the Governance Committee, and the PPRC was to provide oversight and assurance during the period when the Outline Business Case was being developed in 2022. The OBC will be approved by the full NHS Board.

The Corporate Governance Blueprint Improvement Plan & Active Governance Action Plan update was presented to the June 2021 Board, the effectiveness of the governance arrangements were discussed in a Board session in November 2021 and a further update was presented to the Board meeting on [15 December 2021](#).

Healthcare Strategy

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, however, progress was limited as a result of service pressures associated with the global pandemic. The programme was revived in April 2021 when it was agreed that, rather than a "refresh", a new healthcare strategy would be written. The title of "Our Health Together - Living Our Best Lives in Lanarkshire." was agreed at a Board development event in June 21.

This strategy refresh retained the original aims of Achieving Excellence, namely:

- Modern fit for purpose NHS services, focused on prevention, reducing inequalities and access to care;
- Substantial & sustainable improvements in the delivery of safe services;
- Excellence in employment, staff engagement and partnership working;
- Greater integration of public services driven by partnerships and collaboration; and
- Best outcomes and value for money.

But expanded the core principles to include:

- NHS Lanarkshire will be an exemplar anchor institution in our own NHS care delivery work and in how we support and catalyse action with our local partners;
- NHS Lanarkshire will build upon the learning and collaboration that has been reinforced by the pandemic to ensure that we have a resilient healthcare system for the future; and
- NHS Lanarkshire will see addressing inequalities and promoting wellbeing as core ways of working both in service delivery and in partnership working.

A Strategic Delivery Team, drawing members from Health, the Health and Social care partnerships, the Local authority and the third sector will provide a whole-system approach to developing the new strategy. Individual workstreams have been defined and membership assigned. Progress will be reported through the Board and PPRC.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

An early draft of “Our Health Together” will be developed by late Autumn 2022, with a finalised plan available by the end of 2022.

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 2021/22 and its strategic commissioning plan to cover the period 2022 to 2025 can be found at

https://www.southlanarkshire.gov.uk/directory_record/629761/strategic_commissioning_plan_2022_-_2025

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

Normally the Board’s strategy and objectives are published at the start of the year in the Annual Operational Plan (AOP). During 2021/22 the national and local priority became the response to the COVID-19 pandemic and the normal AOP process was suspended and replaced with remobilisation plans. The unpredictable nature of the pandemic meant there were multiple iterations of the plan – with the latest version RMP4 [AOP](#) – approved by the Board on 15 December 2021.

Performance Management and Assurance Arrangements

The Board normally maintains an overview of performance through reports against AOP targets with the PPRC or Board considering a wider range of indicators. In the absence of a 2021/22 AOP and any new national performance targets from the Scottish Government, the Board continued to review progress against the draft 2020/21 AOP targets. The latest full published report [AOP](#), covering quarter 3, 2021/22 was reviewed by the March 2022 Board. The 2021/22 quarter 4 position will be reviewed by the PPRC in June 2022.

The Board also received reports throughout the year 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 identify the critical areas of business that must be delivered on time and to standard during the forthcoming year and cascade down through divisional, team and personal objectives. These were paused in March 2021 to reflect on the pressures facing local systems. As the 2021/22 Corporate Objectives were not finalised no mid-year or year-end progress reports could be prepared. Interim Corporate Objectives for 2022/23 were approved at the March 2022 meeting of the Board. and can be found at [corporate objectives](#).

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 Board established a new Governance Committee in the year 2021/22, the Monklands Replacement Project Governance Committee and the Board approved their Terms of Reference in January 2022.

The terms of reference of all governance committees were reviewed in year and changes incorporated in the updated of the code of corporate governance approved by the Board in [May 2022](#). Information on the membership of these committees is set out in the Accountability report.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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. The [annual reports](#) were submitted to the Board in May 2022 and considered by the Audit Committee in June 2022 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 2022 the Board reviewed, updated and approved its Scheme of Delegation and its Standing Financial Instructions ([SFIs & 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 and this continued throughout 2021/22. The normal reporting to CMT was temporarily suspended, resurrected on 17 May 2021 with reports covering April to August and then stood down again between September 2021 and 1 April 2022 when monthly reports to the CMT were reinstated.

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

The Network and Information Systems Directive (NIS) focuses on the availability of crucial network and information systems in order to protect the UK's critical infrastructure and thereby ensure service continuity. NIS requirements are much wider than the Cyber Essentials accreditation the Board obtained in 2018 (and expired 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 its newly established Cyber Security sub group. 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 arising from that was followed up by an on-site audit in October 2021. The report from this was issued in January 2022 and showed significant improvement in overall compliance to 68% from 52%, and risk exposure reduced to a very low 1% from 16%. Based on this report, the action plan for NIS has been updated. An on-going programme work is defined for 2022/23 and is co-ordinated through a NIS Programme Board which meets on a monthly basis. The next NIS audit is scheduled for 04/10/22 and following this assessment the Board will determine the governance arrangements and activities required to complete the NIS Programme and transition to Business as Usual.

NHS Lanarkshire has a Fraud Policy and Response Plan, and a designated Fraud Liaison Officer (FLO) operating in accordance with issued guidance and standards. The Fraud Liaison Officer reports through the Director of Finance to the Audit Committee and has direct access to the Chief Executive. 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 Board's fraud policy was reviewed in 2020 and an updated version taken to the June 2020 Audit Committee. A structured review of the fraud risk register was undertaken in 2020 and reviewed by the audit committee in September 2020. In September 2021 the audit committee was updated on CFS's intention to adapt UK Fraud Standards which will be taken forwards in partnership with Boards from April 2022 in a phased approach. 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 and investigations completed by February 2022. Audit Scotland review the Board's approach and confirm its adequacy.

It was recognised that the pandemic was likely to lead to an increase in fraudulent activity. CFS produced a rolling Covid-19 Intelligence Alert which staff were signposted to in the regular staff briefing. Where this highlights risks relevant to NHS Lanarkshire, further targeted communication or proactive assurance work is undertaken. This is supplemented by the online e-learning module and advertising any relevant virtual roadshows run by CFS. The Audit Committee receives quarterly updates on reactive and proactive work.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

It is important that staff feel it is safe and acceptable to raise concerns and have routes to do so. 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. They are supported by a network of confidential contacts. NHS Lanarkshire replaced its own internal policy with the new Whistleblowing Standards on 1st April 2021. The Board reviewed activity and actions taken in the first 3 quarters of the year at its meeting of [30 March 2022](#).

Stakeholder Engagement

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, North Lanarkshire community boards, carers groups and the third sector. Meetings of these groups have been disrupted during the Covid-19 pandemic. However, where possible, engagement has continued through online meetings on topics including the Covid-19 vaccination programme. 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. The Public Reference Forum usually meets quarterly which provides an opportunity for open discussion on subjects of public interest in relation to health and social care in Lanarkshire. During 2021/22 the Forum was unable to meet as the group members were not able to accommodate online meetings and were unable to attend face to face meetings due to pandemic restrictions. For 2022/23 arrangements have been put in place to accommodate online meetings for the Forum members. The outputs from the Public Reference Forum are reported to the Person Centred Care Group which is a sub-group of Healthcare Quality Assurance and Improvement Committee (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](#).

NHS Lanarkshire's approach to stakeholder engagement is in line with the [Scottish Government's Planning with People - Community Engagement and Participation](#) guidance for NHS Boards, Integration Joint Boards and Local Authorities that are planning and commissioning care services in Scotland.

NHS Lanarkshire works closely with Healthcare Improvement Scotland – Community Engagement including regular meetings to discuss the Board's approach to service change engagement.

During 2021/22 NHS Lanarkshire engaged with stakeholders on the preferred option to relocate (planned) inpatient orthopaedic surgery to the new University Hospital Monklands when it opens around 2028. Extensive engagement, including 400 responses to a survey, was carried out with stakeholders. Feedback from this was captured in an engagement report and considered by the NHS Lanarkshire Board at its meeting on 20 December 2021. HIS-CE advised that the engagement process satisfied the requirements of the Planning with People guidance.

Stakeholder engagement on the new Monklands hospital has continued through a number of other routes. This has included meetings of the Monklands Engagement Forum which includes public stakeholder representatives. Public stakeholders have also been involved in the hospital design workshops. During the final quarter of 2021/22 a pre-application planning consultation was undertaken as part of the process to develop the new hospital. This included a range of opportunities for stakeholders to provide feedback. In line with current Scottish Government guidance due to the pandemic, the pre-application consultation was carried out as an online exercise.

Early engagement work took place during 2021/22 towards developing a new Lanarkshire healthcare strategy – Our Health Together. This included engagement events with planning partners, the third sector and staff. A set of co-production principles were developed to guide future engagement work on the strategy which will be taken forward during 2022/23.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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. In 2021/22, the development of staff networks has continued with the Ethnic Minority Employee Network (EMEN) meeting quarterly throughout the year, developing an action plan and issuing regular newsletters. Following an employee survey, the first LGBT+ network was held in February 2022 and is now planned to continue quarterly through 2022/23. An on-line forum is also planned to discuss the direction of an employee disability network.

The Board Annual Report on Feedback, Comments, Concerns and Complaints for 2020/21 was considered in draft by the Board's clinical governance committee (HQAIC) in September 2021. 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. HQAIC received regular updates on Scottish Public Sector Ombudsman rulings including an annual overview report which was considered at the July 2021 meeting.

Board Learning

Development needs for Non-Executive directors are initially identified through national and local induction arrangements. Thereafter these are highlighted in discussion with the Chair informally through the course of the year and as part of the annual appraisal. Similarly, development needs for Executive directors are identified initially through local induction arrangements and thereafter through the individual performance management process (with

mid-year and annual review) where needs are identified in discussion with the Chief Executive and form part of each individual's Personal Development Plan. The performance of senior managers is reviewed independently by a remuneration committee composed of Non-Executive directors.

In addition, whole Board development needs can arise for a number of reasons, for example, in response to new policies, working arrangements or changes to legislation. During 2021/22, 11 briefing or discussion events were organised to meet Non-Executive and wider Board needs, supplementing weekly electronic updates and monthly Board meetings. 2 full day Board Development Sessions were held, the first in November 2021 and second in March 2022.

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 2022, 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. Enhancements continue to be made every year with recent improvements including; changes to the coding on Datix to ensure the correct categories are chosen, the introduction of Never Events to ensure safe systems are in place, a training module on investigation report writing and improvements in the learning bulletin which also now includes learning from complaints. In April 2021 a new 'actions' module was introduced to Datix to enable easy tracking and monitoring of any recommended action from adverse events. There have been improvements in the time taken to complete reviews and the quality of the reviews is also improving.

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 2021/22 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

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 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 as many times a week as was required from March 2020 until 5 May 2022 with only a brief period between 1 June and 14 September 2020 when it was deescalated and management of the incident reverted to usual business channels.

A Board session to learn from the pandemic event to date took place in June 2021.

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 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 extension of the Nurse Directors duties into professional oversight of care homes continued 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 2022 were to be retained in reserves to meet additional expenditure due to Covid-19 in 2022/23.

The NHS Board was fully funded by SG in 2021/22 for the additional capital and revenue costs it incurred in responding to the Covid-19 pandemic. This included £9m of financial support to make up for a shortfall in efficiency savings that could not be achieved due to the focus on the pandemic response.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

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 February 2022 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 2021/22 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 2021/22, 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 2022/23.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 [January 2021 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 normally reviewed annually, although some disruption to the schedule has been experienced this year. 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 2021/22 report was reviewed by the Audit Committee in June 2022 and considered at the Board meeting in June 2022. 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 2022.

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, 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 operational 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 2021/22 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 has continued throughout 2021/22. 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, continuing into mid-2021. During this interim period, risks that had the PPRC or PHPC&CSGC identified as the assurance committee remained the responsibility of the Board. The Board received reports on the risks that would normally have been overseen by PPRC and the PHPC&CSGC groups on a bi-monthly basis until the governance/risk reporting arrangements resumed from 1st July 2021. The Board maintained this oversight until its meeting in June 2021.

Corporate Risk Profile

Twenty one (21) live corporate risks were reported to the NHS Board on 30th [March 2022](#). The profile is shown in the heat map below. This compares to 37 live corporate risks at the end of March 2021 reflecting the change moving out of the critical Omicron surge during the pandemic. There are 8 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. During the surge periods of the pandemic the majority of high and very high graded risks had increased tolerance levels that have since been reviewed and reduced.

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Corporate Risk Heatmap

			IMPACT				
			Negligible	Minor	Moderate	Major	Extreme
		Score	1	2	3	4	5
LIKELIHOOD	Almost Certain	5					1
	Likely	4			6	6	1
	Possible	3				6	
	Unlikely	2				1	
	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. Practical measures to reduce the pressure on GP practices includes the implementation of the Primary Care Improvement Plan (additional pharmacists and advanced nurse practitioners, the transition of responsibility of vaccinations to Health Board staff, and a gradual rolling programme to transfer the property responsibility to the NHS board where GPs feel it the property burden is affecting the practice's attractiveness). However available additional workforce remains a challenge. A GP recruitment and retention group has been established and learning from experiences of working with struggling practices is being built up. Implementation of the national contract supporting this was slowed during the pandemic but has progressed on a number of fronts. The corporate risk register reflects an immediate risk specific to the ability to maintain existing GM Services across NHS Lanarkshire since placed on an emergency footing. GP practices maximised their use of Video and Telephone consultations to safely provide support to patients. To provide a separate pathway for suspected Covid-19 cases, community assessment centres were established early in 2020/21 but became increasingly difficult to staff and in September 2021 it was judged better to redeploy the advanced nurse practitioners involved to directly support GP practices and any remaining GP shifts to help triage patients at a central flow navigation centre. The Scottish Government had published a framework [PCA\(M\)2002/2](#), whereby practices experiencing staffing difficulties could be formally recognised as only being able to provide a reduced bundle of services, designed to ensure the highest priority care for all was protected and these measures had to be invoked Lanarkshire wide on 10 January 2022 with practices being returned to level 1 on 16 February 2022. Level 1 does not equate with pre pandemic services

The Primary Care Out of Hours service has remained very fragile with the inability to cover every clinical session to sustain the two-site model, with significant periods of closure of the Airdrie site. The risk level was raised to very high and this has continued throughout 2021/22. Active daily management has been required, with business continuity plans being invoked with planned redirection to A&E, improved triaging jointly with NHS 24, plans for further recruitment to the multi-disciplinary team - of salaried GP's and increased numbers of advanced Nurse practitioners supported by continuous communication & engagement.

There are two related very high risks relating to ensuring the workforce is at safe levels and that staff resilience and wellbeing is maintained during the high levels of service pressure experienced. sustaining the workforce. A range of health and wellbeing staff initiatives had been put in place, however, in aiming to suppress the virus, the staff sickness/absence was extremely high. NHS Lanarkshire introduced a 'never service/function' protocol that ensured critical services across the whole system were protected with staff deployment prioritised to these areas. Enhanced recruitment efforts operating continuously throughout the year, bringing in qualified nurses early, recruiting additional health care support workers, accepting increased agency usage and latterly looking at international recruitment.

From October 2021 NHS Lanarkshire experienced severe pressure on acute beds, a problem that reflected difficulties across the whole health and social care system in maintaining patient flow in the face of Covid-19 outbreaks and pent up demand. Previous separate risks on delayed discharge in hospital occupancy were consolidated into a very high risk on maintaining whole patient flow. NHS Lanarkshire provided support to care homes through liaison service, including infection control/ outbreak advice & support and risk assessment for onward movement of patients. Recruitment for social care staff ran continuously. Hospital site teams met regularly throughout the day to optimise the deployment of staff and bed availability. A limited number of surge beds were able to be opened on two sites though staff availability was the key constraint. Gold Command oversaw the current status and actions. 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 were extensive communication releases, especially highlighting available emergency services and access to alternative services such as community pharmacy to minimise disease progression. Workstreams were set up to look at ways to smooth the process and ensure discharge without delay and to boost the input to help people to get home. On 4 May 2022 the risk was de-escalated from its national "black" status to the next level ("red").

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

The ability to recruit and retain, despite the availability of additional funding from Scottish Government, has meant the risk to the delivery of the Child and Adolescent Mental Health (Camhs) service has been rated very high. As well as continued recruitment efforts there is prioritisation of referrals, active review of skill mix to match the complexity of cases and adoption of online interactions where appropriate. A new model, found to be successful in another health board areas is being adopted.

Although the risk of achieving breakeven in 2021/22 was assessed as very high, the Board worked closely with the Scottish Government Health and Social Care Department to predict the level of additional financial support for the Covid-19 impact and agree the pace at which efficiency savings could be delivered whilst still recovering from the pandemic. Additional costs were fully funded including £9m to reflect efficiency savings that could not be achieved. This, combined with achieving £8m of efficiency and areas where cost growth was slower than predicted due to the continued impact of the pandemic, allowed the Board to break even and the risk to be closed. The way this was achieved however was largely non-recurring and 2022/23 starts with an estimated £22.254m gap which is forecast to grow to over £31m because of high inflation and new drugs, with national, regional and local developments taking the gap to over £38m. With very little identified by way of efficiency savings in 2022/23 at this stage the risk of achieving breakeven at 31 March 2023 has been ranked as very high.

The 8th risk graded very high, because of its scale and complexity, relates to a specific project to re-procure the Laboratory managed service which has reached the end of its contract term. A programme Board is in place with progress being monitored regularly through the Audit Committee, PPRC and the Acute Governance Committee.

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 of not getting back to normal waiting times performance fully materialised. The new performance framework for 22/23 will be subject to risk assessment. To reduce harm, processes are in place to protect critical services (never services) and for regularly reviewing the waiting lists through 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. The next version of the Remobilisation plans is due for submission to Scottish Government in July 2022.

Conclusion

During the whole of 2021/22 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 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2022 (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: Mrs H Knox	145 - 150	-	-	145 - 150	80	225 - 230
Director of Finance: Mrs L Ace	125 - 130	-	-	125 - 130	50	175 - 180
Medical Director: Dr J Burns	160 - 165	-	-	160 - 165	0	160 - 165
Director for Nurses, Midwives and AHP's: Mr E Docherty	120 - 125	-	-	120 - 125	38	160 - 165
Director of Public Health & Health Policy: Prof S J Pravinkumar (from 01/12/2021)*1	45 - 50	-	-	45 - 50	52	100 - 105
Director of Public Health & Health Policy: Mr G Docherty (to 01/12/2021)*2	75 - 80	-	-	75 - 80	55	130 - 135
Non-Executive Members						
The Chair: Mr M Hill (from 01/01/2022)	5 - 10	-	-	5 - 10	0	5 - 10
The Chair: Mrs N Mahal (to 31/12/2021)*3	105 - 110	-	-	105 - 110	0	105 - 110
Employee Director: Mrs L Macer*4	55 - 60	-	-	55 - 60	17	70 - 75
Cllr J McGuigan	5 - 10	-	-	5 - 10	0	5 - 10
Mr A Boyle	15 - 20	-	-	15 - 20	0	15 - 20
Mrs M Morris (to 31/08/2021)	5 - 10	-	-	5 - 10	0	5 - 10
Mrs M Lees*5	65 - 70	-	-	65 - 70	21	85 - 90
Mr P Campbell (to 31/08/2021)	5 - 10	-	-	5 - 10	0	5 - 10
Dr A Osborne (to 28/02/2022)	10 - 15	-	-	10 - 15	0	10 - 15
Ms L McDonald	15 - 20	-	-	15 - 20	0	15 - 20
Mr B Moore	10 - 15	-	-	10 - 15	0	10 - 15
Mrs L Thomson	15 - 20	-	-	15 - 20	0	15 - 20
Cllr P Kelly	5 - 10	-	-	5 - 10	0	5 - 10
Mr N Findlay (from 01/10/2021)	0 - 5	-	-	0 - 5	0	0 - 5
Mr D Reid (from 01/10/2021)	0 - 5	-	-	0 - 5	0	0 - 5
Mr J Muir (from 01/10/2021)	0 - 5	-	-	0 - 5	0	0 - 5
Mr P Couser (from 01/02/2022)	0 - 5	-	-	0 - 5	0	0 - 5
Mr N Dar (from 01/02/2022)	0 - 5	-	-	0 - 5	0	0 - 5
Mr C Lee (from 01/02/2022)	0 - 5	-	-	0 - 5	0	0 - 5
Mrs S White (from 01/02/2022)	0 - 5	-	-	0 - 5	0	0 - 5
Senior Managers						
Director of HR: Mrs K Sandilands	95 - 100	-	-	95 - 100	38	135 - 140
Director of Information & Digital Technology: Mr D Wilson	105 - 110	-	-	105 - 110	40	145 - 150
Director of Planning, Property & Performance: Mr C Lauder	110 - 115	-	-	110 - 115	48	155 - 160
Director of Acute Services: Mrs J Park	115 - 120	-	-	115 - 120	43	155 - 160
Total					482	

*1. Prof S J Pravinkumar's full year equivalent salary is £150,000 - £155,000.

*2. Mr G Docherty's full year equivalent salary was £115,000 - £120,000.

*3. The Scottish Government issued an instruction to increase Mrs Mahal's remuneration relating to increased duties as Chair of NHS Lanarkshire and national work. As the instruction was issued directly to Mrs Mahal as Chair in line with Scottish Government procedures, this resulted in a delay to the payment being made, and therefore the remuneration noted above includes arrears due from financial year 2020/21.

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

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

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2022 (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 2021 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2022 (£000)	Real increase in CETV in year (£000)
Remuneration of:					
Executive Members					
Chief Executive: Mrs H Knox	60 - 65 plus lump sum of 150 - 155	5 - 7.5	1,244	1,363	119
Director of Finance: Mrs L Ace	55 - 60 plus lump sum of 110 - 115	2.5 - 5	987	1,059	72
Medical Director: Dr J Burns	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mr E Docherty	35 - 40 plus lump sum of 65 - 70	2.5 - 5	566	614	48
Director of Public Health & Health Policy: Prof S J Pravinkumar (from 01/12/2021)	40 - 45 plus lump sum of 75 - 80	2.5 - 5	696	748	52
Director of Public Health & Health Policy: Mr G Docherty (to 01/12/2021)	50 - 55 plus lump sum of 145 - 150	2.5 - 5	1,148	1,228	80
Non-Executive Members					
The Chair: Mr M Hill (from 01/01/2022)	0	0	0	0	0
The Chair: Mrs N Mahal (to 31/12/2022)	0	0	0	0	0
Employee Director: Mrs L Macer	15 - 20 plus lump sum of 55 - 60	0 - 2.5	422	453	32
Cllr J McGuigan	0	0	0	0	0
Mr A Boyle	0	0	0	0	0
Mrs M Morris (to 31/08/2021)	0	0	0	0	0
Mrs M Lees	30 - 35 plus lump sum of 60 - 65	0 - 2.5	547	579	32
Mr P Campbell (to 31/08/2021)	0	0	0	0	0
Dr A Osborne (to 28/02/2022)	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
Mr N Findlay (from 01/10/2022)	0	0	0	0	0
Mr D Reid (from 01/10/2022)	0	0	0	0	0
Mr J Muir (from 01/10/2022)	0	0	0	0	0
Mr P Couser (from 01/02/2022)	0	0	0	0	0
Mr N Dar (from 01/02/2022)	0	0	0	0	0
Mr C Lee (from 01/02/2022)	0	0	0	0	0
Mrs S White (from 01/02/2022)	0	0	0	0	0
Director of HR: Mrs K Sandilands	35 - 40 plus lump sum of 90 - 95	0 - 2.5	746	803	56
Director of Information & Digital Technology: Mr D Wilson	35 - 40 plus lump sum of 65 - 70	2.5 - 5	580	629	49
Director of Planning, Property & Performance: Mr C Lauder	50 - 55 plus lump sum of 115 - 120	2.5 - 5	987	1,057	70
Director of Acute Services: Mrs J Park	50 - 55 plus lump sum of 130 - 135	2.5 - 5	1,064	1,133	69
Total			8,987	9,666	679

* 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 2021/22 can be different from the "CETV at end of period" reported for 2020/21.

*** information not available

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021 (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: 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Fair Pay Disclosures (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest earning director in their organisation and the median, 25th and 75th percentile remunerations of the organisation's workforce. The calculation for staff remuneration represents March salary extrapolated for full year effect and does not necessarily represent the actual gross pay received in the year. Occupational pension contributions are excluded for the purposes of this calculation. Agency and Bank Staff are excluded from the calculation as inclusion would distort the integrity of the percentile calculations.

	2022	2021	Change
			%
Range of staff remuneration	£19,487 - £377,475	£18,478 - £383,695	2.0%
Highest earning director's remuneration (£000s)	160 - 165	150 - 155	3.60%
Median (total pay & benefits)	£33,090	£31,992	3.43%
Median (salary only)	£33,072	£31,967	3.46%
Ratio	4.86	4.76	2.10%
25 th percentile (total pay and benefits)	£25,244	£24,407	3.43%
25 th percentile (salary only)	£25,236	£24,317	3.78%
Ratio	6.37	6.26	1.76%
75 th percentile (total pay & benefits)	£42,721	£40,764	4.80%
75 th percentile (salary only)	£42,530	£40,456	5.13%
Ratio	3.78	3.76	0.53%
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/Percentile Total Remuneration both exclude employer's pension contributions, cash equivalent transfer values and severance payments. There are also other employees within the Board who are higher paid than the Highest Earning Director. All band 1-4 staff received a flat rate increase in pay of £1,009, with band 5-7s receiving a 4% pay uplift, and bands 8A-9 a 3% pay uplift during 2021/22. The pay ratios and percentage movements between years are consistent for this pay award.			

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

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.

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

a) Higher Paid Employees' Remuneration

Other employees whose remuneration fell within the following ranges:

Clinicians

	2022 Number	2021 Number
£70,001 to £80,000	47	62
£80,001 to £90,000	63	59
£90,001 to £100,000	65	69
£100,001 to £110,000	84	69
£110,001 to £120,000	73	79
£120,001 to £130,000	62	65
£130,001 to £140,000	63	64
£140,001 to £150,000	40	37
£150,001 to £160,000	32	28
£160,001 to £170,000	30	21
£170,001 to £180,000	26	20
£180,001 to £190,000	13	13
£190,001 to £200,000	10	16
£200,001 and above	15	8

Other

£70,001 to £80,000	84	66
£80,001 to £90,000	29	17
£90,001 to £100,000	26	19
£100,001 to £110,000	8	5
£110,001 to £120,000	3	3
£120,001 to £130,000	0	2
£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

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

b) Staff Costs and Numbers

	Executive Board Members	Non- Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	681	298	499,059	0	0	(3,771)	496,267	487,455
Social security costs	89	27	55,917	0	0	(352)	55,681	51,900
NHS scheme employers' costs	107	10	91,983	0	0	(564)	91,536	84,751
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	31,113	0	0	31,113	28,562
Agency staff	0	0	0	0	26,328	0	26,328	17,232
TOTAL	877	335	646,959	31,113	26,328	(4,687)	700,925	669,900

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 200,084 178,000

STAFF NUMBERS

Whole Time Equivalent 5.0 16.0 12,436.9 405.0 260.1 (61.6) 13,061.4 12,740.6

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

Included in the total staff numbers above were disabled staff of: 66.9 54.6

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	700,925
Add: employee income included in Note 4	4,687
Less: capital staff costs	(200)
Total employee expenditure disclosed in Note 3	705,412

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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

	2022				2021			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	1	4	0	5	2	3	0	5
Non-Executive Directors and Employee Director	11	5	0	16	5	7	0	12
Senior Employees	415	358	0	773	395	327	0	722
Other	1,952	12,687	0	14,639	1,855	12,008	0	13,863
Total Headcount	2,379	13,054	0	15,433	2,257	12,345	0	14,602

d) Sickness absence data

	2022	2021
Sickness Absence Rate	6.6%	5.5%

In addition to the above, covid-19 absences were 2.2% (2020/21 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

There were no exit packages agreed in the current year.

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

Exit Packages	2021		
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

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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 £300,000 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	174	16,546

In the year to 31 March 2022, the following balances in excess of £300,000 were written off:

Reference	Description	2022 £000
CNORIS	Total claims paid under CNORIS scheme	12,766

In 2021/22 the Board was required to pay out £12.766m in respect of 6 claims individually greater than £300,000 settled under the CNORIS scheme (2020/21: £1.675m, 5 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 2021/22 was £9.0m. The income received for providing these services was £10.7m resulting in a surplus of £1.7m.

Hearner & Knox

Signed

Date 29 June 2022

Chief Executive

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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 6 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 ability of the board and its group 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.

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report 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 there is an intention to discontinue the board's operations.

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 in respect of irregularities explained in the audit of the financial statements section of my report, 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 the 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.

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 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 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 the 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 FCA
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 June 2022

SECTION C: FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2022

2021 £000		Note	2022 £000
675,072	Staff costs	3a	705,412
	Other operating expenditure	3b	
207,399	Independent Primary Care Services		215,002
272,892	Drugs and medical supplies		290,853
1,508,789	Other health care expenditure		1,597,407
<u>2,664,152</u>	Gross expenditure for the year		<u>2,808,674</u>
(978,540)	Less: operating income	4	(1,046,570)
(33,781)	Associates and joint ventures accounted for on an equity basis		(57,296)
<u>1,651,831</u>	Net expenditure for the year		<u>1,704,808</u>

OTHER COMPREHENSIVE NET EXPENDITURE

2021 £000		2022 £000
4,808	Net (gain) / loss on revaluation of property, plant and equipment	(34,337)
0	Net (gain) / loss on revaluation of intangibles	0
0	Net (gain) / loss on revaluation of available for sales financial assets	0
4,808	Other comprehensive expenditure	(34,337)
<u>1,656,639</u>	Comprehensive net expenditure	<u>1,670,471</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 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2022

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
541,891	541,891	Property, plant and equipment	7c	576,582	576,582
2,189	2,189	Intangible assets	6a	1,750	1,750
		Financial assets:			
6,399	1,151	Investments	10	6,703	1,133
45,076	0	Investments in associates and joint ventures		102,372	0
49,872	49,872	Trade and other receivables	9	58,875	58,875
645,427	595,103	Total non-current assets		746,282	638,340
		Current Assets:			
7,618	7,618	Inventories	8	7,368	7,368
0	0	Intangible assets	6b	0	0
		Financial assets:			
31,070	30,987	Trade and other receivables	9	44,611	44,594
4,374	3,846	Cash and cash equivalents	11	14,305	13,878
0	0	Available for sale financial assets	10	0	0
0	0	Derivatives financial assets	23	0	0
585	585	Assets classified as held for sale	7b	68	68
43,647	43,036	Total current assets		66,352	65,908
689,074	638,139	Total assets		812,634	704,248
		Current liabilities			
(26,942)	(26,942)	Provisions	13a	(31,190)	(31,190)
		Financial liabilities:			
(320,043)	(320,002)	Trade and other payables	12	(440,873)	(440,712)
0	0	Derivatives financial liabilities	23	0	0
(346,985)	(346,944)	Total current liabilities		(472,063)	(471,902)
342,089	291,195	Non-current assets plus / less net current assets / liabilities		340,571	232,346
		Non-current liabilities			
(120,323)	(120,323)	Provisions	13a	(137,618)	(137,618)
		Financial liabilities:			
(124,334)	(124,334)	Trade and other payables	12	(115,642)	(115,642)
0	0	Liabilities in associates and joint ventures		0	0
(244,657)	(244,657)	Total non-current liabilities		(253,260)	(253,260)
97,432	46,538	Assets less liabilities		87,311	(20,914)
		Taxpayers' Equity			
(128,783)	(128,783)	General fund	SoCTE	(224,804)	(224,804)
175,321	175,321	Revaluation reserve	SoCTE	203,890	203,890
45,076	0	Other reserves – associates and joint ventures	SoCTE	102,372	0
5,818	0	Fund held on Trust	SoCTE	5,853	0
97,432	46,538	Total taxpayers' equity		87,311	(20,914)

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

The financial statements on pages 46 to 50 were approved by the Board on 29 June 2022 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 2022

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2022

2021 £000		Note	2022 £000	2022 £000
	Cash flows from operating activities			
(1,651,831)	Net expenditure	SoCTE	(1,704,808)	
(7,533)	Adjustments for non-cash transactions	2b	(27,597)	
13,986	Add back: interest payable recognised in net operating expenditure	2c	13,395	
(143)	Deduct: interest receivable recognised in net operating expenditure	4	(163)	
0	Investment income		0	
105,466	Movements in working capital	2d	107,278	
(1,540,055)	Net cash outflow from operating activities	26c		(1,611,895)
	Cash flows from investing activities			
(25,406)	Purchase of property, plant and equipment		(28,238)	
(315)	Purchase of intangible assets		(258)	
(1,002)	Investment additions	10	(322)	
360	Transfer of assets (to)/from other NHS Scotland bodies		0	
3,720	Proceeds of disposal of property, plant and equipment		784	
0	Proceeds of disposal of intangible assets		0	
0	Receipts from sale of investments		0	
143	Interest received		163	
(22,500)	Net cash outflow from investing activities	26c		(27,871)
	Cash flows from financing activities			
1,590,579	Funding	SoCTE	1,660,505	
(4,765)	Movement in general fund working capital	SoCTE	10,032	
1,585,814	Cash drawn down		1,670,537	
(14,040)	Capital element of payments in respect of finance leases and on-balance sheet PFI/HUB contracts	2b	(7,445)	
986	Interest paid		122	
(14,972)	Interest element of finance leases and on-balance sheet PFI/HUB contracts	2c	(13,517)	
1,557,788	Net Financing	26c		1,649,697
(4,767)	Net Increase / (decrease) in cash and cash equivalents in the period			9,931
9,141	Cash and cash equivalents at the beginning of the period			4,374
4,374	Cash and cash equivalents at the end of the period			14,305
	Reconciliation of net cash flow to movement in net debt/cash			
(4,767)	Increase / (decrease) in cash in year	11		9,931
9,141	Net debt / cash at 1 April			4,374
4,374	Net debt / cash at 31 March			14,305

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 2022

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

		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 2021		(128,783)	175,321	45,076	5,818	97,432
Retrospective restatements for changes in accounting policy and material errors	21	0	0	0	0	0
Restated balance at 1 April 2021		(128,783)	175,321	45,076	5,818	97,432
Changes in taxpayers' equity for 2021-22						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	35,646	0	0	35,646
Impairment of property, plant and equipment		0	(9,306)	0	0	(9,306)
Revaluation and impairments taken to operating costs	2a	0	7,997	0	0	7,997
Transfers between reserves		5,768	(5,768)	0	0	0
Removal of Hospice Employee Bonus		(155)	0	0	0	(155)
Net operating cost for the year		(1,762,139)	0	57,296	35	(1,704,808)
Total recognised income and expense for 2021-22		(1,756,526)	28,569	57,296	35	(1,670,626)
Funding:						
Drawn down		1,670,537	0	0	0	1,670,537
Movement in General Fund (creditor) / debtor		(10,032)	0	0	0	(10,032)
Balance at 31 March 2022	SoFP	(224,804)	203,890	102,372	5,853	87,311

NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR
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

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 2021/22

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

(b) Standards, amendments and interpretations early adopted in 2021/22

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

(c) Standards, amendments and interpretations issued but not adopted in 2021/22

- 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 2023 and on the Statement of Financial Position at that date. The figures below represent existing leases as at 31 March 2022.

The standard is expected to increase total expenditure in 2022-23 by £5.044m. Right-of-use assets totalling £19.016m will be brought onto the Statement of Financial Position, with an associated lease liability of £19.016m.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 £000
IFRS 16 – Impacts to the SoCNE	
Anticipated depreciation	2,040
Interest expense expected	149
IAS 17- basis lease payments expected	(2,427)
Net impact to SoCNE in the year to 31 March 2023	<u>(238)</u>

	2022 £000
IFRS 16 – Impacts to the SoFP	
Right of use asset from 1 April 2022	13,972
Net additions/(disposals) to right-of-use asset as at 31 March 2023	5,044
Net impact to SoFP in the year to 31 March 2023	<u>19,016</u>

Existing IAS 17 operating leases brought on at 1 April 2022	13,972
Re-measurements to finance leases brought on at 1 April 2022	0
Net additions/(disposals) to lease liability as at 31 March 2023	5,044
Net liability as at 31 March 2023	<u>19,016</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 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

- 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

- 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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

(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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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. Further detail included at policy 13 including the circumstances under which impairment would occur. There were no significant impairments during the year.
- Estimates: Assumptions underlying the likelihood and outcome of material provisions. The Pension provision 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. The main areas of uncertainty such as the timing, probability and value of the settlement;
- Estimates: Actuarial assumptions in respect of post-employment benefits are applied in line with policy 17 above. There were no significant early retirements in year;
- Estimates: Assumptions regarding timing and frequency of lease payments are to be annually in advance;

- 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.

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

2. MEMORANDA TO THE PRIMARY STATEMENTS

		2022	2022
2a. SUMMARY OF RESOURCE OUTTURN			
SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	£000	£000
Net expenditure	SoCNE		1,704,808
Total non-core expenditure (see below)			(29,425)
Family Health Services non-discretionary allocation			(97,339)
Donated assets income	2b		0
Endowment net expenditure			35
Associates and joint ventures accounted for on an equity basis			57,296
Total core expenditure			1,635,375
Core Revenue Resource Limit			1,635,375
Saving/(excess) against Core Revenue Resource Limit			0

SUMMARY OF NON-CORE REVENUE RESOURCE OUTTURN

Capital grants to / (from) other bodies		0	
Depreciation / amortisation		15,259	
Annually Managed Expenditure – impairments		8,000	
Annually Managed Expenditure - creation of provisions		(379)	
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		6,503	
Total Non-Core Expenditure			
Non-Core Revenue Resource Limit			29,425
Saving / (excess) against Non-Core Revenue Resource Limit			29,425

SUMMARY RESOURCE OUTTURN

	Resource	Expenditure	Saving/ (Excess)
	£000	£000	£000
Core	1,635,375	1,635,375	0
Non-Core	29,425	29,425	0
Total	1,664,800	1,664,800	0

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

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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

2021 £000		Note	2022 £000
	Expenditure not paid in cash		
21,044	Depreciation	7a	21,364
711	Amortisation	6	697
42	Depreciation of donated assets	7a	42
27,299	Impairments on PPE charged to SoCNE		11,816
(18,434)	Net revaluation on PPE charged to SoCNE		(1,309)
(76)	Reversal of impairments on PPE charged to SoCNE		(2,507)
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
(40)	(Gain)/loss on re-measurement of non-current assets held for sale	7b	(3)
0	Funding of Donated Assets	7a	0
0	Loss/(profit) on disposal of intangible assets		0
(1,062)	Loss/(profit) on disposal of property plant and equipment		(246)
0	Impairment of investments charged to SoCNE	10	0
(33,781)	Associates and joint ventures accounted for on an equity basis	SoCNE	(57,296)
(3,313)	Removal of Hospice Employee Bonus		(155)
77	Fixed Asset Transfers from other Scottish Heath Boards & Department of Health		0
(7,533)	Total expenditure not paid in cash	CFS	(27,597)

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

2021 £000			2022 £000
	Interest payable		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
14,972	PFI/HUB Finance lease charges allocated in the year	18b	13,517
0	Other Finance lease charges allocated in the year		0
(986)	Provisions - Unwinding of discount		(122)
13,986	Net interest payable	CFS	13,395

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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

2021 Net Movement £000		Note	Opening balances £000	Closing balances £000	2022 Net movement £000
	INVENTORIES				
485	Balance Sheet	8	7,618	7,368	
485	Net decrease / (increase)				250
	TRADE AND OTHER RECEIVABLES				
11,679	Due within one year	9	31,070	44,611	
9,992	Due after more than one year	9	49,872	58,875	
21,671			80,942	103,486	
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	
21,671	Net decrease / (increase)		80,942	103,486	(22,544)
	TRADE AND OTHER PAYABLES				
92,294	Due within one year	12	320,043	440,873	
(7,446)	Due after more than one year	12	124,334	115,642	
(277)	Less: property, plant & equipment (capital) included in above		(5,983)	(7,505)	
0	Less: intangible assets (capital) included in above		0	0	
0	Less: bank overdraft	12	0	0	
4,765	Less: General Fund creditor included in above	12	(3,846)	(13,878)	
14,040	Less: lease and PFI/HUB creditors included in above	12	(131,779)	(124,334)	
0	Less: interest payable included in above	12	0	0	
103,376	Net decrease / (increase)		302,769	410,798	108,029
	PROVISIONS				
(20,066)	Statement of Financial Position	13a	147,265	168,808	
(20,066)	Net decrease / (increase)				21,543
105,466	Net movement (decrease) / increase	CFS			107,278

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

3. OPERATING EXPENSES

3a. Staff costs

2021 Total £000		Note	2022 Board £000	2022 Consolidated £000
153,910	Medical and Dental		161,364	161,364
303,748	Nursing		315,745	315,745
217,414	Other Staff		228,303	228,303
675,072	Total	SoCNE	705,412	705,412

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

2021 Total £000			2022 Board £000	2022 Consolidated £000
Independent Primary Care Services:				
106,690	General Medical Services		110,403	110,403
39,039	Pharmaceutical Services		39,076	39,076
47,651	General Dental Services		51,625	51,625
14,019	General Ophthalmic Services		13,898	13,898
207,399	Total		215,002	215,002
Drugs and medical supplies:				
135,711	Prescribed drugs Primary Care		136,565	136,565
82,502	Prescribed drugs Secondary Care		96,763	96,763
13,136	PPE and testing kits		12,837	12,837
41,543	Medical Supplies		44,688	44,688
272,892	Total		290,853	290,853
Other health care expenditure				
946,498	Contribution to Integration Joint Boards		1,024,196	1,024,196
204,123	Goods and services from other NHS Scotland bodies		212,181	212,181
1,546	Goods and services from other UK NHS bodies		1,072	1,072
14,758	Goods and services from private providers		18,612	18,612
9,225	Goods and services from voluntary organisations		9,249	9,249
45,897	Resource Transfer		46,207	46,207
0	Loss on disposal of assets		0	0
286,122	Other operating expenses		285,154	285,154
200	External Auditor's remuneration - statutory audit fee		203	203
63	- other services - details provided below *		56	56
357	Endowment Fund expenditure		0	477
1,508,789	Total		1,596,930	1,597,407
1,989,080	Total Other Operating Expenditure		2,102,785	2,103,262

* 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 2022

4. OPERATING INCOME

2021 Total £000		Note	2022 Board £000	2022 Consolidated £000
684	Income from Scottish Government		600	600
43,168	Income from other NHS Scotland bodies		47,255	47,255
123	Income from NHS non-Scottish bodies		412	412
0	Income from private patients		0	0
891,919	Income for services commissioned by Integration Joint Board		931,370	931,370
703	Patient charges for primary care		4,126	4,126
1,761	Donations		7,140	7,140
1,062	Profit on disposal of assets		246	246
3,101	Contributions in respect of clinical and medical negligence claims		14,785	14,785
143	Interest received	CFS	163	163
	Non-NHS:			
23	Overseas patients (non-reciprocal)		15	15
0	Non-patient care income generation schemes		0	0
1,412	Endowment Fund Income		0	512
34,441	Other		39,946	39,946
978,540	Total Income	SoCNE	1,046,058	1,046,570

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022 £000
Net operating cost reported to Board at 31 March 2022	453,836	197,879	382,560	515,001	212,863	1,762,139
Net Operating Cost per Annual Accounts	453,836	197,879	382,560	515,001	212,863	1,762,139

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 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.

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

6. INTANGIBLE ASSETS

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

		Software Licences	IT - software	Total
	Note	£000	£000	£000
Cost or Valuation:				
At 1 April 2021		4,458	2,098	6,556
Additions	CFS	219	39	258
Transfers between asset categories		0	0	0
Disposals		0	0	0
At 31 March 2022		4,677	2,137	6,814
Amortisation				
At 1 April 2021		3,032	1,335	4,367
Provided during the year		473	224	697
Transfers between asset categories		0	0	0
Disposals		0	0	0
At 31 March 2022		3,505	1,559	5,064
Net book value at 1 April 2021		1,426	763	2,189
Net book value at 31 March 2022	SoFP	1,172	578	1,750

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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

	Software Licences	IT - software	Total
	£000	£000	£000
Cost or Valuation:			
At 1 April 2021	4,458	2,098	6,556
Additions	219	39	258
Transfers between asset categories	0	0	0
Disposals	0	0	0
At 31 March 2022	4,677	2,137	6,814
Amortisation			
At 1 April 2021	3,032	1,335	4,367
Provided during the year	473	224	697
Transfers between asset categories	0	0	0
Disposals	0	0	0
At 31 March 2022	3,505	1,559	5,064
Net book value at 1 April 2021	1,426	763	2,189
Net book value at 31 March 2022	1,172	578	1,750

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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

	Software Licences	IT - software	Total
Note	£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 2022

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

	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 2022

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 2021	16,678	477,029	277	85,684	12,471	5,809	5,803	603,751
Additions – purchased	6,750	2,304	(46)	9,040	1,422	100	10,190	29,760
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	(317)	0	317	0	0
Transfer (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	23,422	0	0	0	0	0	23,422
Impairment charges	0	(1,309)	0	0	0	0	(9,954)	(11,263)
Impairments reversals	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	(140)	(6,854)	0	0	0	(6,994)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2022	23,428	501,446	91	87,553	13,893	6,226	6,039	638,676
Depreciation								
At 1 April 2021	0	0	169	47,385	8,762	5,544	0	61,860
Provided during the year - purchased	0	14,178	17	5,981	1,074	114	0	21,364
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	(195)	0	195	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(12,224)	0	0	0	0	0	(12,224)
Impairment charges	0	553	0	0	0	0	0	553
Impairment reversals	0	(2,507)	0	0	0	0	0	(2,507)
Disposals – purchased	0	0	(140)	(6,854)	0	0	0	(6,994)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2022	0	0	46	46,359	9,836	5,853	0	62,094
Net book value at 1 April 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891
Net book value at 31 March 2022	23,428	501,446	45	41,194	4,057	373	6,039	576,582
SoFP								
Open Market Value of Land in Land and Dwellings Included Above	45							
Asset financing:								
Owned – purchased	18,376	224,503	45	41,005	4,057	373	6,039	257,499
Owned – donated	0	0	0	189	0	0	0	189
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	276,943	0	0	0	0	0	318,894
Net book value at 31 March 2022	23,428	501,446	45	41,194	4,057	373	6,039	576,582
SoFP								

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2021	16,678	477,029	277	85,684	12,471	5,809	5,803	603,751
Additions – purchased	6,750	2,304	(46)	9,040	1,422	100	10,190	29,760
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	(317)	0	317	0	0
Transfer (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	23,422	0	0	0	0	0	23,422
Impairment charges	0	(1,309)	0	0	0	0	(9,954)	(11,263)
Impairment reversals	0	0	0	0	0	0	0	0
Disposals – purchased	0	0	(140)	(6,854)	0	0	0	(6,994)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2022	23,428	501,446	91	87,553	13,893	6,226	6,039	638,676
Depreciation								
At 1 April 2021	0	0	169	47,385	8,762	5,544	0	61,860
Provided during the year – purchased	0	14,178	17	5,981	1,074	114	0	21,364
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	(195)	0	195	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(12,224)	0	0	0	0	0	(12,224)
Impairment charges	0	553	0	0	0	0	0	553
Impairment reversals	0	(2,507)	0	0	0	0	0	(2,507)
Disposals – purchased	0	0	(140)	(6,854)	0	0	0	(6,994)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2022	0	0	46	46,359	9,836	5,853	0	62,094
Net book value at 1 April 2021	16,678	477,029	108	38,299	3,709	265	5,803	541,891
Net book value at 31 March 2022	23,428	501,446	45	41,194	4,057	373	6,039	576,582
Open Market Value of Land in Land and Dwellings Included Above	45							
Asset financing:								
Owned – purchased	18,376	224,503	45	41,005	4,057	373	6,039	294,398
Owned – donated	0	0	0	189	0	0	0	189
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	276,943	0	0	0	0	0	281,995
Net book value at 31 March 2021	23,428	501,446	45	41,194	4,057	373	6,039	576,582

SoFP

SoFP

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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 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)
Transfers (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	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

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

7b. ASSETS HELD FOR SALE - CONSOLIDATED & BOARD

The following assets held for sale related to surplus land at Kilsyth and Croy Clinic. These assets have been approved for sale by NHS Lanarkshire Capital Investment Group.

		Property, Plant & Equipment	Total
	Note	£000	£000
At 1 April 2021		585	585
Transfers from property, plant and equipment		0	0
Transfers (to)/from intangible assets	6	0	0
Gain or losses recognised on re-measurement of non-current assets held for sale		3	3
Disposals of non-current assets held for sale		(520)	(520)
At 31 March 2022	SoFP	68	68

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

	Note	Property, Plant & Equipment £000	Total £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

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
		Net book value of property, plant and equipment at 31 March			
541,660	541,660	Purchased		576,393	576,393
231	231	Donated		189	189
541,891	541,891	Total	SoFP	576,582	576,582
565	565	Net book value related to land valued at open market value at 31 March		45	45
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
268,950	268,950	PFI and PPP Contracts		281,995	281,995
268,950	268,950			281,995	281,995
		Total depreciation charged in respect of assets held under:			
0	0	Finance leases		0	0
0	0	Hire Purchase Contracts		0	0
6,552	6,552	PFI and PPP contracts		6,503	6,503
6,552	6,552			6,503	6,503

All land and 100% of buildings were revalued by an independent valuer. The Valuation Office Agency, as at 31/03/22 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £34.337m (2020-21: a decrease of £4.808m) which was credited to the revaluation reserve. Impairment of £8.000m (2020-21: £8.789m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

7d. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
		Expenditure			
315	315	Acquisition of intangible assets	6	258	258
25,683	25,683	Acquisition of property, plant and equipment	7a	29,760	29,760
0	0	Donated asset additions	7a	0	0
0	0	HUB		0	0
25,998	25,998	Gross Capital Expenditure		30,018	30,018
		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
2,640	2,640	Value of disposal of non-current assets held for sale	7b	520	520
18	18	HUB - repayment of investment		18	18
0	0	Donated asset income			
2,658	2,658	Capital Income		538	538
23,340	23,340	Net Capital Expenditure		29,480	29,480
		SUMMARY OF CAPITAL RESOURCE OUTTURN			
23,340	23,340	Core capital expenditure included above		29,480	29,480
23,340	23,340	Core Capital Resource Limit		29,480	29,480
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
23,340	23,340	Total capital expenditure		29,480	29,480
23,340	23,340	Total Capital Resource Limit		29,480	29,480
0	0	Saving / (excess) against Total Capital Resource Limit		0	0

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

8. INVENTORIES

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
7,618	7,618	Raw materials and consumables		7,368	7,368
7,618	7,618	Total inventories	SoFP	7,368	7,368

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

9. TRADE AND OTHER RECEIVABLES

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
		Receivables due within one year			
		NHS Scotland			
333	333	Scottish Government Health & Social Care Directorate		307	307
1,906	1,906	Boards		3,112	3,112
2,239	2,239	Total NHS Scotland Receivables		3,419	3,419
50	50	NHS non-Scottish bodies		105	105
0	0	General Fund receivable		0	0
4,526	4,526	VAT recoverable		4,339	4,339
7,569	7,569	Prepayments		7,785	7,785
229	229	Accrued income		368	368
9,133	9,050	Other receivables		10,390	10,373
7,324	7,324	Reimbursement of provisions		18,205	18,205
0	0	Other public sector bodies		0	0
31,070	30,987	Total Receivables due within one year	SoFP	44,611	44,594
		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
275	275	Prepayments		244	244
570	570	Accrued income		762	762
0	0	Other receivables		0	0
49,027	49,027	Reimbursement of provisions		57,869	57,869
49,872	49,872	Total Receivables due after more than one year	SoFP	58,875	58,875
80,942	80,859	TOTAL RECEIVABLES		103,486	103,469
809	809	The total receivables figure above includes a provision for impairments of:		802	802
		WGA Classification			
1,906	1,906	NHS Scotland		3,112	3,112
0	0	Central Government bodies		0	0
0	0	Whole of Government bodies		0	0
50	50	Balances with NHS bodies in England and Wales		105	105
78,986	78,903	Balances with bodies external to Government		100,269	100,252
80,942	80,859	Total		103,486	103,469
2021	2021			2022	2022
£000	£000	Movements on the provision for impairment of receivables are as follows:		£000	£000
1,042	1,042	At 1 April		809	809
809	809	Provision for impairment		0	0
(7)	(7)	Receivables written off during the year as uncollectable		0	0
(1,035)	(1,035)	Unused amounts reversed		(7)	(7)
809	809	At 31 March		802	802

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

9. TRADE AND OTHER RECEIVABLES (cont'd)

As of 31 March 2022, receivables with a carrying value of £0.802m (2020-21: £0.809m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2021 £000	Board 2021 £000		Consolidated 2022 £000	Board 2022 £000
30	30	Up to 3 Months past due	25	25
92	92	3 to 6 months past due	29	29
687	687	Over 6 months past due	748	748
809	809		802	802

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 2021/22 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 2022, receivables with a carrying value of £9.290m (2020-21: £5.276m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2021 £000	2021 £000		2022 £000	2022 £000
4,081	4,081	Up to 3 months past due	8,635	8,635
995	995	3 to 6 months past due	242	242
200	200	Over 6 months past due	413	413
5,276	5,276		9,290	9,290

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:

2021 £000	2021 £000		2022 £000	2022 £000
0	0	Counterparties with external credit ratings	0	0
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
76,806	76,796	Existing customers with no defaults in the past	102,684	102,667
0	0	Existing customers with some defaults in the past	0	0
76,806	76,796	Total neither past due or impaired	102,684	102,667

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.

2021 £000	2021 £000		2022 £000	2022 £000
80,942	80,859	Pounds	103,486	103,469
0	0	Euros	0	0
0	0	US Dollars	0	0
80,942	80,859		103,486	103,469

All non-current receivables are due within 54 years (2020-21: 55 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 £58.875m (2020-21: £49.872m).

The effective interest rate on non-current other receivables is a combined interest rate of 103.51% for year 1, 105.71% for 2 years, 107.32% for 3 years (2020-21 combined interest rate of 101.22% for 1 year, 102.86% for 2 years, 104.94% for 3 years).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

10. INVESTMENTS

Consolidated 2021 £000	Board 2021 £000		Consolidated 2022 £000	Board 2022 £000	
0	0	Government securities	0	0	
6,399	1,151	Other	6,703	1,133	
6,399	1,151	TOTAL	6,703	1,133	SoFP
5,415	1,169	At 1 April	6,399	1,151	
1,002	0	Additions	322	0	CFS
(18)	(18)	Disposals	(18)	(18)	
0	0	Impairment recognised in SoCNE	0	0	2
0	0	Revaluation surplus / (deficit) transferred to equity	0	0	
6,399	1,151	At 31 March	6,703	1,133	
0	0	Current	0	0	SoFP
6,399	1,151	Non-current	6,703	1,133	SoFP
6,399	1,151	At 31 March	6,703	1,133	
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 2022

11. CASH AND CASH EQUIVALENTS

	Note	2022 £000	2021 £000
Balance at 1 April		4,374	9,141
Net change in cash and cash equivalent balances	<u>CFS</u>	9,931	(4,767)
Balance at 31 March	<u>SoFP</u>	14,305	4,374
Overdrafts		0	0
Total Cash - Cash Flow Statement		14,305	4,374
The following balances at 31 March were held at:			
Government Banking Service		13,844	3,810
Commercial banks and cash in hand		34	36
Overdrafts		0	0
Short term investments		0	0
Endowment cash		427	528
Balance at 31 March		14,305	4,374

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

12. TRADE AND OTHER PAYABLES

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
		Payables due within one year			
		NHS Scotland			
		Scottish Government Health & Social Care Directorate		0	0
0	0	Boards	SFR 30.0	16,428	16,428
13,950	13,950	Total NHS Scotland Payables		16,428	16,428
13,950	13,950				
		NHS Non-Scottish bodies			
1,067	1,067	Amounts payable to General Fund		508	508
3,846	3,846	FHS practitioners		13,878	13,878
43,330	43,330	Trade payables		52,455	52,455
7,484	7,443	Accruals		14,654	14,557
187,689	187,689	Deferred income		279,120	279,115
8,241	8,241	Net obligations under PFI/Hub Contracts	18b	6,733	6,674
7,445	7,445	Bank overdrafts	11	8,692	8,692
0	0	Income tax and social security		0	0
13,358	13,358	Superannuation		13,643	13,643
10,375	10,375	Holiday pay accrual		10,829	10,829
22,757	22,757	Other payables		23,463	23,463
501	501	Total Payables due within one year	SoFP	440,873	440,712
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	10,128	10,128
8,692	8,692	Net obligations under PFI/Hub contracts due after 2 years but within 5 years	18b	41,299	41,299
35,579	35,579	Net obligations under PFI/Hub contracts due after 5 years	18b	64,215	64,215
80,063	80,063	Total Payables due after more than one year	SoFP	115,642	115,642
124,334	124,334				
444,377	444,336	TOTAL PAYABLES		556,515	556,354
		WGA Classification			
13,950	13,950	NHS Scotland	SFR 30.0	16,428	16,428
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
430,427	430,386	Balances with bodies external to Government		540,087	539,926
444,377	444,336	Total		556,515	556,354
		Borrowings included above comprise:			
0	0	Bank overdrafts		0	0
0	0	Finance leases		0	0
131,779	131,779	PFI contracts		124,334	124,334
131,779	131,779			124,334	124,334
		The carrying amount and fair value of the non-current borrowings are as follows			
		Carrying amount			
0	0	Finance leases		0	0
124,334	124,334	PFI contracts		115,642	115,642
124,334	124,334			115,642	115,642

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

12. TRADE AND OTHER PAYABLES (cont'd)

Consolidated 2021 Fair value £000	Board 2021 Fair Value £000		Consolidated 2022 Fair value £000	Board 2022 Fair Value £000
0	0	The carrying amount and fair value of the non-current borrowings are as follows	0	0
124,334	124,334	Fair value	124,334	124,334
124,334	124,334	Finance leases	124,334	124,334
		PFI contracts		
		The carrying amount of short-term payables approximates their fair value.		
2021	2021		2022	2022
£000	£000	The carrying amount of payables are denominated in the following currencies:	£000	£000
444,377	444,336	Pounds	556,515	556,354
0	0	Euros	0	0
0	0	US Dollars	0	0
444,377	444,336		556,515	556,354

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

13a. PROVISIONS – CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2022 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2021	11,527	54,948	80,765	25	147,265
Arising during the year	488	47,155	4,321	219	52,183
Utilised during the year	(788)	(14,895)	(2,721)	0	(18,404)
Unwinding of discount	10	(132)	0	0	(122)
Reversed unutilised	(331)	(11,759)	0	(24)	(12,114)
At 31 March 2022	10,906	75,317	82,365	220	168,808

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2022 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	1,427	8,999	20,544	220	31,190
Payable between 2 - 5 years	3,218	32,492	50,054	0	85,764
Payable between 6 - 10 years	3,223	3,871	4,258	0	11,352
Thereafter	3,038	29,955	7,509	0	40,502
At 31 March 2022	10,906	75,317	82,365	220	168,808

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

PROVISIONS – CONSOLIDATED AND BOARD (PRIOR YEAR)

	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 2022

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 (1.30%) (2020-21 0.95%) 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 103.51% for 1 year, 105.71% for 2 years, 107.32% for 3 years (2020-21 combined interest rate of 101.22% for 1 year, 102.86% for 2 years, 104.94% 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 103.51% for 1 year, 105.71% for 2 years and 107.32% for 3 years (2020-21 combined interest rates of 101.22% for 1 year, 102.86% for 2 years, 104.94% for 3 years).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

2021 £000		Note	2022 £000
54,957	Provision recognising individual claims against the NHS Board as at 31 March		75,537
(56,351)	Associated CNORIS receivable at 31 March	<u>9</u>	(76,074)
80,765	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	<u>13a</u>	82,365
79,371	Net Total Provision relating to CNORIS at 31 March		81,828

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 2022

14. CONTINGENT LIABILITIES

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

2021 £000	Nature	2022 £000
42,660	Clinical and medical compensation payments	36,618
42,660	TOTAL CONTINGENT LIABILITIES	36,618

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

42,292	Clinical and medical compensation payments	36,273
42,292		36,273

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

15. EVENTS AFTER THE END OF THE REPORTING YEAR

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

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

16. COMMITMENTS

Capital Commitments

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

2021		Property, plant and equipment £000	2022 £000
£000			
	Contracted		
80	Laboratory Information Management System	0	0
100	Hairmyres Combined Heat and Power	0	0
63	Day Surgery Air Handling Unit Replacement	0	0
400	Hairmyres Vascular Surgery	1,118	1,118
0	Monklands Ward 16 Ventilation	2,513	2,513
0	Endoscopy Theatre Ventilation	230	230
0	Above Ground Drainage	112	112
0	Aseptic Plan (Pharmacy)	134	134
0	Theatre 5 Refurbishment	400	400
0	WoS Traumatic Brain Injury Service	197	197
0	CAMHS	316	316
0	West of Scotland Laundry equipment	600	600
643	Total	5,620	5,620
	Authorised but not Contracted		
1,574	Monklands Business Continuity	0	0
900	Continuous Batch Washer	0	0
275	Computer Aided Facilities Management	0	0
2,749	Total	0	0

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 2022

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:

2021 £000		2022 £000
	Land	
0	Not later than one year	0
0	Later than one year, not later than 2 years	0
0	Later than two year, not later than five years	0
0	Later than five years	0
	Buildings	
1,761	Not later than one year	1,690
1,483	Later than one year, not later than 2 years	1,564
3,141	Later than two year, not later than five years	3,923
1,906	Later than five years	9,153
	Other	
2,024	Not later than one year	3,528
1,545	Later than one year, not later than 2 years	3,206
237	Later than two year, not later than five years	118
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
2,892	Hire of equipment (including vehicles)	2,215
3,249	Other operating leases	2,676
6,141	Total	4,891
	Contingent rents recognised as an expense in the period were:	
0	Contingent rents	0

Finance Leases

None

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

18. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet

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

ON BALANCE SHEET

University Hospital Hairmyres

The provision of a large general hospital. The period of contract is 26 March 2001 to 30 June 2031. The estimated capital value is £73.241m. 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 include 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.

University Hospital Wishaw

The provision of a large general hospital. The period of contract is 28 May 2001 to 30 November 2028. The estimated capital value is £155.671m. 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 £4.298m. 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 £43.733m.

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:

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

2021 £000	Gross Minimum Lease Payments	Hairmyres £000	Wishaw £000	Stonehouse £000	Hubs £000	2022 TOTAL £000
20,962	Rentals due within 1 year	0	17,314	434	3,663	21,411
21,411	Due within 1 to 2 years	0	17,813	434	3,663	21,910
67,462	Due within 2 to 5 years	0	57,036	1,303	10,989	69,328
113,017	Due after 5 years	0	38,582	3,039	47,619	89,240
222,852	Total	0	130,745	5,210	65,934	201,889

2021 £000	Less Interest Element	Hairmyres £000	Wishaw £000	Stonehouse £000	Hubs £000	2022 TOTAL £000
(13,517)	Rentals due within 1 year	0	(9,693)	(305)	(2,721)	(12,719)
(12,719)	Due within 1 to 2 years	0	(8,842)	(291)	(2,649)	(11,782)
(31,883)	Due within 2 to 5 years	0	(19,802)	(775)	(7,452)	(28,029)
(32,954)	Due after 5 years	0	(5,508)	(968)	(18,549)	(25,025)
(91,073)	Total	0	(43,845)	(2,339)	(31,371)	(77,555)

2021 £000	Present value of minimum lease payments	Note	Hairmyres £000	Wishaw £000	Stonehouse £000	Hubs £000	2022 TOTAL £000
7,445	Rentals due within 1 year	12	0	7,621	129	942	8,692
8,692	Due within 1 to 2 years	12	0	8,971	143	1,014	10,128
35,579	Due within 2 to 5 years	12	0	37,234	528	3,537	41,299
80,063	Due after 5 years	12	0	33,074	2,071	29,070	64,215
131,779	Total		0	86,900	2,871	34,563	124,334

2021 Total £000		2022 Total £000
14,972	Interest charges	13,517
33,875	Other charges	43,317
48,847	Total	56,834

2021 £000		2022 £000
1,074	Contingent rents (included in Other Charges)	1,123

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

19. PENSION COSTS

(a) NHS Lanarkshire participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions

(b) NHS Lanarkshire has no liability for other employers' obligations to the multi-employer scheme

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

(d)

(i) The scheme is an unfunded multi-employer defined benefit scheme.

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

(iii) The employer contribution rate for the period from 1 April 2021 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

(v) NHS Lanarkshire's level of participation in the scheme is 6.68% based on the proportion of employer contributions paid in 2020-21.

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 £50,270, 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%

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

	2022	2021
	£000	£000
Pension cost charge for the year	91,286	84,444
Additional costs arising from early retirement	0	0
Provisions/liabilities/prepayments included in the Statement of Financial Position	10,906	11,527
Pension costs for the year for staff transferred from local authority	0	0

20. RETROSPECTIVE RESTATEMENTS

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

21. RESTATED PRIMARY STATEMENTS

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

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022					
Assets per balance sheet					
Investments	10	0	0	6,703	6,703
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	11,625	0	0	11,625
Cash and cash equivalents	11	14,305	0	0	14,305
		25,930	0	6,703	32,633
BOARD					
	Note	£000	£000	£000	£000
AS AT 31 MARCH 2022					
Assets per balance sheet					
Investments	10	0	0	1,133	1,133
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	11,608	0	0	11,608
Cash and cash equivalents	11	13,878	0	0	13,878
		25,486	0	1,133	26,619
CONSOLIDATED (Prior Year)					
	Note	£000	£000	£000	£000
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 (Prior Year)					
	Note	£000	£000	£000	£000
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

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

22. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

		Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
CONSOLIDATED				
	Note			
AS AT 31 MARCH 2022				
Liabilities per balance sheet				
PFI Liabilities	12	0	124,334	124,334
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	384,548	384,548
		0	508,882	508,882
BOARD				
	Note			
AS AT 31 MARCH 2022				
Liabilities per balance sheet				
PFI Liabilities	12	0	124,334	124,334
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	384,446	384,446
		0	508,780	508,780
CONSOLIDATED (Prior Year)				
	Note			
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) and superannuation	12	0	266,674	266,674
		0	398,453	398,453
BOARD (Prior Year)				
	Note			
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) and superannuation	12	0	266,633	266,633
		0	398,412	398,412

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022				
PFI Liabilities	21,411	21,910	69,328	89,240
Total	21,411	21,910	69,328	89,240
	Less than 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
At 31 March 2021				
PFI Liabilities	20,962	21,411	67,462	113,017
Total	20,962	21,411	67,462	113,017

c) Market Risk

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

iii) Price risk

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

22c. FAIR VALUE ESTIMATION

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

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

23. DERIVATIVE FINANCIAL INSTRUMENTS (Consolidated and Board)

Lanarkshire Health Board has not entered into any such transactions.

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

24. RELATED PARTY TRANSACTIONS

The Lanarkshire Health Board Endowment Fund is 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 the Lanarkshire Health Board Endowment Fund. There is a balance outstanding due to the Board from the Lanarkshire Health Board Endowment Fund of £75,298 at the year end.

North Lanarkshire Integration Joint Board (IJB) is a related party of NHS Lanarkshire. During 2021/22 the Board received payments from the IJB of £389,017,000 and made payments to the IJB of £447,714,000. There is an outstanding balance of £33,167,000 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 2021/22 the Board received payments from the IJB of £519,374,000 and made payments to the IJB of £576,482,000. There is an outstanding balance of £24,129,000 at the year end, being the Board's share of the IJB surplus.

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

Glasgow Caledonian University (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 2021/22 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 is an executive non-departmental public body, sponsored by the Scottish Government – Health and Social Care Directorate which is regarded as a related party. During the period, NHS Lanarkshire was almost entirely funded by the Scottish Government.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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.

	2021	Gross Inflows	Gross Outflows	2022
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	618	237	(426)	429
Total Monetary Assets	618	237	(426)	429

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

26a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group			Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
2021 £000		Note	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000
	Total income and expenditure						
675,072	Staff costs	3	705,412	0	0	0	705,412
	Other operating expenditure	3					
207,399	Independent Primary Care Services		215,002	0	0	0	215,002
272,892	Drugs and medical supplies		290,853	0	0	0	290,853
1,508,789	Other health care expenditure		1,596,930	477	0	0	1,597,407
2,664,152	Gross expenditure for the year		2,808,197	477	0	0	2,808,674
(978,540)	Less: operating income	4	(1,046,058)	(512)	0	0	(1,046,570)
(33,781)	Associates and joint ventures accounted for on an equity basis		0		(24,129)	(33,167)	(57,296)
1,651,831	Net Expenditure		1,762,139	(35)	(24,129)	(33,167)	1,704,808

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 2022

26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

Consolidated 2021 £000		Note	Board 2022 £000	Endowment 2022 £000	Integration Joint Board South Lanarkshire 2022 £000	Integration Joint Board North Lanarkshire 2022 £000	Consolidated 2022 £000
	Non-current assets:						
541,891	Property, plant and equipment	SoFP	576,582	0	0	0	576,582
2,189	Intangible assets	SoFP	1,750	0	0	0	1,750
	Financial assets:						
6,399	Investments	SoFP	1,133	5,570	0	0	6,703
45,076	Investments in associates and joint ventures	SoFP	0	0	42,646	59,726	102,372
49,872	Trade and other receivables	SoFP	58,875	0	0	0	58,875
645,427	Total non-current assets		638,340	5,570	42,646	59,726	746,282
	Current Assets:						
7,618	Inventories	SoFP	7,368	0	0	0	7,368
0	Intangible assets	SoFP	0	0	0	0	0
	Financial assets:						
31,070	Trade and other receivables	SoFP	44,594	17	0	0	44,611
4,374	Cash and cash equivalents	SoFP	13,878	427	0	0	14,305
0	Investments	SoFP	0	0	0	0	0
0	Derivatives financial assets	SoFP	0	0	0	0	0
585	Assets classified as held for sale	SoFP	68	0	0	0	68
43,647	Total current assets		65,908	444	0	0	66,352
689,074	Total assets		704,248	6,014	42,646	59,726	812,634
	Current liabilities						
(26,942)	Provisions	SoFP	(31,190)	0	0	0	(31,190)
	Financial liabilities:						
(320,043)	Trade and other payables	SoFP	(440,712)	(161)	0	0	(440,873)
0	Derivatives financial liabilities	SoFP	0	0	0	0	0
(346,985)	Total current liabilities		(471,902)	(161)	0	0	(472,063)
342,089	Non-current assets plus / less net current assets/liabilities		232,346	5,853	42,646	59,726	340,571
	Non-current liabilities						
(120,323)	Provisions	SoFP	(137,618)	0	0	0	(137,618)
	Financial liabilities:						
(124,334)	Trade and other payables	SoFP	(115,642)	0	0	0	(115,642)
0	Liabilities in associates and joint ventures	SoFP	0	0	0	0	0
(244,657)	Total non-current liabilities		(253,260)	0	0	0	(253,260)
97,432	Assets less liabilities		(20,914)	5,853	42,646	59,726	87,311
	Taxpayers' Equity						
(128,783)	General fund	SoFP	(224,804)	0	0	0	(224,804)
175,321	Revaluation reserve	SoFP	203,890	0	0	0	203,890
0	Other reserves	SoFP	0	0	0	0	0
45,076	Other reserves - joint venture	SoFP	0	0	42,646	59,726	102,372
5,818	Funds Held on Trust	SoFP	0	5,853	0	0	5,853
97,432	Total taxpayers' equity		(20,914)	5,853	42,646	59,726	87,311

NHS LANARKSHIRE

NOTES TO THE ACOCUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

PRIOR YEAR		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:						
Property, plant and equipment	SoFP	541,891	0	0	0	541,891
Intangible assets	SoFP	2,189	0	0	0	2,189
Financial assets:						
Investments	SoFP	1,151	5,248	0	0	6,399
Investments in associates and joint ventures		0	0	18,517	26,559	45,076
Trade and other receivables	SoFP	49,872	0	0	0	49,872
Total non-current assets		595,103	5,248	18,517	26,559	645,427
Current Assets:						
Inventories	SoFP	7,618	0	0	0	7,618
Intangible assets	SoFP	0	0	0	0	0
Financial assets:						
Trade and other receivables	SoFP	30,987	83	0	0	31,070
Cash and cash equivalents	SoFP	3,846	528	0	0	4,374
Investments	SoFP	0	0	0	0	0
Derivatives financial assets	SoFP	0	0	0	0	0
Assets classified as held for sale	SoFP	585	0	0	0	585
Total current assets		43,036	611	0	0	43,647
Total assets		638,139	5,859	18,517	26,559	689,074
Current liabilities						
Provisions	SoFP	(26,942)	0	0	0	(26,942)
Financial liabilities:						
Trade and other payables	SoFP	(320,002)	(41)	0	0	(320,043)
Derivatives financial liabilities	SoFP	0	0	0	0	0
Total current liabilities		(346,944)	(41)	0	0	(346,985)
Non-current assets plus / less net current assets/liabilities		291,195	5,818	18,517	26,559	342,089
Non-current liabilities						
Provisions	SoFP	(120,323)	0	0	0	(120,323)
Financial liabilities:						
Trade and other payables	SoFP	(124,334)	0	0	0	(124,334)
Liabilities in associates and joint ventures		0	0	0	0	0
Total non-current liabilities		(244,657)	0	0	0	(244,657)
Assets less liabilities		46,538	5,818	18,517	26,559	97,432
Taxpayers' Equity						
General fund	SoFP	(128,783)	0	0	0	(128,783)
Revaluation reserve	SoFP	175,321	0	0	0	175,321
Other reserves	SoFP	0	0	0	0	0
Other reserves - joint venture	SoFP	0	0	18,517	26,559	45,076
Funds Held on Trust	SoFP	0	5,818	0	0	5,818
Total taxpayers' equity		46,538	5,818	18,517	26,559	97,432

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

26c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
2021 £000		2022 £000	2022 £000	2022 £000	2022 £000	2022 £000
	Cash flows from operating activities					
(1,651,831)	Net operating expenditure	(1,762,139)	35	24,129	33,167	(1,704,808)
(7,533)	Adjustments for non-cash transactions	29,699	0	(24,129)	(33,167)	(27,597)
13,986	Add back: interest payable recognised in net operating expenditure	13,395	0	0	0	13,395
(143)	Deduct: interest receivable recognised in net operating expenditure	(163)	0	0	0	(163)
0	Investment income	0	0	0	0	0
105,466	Movements in working capital	107,092	186	0	0	107,278
(1,540,055)	Net cash outflow from operating activities	(1,612,116)	221	0	0	(1,611,895)
	Cash flows from investing activities					
(25,406)	Purchase of property, plant and equipment	(28,238)	0	0	0	(28,238)
(315)	Purchase of intangible assets	(258)	0	0	0	(258)
(1,002)	Investment additions	0	(322)	0	0	(322)
360	Transfer of assets (to)/from other NHS bodies	0	0	0	0	0
3,720	Proceeds of disposal of property, plant and equipment	784	0	0	0	784
0	Proceeds of disposal of intangible assets	0	0	0	0	0
0	Receipts from sale of investments	0	0	0	0	0
143	Interest received	163	0	0	0	163
(22,500)	Net cash outflow from investing activities	(27,549)	(322)	0	0	(27,871)
	Cash flows from financing activities					
1,590,579	Funding	1,660,505	0	0	0	1,660,505
(4,765)	Movement in general fund working capital	10,032	0	0	0	10,032
1,585,814	Cash drawn down	1,670,537	0	0	0	1,670,537
(14,040)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(7,445)	0	0	0	(7,445)
986	Interest paid	122	0	0	0	122
(14,972)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(13,517)	0	0	0	(13,517)
1,557,788	Net Financing	1,649,697	0	0	0	1,649,697
(4,767)	Net Increase / (decrease) in cash and cash equivalents in the period	10,032	(101)	0	0	9,931
9,141	Cash and cash equivalents at the beginning of the period	3,846	528	0	0	4,374
4,374	Cash and cash equivalents at the end of the period	13,878	427	0	0	14,305
	Reconciliation of net cash flow to movement in net debt / cash					
(4,767)	Increase / (decrease) in cash in year	10,032	(101)	0	0	9,931
9,141	Net debt / cash at 1 April	3,846	528	0	0	4,374
4,374	Net debt / cash at 31 March	13,878	427	0	0	14,305

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

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

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

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Lanarkshire by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Lanarkshire must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Lanarkshire must use the NHS Lanarkshire Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Lanarkshire must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
 - (a) The NHS Scotland Capital Accounting Manual,
 - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
 - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Lanarkshire in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Lanarkshire must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

“financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

“Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

“Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

“NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29),

“NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Lanarkshire is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Lanarkshire Annual Accounts template” means the Excel spreadsheet issued to NHS Lanarkshire by the Scottish Ministers as a template for their statement of accounts, and

“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.



Signed by the authority of the Scottish Ministers

Dated 22 March 2022