



ANNUAL REPORT AND ACCOUNTS

FOR

THE YEAR ENDED 31 MARCH 2023

**NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

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SECTION A: THE PERFORMANCE REPORT

1 PERFORMANCE OVERVIEW

This overview provides a short summary of NHS Lanarkshire'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

2022/23 has been another year of significant challenge. Covid-19 continued to have a direct impact on services whilst its legacy of lengthened waits and longer term effect on population health sat beside the impact of the rising cost of living. NHS Lanarkshire experienced a 13% higher rate of infection by Covid-19 than the Scottish average despite having an effective Covid-19 and flu vaccination program with good take up. The impact on patients and staff related to long term conditions and ongoing medical issues has been profound. Of particular note, higher levels of Covid-19 and other respiratory illness over the winter led to extreme service pressures where hospitals were regularly operating at over 100% capacity through emergency admissions. At the same time, staff absences were running at a higher level creating a greater reliance on bank and agency staffing and the planned care programme was operating at reduced capacity.

Demographic and historic funding and service configuration issues combine to present NHS Lanarkshire with a unique set of challenges. Over 50% of the overall population falls within the 2 highest categories of the Scottish Index of Multiple Deprivation (SIMD 1-2) with approximately 40% of the population in Coatbridge, Airdrie and Motherwell in SIMD 1. There is well established evidence on the greater number of long term conditions, poorer life expectancy and later presentation with disease associated with deprivation. With growing evidence about the greater impact of Covid-19 on deprived communities and a cost of living crisis that disproportionately affects those on the lowest income these health inequalities are set to widen.

Alongside this, Lanarkshire has the lowest per capita funding in Scotland for Primary care medical services, has the highest number of patients per GP (30% higher than the Scottish average) and the highest number of patients in SIMD 1 per GP (40% higher than the Scottish average). Whilst there has been investment through the Primary Care Improvement Fund and significant work to redesign the primary care provision using a multi-disciplinary team approach, there remains a net deficit against a growing health inequalities background. Sustainability of Primary care services remains a very high risk in the organisation's risk register. In addition, the NHS Lanarkshire funding for hospital and community services is 0.8% (£10.5m) below its target share of the Scottish health budget and a comparatively high element of its budget is tied up in fixed costs such as the private finance deals for 2 of its 3 District General hospitals and an extraordinarily high level of cross boundary flow due to its geography.

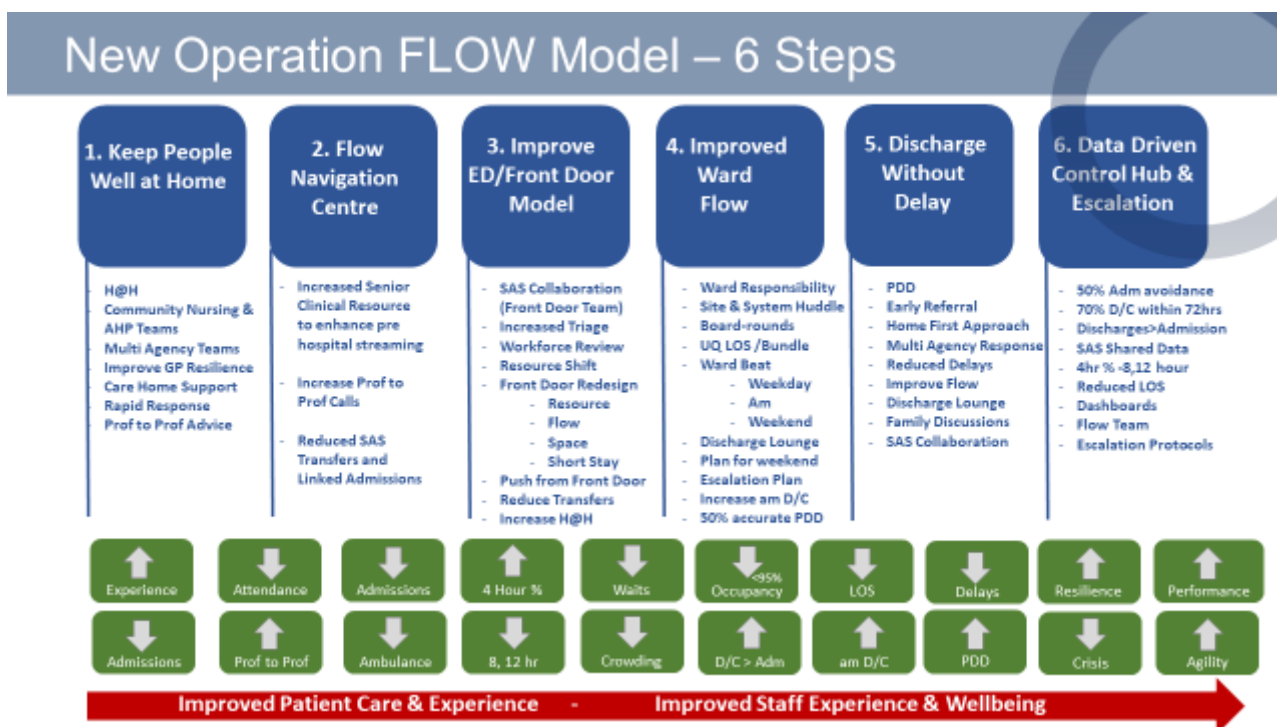
2022/23 also saw a rapid rise in inflation. A Health Impact Assessment (HIA) report by Public Health Scotland suggests that, despite national mitigating measures, the cost of living crisis is likely to have a range of adverse health impacts on individuals and households and that those with the lowest incomes will suffer most as they spend proportionately more of their income on essentials that are seeing the largest rises (food and utilities) and they are less likely to have savings to provide a buffer. This will lead to widening health inequalities and increasing demand on public services.

It is clear that what might at first have thought to be surge of service pressure that would subside as the pandemic receded, is now an endemic problem where an exacerbated underlying health status of the population interacts with an overstretched health system. Demand has shifted the balance of care being provided in hospital towards medical emergencies with a knock on impact to the provision of planned care which remains below prepandemic levels causing waiting lists to rise. At 31/3/20 there were 2,066 people waiting more than 12 weeks for inpatient or daycase treatment. By 31/3/23 this had risen to 8,386. The outpatient waiting list between those two dates had risen from 20,079 to 54,752.

A vital first step in recovering is to stabilise the emergency care pathways. A three stage transformation programme, Operation FLOW, was initiated in early 2023 following visits to other health systems, research on effective interventions and experience from our own improvement activity. In late February/March 2023 senior clinical and management resource from across the whole system was concentrated on supporting teams to follow through a suite of interventions to prevent unnecessary admission or delays in discharge after effective treatment in a systematic way. The immediate aim was to create a firebreak and decompress the hospitals to a level of occupancy where work could progress to embed longer term, resilient, sustainable optimised service models. It succeeded in reducing occupancy across the 3 District General Hospitals (University Hospital Hairmyres, University Hospital Wishaw and University Hospital Monklands) from 105% in January 2023 to 89% during the firebreak which in turn increased the number of people spending 4 hours or less in the Emergency Departments from 61% to 70%. Without sustained additional resource input the numbers crept up again with occupancy at 94% in April 2023 and the 4 hour performance at 64%.

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Although NHS Lanarkshire is projecting a financial deficit of c £34m for 2023/24, it has agreed with Scottish Government that a level of targeted investment is needed in the near future on patient safety grounds to reduce occupancy in the hospitals and speed the progress of patients through the Emergency Departments. Implementing and monitoring this programme will be a key priority in 2023/24. The main elements of the programme are set out below.



The proposed investment in Operation FLOW builds on the significant investment from Scottish Government within the Health and Social Care Partnerships to develop multidisciplinary teams to support care in the community and to enhance mental health and primary care. There is very strong partnership working between NHS Lanarkshire, South and North Lanarkshire Health and Social Care Partnerships and Councils. Collaborative working between these organisations and other key partners including third sector and Scottish Ambulance Services have provided additional resilience this year and will be fundamental in planning the redesign of our future services.

Alongside Operation FLOW which aims to stabilise emergency care pathways, NHS Lanarkshire will be working with the Scottish Government to make as much inroad as possible to the long waits for elective care. Lack of internal capacity, funding and access to the new national elective centres remain issues to be resolved. We will continue to try to influence these alongside looking at improving efficiency in use of existing resource and new ways of delivery. In the final quarter of 2022/23 the first signs of success were seen from measures introduced to reduce the numbers waiting for key diagnostic tests. Waiting lists for outpatients and inpatients are being managed through seeking to prioritise those with the highest clinical risk whilst also trying to bring in those that have waited the longest.

Workforce availability and finance will be real constraints with efficiency, workforce planning and development, employability initiatives and creative recruitment being important themes. It has established a Sustainability and Value programme to capture opportunities for reducing expenditure. Areas of focus include filling vacancies and reducing the use of extensive agency nursing, identifying off patent or biosimilar drugs which are more cost effective, energy saving initiatives and reviewing the supplies used. However, it is clear that these will only go part way to closing the projected financial gap and as the healthcare strategy is developed it will have to take account of the financial constraints. In everything it approaches, NHS Lanarkshire 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.

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

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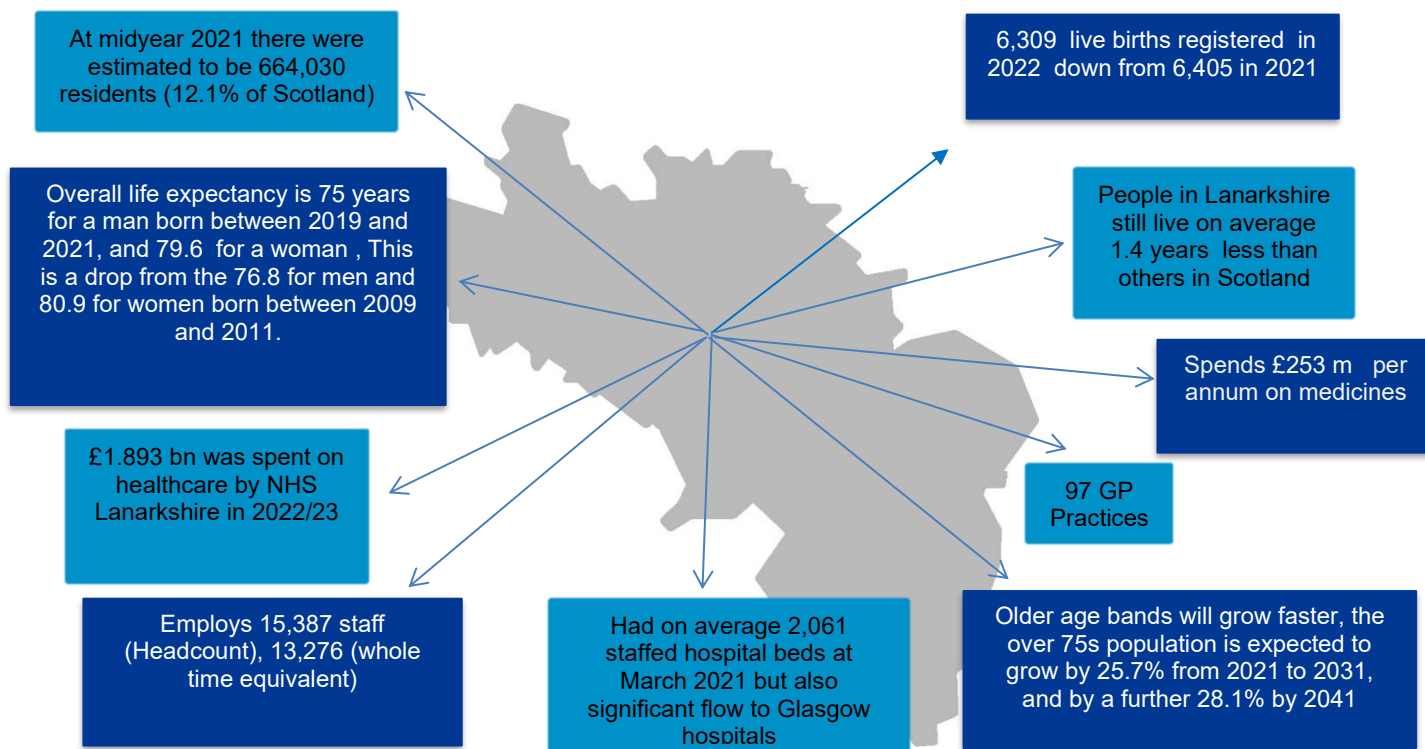
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For staff the last 3 years have been almost without respite and whilst various wellbeing supports, assisted by Scottish Government and NHS Charities together monies, have been put in place the biggest support we can give to staff is to introduce sustainable models of working. 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.

1.2 NHS Lanarkshire – Purpose, Structure and Activities

Lanarkshire Health Board (commonly known as NHS Lanarkshire) 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.

Its strategic planning and performance monitoring role is shared with two separate legal bodies; the North and South Lanarkshire Integration Joint Boards (IJBs). These were established under the Public Bodies (Joint Working) (Scotland) Act 2014 which aimed to better integrate health and social care services. Formal powers were transferred to them on 1st April 2016. Each Integration Joint Board comprises 4 directors from the NHS Board 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. NHS Lanarkshire delegates the planning and commissioning for Primary, Community and Mental Health services to the IJBs and passes to them the relevant budgets. 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. The IJBs decide what integrated services will be provided and how they will be funded and direct NHS Lanarkshire and North and South Lanarkshire councils to deliver those services.

These directions are integrated with NHS Lanarkshire's own strategic plans for acute and public health services. The staff, buildings, services and supplies to deliver these services are all contracted for and managed through NHS Lanarkshire. The operational delivery of the overall strategic plan takes place through five main divisions. Two Health and Social Care partnerships, aligning with the North and South Lanarkshire IJB's (and managed by the same person who holds the post of Chief Officer of the IJB), deliver primary, community and mental health care. An Acute Division provides the hospital led services within Lanarkshire. Corporate support services

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covering all such as managing premises, IT infrastructure, payroll and Human resources sit alongside the public health and planning department in a Corporate division. Finally, a major segment of activity is the hospital services provided by other NHS Boards, primarily NHS Greater Glasgow and Clyde. This arises in part because of referrals to highly specialised services only performed by tertiary Boards but mostly because of the geography of Lanarkshire where residents of various areas near the boundary find it easier to travel to other hospitals.

NHS Lanarkshire contracts with GPs, opticians, dentists and pharmacists to provide a full range of primary care services. £369.418m was spent on these in 2022/23, including £144.936m 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. £508.140m was spent by the Acute Division in 2022/23 on staffing, supplies and drugs, with property costs being picked up centrally. NHS Lanarkshire has a high proportion of expenditure in out of area services and during 2022/23 it spent £225.540m 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.

1.3 Strategic Objectives and Goals

During the pandemic priorities changed with the immediate need to take action to save lives superseding the previous longer term strategic plans. Previously, NHS Lanarkshire would have agreed an Annual Operating Plan (AOP) with Scottish Government with clear performance measures. This would have been incorporated in a set of corporate objectives which in turn would be reflected in senior managers' own personal objectives. The AOP was replaced first with remobilisation plans in 2021/22 and then an Annual Delivery Plan (ADP), which was formally approved by the Board in October 2022. In March 2022 the Board approved interim [Corporate Objectives](#) for 2022/23.

The key priorities in the Scottish Government's ADP guidance were:

- Staff wellbeing;
- Recruitment and retention of our health and social care workforce;
- Recovery and protection of planned care;
- Urgent and unscheduled care;
- Supporting and improving social care;
- Sustainability and value.

These were key priorities of the Board during the year (noting that for social care the lead bodies were the IJBs) although the continued impact of covid-19 and the at times extreme pressure the system was operating under limited progress. Scottish Government issued new guidance for preparing a delivery plan on 28th February 2023 which detailed the 2023/24 planning objectives as:

- make rapid improvements in capacity and sustainability to support system performance through 2023 and in preparation for winter 2023/24;
- make progress in delivering the key ambitions in the NHS Recovery Plan; and
- continue innovating and transforming the NHS for the future.

To provide a stable, overarching framework to each year's delivery plan the Board developed a streamlined set of [Corporate Objectives](#) which were approved at its May 2023 meeting. These are set out below.

Theme	Objective
Better Health	Improve health & wellbeing and address inequalities Establish evidence informed outcomes and objectives that improve the health and wellbeing of our population, address health inequalities and reduce the environmental impact of climate change on population health.
Better Care	Deliver value & sustainability Provide effective planning that supports financial sustainability, balances budgets, provides value and ensures effective use of resources
Better Value	Deliver value & sustainability Provide effective planning that supports financial sustainability, balances budgets, provides value and ensures effective use of resources
Better Workplace	Create a workplace that promotes health and wellbeing, implementing programmes that impact positively on the lives of our workforce, reflect the value we place on them, enhance engagement, and build resilience

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1.4 Principal Risks

NHS Lanarkshire has a well established risk management system as described in pages 36 to 38 of the Governance Statement. Corporate risks which may impact on the delivery of its objectives are reviewed regularly at its Board and subcommittee meetings with the position at 31 March 2023 being reported to the [March 2023](#) Board.

As set out on pages 36 to 38 of the governance statement, 16 live corporate risks were reported at the Board meeting of 29th March 2023 compared to 21 at the end of March 2022, reflecting a reduction in risk in moving out of emergency footing and beginning recovery from the pandemic. Mitigated and de-escalated risks are described in the following paragraph.

Two specific risks focusing on cyber-resilience and data protection were de-escalated for operational monitoring given the plethora of competent mitigation but replaced by one all-encompassing very high risk given the heightened threat of cyber-attacks in today's ever changing digital world. Very high risks relating directly to covid-19 and the pandemic response were closed as a result of the NHS being stood down from operating in emergency footing in April 2022 and the success and ongoing operation of the vaccination programme. The very high risk relating to the potential for adverse reputation whilst continuing in emergency footing no longer reflected the organisations current position, with any communication issues being managed well through business as usual, resulting in the closure of the risk. Similarly, the high risk obtaining to prevention and detection of fraud, bribery and corruption was reduced from a high risk to a medium risk to reflect the decrease in fraud attempts as the world recovers from the pandemic. The very high risk around sustaining a safe workforce was reduced with less staff absent as a result of contracting Covid-19.

The very high risk concerning delivery of child and adolescent mental health services (CAMHS) was successfully reduced in score and de-escalated to be overseen by the newly established CAMHS programme board as per the 16% reduction in the waiting list.

The 7 very high risks on the corporate risk register at 31st March 2023 are described in the table below along with their impact on 2022/23 performance and the mitigations in place.

Risk	Impact on 2022/23 Performance/Mitigations
Delay and disruption when procuring new Laboratories Managed Service Contract	None, other than the additional project and legal advice costs to mitigate the risk. The existing equipment continues to function. Key risk points for 2023/24 are the impact of any challenge of the tender award and the switchover of equipment.
Ability of NHS Lanarkshire to Deliver a Balanced Budget within Periods 23/24 – 25/26	None, other than the increase in management time spent on the sustainability and value programme to mitigate the risk. NHS Lanarkshire achieved breakeven in 2022/23.
Heightened Cyber Threat	No critical impact, though mitigating the risk requires additional expenditure on security and time lost in system upgrades. Cyber attacks remains an ever present threat. In August 2022 there was a UK wide attack on a system which NHS Lanarkshire used to support GP out of hours though local impact was minimised.
Sustaining Whole System Patient Flow	This risk had a major impact on 2022/23 performance, particularly in length of wait in the emergency departments, high hospital occupancy and a knock on impact on planned care as described later in the report. Managing the extreme system pressures was a major focus. Longer term mitigation is sought through Operation FLOW as detailed on page 10.
Ability to maintain general medical services provision	Although the level of restriction to services during the pandemic abated, maintaining services remained difficult and during the year. Supporting resources have been diverted from other areas to support GP sustainability at times of significant pressure. Whilst this has assisted in avoiding some practices handing their contracts back, there were 3 in year who have had to indicate they were unable to continue. 2 practices merged with other practices in the same locality, one was advertised and another practice took over the contract. Supporting services continued to be developed through the Primary care investment fund.
Sustaining Primary Care Out of Hours service	This risk has had a continuing impact with the Out of Hours centres occasionally having to close their lists for all or part of a shift due to lack of staffing. Procedures were developed for when this happened to ensure patients were signposted to alternative services.

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Impact of Unpredictable Public Health Outbreaks on Current Services	This has had a continuing impact in year but is now being reviewed give the end of the covid-19 pandemic and the creation of a vaccination programme.
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1.5 Performance Summary

As described in section 1.3 the national guidance on strategic objectives was modified over the period as the pandemic moved through different phases and NHS Lanarkshire's focus was often on immediate priorities.

In July 2022 the Cabinet Secretary for Health & Social Care set out ambitious waiting times milestones to eliminate long waits for care. For outpatients and inpatients these were maximum waits of:

- one year for outpatients in most specialities by the end of March 2023;
- 18 months for inpatient/day cases in most specialities by the end of September 2023.

Progress against these targets were reported to each Board and Planning, Performance and Resource Committee (PPRC). With service capacity still at just over 80% of pre covid levels for outpatients in March 2023 and c60% for inpatients and daycases, the numbers of long waits continued to rise. At 31st March 2023 there were 3,168 (25.1%) inpatients and 3,906 (6.8%) outpatients who had been on the waiting list for 52 weeks or more.

In the absence of other new performance targets in 2021/22 or 2022/23 from the Scottish Government, the Board or PPRC continued to review progress against the draft 2020/21 AOP targets and previous local standards. The 2022/23 quarter 4 position will be reviewed by the PPRC in June 2023. For consistency with previous years, NHS Lanarkshire's performance against the traditional indicators is described in the following section. In most indicators there is a deterioration from previous years' performance. The activity figures in the performance analysis section give a more detailed picture of the scale of the recovery task facing NHS Lanarkshire.

NHS Lanarkshire is currently meeting or exceeding the target for 6 of the 20 AOP and previous LDP national targets (including financial targets) actively monitored during 2022/23. These are:

- ✓ **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 2022 NHS Lanarkshire early booking achievement ranged upwards from 92.6% across the five quintiles. (March 2021 upwards from 90%)

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

At March 2023, NHS Lanarkshire achieved 100% (March 2022, 100%)

- ✓ **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)**

- ✓ **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.

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 **94.0%** at December 2022 (March 2022, 99.1%).

- ✓ **Financial Performance** – see page 15.

There are 14 targets where NHS Lanarkshire did not achieve the previously expected performance.

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- X Proportion of patients beginning cancer treatment within 31 days of decision being taken to treat. The target set is 95%. (AOP)**
- At December 2022, NHS Lanarkshire was at **93.1%** (March 2022, 94.4%)
- 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 2022, NHS Lanarkshire achieved **78.4%**. (March 2022, 82.4%)
- X 95% of patients to wait no more than 12 weeks for a first outpatient appointment. (AOP)**
- At 31 December 2022 **41.12%** of people on the waiting list for outpatient treatment in NHS Lanarkshire had been waiting less than 12 weeks (31 March 2022 56.65%, 31 March 2020 92.3%)
- X 90% of Psychological Therapies patients to start treatment within 18 weeks of referral. (AOP)**
- In the month to 31 March 2023 85.8% of patients in Lanarkshire started their psychological therapy within 18 weeks of referral compared to 89.6% in the month to 31 March 2022
- X Sustain and embed smoking cessation rates: Target 902 twelve week quits from the 40% most deprived areas. (Locally Agreed Standard)**
- 766 successful twelve week quits were recorded in the year to 31 March 2022 compared to 943 in the year to March 2021.
- X Sickness absence to be 4% or less. (Locally Agreed Standard)**
- NHS Lanarkshire's sickness absence rate was 6.67% in March 2022 rising throughout the year to 9.12% at December 2022, the latest data point. From September 2022 this included absences due to Covid-19.
- X No patient to wait more than six weeks for any of the eight key diagnostic tests and investigations. The AOP target is 95%.**
- 35.8% of patients waiting at the end of December 2022 had been waiting less than six weeks (March 2022, 37.8%)
- X No patient to wait more than 12 weeks from referral to treatment (AOP) (The AOP target set is 75% compliance).**
- Of patients seen in the quarter to December 2022, 48.04% had waited less than 12 weeks (March 2022 51.04%).
- 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 29% at March 2023 (81.1% at March 2022)
- X 95% of people wait less than 4 hours from arrival to admission or discharge or transfer for A&E treatment. (AOP)**
- March 2023, 57.2% of people stayed less than 4 hours in A & E (March 2022, 60.2%)
- X 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 2022 NHS Lanarkshire sat at 19.4 (March 2022, 15.3). (AOP)**
- X 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**

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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 2022 this sat at 39.5 (March 2022 28.5) (AOP)

- X 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 2022 was 2, up from 1.95 at March 22.
- X Use of WHO Access antibiotics (NHSE list) ≥60% of total antibiotic use in acute hospitals by 2022. At September 2022 the Board was at 57.4%

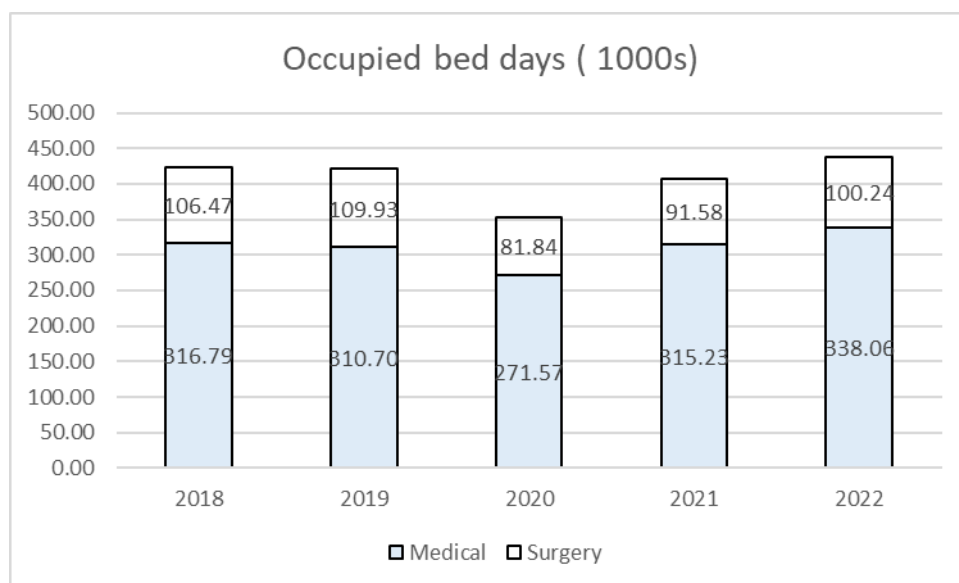
The Board also monitors the impact of delayed discharges on a monthly basis as well waiting times for AHP services. Bed days lost to delayed discharge increased to 67388 in 2022/23 from 57853 in the previous year though this sits well below the peak of 80772 in 2019/20.

2 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. NHS Lanarkshire had the highest cumulative incidence of COVID-19 across the period of the pandemic of any NHS Board at 44,454 per 100,000 compared to 39,281 per 100,000 for Scotland overall. Based on the PHS data up to 01/06/2022 when PHS stopped reporting the statistic, the cumulative crude death rate in Scotland for COVID-19 was 226 per 100,000 while in NHS Lanarkshire it was 298 per 100,000. Overall about 50% of the population of Lanarkshire is resident in SIMD 1 or 2, the areas of highest deprivation, 10% higher than the Scotland value. There is evidence at a Scotland level that higher deprivation and certain comorbidities including chronic kidney disease, diabetes, chronic obstructive pulmonary disease, neurological disease and cancer significantly increased with risk of COVID-19 death. This impact of deprivation is likely to be an important factor for the cumulative death incidence being higher in Lanarkshire than the overall Scotland rate and is also likely to mean the ongoing health impact is greater too.

2022/23 also saw a rapid rise in inflation which is likely to lead to widening health inequalities and increasing demand on public services. The combination of the legacy health impact of covid-19, the waiting lists that grew during the pandemic as services were at hugely reduced capacity and the ongoing cost of living crisis has had a major impact on health services and the various performance indicators.

In the early stages of the pandemic hospitals showed low occupancy as elective activity was stood down, people stayed away from emergency departments and there were fewer admissions. Activity started to rise again after 2020 but the composition had changed with a greater percentages of bed days occupied by patients grouped under the medical specialties rather than the surgical ones.



Average length of stay increased across the period too, rising from 3.32 days for all specialties in 2018/19 to 4.47 days in the first 6 months of 2022/23. This was driven by the emergency length of stay which increased from 5.56 to 6.87 over the same period. The percentage of bed days taken up by emergency inpatients rose from 91.4% in 2018/19 to 95.3% in the first 6 months of 2022/23.

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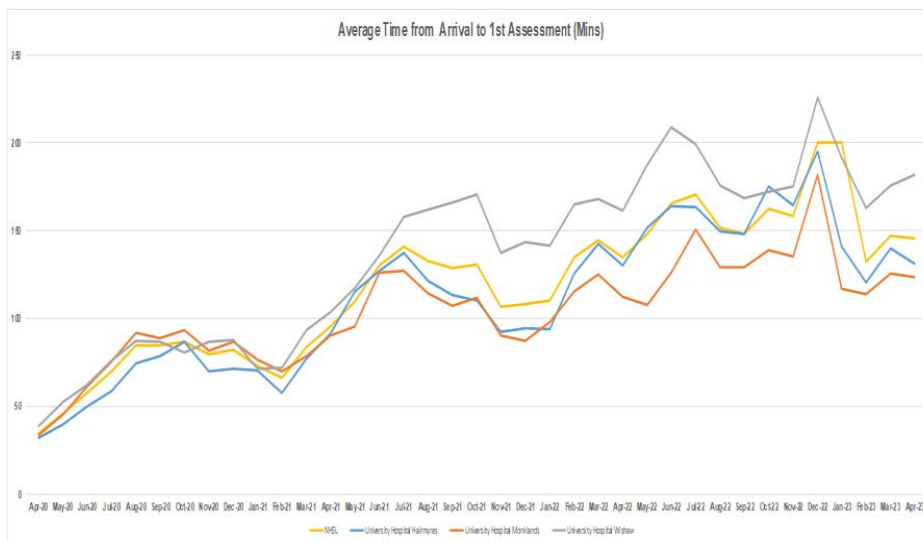
There were 195,670 attendances at the 3 emergency departments in 2022/23, still 8% less than in 2018/19, the last full year without any pandemic impact. 30.9% of those who attended in 2022/23 were admitted, 1% more than in 2018/19 which could suggest the people attending were more unwell.

	Attendances	Numbers staying less than 4 hours	% seen within 4 hours	Admissions	% admitted	Staffing WTE
2022/23	195,670	110,787	56.6%	60,522	30.9%	620.85
2021/22	203,578	142,518	70.0%	63,288	31.1%	601.51
2020/21	167,709	145,739	86.9%	56,074	33.4%	562.86
2019/20	211,083	179,112	84.8%	64,818	30.7%	533.39
2018/19	211,257	191,715	90.7%	63,157	29.9%	531.76

The number of people either admitted or discharged within 4 hours of arriving at the emergency department decreased significantly between 2018/19 and 2022/23, averaging 56.6% of attendances compared to 90.7% pre pandemic. This is despite a 20% increase in medical staffing and 18% increase in nurse staffing since 2018.

The main reasons for breaching the 4 hour target are wait for a bed or time to first assessment. The time to first assessment has been increasing across all sites since 2020.

NHS Lanarkshire
 Emergency Department | Average Time from Arrival to 1st Assessment
 By Site
 Date Range: April 2019 to April 2023
 Data Source: Tool Care PMS as at 05/04/2023 (unaudited and subject to change)



People arriving within the Emergency Departments are first triaged by the urgency of the presenting condition. They then wait for a more detailed first assessment. Assessment times are influenced by availability of suitable staff to manage patients, occupancy in the departments that prevent suitable assessment space being available (mainly caused by exit block) and the acuity and complexity of the patients presenting. Time to assessment for the high clinical priority patient group (immediate resuscitation) has been maintained at levels close to historic levels but most other patient categories have experienced longer waits to clinical assessment. All sites continue to experience high occupancy (>90%) related to the impact of increased lengths of stay for emergency admissions so once a decision to admit a patient has been made there can be long waits until a suitable bed can be found. When patients experience extended waits for admission from Emergency Departments all efforts are made to ensure appropriate care is delivered and patients are in a comfortable setting until their ward bed is available.

Where people are finished their episode of hospital care but are still waiting for support to be able to leave it is termed a delayed discharge. In 2022/23 on average 185 hospital beds every day were blocked to new admissions because of delayed discharges, giving a total of 67,388 lost days across the year.

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	Total discharges	Nos in delay	% of discharges subject to delay	Bed days lost to delay	% of bed days lost to delay
2022/23	61,533	1705	2.8%	67,388	16.2%
2021/22	64,519	1493	2.3%	57,853	13.9%
2020/21	57,879	3995	6.9%	56,935	16.2%
2019/20	75,247	5932	7.9%	80,772	18.8%
2018/19	75,354	5710	7.6%	66,302	16.0%

Delays can occur for a number of reasons. In 2022/23 14.3% of the bed days lost to delay were for complex cases where the patient lacked capacity to make decisions and legal processes were in place to protect their rights. Other than making sure there were no delays in following through the legal requirements and generally encouraging the public to have enduring powers of attorney, there is little the organisation can do to reduce these. 4.5% of the days lost were for family or other reasons and 81.2% of the delays were for health and social care reasons. Of these 22% related to people awaiting a social care placement and 78% were for people who would return home with some additional support needed to make this happen. The Integration Joint Boards have a joint responsibility for reducing delayed discharges and their Chief Officers are full members of the NHS corporate management team working together to improve the flow of patients through the whole system. Backed by additional Scottish Government funding for multidisciplinary teams, health care support workers and social care they have enhanced support measures to allow Discharge Without Delay and a Home First Initiative where the focus for most patients is enabling them to return to their own homes. Within the hospital ensuring a planned date of discharge is flagged early for each patient allows clinical and social care teams to take the actions in advance to allow that to happen. Assessing people for additional support in their own homes where they can be seen in their own environment rather than the institutional setting of the hospital also gives better results.

The figures in the table above show that these joint initiatives have been successful in reducing the number of patients who remain in hospital after they are clinically fit to leave, dropping from 7.9% of discharges in 2019/20 to 2.8% in 2022/23. However, the length of stay associated with those still delayed mean the impact on overall bed days lost is not proportionate to that drop although the 67,388 days lost in 2022/23 is 13,384 (16.5%) less than the level in 2019/20.

It is well evidenced that long delays in the Emergency Departments, particularly those over 8 hours, are associated with poorer outcomes for patients. The decrease in the numbers dealt within the Emergency Departments within 4 hours is a cause of huge concern. Although the staffing in the department is 16.4% (86 WTE) more than in 2019/20 when 84.6% of people were within 4 hours and the IJB supported measures to reduce delayed discharges can evidence improvement, these have still proved insufficient to increase the rate of flow of patients in and out of the hospital. An extensive programme of work, "Operation FLOW", is underway. This seeks to influence all the factors that would help ensure that patients get appropriate, timely access to emergency care in the most appropriate settings. This includes measures to ensure people are kept well at home, directed to the right place for care, that the emergency department space is well designed with the appropriate staffing and that factors that can lead to delays in a person's hospital care or discharge are well managed. The infographic on page 2 sets out some of the main strands.

Although the Board is projecting a financial deficit for 2023/24, it has agreed with Scottish Government that a level of targeted investment is needed in the near future on patient safety grounds to reduce occupancy in the hospitals and speed the progress of patients through the Emergency Departments. Implementing and monitoring this programme will be a key priority for the Board in 2023/24.

NHS Lanarkshire's overall average staffing had increased by the equivalent of 1,318.9 whole time staff (WTE) (11%) since March 2020, the start of the pandemic. The largest increase was in 2020/21 (783.4 WTE (6.6%)) but numbers have continued to rise with 214.6 WTE more staff recorded in 2022/23 than the previous year taking the total whole time equivalent staffing to 13,276. The increase in the Emergency Department staffing is one part of this but there have been significant increases in other parts of the organisation which should directly or indirectly help people keep out of Hospital. Some key examples are:

- 243 WTE employed in delivering the hugely successful Covid-19 and extended flu vaccination programme. In total £11.765m was spent on delivering this in 2022/23;

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- 38 WTE in the first months of the year from the Test and Protect service. This was introduced in 2020/21 to provide a contact tracing and advice service for people with Covid-19, helping prevent the spread. At its peak in 2021/22 it sat at 120 WTE but as the vaccination rates increased and society opened up it was stood down from 30 April 2022;
- 176 WTE additional staff employed by the Health and Social Care Partnerships from SG allocations for Improving Primary Care. 74 WTE of these are pharmacists to provide prescribing support to GPs;
- 103 WTE staffing within the HSCPs from SG allocations to support the Home first and discharge without delay work programmes, to reduce unnecessary stays in Hospital;
- 56 WTE within the HSCPS from Sg allocations to expand mental health services with a further 60 WTE specifically for children. It has taken several years from the time the funding was first advised to be able to recruit to this level.

It should be noted that the staffing increases supported by specific SG funding are mostly within the Health and Social Care Partnerships in line with SG's stated policy of shifting the balance of care.

The remainder of the increase relates mainly to additional staffing brought in due to Covid-19, either to backfill staff absent due to Covid-19 itself (which ranged between 0.9% and 4.7%), to cover additional beds or additional infection control steps in looking after patients including enhanced cleaning or to support the remobilisation of services after the pandemic. The need for additional staffing was also driven by the higher bed occupancy in hospital and increased staff sickness absence (which ranged between 5.46% and 9.12%). There has been a 352 WTE increase in the Acute division's average staffing 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 £1.935m in 2020/21 to £25.882m in 2022/23. The later contributed to an £8.151m overspend against the nursing budgets in the Acute Division. While agency staffing in the immediate situation can help provide safe staffing numbers for the shift it is highly undesirable in the long term as it brings in staff who are not familiar with the specific hospital environment and may have limitations in the tasks they can undertake or their flexibility in covering multiple areas. If agency is seen as attractive it also impacts on NHS recruitment and retention so risks a downwards spiral. In recognition of this a national direction has been issued to Boards directing them through a series of measures to reduce agency use including improving the ease of joining our own staff bank and blocking the use of the premium rate agencies not on the national contracts. Although this could cause some short term disruption to services, NHS Lanarkshire is very committed to complying with the circular to reach a better longer term position on substantive staffing.

The greater length of stay described in previous paragraphs 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 2019/20, where over 10 months of the year were unaffected by the pandemic, NHS Lanarkshire treated 25,072 inpatients and daycases. In 2020/21 when elective activity was hugely curtailed due to the pandemic this dropped to 7,710. The numbers being added to the list are lower than prepandemic because of restrictions in outpatient capacity. Although the numbers seen in 2022/23 have risen to 16,208 that is still not enough to keep pace with additions so the list continues to grow.

	2019/20	2020/21	2021/22	2022/23
Number on list at start of period	6 601	7 020	9 404	11 992
Numbers added	25 703	10 094	15 422	16 680
Numbers seen	25 284	7 710	12 834	16 208
Number on list at end of period	7 020	9 404	11 992	12 464
% seen within 84 days	71.6%	58.9%	56.0%	53.9%
Numbers waiting over 84 days at end of period	2 066	6 547	8 668	8 386

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. On 6th July 2022 the Cabinet Secretary for Health & Social Care set out waiting times milestones to eliminate long waits for care. For inpatients and day cases these are the elimination of waits of:

- 18 months for inpatient/day cases in most specialities by the end of September 2023;

- one year for inpatient/day cases in most specialities by the end of September 2024.

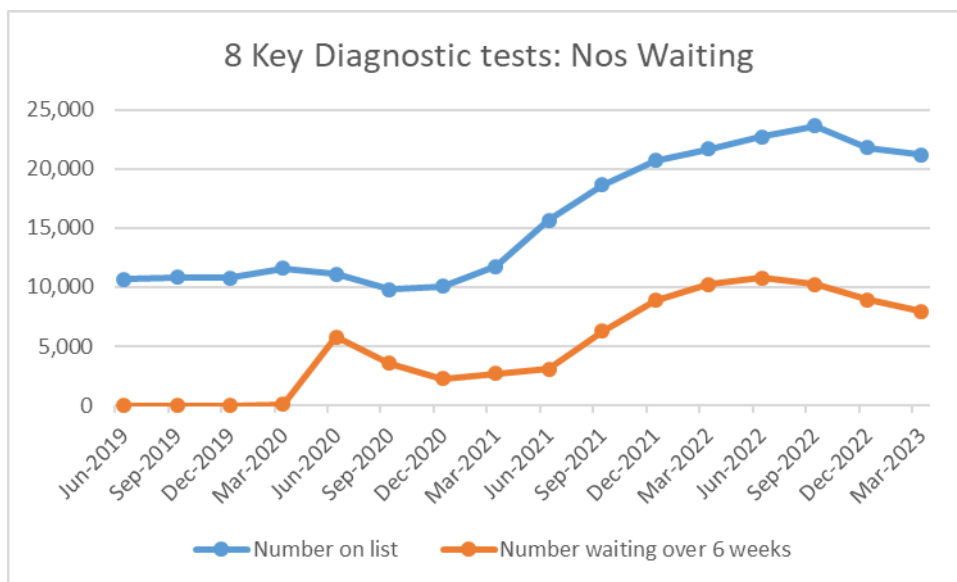
Clinical urgency remains our priority and the implementation of long waits milestones needs to be managed in the context of continued access to theatres for urgent patients. We are currently running circa 90% of our pre-Covid-19 elective theatres and approximately 60% of this capacity is used for the treatment of urgent/cancer patients. Continued delivery and expansion of theatres is dependent on availability of workforce. This remains the greatest risk to progress in this area. The May 2023 [Board report](#) shows that 22% of patients have been waiting more than 18 months. 30% of patients on the list at 31st March 2023 were judged to be priority 4. NHS Lanarkshire used to rely heavily on external capacity to make inroads into its waiting lists but the revised distribution of capacity under the national treatment centre strategy gives NHS Lanarkshire less capacity than before.

Clinical teams continue to see urgent new outpatients through a variety of different care models (face to face and virtual).

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. Outpatient demand continues to increase and pent up demand/demand from long term conditions has contributed to the growth in the waiting list size and the increase in length of time for a routine outpatient appointment. In addition to the extant 12-week outpatient guarantee, on 6th July 2022 the Cabinet Secretary for Health & Social Care set out waiting times milestones to eliminate waits in excess of one year for outpatients in most specialities by the end of March 2023 8.48% of outpatients are waiting more than 1 year at 30 April 2023.

	19/20	20/21	21/22	22/23
Number added to list	133 649	78 416	116 795	123 033
Number seen	136 747	68 799	107 510	107 262
Seen within 12 weeks	118 353	46 841	70 918	67 181
% within 12 weeks	86.5%	68.1%	66.0%	62.6%
Nos waiting at year end	20 079	29 696	38 981	54 752

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 June 2022 as demand continued to outstrip capacity before numbers started to come down.



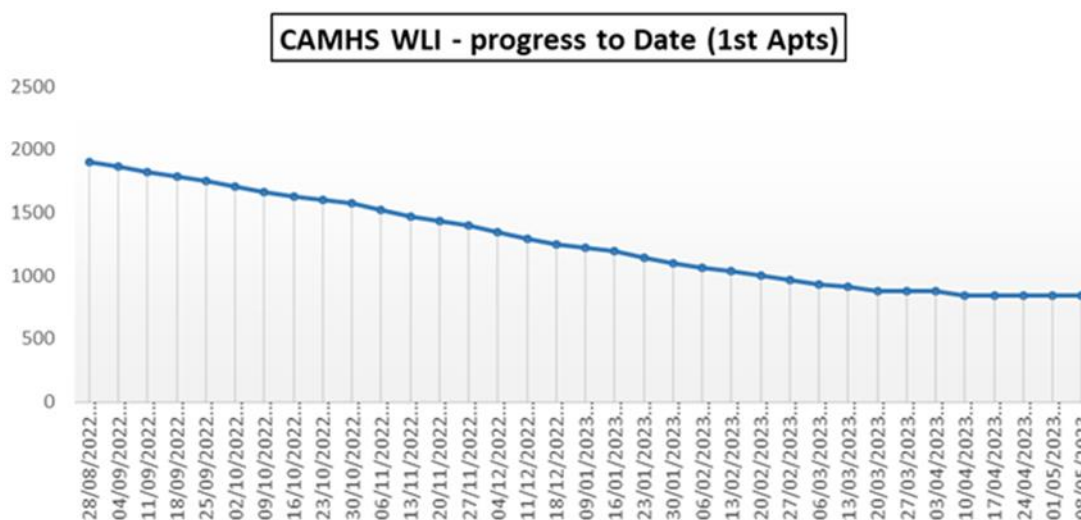
Radiology imaging remains under significant stress due to increasing demand for inpatient, outpatient and cancer examinations, particularly in MRI and subspecialty MRI examinations. Additional external and internal capacity is being sourced to address these waits. All aspects of endoscopy remain challenged due to staffing and accommodation constraints. A Modular endoscopy unit continues to run at UHH, additional endoscopy capacity

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is being accessed at Golden Jubilee and Alternatives to endoscopy, for example cytosponge have been introduced. A second CT scanner has been installed in Monklands. The provision of outpatient scanning in MRI and CT continues to be pressured due to a significant increase in requests for emergency and inpatient scans and also workforce availability. The imaging service is operating at around 100% of pre Covid-19 activity and the endoscopy service is operating at over 125%. Work continues in developing a Regional Out of Hours Interventional Radiology model.

Outside the acute sector the waiting times to access child and adolescent mental health services remained a concern, with recruitment difficulties and high levels of urgent demand. There has been significant Scottish Government investment in this area. There has been extensive recruitment activity with new staff supporting the roll out of a new model and other wider developments around the Neurodevelopmental Pathway, Out of Hours, Liaison and Intensive services. There has been steady progress in reducing the numbers waiting as shown in the graph below taken from the May 2023 [Board paper](#).

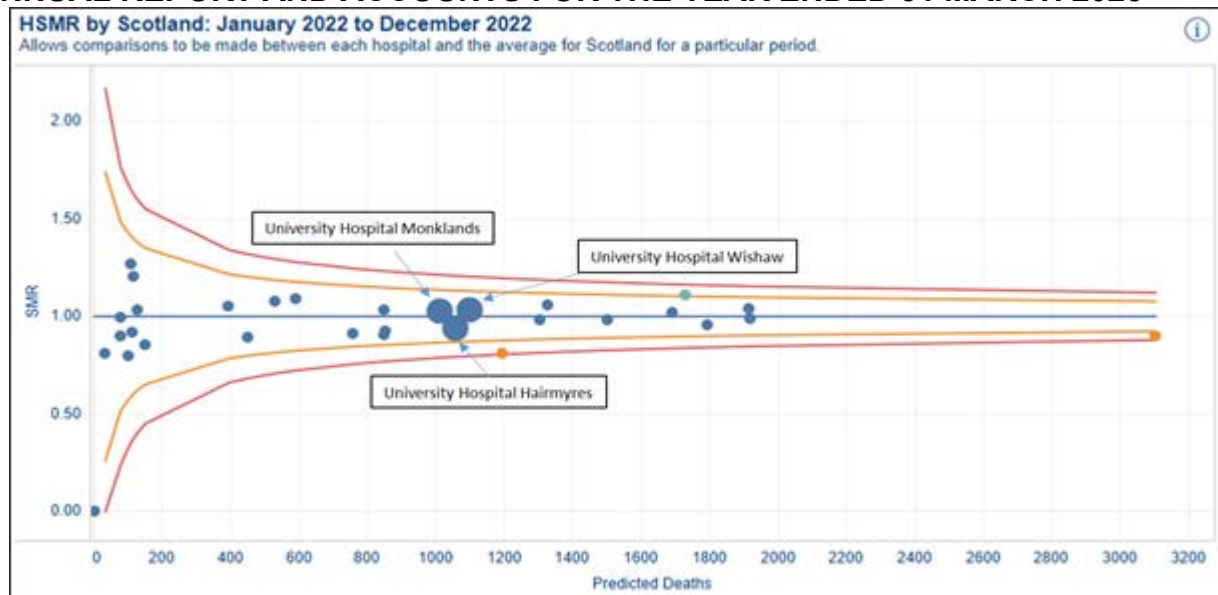


The percentage of children seen who had been waiting less than 18 weeks will decrease the more the waiting list initiative brings in long waiters and was only 29% versus the target of 90% in March 2023.

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 hospital's position on a funnel plot to show if it falls within expected range. The latest release of HSMR data was published by ISD on 9th May 2023. The data includes case-mix adjusted 30-day mortality on admissions from January 2022 to December 2022. Data is presented as a Funnel plot to allow comparisons to be made between each hospital and the average for Scotland for a particular period. The 3 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).

In this new model, trends over time are not captured for individual hospitals. However, these are reviewed internally through the Corporate Quality and Safety Dashboard Review Meetings. This will also continue to be monitored through HQAIC. NHS Lanarkshire is 1.00 - no change since the last reporting period.

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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.

NHS Lanarkshire aims to maximise its contribution to employability both for young people entering work and for older people and launched a Widening Access and Employability Strategy in March 2023, the strategy aims to:

- Widening Access to quality work;
- Workforce plan to attract, develop, support and retain skilled, committed, adaptable and healthy staff;
- Enhance visibility of health careers Information and advice;
- Promote the Health & Social care academy, a joint vehicle formally entered into with North and South Lanarkshire councils to support the ambitions of existing staff and fostering a new generation of health and care professionals.

Project Search engaged 22 students on to our programme in 2022/23 with 25% securing positive job outcomes. Our Modern Apprenticeship programmes continued in Technical, Business Admin, Social Service and Healthcare and we hope to expand these programmes in 2023/24. Over 50% of the individuals involved in Kickstart the NHS Demonstrator Project secured employment (Kickstart 8/15 - 53%, NHS Demonstrator Project 15/26 - 57) and we have continued to support 3 cohorts (c.60 individuals) through the Clinical Employability Programme to gain roles on the staff bank in 2022/23. Under the Young Persons Guarantee programme, there have been 2 interns in IT, 1 secured employment, and 3 interns in Finance with 2 securing employment.

The EQIA has been updated and strengthened to include seven considerations of the Fairer Scotland Duty Act and links to our Anchor commitments and consider the key points in regards to the UN Convention on the Rights of the Child.

NHS Lanarkshire is a proactive partner in the Community Planning Partnerships for South and North Lanarkshire. A good example of a programme of work that has been progressed through the South Lanarkshire Community Planning Partnership is Shaping Places for Wellbeing. The Shaping Places for Wellbeing Programme is a delivery partnership between the Improvement Service and Public Health Scotland (PHS), funded and supported by The Health Foundation and Scottish Government with support from COSLA. Rutherglen town is one of six towns across Scotland to be a national test site for this funded programme which aims to address inequalities through delivering upstream preventative action with local communities. The Board is also working with Community Planning Partners in the implementation of Local Child Poverty Action Plans.

In response to the current cost of living challenges NHS Lanarkshire has used the five anchor pillars to develop a cost of living outcome focused delivery plan. This plan has included monitoring local data and evidence of need and taking forward a range of partnership actions to support patients, communities and staff with their

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financial wellbeing. A dedicated cost of living webpage has been established and a communications plan developed to raise staff and public awareness of supports available including a Frequently Asked Questions support tool for managers and staff. Pathways for raising the issue of financial wellbeing have been well established within early year's settings and going forward a key focus will be on spreading this good practice to other clinical areas. A range of performance measures are in place to monitor progress such as referrals to financial support services, update of health improvement programmes and qualitative case studies.

Lanarkshire has also developed targeted programmes for populations who may be particularly disadvantaged due to their wider circumstances. One example is the Lanarkshire Resettlement Healthcare and Wellbeing programme which has been established to support refugees and asylum seekers.

An interim Health Care Resettlement team has been put in place as an initial short term response. Individual Health Needs Assessments are being offered to all new arrivals within the hotels. Refugees and asylum seekers are informed about health services, their rights and how to access services.

A wider population health needs assessment of the resettling groups is underway. The data gathered and the assessment of these populations, will ensure that their needs are addressed, but also support future planning and integration of them in to local health care systems and supports.

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.

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.

2022 Actual Outturn £'000		Limit as set by SGHSCD £'000	2023 Actual Outturn £'000	Variance (Deficit)/ Surplus £'000
1,635,375	Core Revenue Resource Limit	1,569,874	1,569,874	0
29,425	Non-core Revenue Resource Limit	39,638	39,638	0
1,664,800	Total	1,609,512	1,609,512	0
29,480	Core Capital Resource Limit	33,322	33,322	0
0	Non-core Capital Resource Limit	43	43	0
29,480	Total	33,365	33,365	0
1,670,537	Cash Requirement	1,755,475	1,755,475	0

MEMORANDUM FOR IN YEAR OUTTURN	£'000
Core Revenue Resource Variance (Deficit)/Surplus in 2022-23	0
Financial flexibility: funding banked with/(provided by) Scottish Government*	0
Underlying (Deficit)/Surplus against in year total Revenue Resource Limit	0

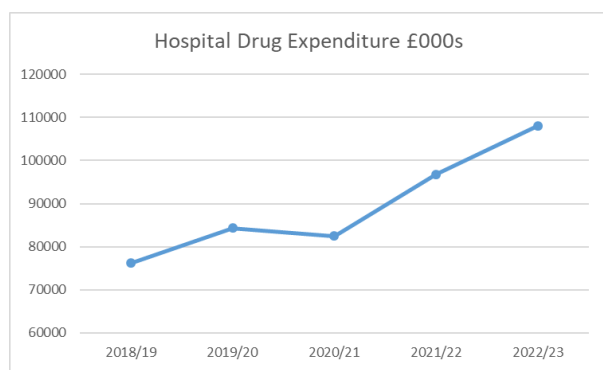
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The core revenue limit provides funding for the day to day pay and supplies costs of running the health service. It has a base element which can be relied on to continue into following years and receive any uplift voted for Health Boards in the Scottish Budget. This sat at £1,346.825m in April 2022 (4.5% more than the April 2021 starting position). The remainder – which in 2022/23 amounted to £223.049m - 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 £26.125m (2.0%) uplift, of which £5.596m went to North Lanarkshire IJB and £3.994m to South Lanarkshire IJB. There was also an additional £7.200m (0.6%) of funding received to bring NHS Lanarkshire to within 0.8% of its target share of the national resource allocation formula (NRAC) in 2022/23. A further £7.247m was also received to cover the 1.25% increase in employer's national insurance contributions, of which £1.407m went to North Lanarkshire IJB and £0.703m to South Lanarkshire IJB.

As the graph below shows there has been a steady upwards rise in the expenditure on Hospital prescribed medicines, over the last 5 years (41.8% in total) driven by the expanded use of new high-cost drugs, interrupted in the first year of the pandemic but now accelerating. This has normally to be funded from the general allocation uplift which has shown a compound rise of 11.1% over the same period leaving a cost pressure of over 30%. In 2022/23 the additional new medicines funding received was sufficient to cover the in year rise and make up part of the previous year's gap but as it is non recurring the underlying pressure remains.



This accumulated gap since 2014/15 is a major contributor to the financial challenges facing the Board. For many years overall costs, including hospital drugs, have increased faster than funding and finding ways of becoming more efficient or reducing expenditure has been essential. Lanarkshire has consistently balanced its finances but from 2020/21 onwards has had an increasing reliance on one off measures to do so. It entered 2022/23 with an estimated gap of £24.254m between its permanent budgets and its ongoing expenditure. This gap grew as the 2% uplift in core allocation was not enough to keep pace with high supplies inflation and energy costs. Further cost pressures came from service developments agreed nationally and regionally, a national reassessment of the grade for healthcare support workers undertaking clinical duties, a forecast increase in clinical negligence costs and additional public holidays in year. The opening plan to the March 2022 Board forecast a £38.223m gap between projected costs and income in the services not delegated to the IJBs. At that point only £5.669m of efficiency savings could be relied on leaving a £32.554m gap still to be resolved. The opening plan assumed, correctly, that the costs of any pay deals above the 2% allocation uplift would be funded as would the 1.25% rise in employers national insurance contributions for the first 7 months.

The financial projections initially deteriorated as energy prices continued to rise to 160% of the previous year and it became apparent that the Acute Division's overspend against its budget was growing. Key factors in closing the gap were:

- retrospectively claiming funding which other Boards had been allocated in previous years for the cost of new medicines or the Clinical negligence and other risks scheme (CNORIS). In a number of years SG had issued funding late in the year to Boards but as NHS Lanarkshire had already balanced its budget by then it did not require it. The amount forgone in previous years totalled £14.083m and SG issued it in November 2022;
- £5.115m of additional drug price savings;
- c£5m from recognising delays mainly in national and regional service developments;
- a £3.238m underspend against corporate and out of area budgets;
- £1.495m of other savings identified through the finance recovery group work;
- SG releasing £ £12.324m in the final quarter to cover the costs of new medicines which has been a long standing cost pressure;
- the CNORIS risk charge being reduced by £1.291m and the funding for the NIC rise being left with Health Boards after it ceased in November 22.

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There were a variety of other movements. Annex C to the report to the [May 2023 Board](#) on the year end financial position sets this out in more detail.

In 2022/23 the Board incurred expenditure of £23.804m directly linked to Covid-19 and £23.645m of funding from SG to cover it. The single largest element of this was the £11.764m spent on the extended flu and Covid-19 vaccination programme. The programme delivered 433,545 Covid-19 and 243,450 flu vaccinations playing a major part in bringing the NHS out of emergency footing on 30 April 2023. The HSCPs spent £19.404m across health and social care on Covid-19 response or remobilisation activities. The IJBs used the residual funding from previous year's reserves to cover this. The lower level of Covid-19 expenditure than in the previous year and this use of reserves for Covid-19 and for primary care, alcohol and drugs and mental health is the main reason for the decrease in spend in the North and South partnerships from 2021/22 despite the underlying growth in pay, drug and supplies costs.

In 2023/24 only the vaccination programme and a small element of public health costs will be funded introducing a cost pressure for other continuing costs.

A medical and dental pay award of 4.5% was issued in 2022 and an agenda for change pay deal averaging 7.5% agreed late in the year. SG provided funding for the costs in excess of the 2 % that could be covered from the general allocation uplift.

The Acute division's paybill increased by £34.498m (9.3%) which is a combined effect of the pay deal, the increased use of premium rate agencies, higher sickness absence and the increase in staffing referred to earlier in the paper.

It is usual for Health Boards to receive and use substantial in year funding to meet acute access times. In 2019/20 this was £11.741m. In the intervening period although funding was available, the Covid-19 impact meant the staffing and physical space was not and only £1.979m of additional Scottish Government funding could be used. This produced a considerable backlog of cases as described earlier in the report. In November 2022 the Board was notified of £15.747m of funding to address this, c £7m less than it had hoped for but with the benefit of being recurring so could allow future planning. This was fully spent in 2022/23 and recurrently built in to the planned care recovery plan for 2023/24.

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 £33.514m.

NHS Lanarkshire completed a £33.4m capital programme. £4.833m (2021/22 £5.621m) 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 (2021/22, £5.856m) 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. £11.855m was spent on fees and other costs of progressing the Monklands replacement business case. Work commenced on developing a Traumatic Brain Injury Unit at Stonehouse hospital and creating extra cubicles in the Wishaw Emergency Department where lack of space is often a bottleneck increasing the length of stay.

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.

Although the gap was filled in year a substantial element of that was done non recurrently. The opening financial plan for 2023/24, which went to the [March 2023](#) Board, estimated that by 31st March 2023 ongoing expenditure was exceeding permanent budgets by £54.413m. Recognising the increase in the Acute Division's overspend plus the continuation of £7.7m of expenditure originally linked to Covid-19, were major factors in the increased deficit projection. Further modelling suggested that by 31st March 2024 that underlying gap would have risen further to £68.485m as inflation and drugs cost rises continues to exceed the allocation. Recognising non recurring income and the potential for c £22m of savings reduced the projected year end deficit to £34.132m.

To identify ways to close this deficit, a Sustainability and Value programme has been set up with the Board's expenditure segmented into different workstreams each led by a Board director. Progress to May 2023 indicates traditional efficiency schemes will not be sufficient to close the gap and looking to redesign services within a reduced funding envelope will be required. The risk of not being able to achieve this over 3 years sits on the risk register at the highest level.

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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 2022/23.

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 2022/23 average credit taken was 10.34 days (2021/22 – 8.46 days);
- In 2022/23 the board paid 92.21% by value (2021/22 – 93.39%) and 93.81% by volume within 30 days (2021/22 – 95.35%);
- In 2022/23 the board paid 78.72% by value (2021/22 – 82.79%) and 88.29% by volume within 10 days (2021/22 – 90.34%).

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 £239.994m.

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 £47.994m.

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. 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.

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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://sustainablescotlandnetwork.org/reports>

NHS Lanarkshire Progress

NHS Lanarkshire has a well-established Sustainability and Environmental group that provides leadership and co-ordinates activities focused on reducing the impact of our activities on the climate and environment. Our Sustainability and Environment group oversees and co-ordinates risk management for strategic sustainability planning, climate change adaptation and service improvement across all NHS Lanarkshire services and produces reports on the Board's energy performance and carbon emissions to meet Scottish Government requirements around annual climate change and sustainability reporting.

NHS Lanarkshire (NHSL) published the Board's first **Sustainability and Climate Change Strategy** in late 2022, clearly setting out improvement ambitions and objectives in relation to tackling the climate emergency. Within this document we detail our strategic intentions that will progress us on our journey to net-zero by 2045. ([Sustainability and Climate Change Strategy | NHS Lanarkshire \(scot.nhs.uk\)](#)). Objectives and actions range from reducing energy used in buildings; decarbonising the fleet; to reducing business travel, and also reviewing procurement practices and supply chain emissions. A clinical workstream is being convened to focus on reducing the impact of how we deliver care, ensuring that we carry out healthcare activities in a manner that is ethical, fair, and just. This workstream will incorporate the work already underway as part of our established Green Theatre programme.

In February 2023 we published our first **Climate Emergency and Sustainability Annual Report**, which details our progress through 21/22 against the measures put in place to reduce our emissions. ([Climate Emergency and Sustainability Annual Report | NHS Lanarkshire \(scot.nhs.uk\)](#)). The detailed data contained within the annual report is drawn from the Public Sector Duties Report submitted annually to SSN. In 2021/22, NHS Lanarkshire scored 67% overall, improving our score by 10% and moving from an overall award of Bronze, to **Silver**.

Our three highest scoring areas were Greenspace, Communities, and Welfare, with the most room for improvement noted in Nature and Biodiversity, Greenhouse Gas Emissions and Waste. Plans are developing to address these as part of our future planning. In the last 3 months we have established workstreams and each of the leads has been working to develop their strategic commitments and deliverables for the coming year to build on the work already underway.

In 2022 we also completed a Climate Change Risk Assessment & Adaption Plan that was informed through 2 workshops. The Climate Change Risk Assessment & Adaption Plan was submitted to Health Facilities Scotland/NHS Assure.

Funding

The costs of implementing the Climate Emergency & Sustainability Strategy have been considered and documented by NHSL, in Section 10 of the Sustainability & Climate Change Strategic Strategy 2022-2026.

The key ambition is to deliver as many projects as possible through a business as usual approach within current budgets. There will be opportunities identified through efficiency savings and reinvestment or through savings identified because of changing practices and behaviour change.

There is however recognition that there will need to be investment in our estate to improve the energy efficiency and to introduce new practices that reduce carbon emissions. In these instances, NHSL will maximise opportunities to secure grant funding such as the Green Public Sector Estate Decarbonisation Scheme that will enable some of the sustainability work plans to be progressed within NHS Lanarkshire. Grant funding is currently restricted to non PFI buildings meaning opportunities are significantly restricted. This has been highlighted as a significant financial and delivery risk and is currently under review nationally.

Jacobs has produced NHS Lanarkshire's Routemap to Net Zero by 2040 and Mott Mac Energy Audit Report, both of which were received by the Board in early May 2023. Work is now in track to consolidate the learning from these and to plan for the delivery of tangible energy efficiencies across our estate.

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Events after the end of the reporting period

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

A handwritten signature in black ink, appearing to read 'J. Gardner', is positioned above the printed name.

Signed
Chief Executive

29 June 2023

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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 2023.

1. Date of Issue

Financial statements were approved and authorised for issue by the Board on 29 June 2023

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

Executive Directors	Prof J Gardner	Chief Executive (from 1 December 2022)
	Mrs H Knox	Chief Executive (to 1 December 2022)
	Mrs L Ace	Director of Finance
	Mr E Docherty	Director for Nurses, Midwives and Allied Health Professionals
	Dr C Deighan	Medical Director (from 16 January 2023)
	Dr J Burns	Medical Director (to 31 December 2022)
	Prof S J Pravinkumar	Director of Public Health

Non-Executive Directors Mrs L Macer, Councillor P Kelly (to 5 May 2022), Councillor M Coyle (from 21 June 2022), Councillor E Logan (from 21 June 2022), Mrs M Lees, Councillor J McGuigan (to 1 April 2022), Mr B Moore, Mrs L Thomson, Ms L McDonald, Mr A Boyle, Mr N Findlay (to 1 December 2022), Mr D Reid, Mr J Muir, Mr P Couser, Mr N Dar, Mr C Lee, Ms S White

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 2023 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.

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

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

5. Board Members' and Senior Managers' Interests

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

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

[Our Board | NHS Lanarkshire](#)

6. Directors Third Party Indemnity Provisions

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

7. Corporate Governance

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

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

Healthcare Quality Assurance and Improvement Committee

The 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 2022/23.

Chair Members

Mrs M Lees (from 1 April 2022), Mrs L Thomson (to 1 April 2022)
Mrs M Lees (to 1 April 2022), Mr A Boyle, Mr D Reid, Mr P Couser (from 1 April 2022), Mr C Lee (from 1 April 2022)

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Audit Committee

The Audit Committee comprises Non-Executive Directors from the Lanarkshire NHS Board and is chaired by a Non-Executive Director of Lanarkshire NHS Board. The Committee met on 5 occasions during 2022/23. 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, Councillor J McGuigan (to 5 May 2022), Ms L McDonald (to 1 August 2022), Mr J Muir (to 1 April 2022), Mrs S White (from 1 April 2022), Cllr E Logan (from 1 August 2022), Cllr M Coyle (from 1 August 2022)

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 2022/23.

Chair Mrs L Macer

Members Mr B Moore (to 1 April 2022), Ms L McDonald, Mrs L Thomson (to 1 April 2022), Mr N Findlay (to 1 December 2022), Mr N Dar (from 1 April 2022, Mr C Lee (from 1 April 2022), Mr P Couser (from 1 January 2023)

Remuneration Sub-Committee

The Board's Remuneration Sub-Committee is chaired by a Non-Executive Director from the Lanarkshire NHS Board 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 3 times in 2022/23.

Chair Mr A Boyle

Members Mr B Moore, Mrs L Macer, Mrs L Thomson, Mr M Hill

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 2022/23, no Reference Committee meetings were required to be convened by NHS Lanarkshire.

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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 6 times in 2022/23.

Chair Ms L McDonald
Members Councillor P Kelly (to 5 May 2022), Mrs L Thomson, Mr J Muir, Mr A Boyle, Mrs S White (from 1 April 2022)

Population Health, Primary Care & Community Services Governance Committee

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

The Committee met on 5 occasions in 2022/23.

Chair Mr A Boyle
Members Mrs M Lees, Cllr E Logan (from 1 August 2022), Councillor J McGuigan (to 5 May 2022), Mr N Findlay (to 1 December 2022), Mr D Reid (from 1 January 2023), Mr P Couser (from 1 April 2022)

Monklands Replacement Project Governance Committee

The Monklands Replacement Project Governance Committee was established in April 2022 to provide the required degree of assurance on the progression of the Monklands Replacement Project in accordance with the Corporate Objectives of NHS Lanarkshire and the appropriate statutory and mandatory standing orders and regulations. The Committee reports to the Planning, Performance & Resources Committee. The Committee met on 6 occasions in 2022/23.

Chair Mrs L Thomson
Members Mr D Reid, Mr J Muir, Mrs L Macer, Mr N Dar, Cllr M Coyle (from 1 August 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 Ms L McDonald, Non-Executive Director, Lanarkshire NHS Board (from 1 April 2022)
Councillor J Bradley, South Lanarkshire Council (to 1 April 2022)
Vice-Chair Ms L McDonald, Non-Executive Director, Lanarkshire NHS Board (to 1 April 2022)
Councillor M Walker, South Lanarkshire Council (from 1 April 2022)
Members Councillor J Bradley, South Lanarkshire Council (from 1 April 2022)
Councillor M Chalmers, South Lanarkshire Council (from 1 April 2022)
Councillor E Logan, South Lanarkshire Council (from 1 April 2022)
Councillor R Lockhart, South Lanarkshire Council (to 1 April 2022)
Councillor J McGuigan, South Lanarkshire Council (to 1 April 2022)
Councillor A Falconer, South Lanarkshire Council (to 1 April 2022)
Mrs L Thomson, Non-Executive Director, Lanarkshire NHS Board
Mrs L Macer, Non-Executive Director, Lanarkshire NHS Board
Mr D Reid, Non-Executive Director, Lanarkshire NHS Board

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North Lanarkshire Health and Social Care Partnership Joint Integration Board

Chair	Councillor A Khan, North Lanarkshire Council (from 26 August 2022) Councillor T Carragher, North Lanarkshire Council (22 June 2022 to 25 August 2022) Councillor P Kelly, North Lanarkshire Council (to 21 June 2022)
Vice-Chair	Mr B Moore, Non-Executive Director, Lanarkshire NHS Board (from 1 April 2022)
Members	Councillor J Logue, North Lanarkshire Council (to June 2022) Councillor S Watson, North Lanarkshire Council (to 30 June 2022) Councillor J Linden, North Lanarkshire Council (to August 2022) Councillor T Carragher, North Lanarkshire Council (from 26 August 2022 to October 2022) Counsellor K Larson, North Lanarkshire Council (from 1 June 2022 to 30 October 2022) Counsellor P Kelly, North Lanarkshire Council (from 1 June 2022) Councillor G Brennan, North Lanarkshire Council (from 1 October 2022) Councillor B Burgess, North Lanarkshire Council (from 1 October 2022) Mr N Findlay, Non-Executive Director, Lanarkshire NHS Board (to 30 October 2022) Mr A Boyle, Non-Executive Director, Lanarkshire NHS Board Mr J Muir, Non-Executive Director, Lanarkshire NHS Board (from 1 January 2023) Mr P Couser, Non-Executive Director, Lanarkshire NHS Board (from 1 January 2023)

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, 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.

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12. Disclosure of Information to Auditors

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

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Statement of Accountable Officer's Responsibilities

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

This designation carries with it, responsibility for:

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

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

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

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 1 December 2022.

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Governance Statement

Scope of Responsibility

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

Purpose of Internal Control

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

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

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

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

Governance Framework

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

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.

Between March 2020 and 30 April 2022 the NHS in Scotland was on an emergency footing due to the Covid-19 pandemic. Under the Boards agreed resilience arrangements a command and control structure was established to allow rapid assessment of the developing situation and to make any decisions needed to best respond. This structure remained in place throughout 2021/22 and into early 2022/23, with the Board's Covid-19 Strategic command group standing down on 5th of May 2022.

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Due to continued pressure on the emergency departments and high levels of hospital occupancy the Board's corporate management team maintained enhanced oversight after this date and in October 2022 set up a Strategic Command Group comprised of directors and senior staff with relevant expertise met at least weekly through to February 2023 to ensure actions needed to decompress the system could be escalated and advanced. In February 2023 the groups focus moved into wider planning for a firebreak within the system where intense input to reduce occupancy level in hospitals was designed to create the space for longer term measures to aid patient flow through the system. Called "Operation FLOW" this longer term plan remains an important element of the Board's strategy to provide safe and sustainable services.

Although there remained enhanced oversight of systems pressures through a strategic command structure, the Board's general governance arrangements had mostly returned to normal. The change to the cycle and structure of the annual strategic plans agreed with Scottish Government are an exception to this as a new approach focussing on post pandemic recovery was being developed. This is explained in more detail [on page 4.](#)

During the pandemic the Scottish Government extended the Nurse Director's duties into professional oversight and support for care homes. A tactical group was set up to take forward necessary actions under the command structure and the Healthcare Quality Assurance and Improvement Committee (HQAIC) also set up various assurance mechanisms to provide oversight in this new area. The oversight remains in place and this has now moved into business as usual.

A number of payment mechanisms were also altered during the period of emergency response. Most significantly 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 agreed national funding uplift rather than adjusted for more recent activity. This remained the case through 2022/23.

In 2022/23 the Board received funding for additional costs of operating during the pandemic including the costs of running the extended flu and Covid-19 vaccination programme, albeit at a reduced level from 2021/22.

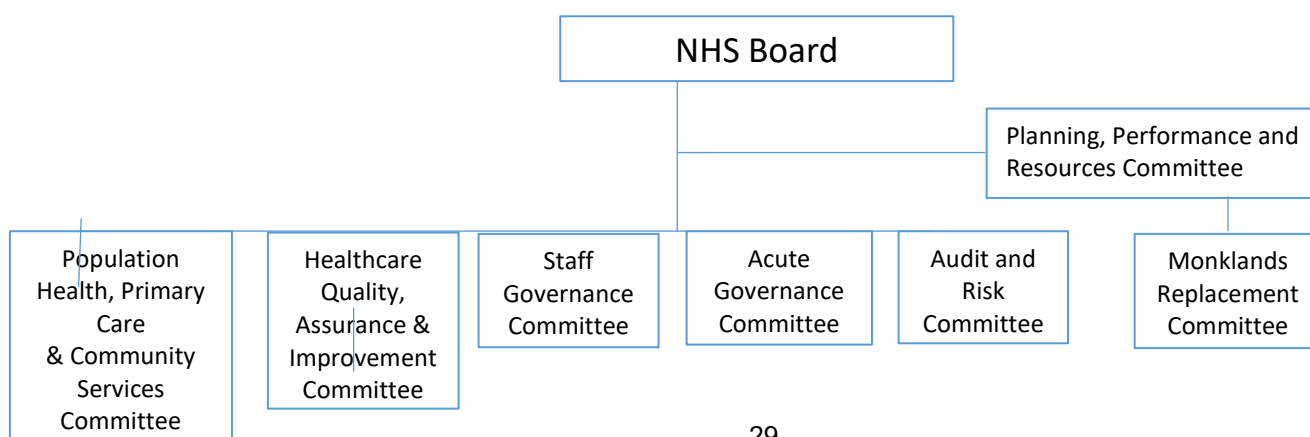
Board and Committee Meetings

Throughout 2022/23 the Board had resumed its normal schedule of meetings. It met in public 6 times with a Planning, Performance and Resource Committee (PPRC) meeting 5 times in the intervening months for a more detailed consideration of issues. The meetings were held virtually. Monthly Board meetings were livestreamed from January 2021 onwards to ensure the public could still access them.

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 & Risk, chaired by Non-Executive directors. Given the size and scale of the Board's activities oversight committees have also been established for the Acute Division and Population Health.

The January 2022 the Board agreed to the establishment of a Monklands Replacement 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 Monklands Replacement Committee, and the PPRC provided oversight and assurance during the period when the Outline Business Case was being developed in 2022. The [OBC](#) was approved by the full NHS Board on 30th November 2022 and submitted to the Scottish Government Capital Investment group on 16th December 2022. The Committee has an ongoing remit for the duration of the project, through procurement and commissioning the new facility and the interface with external bodies. Its remit and activities can be found in the committee annual reports which were considered by the [May 2023 Board](#)

NHS Lanarkshire – Governance Committee Structure



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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 & Risk 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 the Acute Governance Committee provides more detailed oversight in the Acute Division and a Population Health, Primary Care & Community Services Governance Committee provide oversight of the delivery of these functions to supplement the IJBs' strategic overview.

The terms of reference of all governance committees were reviewed in year and changes incorporated in the updated of the code of corporate governance approved by the Board in [May 2023](#). Information on the membership of these committees is set out in the Accountability report.

Each committee has a remit specifying clearly its responsibilities; work plans are produced at the start of the year, minutes or verbal updates are reported at the public Board meeting and annual reports confirming they have fulfilled their role are considered by the Board at the end of the year. The [annual reports](#) were submitted to the Board in May 2023 and considered by the Audit & Risk Committee in June 2023 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 & Risk Committee might want to consider in reaching an overall conclusion on the strength of internal control.

The Board had discussed the effectiveness of its governance arrangements against the national blueprint and previous action plan in November 2021 with a further update was presented to the Board meeting on [15 December 2021](#). A second edition of the national for Blueprint for Good Governance was issued on 22 December 2022 (DL (2022) 38) and this [Blueprint](#) was presented to the Board in January 2023. It sets out current thinking on what is meant by good governance. A pathfinder pilot is underway in NHS Highland to test a self-assessment tool which will be evaluated. It is anticipated that following this evaluation process a standard self-assessment tool will be issued to all NHS Board to use. The NHS Board expects to take this forward in 2023/24.

Healthcare Strategy

NHS Lanarkshire is working to update its Healthcare strategy. The new strategy "Our Health Together" is currently undergoing an extensive stakeholder engagement process to inform its content. The ambition is to have the strategy ready for approval by the NHS Board in November 2023.

The Board's extant Healthcare Strategy, "Achieving Excellence", gained Cabinet Secretary approval on 28 April 2017 and was aimed at helping people live longer, healthier lives. 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, later named "Our Health Together" would be written.

The new strategy retains 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.

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But expands 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 provides a whole-system approach to developing the new strategy. Individual workstreams have been defined and membership assigned. Progress is routinely reported through the Board and PPRC who in September 2021 considered a development framework which described the steps proposed to present a draft strategy in November 2023 including an extensive stakeholder engagement plan which was further developed at the November 2022 and February 2023 PPRC meetings.

Pre-engagement testing of the engagement plan was carried out in March 2023 at a successful event with the North Lanarkshire Community Board which informed what was important and what materials to develop. Engagement resources have been developed including webpages, animation, BSL video, in brief engagement summary, easy read version for people with learning disabilities, social media campaign, programme of staff, public and elected representative engagement meetings, media release and engagement newsletter. The engagement programme will utilise a multi method approach with in- person and on line opportunities to engage with communities and staff, in addition to online community and staff surveys. The engagement process will take place April to June 2023.

Questions will be designed from a quality of life perspective with a focus on prevention, self-management & early intervention, will be high level and not service or disease-specific, and medical language will be avoided.

In line with the approach used for Achieving Excellence, one book three chapters, Our Health Together will align with the HSCPs' Strategic Commissioning Plans developed by the Integration Joint Boards for Health and Social Care in North and South Lanarkshire. The North and South Lanarkshire Strategic Commissioning Plans can be found at:

[North Lanarkshire Strategic Commissioning Plan](#)

[South Lanarkshire Commissioning Plan](#)

In May 2018 the Board approved a revised quality strategy for 2018- 2023 with strong links to its Healthcare Strategy Achieving Excellence. During 2022 after engagement with the public and staff a New Quality Strategy for 2023-2029 was produced, consistent with the refreshed healthcare strategy Our Health Together. It was endorsed by HQAIC in April 2023 and the NHS Board in August 2023.

Annual Delivery Plans (ADP)

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 which were to focus on recovery. There were multiple iterations with version 4 approved by the Board on 15 December 2021.

From 2022/23 this approach was replaced with 1-year Annual Delivery Plans (ADP). The NHS Lanarkshire draft ADP templates were submitted to the Scottish Government in July 2022 and, following receipt of formal feedback from the Scottish Government, the [ADP](#) was approved by the Board in October 2022.

Performance Management and Assurance Arrangements

In the absence of new national targets, NHS Lanarkshire continued to report on performance against the draft 2020/21 AOP targets, with Corporate Performance Management Reports prepared for the PPRC on a quarterly basis. From 2022/23 these reports have been presented in a Control Chart format to support reporting over a longer time period. The data used for the Control Charts is validated/published information from Public Health Scotland, which assures data quality.

The latest quarterly Corporate Performance Management report covering quarter 3, 2022/23 was reviewed by the April 2023 PPRC. The 2022/23 quarter 4 position will be reviewed by the PPRC in June 2023.

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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.

Corporate Objectives 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. [Interim Corporate Objectives](#) for 2022/23 were approved at the March 2022 meeting of the Board, with the 2022/23 Corporate Objectives mid-year report considered at the November 2022 PPRC. The November 2022 PPRC ratified the interim Corporate Objectives.

Other Supporting Infrastructure

In March 2023 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. SG circulars are distributed to the relevant directors for information or action by the Board Secretary with those requiring more discussion added to the Corporate Management team agenda.

A system is in place where managers are notified in advance of the expiry date on policies with continued follow up until they are refreshed. The Corporate Management Team (CMT) receive quarterly reports on the status of internal policies and procedures so they can monitor compliance with the internal policy on keeping these up to date with a summary provided to the Audit & Risk Committee.

Cyber Security Control Framework

The Network and Information Systems Directive (NIS) focuses on the availability of crucial network and information systems in order to protect the UK's critical infrastructure and thereby ensure service continuity. A formal project 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. In 2020 the Scottish Health Competent Authority commissioned a three-year programme of audits and reviews of health boards to evaluate compliance with the Network & Information Systems (NIS) regulations.

The Board made good progress in 2021 and a modest improvement during 2022/23; reflecting the available resources available to progress the more advanced controls required to comply with NIS directive.

Overall NHS Compliance Status	2022	Yellow (minor risk exposure) 70%
	2021	Yellow (minor risk exposure) 68%
	2020	Amber (moderate risk exposure) 52%

The next NIS audit is scheduled for 23 October 2023.

Fraud Prevention and Detection

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 & Risk 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 is in the process of being reviewed and will be taken through consultative staff fora before the updated version is taken to the June 2023 Audit & Risk Committee. A structured review of the fraud risk register was undertaken in 2020 and reviewed by the Audit & Risk Committee in September 2020 (due for review September 2023).

Since April 2022 CFS in partnerships with the Boards have taken forward the UK Fraud Standards and the Fraud Standard Statement for the first year has been submitted which shows NHSL's assessment of where they are in relation to the standards. This will be reviewed by the Audit & Risk Committee in June 2023. As part of the 2023-2024 standards CFS in conjunction with the Board with undertake a Fraud Risk assessment in relation to the spend for off framework agency spend for 2022-2023. 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 2023 and investigations to be completed by February 2024. Audit Scotland review the Board's approach and confirm its adequacy.

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It was recognised that the pandemic was likely to lead to an increase in fraudulent activity which was evident from the number of alleged cases however as the pandemic as evolved this has now plateaued. There has been more use of the staff briefing to raise staff awareness and this is supplemented by the online e-learning module and online or face to face training. The Audit & Risk Committee receives quarterly updates on reactive and proactive work.

Raising Concerns

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 29 March 2023 [Board](#) and an [annual report](#) for its 2021/22 activity at its meeting of August 2022 .

The Board's clinical governance committee (HQAIC) received regular updates on Scottish Public Sector Ombudsman rulings including an annual overview report which was considered at the June 2022 meeting. It receives quarterly highlight reports on feedback, comments, concerns and complaints which describe activities undertaken to encourage patient feedback through a wider variety of mediums, key performance indicators on the handling of complaints and improvement actions taken.

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. 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 2022/23 the Forum resumed through online meetings following a break due to the pandemic. 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 2022/23, NHS Lanarkshire involved stakeholders in the planning of communications and engagement on the development its new healthcare strategy Our Health Together. This included the development of an Equality Impact Assessment (EQIA) to inform the communications and engagement process.

As part of the overall Our Health Together strategy, engagement was carried out on two themes that fall within the overall Our Health Together strategy during 2022/23. Work took place with stakeholders – including engagement surveys – to inform the development of both the Quality Strategy and Digital Strategy.

Child and Adolescent Mental Health Service (CAMHS) has also carried out targeted engagement with young people through a CAMHS youth forum on the new specialist centre at Udston Hospital. The forum has also been involved in the creation of a new service logo. This work is supported by a dedicated CAHMS engagement officer.

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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. During 2022/23 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. A communications and engagement plan, a necessary part of the Outline Business Case, was developed and agreed by the Monklands Replacement Project Leadership Group.

Following surveys and staff engagement NHS Lanarkshire has established three equality staff networks:

- Ethnic Minority Employee Network (EMEN) 2020/21;
- Lesbian, Gay, Bisexual, Transgender (LGBT+) Employee Network 2022;
- Disability and Wellbeing Employee Network (DAWEN) 2022.

The purpose of these employee-led groups is to provide support and guidance to other employees and also to provide insight and guidance to the organisation to assist in improving the culture and experience. The Network group meetings are an opportunity to discuss challenges, progress and also provide many opportunities for self and team development. All the Networks have established Executive groups, EMEN has a three-year action plan, the LGBT+ Employee network and DAWEN are currently working on theirs.

All three networks hold quarterly meetings with a range of speakers on topic identified by their members. EMEN has recently carried out a two-years later follow up to their 2021 survey. All the Staff Network groups are fully supported by the Senior Leadership and have explicitly given permission for employees to take reasonable time off to attend meetings.

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. 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 2022/23, 9 briefing or discussion events were organised to meet Non-Executive and wider Board needs, supplementing electronic updates and Board and PPRC meetings.

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 & Risk Committee in January 2021 and to a Board Development event in February 2021. It will be updated in January 2024.

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 improving the functionality of Datix to record, escalate and investigate adverse events and to group thematically to improve reporting. A nationally agreed dataset for reporting falls was implemented which is the first set of codes towards a desire of standardised codes across Scotland to allow meaningful comparisons. Monitoring of adverse events has been improved with a new dashboard and specific pathways introduced for two types of events (cardiac events and screening programmes) to ensure all the information that could help learning is captured and reviewed by the right people.

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The Learning Bulletin continues to be produced to capture and share any learning from adverse events, complaints or any other areas where there's improvement work going on. 343 staff have attended training on Significant Adverse Event Reviews which includes a reminder of Duty of Candour requirements, system thinking and Human Factors.

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

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 & Risk 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 & Risk 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: This includes
- 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.

It is worth noting that during 2022/23 there was major disruption to the ability to scan and process supplier invoices following an upgrade to the NSI system. NHS Lanarkshire had to adopt business continuity measures involving manual processing and diverting staff from other areas to address a payment backlog. This reduced payment performance for the period and had a small impact on the overall performance reported on page 19 of the performance report.

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 & Risk 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 & Risk Committee. The Audit & Risk Committee also ensures that any relevant learning from wider Audit Scotland reports is being considered by the organisation. The Audit & Risk 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 December 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.

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The Audit & Risk 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 2022/23 internal audit plan has been delivered in line with Public Sector Internal Audit Standards.

External Audit confirmed in their 2022/23 Annual Audit report that in 2022/23, Internal Audit 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 & Risk 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 in September 2022 used the fraud risk as a prototype for demonstrating assurance available to the Audit & Risk Committee. Work to develop the approach will continue in 2023/24.

Risk Management Arrangements

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

The Risk Management [strategy](#), which forms a key part of NHS Lanarkshire's system of internal control, was reviewed during 2022 and approved by the NHS Board at its meeting at its meeting of 6th July 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. Each risk is assigned a review date 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 & Risk 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.

Risk is a standing item on the Corporate Management Team weekly agenda with a formal consideration of whether any of the issues raised during that meeting require an amendment to the corporate risk register.

The corporate risk register is considered at each meeting of the Audit and Risk 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 2022/23 for assurance.

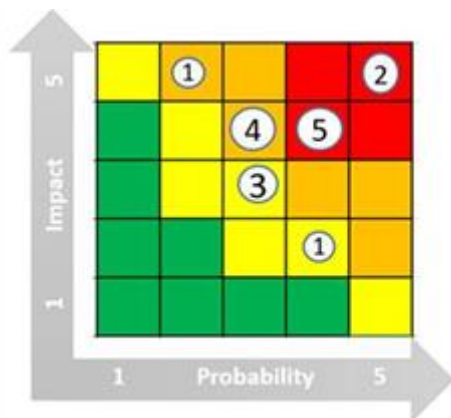
The Board considers an annual report on risk management. The 2022/23 report was reviewed by the Audit & Risk Committee in June 2023 and will be considered at the Board meeting in August 2023 (the 2021/22 report was considered by the Board in June 2022). A structured review of the effectiveness of the 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 & Risk Committee considered this in March 2023 and concluded adequate and effective arrangements were in place.

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Corporate Risk Profile

Sixteen (16) live corporate risks were reported to the NHS Lanarkshire Board on the 29th March 2023. The profile is shown in the heat map below. This compares to the 21 live corporate risks at the end of March 2022, reflecting the change moving out of emergency footing and beginning recovery from the pandemic. There are 7 very high graded risks. Based on the organisations risk appetite, each risk is assigned a tolerance level and a process has been introduced requiring the Board to be notified of instances where a very high risk sits outside the tolerance level.

Corporate Risk Heat Map



Due to the scale and complexity of both the procurement and implementation process and the number of services which depend on continuous operation of laboratory services, the re -procurement of the Laboratory Managed Service which has reached the end of its contract term remains a very high risk exercise. A programme board is in place with regular progress monitoring through a range of committees including Audit & Risk Committee, PPRC and Acute Governance Committee. Given the progress made and the impact of existing mitigation the score has been reduced to 16 in 23/24.

Based on existing financial projections and the level of identified savings the risk of not achieving breakeven over the three-year period from 2023 to 2026 is rated very high. The financial position is under continuous review and a well-structured “Sustainability and Value” programme is in place to systematically look through all opportunities for cost savings without adversely impacting on services. However, the value of potential savings identified so far is small relative to the scale of the projected gap and it will be important to look at the wider potential for local innovation and reform as well as linking nationally with initiatives to address what is a shared risk across NHS Boards.

The Primary Care Out of Hours service remains a very high risk with an ongoing difficulty to sustain services due to resource. Active daily management has been required, with ‘safety netting’ processes being invoked triggering planned redirection to A&E, plans for further recruitment to multi-disciplinary teams of salaried GP’s and increased numbers of advanced Nurse practitioners supported by communication and engagement.

Sustaining General Medical Services has been a long standing risk. Backed by substantial SG investment, the Primary Care Improvement plan aims to ease the workload in GP practices through measures such as taking over responsibility for vaccinations, employing more pharmacists, bolstering treatment rooms, taking over the lease of premises. Throughout the year, a range of further supports have been diverted from other areas to support GP sustainability at times of significant pressure. Whilst this has assisted in avoiding some practices handing their contracts back, there were 3 in year who indicated they were unable to continue. These practices have either been merged with other practices in the same locality or been advertised and another proactive taken over the contract.

The ability to sustain whole system flow throughout our services sits as a very high risk and has been a major focus of performance reporting to the NHS Board, PPRC, Acute Governance committee and CMT. As described on page 29 throughout the year a strategic command group met with a frequency proportionate to the level of system pressures to agree and implement immediate actions to reduce the pressure. In February 2023, the Board focussed resources on key actions to help prevent people being admitted or delayed in hospital to reduce hospital occupancy to a level where a programme of proactive and sustained changes to improve the emergency care flows named “Operation FLOW” could begin to impact. Although this “firebreak” was successful in its immediate objective the hospital occupancy gradually increased in the following weeks. A full programme backed by additional investment in services and processes that have demonstrated they can reduce pressure on a sustainable basis will be a key workstream in 2023/24.

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The 5th very high risk on the corporate risk register focuses on malicious cyber security threats and breaches. The Board's work on National Information Systems directive is set out on page 32 . Although there is a plethora of controls in place to constrain the risk such as monitoring of systems, early warning indicators, timely manner of patching current software however, due to the unpredictability and fast paced environment, the risk remains very high.

A final high risk is based on the ability to adapt to public health impacts on our services in terms of capacity and capability. The risk originated prior to the Covid -19 vaccination programme, the success of which mitigated the impact of the Covid-19 pandemic and is currently under review to calibrate it to the wider potential future risks.

Conclusion

During 2022/23 the Board's governance processes were operating as intended. Risks were well monitored. No significant failures have arisen in the expected standards for good governance, risk management and internal control. However, the scale of the recovery agenda facing the Board as it emerged from the pandemic emergency footing was such that the controls in place and resources available in terms of workforce, physical capacity and finances were insufficient to make the aspired recovery in planned care and to prevent high levels of hospital occupancy and long waits in the emergency department.

Improving the emergency care flow will be a major focus of the Board in 2023/24 with targeted investment to back process redesign to make a tangible difference. This priority sits alongside a deteriorating financial position where a combination of the high inflation and the impact of system pressures has widened the underlying gap between costs and income to a level in excess of that which can be solved by traditional savings approaches. Reaching financial sustainability as well as service sustainability will have to be key considerations in the Boards 3 year plans.

REMUNERATION AND STAFF REPORT

Remuneration Report

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

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

Determination of senior employee's remuneration

Remuneration levels are determined by the Remuneration Committee.

Performance Management

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

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

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

Superior

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

Fully Acceptable

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

Incomplete

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

Unsatisfactory

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

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NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023 (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: Prof J Gardner (from 01/12/2022) *1	45 – 50	-	-	45 – 50	81	125 – 130
Chief Executive: Mrs H Knox (to 01/12/2022) *2	100 – 105	-	-	100 – 105	-	100 – 105
Director of Finance: Mrs L Ace	135 – 140	-	-	135 – 140	-	135 – 140
Medical Director: Dr C Deighan (from 16/01/2023) *3	35 – 40	-	-	35 – 40	-	35 – 40
Medical Director: Dr J Burns (to 31/12/2022) *4	125 – 130	-	-	125 – 130	-	125 – 130
Director for Nurses, Midwives and AHP's: Mr E Docherty	125 – 130	-	-	125 – 130	9	125 – 130
Director of Public Health & Health Policy: Prof S J Pravinkumar	190 – 195	-	-	190 – 195	135	310 – 315
Non-Executive Members						
The Chair: Mr M Hill	35 – 40	-	-	35 – 40	-	35 – 40
Employee Director: Mrs L Macer *5	60 – 65	-	-	60 – 65	-	60 – 65
Cllr J McGuigan (to 30/04/2022)	0 – 5	-	-	0 – 5	-	0 – 5
Mr A Boyle	10 – 15	-	-	10 – 15	-	10 – 15
Mrs M Lees *6	65 – 70	-	-	65 – 70	-	65 – 70
Ms L McDonald	10 – 15	-	-	10 – 15	-	10 – 15
Mr B Moore	10 – 15	-	-	10 – 15	-	10 – 15
Mrs L Thomson	15 – 20	-	-	15 – 20	-	15 – 20
Cllr P Kelly (to 30/04/2022)	0 – 5	-	-	0 – 5	-	0 – 5
Mr N Findlay (to 31/10/2022)	5 – 10	-	-	5 – 10	-	5 – 10
Mr D Reid	5 – 10	-	-	5 – 10	-	5 – 10
Mr J Muir	5 – 10	-	-	5 – 10	-	5 – 10
Mr P Couser	5 – 10	-	-	5 – 10	-	5 – 10
Mr N Dar	5 – 10	-	-	5 – 10	-	5 – 10
Mr C Lee	5 – 10	-	-	5 – 10	-	5 – 10
Mrs S White	5 – 10	-	-	5 – 10	-	5 – 10
Cllr M Coyle (from 21 June 2022)	5 – 10	-	-	5 – 10	-	5 – 10
Cllr E Logan (from 21 June 2022)	5 – 10	-	-	5 – 10	-	5 – 10
Senior Managers						
Director of HR: Mrs K Sandilands	100 – 105	-	-	100 – 105	-	100 – 105
Director of Information & Digital Technology: Mr D Wilson	110 – 115	-	-	110 – 115	-	110 – 115
Director of Planning, Property & Performance: Mr C Lauder	115 – 120	-	-	115 – 120	-	115 – 120
Director of Acute Services: Mrs J Park	125 – 130	-	-	125 – 130	-	125 – 130
Total			-		225	

*1. Prof. J. Gardner's full year equivalent salary is £145,000 - £150,000.

*2. Mrs H Knox's full year equivalent salary was £145,000 - £150,000.

*3. Dr C Deighan's full year equivalent salary is £120,000 - £125,000.

*4. Dr J Burns' full year equivalent salary was £120,000 - £125,000.

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

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

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023 (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 2022 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2023 (£000)	Real increase in CETV in year (£000)
Remuneration of:					
Executive Members					
Chief Executive: Prof J Gardner (from 01/12/2022)	40 – 45 plus lump sum of 120 - 125	2.5 - 5	791	878	87
Chief Executive: Mrs H Knox (to 01/12/2022)	65 – 70 plus lump sum of 155 - 160	(0 – 2.5)	1,500	1,480	(20)
Director of Finance: Mrs L Ace	60 – 65 plus lump sum of 115 - 120	0 – 2.5	1,166	1,189	23
Medical Director: Dr C Deighan (from 16/01/2023)	60 – 65 plus lump sum of 180 - 185	(0 – 2.5)	1,435	1,401	(35)
Medical Director: Dr J Burns (to 31/12/2022)	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mr E Docherty	40 – 45 plus lump sum of 65 - 70	0 – 2.5	676	700	24
Director of Public Health & Health Policy: Prof S J Pravinkumar	55 – 60 plus lump sum of 95 - 100	5 – 7.5	823	964	141
Non-Executive Members					
The Chair: Mr M Hill	-	-	-	-	-
Employee Director: Mrs L Macer	20 – 25 plus lump sum of 55 - 60	(0 – 2.5)	486	476	(10)
Cllr J McGuigan (to 30/04/2022)	-	-	-	-	-
Mr A Boyle	-	-	-	-	-
Mrs M Lees	30 – 35 plus lump sum of 65 - 70	0 – 2.5	637	639	2
Ms L McDonald	-	-	-	-	-
Mr B Moore	-	-	-	-	-
Mrs L Thomson	-	-	-	-	-
Cllr P Kelly (to 30/04/2022)	-	-	-	-	-
Mr N Findlay (to 31/10/2022)	-	-	-	-	-
Mr D Reid	-	-	-	-	-
Mr J Muir	-	-	-	-	-
Mr P Couser	-	-	-	-	-
Mr N Dar	-	-	-	-	-
Mr C Lee	-	-	-	-	-
Mrs S White	-	-	-	-	-
Cllr M Coyle (from 21 June 2022)	-	-	-	-	-
Cllr E Logan (from 21 June 2022)	-	-	-	-	-
Senior Managers					
Director of HR: Mrs K Sandilands	40 – 45 plus lump sum of 90 - 95	0 – 2.5	884	890	6
Director of Information & Digital Technology: Mr D Wilson	40 – 45 plus lump sum of 70 - 75	0 – 2.5	693	708	15
Director of Planning, Property & Performance: Mr C Lauder	55 – 60 plus lump sum of 120 -125	0 – 2.5	1,164	1,174	10
Director of Acute Services: Mrs J Park	55 – 60 plus lump sum of 135 - 140	0 – 2.5	1,247	1,269	21
Total			11,504	11,768	265

* 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 2022/23 can be different from the "CETV at end of period" reported for 2021/22.

*** information not available

**NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

<p style="text-align: center;">NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2022 (AUDITED INFORMATION)</p>						
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.

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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
Senior Managers					
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

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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.

	2023	2022	Change
			%
Range of staff remuneration	£21,692 - £299,894	£19,487 - £377,475	22.3%
Highest earning director's remuneration (£000s)	190 - 195	160 - 165	18.40%
Median (total pay & benefits)	£35,827	£33,090	8.27%
Median (salary only)	£35,727	£33,072	8.03%
Ratio	5.32	4.86	9.50%
25 th percentile (total pay and benefits)	£27,840	£25,244	10.28%
25 th percentile (salary only)	£27,703	£25,236	9.78%
Ratio	6.86	6.37	7.74%
75 th percentile (total pay & benefits)	£45,665	£42,721	6.89%
75 th percentile (salary only)	£45,239	£42,530	6.37%
Ratio	4.20	3.78	11.19%
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.			
Staff received the following pay increases as part of the 2022/23 pay award - A flat cash uplift of £2,205 for pay Bands 1, 2, 3, 4, 8B, 8C, 8D and 9; A series of escalating flat cash uplifts covering Bands 5, 6 and 7, specifically: £2,280 for points 1 and 2 of Band 5; £2,450 for the top point of Band 5 and points 1 and 2 of Band 6; £2,550 for the top point of Band 6 and points 1 and 2 of Band 7; £2,660 for the top point of Band 7; A 5% uplift for Band 8A. 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.

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Human Resources Forum

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

The Human Resources Forum exists to:-

- ensure a working interface between management and staff side representatives on human resources issues;
- develop and implement a partnership approach to policy development and management of Occupational Health and Safety, Communication and Learning;
- oversee compliance with the 5 component parts of Staff Governance Standards: except those areas reserved for the Area Partnership Forum;
 - Well informed;
 - Appropriately trained and developed;
 - Involved in decisions which affect them;
 - Treated fairly and consistently, with dignity and respect;
 - provided with a safe working environment, promoting the health and wellbeing of staff, patients and the wider community.
- ratify and publish Human Resources policies which have been developed / approved / agreed through the Joint Policy Forum;
- provide the platform for joint discussion on other human resources issues

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

- Managers nominated by the Divisional Directors from the Divisional Partnership Forums (3);
- Corporate Division representatives – Finance, PSSD, Planning, eHealth, Nursing, AHPs, Workforce Planning, Employee Relations, Recruitment, HR-Corporate/Governance and Communications (11);
- The General Manager of Occupational Health and Safety or representative;
- A Representative from the Learning Strategy Group;
- Senior Nurse x 2;
- Employee Director;
- Five Staff Side Representatives, including the Joint Chair and five Staff Side deputies.

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 the Head of HR (Policy & Performance) and a Staff side Representative, and will comprise:

- An HR business partner;
- 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;

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

- A General Manager nominated by each of the Local Health and Safety Forums to enhance Health and Safety working at all levels of our organisation.

Other Groups

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

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a) Higher Paid Employees' Remuneration

	2023 Number	2022 Number
Other employees whose remuneration fell within the following ranges:		
Clinicians		
£70,001 to £80,000	51	47
£80,001 to £90,000	58	63
£90,001 to £100,000	53	65
£100,001 to £110,000	76	84
£110,001 to £120,000	67	73
£120,001 to £130,000	70	62
£130,001 to £140,000	60	63
£140,001 to £150,000	45	40
£150,001 to £160,000	46	32
£160,001 to £170,000	27	30
£170,001 to £180,000	33	26
£180,001 to £190,000	23	13
£190,001 to £200,000	19	10
£200,001 and above	27	15
Other		
£70,001 to £80,000	75	84
£80,001 to £90,000	45	29
£90,001 to £100,000	24	26
£100,001 to £110,000	10	8
£110,001 to £120,000	8	3
£120,001 to £130,000	1	0
£130,001 to £140,000	0	0
£140,001 to £150,000	0	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

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b) Staff Costs and Numbers

	Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2023 Total	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	794	227	543,118	0	0	(2,500)	541,639	496,267
Social security costs	109	14	62,409	0	0	(132)	62,400	55,681
NHS scheme employers' costs	134	11	97,052	0	0	(232)	96,965	91,536
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	34,513	0	0	34,513	31,113
Agency staff	0	0	0	0	40,608	0	40,608	26,328
TOTAL	1,037	252	702,579	34,513	40,608	(2,864)	776,125	700,925

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 1,998 200

STAFF NUMBERS

Whole Time Equivalent	5	16	12,563	423	332	(63)	13,276	13,062
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Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of: 25 3.1

Included in the total staff numbers above were disabled staff of: 77.3 66.9

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	776,125
Add: employee income included in Note 4	2,864
Less: capital staff costs	(1,998)
Total employee expenditure disclosed in Note 3	776,991

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

	2023				2022			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	2	3	0	5	1	4	0	5
Non-Executive Directors and Employee Director	10	6	0	16	11	5	0	16
Senior Employees	420	398	0	818	415	358	0	773
Other	1,943	12,605	0	14,548	1,952	12,687	0	14,639
Total Headcount	2,375	13,012	0	15,387	2,379	13,054	0	15,433

d) Sickness absence data

	2023	2022
Sickness Absence Rate	7.5%	6.6%

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

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

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

f) Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 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 – AUDITED INFORMATION

A total of 16 exit packages were agreed during 2022/23.

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	14	0
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	1	1
£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	16	16
Total Resource Cost (£'000)	0	179	179

There were no exit packages agreed in the prior year.

**NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

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	212	6,664

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	2,164

In 2022/23 the Board was required to pay out £2.164 m in respect of 4 claims individually greater than £300,000 settled under the CNORIS scheme (2021/22: £12.766m, 6 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 2022/23 was £9.8m. The income received for providing these services was £10.8m resulting in a surplus of £1.0m.

Signed

Chief Executive



Date 29 June 2023

Independent auditor's report to the members of NHS Lanarkshire, 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 NHS Lanarkshire and its group for the year ended 31 March 2023 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 accounts, including 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2023 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 2022/23 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 02/12/2022. My period of appointment is five years, covering 2022/23 to 2026/27. 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 current or future financial sustainability of the board and its group. 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 judgement 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 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:

- using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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](#). This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

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 parts 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 parts of the Remuneration and Staff Report have 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 the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts 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.

NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

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 parts 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 108 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.

John Boyd

Mr John Boyd
Audit Scotland
8 Nelson Mandela Place
Glasgow
G1 2BT

29 June 2023

SECTION C: FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

2022 £000		Note	2023 £000
705,412	Staff costs	3a	776,991
	Other operating expenditure	3b	
215,002	Independent Primary Care Services		224,482
290,853	Drugs and medical supplies		306,914
<u>1,597,407</u>	Other health care expenditure		<u>1,574,143</u>
<u>2,808,674</u>	Gross expenditure for the year		<u>2,882,530</u>
1,046,570)	Less: operating income	4	(1,169,274)
(57,296)	Associates and joint ventures accounted for on an equity basis		30,671
<u>1,704,808</u>	Net expenditure for the year		<u>1,743,927</u>

OTHER COMPREHENSIVE NET EXPENDITURE

2022 £000		2023 £000
(34,337)	Net (gain) / loss on revaluation of property, plant and equipment	(22,817)
0	Net (gain) / loss on revaluation of intangibles	0
0	Net (gain) / loss on revaluation of available for sales financial assets	0
(34,337)	Other comprehensive expenditure	(22,817)
<u>1,670,471</u>	Comprehensive net expenditure	<u>1,721,110</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 2023**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2023**

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
576,582	576,582	Property, plant and equipment	7c	599,059	599,059
1,750	1,750	Intangible assets	6a	1,297	1,297
		Right of use assets	17a	26,589	26,589
		Financial assets:			
6,703	1,133	Investments	10	6,095	1,158
102,372	0	Investments in associates and joint ventures	26b	71,701	0
58,875	58,875	Trade and other receivables	9	41,982	41,982
746,282	638,340	Total non-current assets		746,723	670,085
		Current Assets:			
7,368	7,368	Inventories	8	7,583	7,583
0	0	Intangible assets	6b	0	0
		Financial assets:			
44,611	44,594	Trade and other receivables	9	72,212	72,118
14,305	13,878	Cash and cash equivalents	11	18,933	18,436
0	0	Available for sale financial assets	10	0	0
0	0	Derivatives financial assets	23	0	0
68	68	Assets classified as held for sale	7b	68	68
66,352	65,908	Total current assets		98,796	98,205
812,634	704,248	Total assets		845,519	768,290
		Current liabilities			
(31,190)	(31,190)	Provisions	13a	(58,584)	(58,584)
		Financial liabilities:			
(440,873)	(440,712)	Trade and other payables	12	(423,566)	(423,598)
0	0	Derivatives financial liabilities	23	0	0
(472,063)	(471,902)	Total current liabilities		(482,150)	(482,182)
340,571	232,346	Non-current assets plus / less net current assets / liabilities		363,369	286,108
		Non-current liabilities			
(137,618)	(137,618)	Provisions	13a	(117,425)	(117,425)
		Financial liabilities:			
(115,642)	(115,642)	Trade and other payables	12	(121,576)	(121,576)
0	0	Liabilities in associates and joint ventures	26b	0	0
(253,260)	(253,260)	Total non-current liabilities		(239,001)	(239,001)
87,311	(20,914)	Assets less liabilities		124,368	47,107
		Taxpayers' Equity			
(224,804)	(224,804)	General fund	SoCTE	(173,168)	(173,168)
203,890	203,890	Revaluation reserve	SoCTE	220,275	220,275
102,372	0	Other reserves – associates and joint ventures	SoCTE	71,701	0
5,853	0	Fund held on Trust	SoCTE	5,560	0
87,311	(20,914)	Total taxpayers' equity		124,368	47,107

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.
The financial statements on pages 55 to 59 were approved by the Board on 29 June 2023 and signed on their behalf of


..... Director of Finance
Laura Ace


..... Chief Executive
Jann Gardner

**NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

2022 £000		Note	2023 £000	2023 £000
	Cash flows from operating activities			
(1,704,808)	Net expenditure	SoCTE	(1,743,927)	
(27,597)	Adjustments for non-cash transactions	2b	63,799	
13,395	Add back: interest payable recognised in net operating expenditure	2c	10,475	
(163)	Deduct: interest receivable recognised in net operating expenditure	4	(140)	
0	Investment income		(124)	
107,278	Movements in working capital	2d	(31,195)	
(1,611,895)	Net cash outflow from operating activities	26c		(1,701,112)
	Cash flows from investing activities			
(28,238)	Purchase of property, plant and equipment		(29,378)	
(258)	Purchase of intangible assets		(132)	
(322)	Investment additions	10	(43)	
0	Transfer of assets (to)/from other NHS Scotland bodies		0	
784	Proceeds of disposal of property, plant and equipment		424	
0	Proceeds of disposal of intangible assets		0	
0	Receipts from sale of investments		0	
163	Interest received		264	
(27,871)	Net cash outflow from investing activities	26c		(28,865)
	Cash flows from financing activities			
1,660,505	Funding	SoCTE	1,750,917	
10,032	Movement in general fund working capital	SoCTE	4,558	
1,670,537	Cash drawn down		1,755,475	
(7,445)	Capital element of payments in respect of finance leases and on-balance sheet PFI/HUB contracts	2b	(8,692)	
	IFRS 16 – 2022-23 cash lease payment		(1,703)	
122	Interest paid		2,115	
(13,517)	Interest element of leases and on-balance sheet PFI/HUB contracts	2b	(12,590)	
1,649,697	Net Financing	26c		1,734,605
9,931	Net Increase / (decrease) in cash and cash equivalents in the period			4,628
4,374	Cash and cash equivalents at the beginning of the period			14,305
14,305	Cash and cash equivalents at the end of the period			18,933
	Reconciliation of net cash flow to movement in net debt/cash			
9,931	Increase / (decrease) in cash in year	11		4,628
4,374	Net debt / cash at 1 April			14,305
14,305	Net debt / cash at 31 March			18,933

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 2023

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

		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 2022		(224,804)	203,890	102,372	5,853	87,311
Retrospective restatements for changes in accounting policy and material errors	21	0	0	0	0	0
Restated balance at 1 April 2022		(224,804)	203,890	102,372	5,853	87,311
Changes in taxpayers' equity for 2022-23						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	24,712	0	0	24,712
Impairment of property, plant and equipment		0	(10,049)	0	0	(10,049)
Revaluation and impairments taken to operating costs	2a	0	8,154	0	0	8,154
Transfers between reserves		6,432	(6,432)	0	0	0
Transfer of Assets from NHS Ayrshire & Arran & IFRS adjustment	2b	7,250	0	0	0	7,250
Removal of Hospice Employee Bonus						
Net operating cost for the year	CFS	(1,712,963)		(30,671)	(293)	(1,743,927)
Total recognised income and expense for 2022-23		(1,699,281)	16,385	(30,671)	(293)	(1,713,860)
Funding:						
Drawn down	CFS	1,755,475	0	0	0	1,755,475
Movement in General Fund (creditor) / debtor	CFS	(4,558)	0	0	0	(4,558)
Balance at 31 March 2023	SoFP	(173,168)	220,275	71,701	5,560	124,368

**NHS LANARKSHIRE
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR
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	£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 2020		(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
Transfer of Assets from other NHS and removal of Hospice Sustainability Fees		(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

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 2022/23

IFRS16 is the new standard which has been issued and adopted for the year 2022- 2023.

(b) Standards, amendments and interpretations early adopted in 2022/23

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

(c) Standards, amendments and interpretations issued but not adopted in 2022/23

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2022/23 financial year.

Standard	Current Status
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2021. However, this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025.

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint ventures. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in IJBs using the equity method of accounting.

Note 26, provides further details on the consolidation of the Endowment Fund and IJBs within the Financial Statements.

3. Retrospective Restatements

None.

4. Going Concern

The accounts are prepared on a going concern basis, which provides that the NHS Board will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

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 as determined by the relevant accounting standards and the FReM.

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.

NHS LANARKSHIRE

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

7.1 Recognition

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

All assets falling into the following categories are capitalised:

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

7.2 Measurement

Valuation

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

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

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

Non-specialised land and buildings, such as offices, are stated at current 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 current 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.

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Subsequent expenditure

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

Revaluations and Impairment

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

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

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

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

7.3 Depreciation

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

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

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

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8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Software

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

Software licences

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

8.2 Measurement

Valuation

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

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

Revaluation and Impairment

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

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

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

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

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

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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.

- 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.

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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

Accounting Policies

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the FReM deferred adoption until 2021. The cumulative catch-up method has been mandated by the FReM. Consequently, the comparatives for 2021/22 reflect the requirements of IAS 17 Leases.

Leases

Scope and classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

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Transitional arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021/22 reflect the requirements of IAS 17;
- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts entered into from 1 April 2022 have been classified using the IFRS 16 criteria;
- For leases previously treated as operating leases:
 - To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
 - To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease;
 - To exclude leases whose term ends within twelve months of first adoption;
 - To use hindsight in assessing remaining lease terms;
 - For leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision.
- For leases previously treated as finance leases:
 - To use the carrying amount of the lease asset and liability measured immediately before first adoption under IAS 17 as the carrying value of the right-of-use asset and lease liability as at first adoption.
- The 2023/24 FReM has been amended to require reporting entities to record indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023/24. The 2022/23 FReM has not been amended to clarify that this specific aspect of IFRS 16 has been deferred until 2023/24 and therefore does not apply in 2022/23. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g. CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023.

Estimates and judgements

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right of use assets held under “peppercorn” leases to be measured at existing use value.

Accounting for leases under IAS 17 (2021/22)

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

Operating leases

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

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Leases of land and buildings

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

NHS Lanarkshire does not lease any assets to third parties.

13. Impairment of non-financial assets

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

14. General Fund Receivables and Payables

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

15. Inventories

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

16. Losses and Special Payments

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

17. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and 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 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.

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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.

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.

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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.

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

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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.

(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

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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.

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.

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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 2023

2. MEMORANDA TO THE PRIMARY STATEMENTS

		2023	2023
2a. SUMMARY OF RESOURCE OUTTURN			
SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	£000	£000
Net expenditure	SoCNE		1,743,927
Total non-core expenditure (see below)			(39,638)
Family Health Services non-discretionary allocation			(103,451)
Donated assets income	2b		0
Endowment net expenditure			(293)
Associates and joint ventures accounted for on an equity basis			(30,671)
Total core expenditure			1,569,874
Core Revenue Resource Limit			1,569,874
Saving/(excess) against Core Revenue Resource Limit			0

SUMMARY OF NON-CORE REVENUE RESOURCE OUTTURN

Capital grants to / (from) other bodies		0	
Depreciation / amortisation		15,803	
Annually Managed Expenditure – impairments		8,155	
Annually Managed Expenditure - creation of provisions		6,103	
Annually Managed Expenditure - depreciation of donated assets	2b	44	
Annually Managed Expenditure - pension valuation		0	
Additional Scottish Government non-core funding		0	
IFRS PFI/HUB expenditure		7,061	
Right of Use (RoU) Interest		0	
Right of Use (RoU) Non-recoverable VAT		0	
Right of Use (RoU) Asset Depreciation		2,400	
Right of Use (RoU) Peppercorn Leases Depreciation		72	
Total Non-Core Expenditure			39,638
Non-Core Revenue Resource Limit			39,638
Saving / (excess) against Non-Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource	Expenditure	Saving/ (Excess)
	£000	£000	£000
Core	1,569,874	1,569,874	0
Non-Core	39,638	39,638	0
Total	1,609,512	1,609,512	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 2023

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

2022 £000		Note	2023 £000
	Expenditure not paid in cash		
21,364	Depreciation	7a	22,279
697	Amortisation	6	585
42	Depreciation of donated assets	7a	44
0	Depreciation of Right of Use (RoU) Assets	,17b	2,472
0	Right of Use (RoU) Remeasurement (gain)/loss	17b	0
11,816	Impairments on PPE charged to SoCNE		11,385
(1,309)	Net revaluation on PPE charged to SoCNE		(1,895)
(2,507)	Reversal of impairments on PPE charged to SoCNE		(1,336)
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
(3)	(Gain)/loss on re-measurement of non-current assets held for sale	7b	(0)
0	Funding of Donated Assets	7a	0
0	Loss/(profit) on disposal of intangible assets		0
(246)	Loss/(profit) on disposal of property plant and equipment		(406)
0	Impairment of investments charged to SoCNE	10	0
(57,296)	Associates and joint ventures accounted for on an equity basis	SoCNE	30,671
(155)	Removal of Hospice Employee Bonus		(0)
0	Fixed Asset Transfers from other Scottish Heath Boards & Department of Health		0
(27,597)	Total expenditure not paid in cash	CFS	63,799

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

2022 £000			2023 £000
	Interest payable		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
13,517	PFI/HUB Finance lease charges allocated in the year	18b	12,718
0	Lease interest	17b	(128)
0	Other Finance lease charges allocated in the year		0
(122)	Provisions - Unwinding of discount		(2,115)
13,395	Net interest payable	CFS	10,475

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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

2022 Net Movement £000		Note	Opening balances £000	Closing balances £000	2023 Net movement £000
	INVENTORIES				
250	Balance Sheet	8	7,368	7,583	
250	Net decrease / (increase)				(215)
	TRADE AND OTHER RECEIVABLES				
13,541	Due within one year	9	44,611	72,212	
9,003	Due after more than one year	9	58,875	41,982	
22,544			103,486	114,194	
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	
			103,486	114,194	
(22,544)	Net decrease / (increase)				(10,708)
	TRADE AND OTHER PAYABLES				
120,830	Due within one year	12	440,873	423,566	
(8,692)	Due after more than one year	12	115,642	121,576	
(1,522)	Less: property, plant & equipment (capital) included in above		(7,505)	(8,251)	
0	Less: intangible assets (capital) included in above		0	0	
0	Less: bank overdraft	12	0	0	
(10,032)	Less: General Fund creditor included in above	12	(13,878)	(18,436)	
7,445	Less: lease and PFI/HUB creditors included in above	12	(124,334)	(135,130)	
0	Less: interest payable included in above	12	0	0	
			410,798	383,325	
108,029	Net decrease / (increase)				(27,473)
	PROVISIONS				
21,543	Statement of Financial Position	13a	168,808	176,009	
21,543	Net decrease / (increase)				7,201
107,278	Net movement (decrease) / increase	CFS			(31,195)

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

3. OPERATING EXPENSES

3a. Staff costs

2022 Total £000		Note	2023 Board £000	2023 Consolidated £000
161,364	Medical and Dental		172,202	172,202
315,745	Nursing		355,734	355,734
228,303	Other Staff		249,055	249,055
705,412	Total	SoCNE	776,991	776,991

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

2022 Total £000		2023 Board £000	2023 Consolidated £000
Independent Primary Care Services:			
110,403	General Medical Services	112,540	112,540
39,076	Pharmaceutical Services	37,125	37,125
51,625	General Dental Services	60,979	60,979
13,898	General Ophthalmic Services	13,838	13,838
215,002	Total	224,482	224,482
Drugs and medical supplies:			
136,565	Prescribed drugs Primary Care	144,936	144,936
96,763	Prescribed drugs Secondary Care	108,064	108,064
12,837	PPE and testing kits	1,501	1,501
44,688	Medical Supplies	52,413	52,413
290,853	Total	306,914	306,914
Other health care expenditure			
1,024,196	Contribution to Integration Joint Boards	989,010	989,010
212,181	Goods and services from other NHS Scotland bodies	225,540	225,540
1,072	Goods and services from other UK NHS bodies	1,324	1,324
18,612	Goods and services from private providers	21,347	21,347
9,249	Goods and services from voluntary organisations	11,580	11,580
46,207	Resource Transfer	47,110	47,110
0	Loss on disposal of assets	0	0
285,154	Other operating expenses	277,086	277,086
203	External Auditor's remuneration - statutory audit fee	248	248
56	- other services - details provided below *	62	62
477	Endowment Fund expenditure	0	836
1,597,407	Total	1,573,307	1,574,143
2,103,262	Total Other Operating Expenditure	2,104,703	2,105,539

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

4. OPERATING INCOME

2022 Total £000		Note	2023 Board £000	2023 Consolidated £000
600	Income from Scottish Government		886	886
47,255	Income from other NHS Scotland bodies		50,822	50,822
412	Income from NHS non-Scottish bodies		502	502
0	Income from private patients		0	0
931,370	Income for services commissioned by Integration Joint Board		1,055,345	1,055,345
4,126	Patient charges for primary care		7,635	7,635
7,140	Donations		115	115
246	Profit on disposal of assets		406	406
14,785	Contributions in respect of clinical and medical negligence claims		5,341	5,341
163	Interest received	CFS	140	140
	Non-NHS:			
15	Overseas patients (non-reciprocal)		4	4
0	Non-patient care income generation schemes		0	0
512	Endowment Fund Income		0	543
39,946	Other		47,535	47,535
1,046,570	Total Income	SoCNE	1,168,731	1,169,274

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023	508,140	200,984	355,239	499,438	149,162	1,712,963
Net Operating Cost per Annual Accounts	508,140	200,984	355,239	499,438	149,162	1,712,963

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 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.

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

6. INTANGIBLE ASSETS

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

		Software Licences	IT - software	Total
	Note	£000	£000	£000
Cost or Valuation:				
At 1 April 2022		4,677	2,137	6,814
Additions	CFS	69	63	132
Transfers between asset categories		0	0	0
Disposals		0	0	0
At 31 March 2023		4,746	2,200	6,946
Amortisation				
At 1 April 2022		3,505	1,559	5,064
Provided during the year		447	138	585
Transfers between asset categories		0	0	0
Disposals		0	0	0
At 31 March 2023		3,952	1,697	5,649
Net book value at 1 April 2022		1,172	578	1,750
Net book value at 31 March 2023	SoFP	794	503	1,297

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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

	Software Licences	IT - software	Total
	£000	£000	£000
Cost or Valuation:			
At 1 April 2022	4,677	2,137	6,814
Additions	69	63	132
Transfers between asset categories	0	0	0
Disposals	0	0	0
At 31 March 2023	4,746	2,200	6,946
Amortisation			
At 1 April 2022	3,505	1,559	5,064
Provided during the year	447	138	585
Transfers between asset categories	0	0	0
Disposals	0	0	0
At 31 March 2023	3,952	1,697	5,649
Net book value at 1 April 2022	1,172	578	1,750
Net book value at 31 March 2023	794	503	1,297

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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

	Software Licences	IT - software	Total
Note	£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 2023

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

	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 2023

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 2022	23,428	501,446	91	87,553	13,893	6,226	6,039	638,676
Additions – purchased	248	4,611	68	6,091	1,395	93	17,618	30,124
Additions – donated	0	0	0	0	0	0	0	0
Completions	0	0	0	0	0	0	0	0
Asset Transfers 9to)/from other SG Consolidation Entities	0	0	0	25	0	0	0	25
Transfers between asset categories	0	0	0	0	0	0	0	0
Transfer (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	2	11,085	0	0	0	0	0	11,087
Impairment charges	0	(1,895)	0	0	0	0	(9,282)	(11,177)
Impairment reversals	0	0	0	0	0	0	0	0
Disposals – purchased	0	0	0	(2,385)	0	0	0	(2,385)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2023	23,678	515,247	159	91,284	15,288	6,319	14,375	666,350
Depreciation								
At 1 April 2022	0	0	46	46,359	9,836	5,853	0	62,094
Provided during the year – purchased	0	14,870	9	6,300	1,047	53	0	22,279
Provided during the year - donated	0	0	0	44	0	0	0	44
Asset Transfers (to)/from other SG Consolidation Entities	0	0	0	12	0	0	0	12
Transfers between asset categories	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(13,625)	0	0	0	0	0	(13,625)
Impairment charges	0	91	0	117	0	0	0	208
Impairment reversals	0	(1,336)	0	0	0	0	0	(1,336)
Disposals – purchased	0	0	0	(2,385)	0	0	0	(2,385)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2023	0	0	55	50,447	10,883	5,906	0	67,291
Net book value at 1 April 2022	23,428	501,446	45	41,194	4,057	373	6,039	576,582
Net book value at 31 March 2023	23,678	515,247	104	40,837	4,405	413	14,375	599,059
Open Market Value of Land in Land and Dwellings Included Above	45							
Asset financing:								
Owned – purchased	18,626	227,310	104	40,692	4,405	413	14,375	305,925
Owned – donated	0	0	0	145	0	0	0	145
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	287,937	0	0	0	0	0	292,989
Net book value at 31 March 2022	23,678	515,247	104	40,837	4,405	413	14,375	599,059

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2022	23,428	501,446	91	87,553	13,893	6,226	6,039	638,676
Additions – purchased	248	4,611	68	6,091	1,395	93	17,618	30,124
Additions – donated	0	0	0	0	0	0	0	0
Completions	0	0	0	0	0	0	0	0
Asset transfers (to)/from other SG Consolidation Entities	0	0	0	25	0	0	0	25
Transfers between asset categories	0	0	0	0	0	0	0	0
Transfer (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	2	11,085	0	0	0	0	0	11,087
Impairment charges	0	(1,895)	0	0	0	0	(9,282)	(11,177)
Impairment reversals	0	0	0	0	0	0	0	0
Disposals – purchased	0	0	0	(2,385)	0	0	0	(2,385)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2023	23,678	515,247	159	91,284	15,288	6,319	14,375	666,350
Depreciation								
At 1 April 2022	0	0	46	46,359	9,836	5,853	0	62,094
Provided during the year – purchased	0	14,870	9	6,300	1,047	53	0	22,279
Provided during the year - donated	0	0	0	44	0	0	0	44
Asset Transfers (to)/from other SG Consolidation Entities	0	0	0	12	0	0	0	12
Transfers between asset categories	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluations	0	(13,625)	0	0	0	0	0	(13,625)
Impairment charges	0	91	0	117	0	0	0	208
Impairment reversals	0	(1,336)	0	0	0	0	0	(1,336)
Disposals – purchased	0	0	0	(2,385)	0	0	0	(2,385)
Disposals – donated	0	0	0	0	0	0	0	0
At 31 March 2023	0	0	55	50,447	10,883	5,906	0	67,291
Net book value at 1 April 2022	23,428	501,446	45	41,194	4,057	373	6,039	576,582
Net book value at 31 March 2023	23,678	515,247	104	40,837	4,405	413	14,375	599,059
Open Market Value of Land in Land and Dwellings Included Above	45							
Asset financing:								
Owned – purchased	18,626	227,310	104	40,692	4,405	413	14,375	305,925
Owned – donated	0	0	0	145	0	0	0	145
Held on finance lease	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	5,052	287,937	0	0	0	0	0	292,989
Net book value at 31 March 2022	23,678	515,247	104	40,837	4,405	413	14,375	599,059

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**NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

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	Restated 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

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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.

	Note	Property, Plant & Equipment £000	Total £000
At 1 April 2022		68	68
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		0	0
Disposals of non-current assets held for sale		0	0
At 31 March 2023	SoFP	68	68

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Note	Property, Plant & Equipment £000	Total £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 2023

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
		Net book value of property, plant and equipment at 31 March			
576,393	576,393	Purchased		598,914	598,914
189	189	Donated		145	145
576,582	576,582	Total	SoFP	599,059	599,059
45	45	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
281,995	281,995	PFI and PPP Contracts		292,989	292,989
281,995	281,995			292,989	292,989
		Total depreciation charged in respect of assets held under:			
0	0	Finance leases		0	0
0	0	Hire Purchase Contracts		0	0
6,503	6,503	PFI and PPP contracts		0	0
6,503	6,503			0	0

All land and 100% of buildings were revalued by an independent valuer. The Valuation Office Agency, as at 31/03/23 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 £22.817m (2021-22: an increase of £34.337m) which was credited to the revaluation reserve. Impairment of £8.155m (2021-22: £8.000m) 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 2023

7d. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
Expenditure					
258	258	Acquisition of intangible assets	6	132	132
29,760	29,760	Acquisition of property, plant and equipment	7a	30,124	30,124
0	0	Donated asset additions	7a	0	0
0	0	HUB		0	0
0	0	GP Loans advances	10	43	43
0	0	Right of Use (RoU) Additions	17a	3,046	3,046
0	0	Right of Use (RoU) Dilapidations		0	0
30,018	30,018	Gross Capital Expenditure		33,345	33,345
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
520	520	Value of disposal of non-current assets held for sale	7b	0	0
0	0	Right of Use Disposals	17a	0	0
18	18	HUB - repayment of investment		18	18
538	538	Capital Income		18	18
29,480	29,480	Net Capital Expenditure		33,327	33,327
SUMMARY OF CAPITAL RESOURCE OUTTURN					
29,480	29,480	Core capital expenditure included above		33,322	33,322
29,480	29,480	Core Capital Resource Limit		33,322	33,322
0	0	Saving / (excess) against Core Capital Resource Limit		0	0
0	0	Non-core capital expenditure included above		43	43
0	0	Non-core Capital Resource Limit		43	43
0	0	Saving / (excess) against Non-Core Capital Resource Limit		0	0
29,480	29,480	Total capital expenditure		33,365	33,365
29,480	29,480	Total Capital Resource Limit		33,365	33,365
0	0	Saving / (excess) against Total Capital Resource Limit		0	0

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

8. INVENTORIES

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
7,368	7,368	Raw materials and consumables		7,583	7,583
7,368	7,368	Total inventories	SoFP	7,583	7,583

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

9. TRADE AND OTHER RECEIVABLES

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
		Receivables due within one year			
		NHS Scotland			
307	307	Scottish Government Health & Social Care Directorate		559	559
3,112	3,112	Boards	SFR 30.0	6,488	6,488
3,419	3,419	Total NHS Scotland Receivables		7,047	7,047
105	105	NHS non-Scottish bodies		184	184
0	0	General Fund receivable		0	0
4,339	4,339	VAT recoverable		4,493	4,493
7,785	7,785	Prepayments		15,407	15,407
368	368	Accrued income		196	196
10,390	10,373	Other receivables		9,472	9,378
18,205	18,205	Reimbursement of provisions		35,413	35,413
0	0	Other public sector bodies		0	0
44,611	44,594	Total Receivables due within one year	SoFP	72,212	72,118
		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
244	244	Prepayments		214	214
762	762	Accrued income		1,081	1,081
0	0	Other receivables		0	0
57,869	57,869	Reimbursement of provisions		40,687	40,687
58,875	58,875	Total Receivables due after more than one year	SoFP	41,982	41,982
103,486	103,469	TOTAL RECEIVABLES		114,194	114,100
802	802	The total receivables figure above includes a provision for impairments of:		556	556
		WGA Classification			
3,112	3,112	NHS Scotland		6,488	6,488
0	0	Central Government bodies		0	0
0	0	Whole of Government bodies		0	0
105	105	Balances with NHS bodies in England and Wales		184	184
100,269	100,252	Balances with bodies external to Government		107,522	107,428
103,486	103,469	Total		114,194	114,100
2022	2022			2023	2023
£000	£000	Movements on the provision for impairment of receivables are as follows:		£000	£000
809	809	At 1 April		802	802
0	0	Provision for impairment		44	44
0	0	Receivables written off during the year as uncollectable		(290)	(290)
(7)	(7)	Unused amounts reversed		(0)	(0)
802	802	At 31 March		556	556

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

9. TRADE AND OTHER RECEIVABLES (cont'd)

As of 31 March 2023, receivables with a carrying value of £0.556m (2021-22: £0.802m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated	Board		Consolidated	Board
2022	2022		2023	2023
£000	£000		£000	£000
25	25	Up to 3 Months past due	0	0
29	29	3 to 6 months past due	14	14
748	748	Over 6 months past due	542	542
802	802		556	556

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.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2023, receivables with a carrying value of £12.150m (2021-22: £9.290m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2022	2022		2023	2023
£000	£000		£000	£000
8,635	8,635	Up to 3 months past due	9,862	9,862
242	242	3 to 6 months past due	1,815	1,815
413	413	Over 6 months past due	473	473
9,290	9,290		12,150	12,150

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:

2022	2022		2023	2023
£000	£000		£000	£000
		Counterparties with external credit ratings		
0	0	A	0	0
0	0	BB	0	0
0	0	BBB	0	0
0	0	Counterparties with no external credit rating:	0	0
0	0	New customers	0	0
102,684	102,667	Existing customers with no defaults in the past	105,550	105,281
0	0	Existing customers with some defaults in the past	0	0
102,684	102,667	Total neither past due or impaired	105,550	105,281

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.

2022	2022		2023	2023
£000	£000		£000	£000
		The carrying amount of receivables are denominated in the following currencies:		
103,486	103,469	Pounds	114,194	114,100
0	0	Euros	0	0
0	0	US Dollars	0	0
103,486	103,469		114,194	114,100

All non-current receivables are due within 53 years (2021-22: 54 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 £41.982m (2021-22: £58.875m).

The effective interest rate on non-current other receivables is 104% for year 1, 101.32% for 2 years, 100.08% for 3 years (2021-22 combined interest rate of 103.51% for year 1, 105.71% for 2 years, 107.32% for 3 years).

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

10. INVESTMENTS

Consolidated		Board		Consolidated		Board	
2022	2022	2022		2023	2023	2023	
£000	£000	£000		£000	£000	£000	
0	0	0	Government securities	0	0	0	
6,703	1,133	6,703	Other	6,095	1,158	6,095	1,158
6,703	1,133	6,703	TOTAL	6,095	1,158	6,095	1,158
				SoFP			
6,399	1,151	6,399	At 1 April	6,703	1,133	6,703	1,133
322	0	322	Additions	0	0	0	0
0	0	0	GP Loans advances	43	43	43	43
(18)	(18)	(18)	Disposals	(651)	(18)	(651)	(18)
0	0	0	Impairment recognised in SoCNE	0	0	0	0
0	0	0	GP Loans Fair Value Adjustment	0	0	0	0
0	0	0	Revaluation surplus / (deficit) transferred to equity	0	0	0	0
6,703	1,133	6,703	At 31 March	6,095	1,158	6,095	1,158
0	0	0	Current	0	0	0	0
6,703	1,133	6,703	Non-current	6,095	1,158	6,095	1,158
6,703	1,133	6,703	At 31 March	6,095	1,158	6,095	1,158
				SoFP			
0	0	0	The carrying value includes an impairment provision of	0	0	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 2023

11. CASH AND CASH EQUIVALENTS

	Note	2023 £000	2022 £000
Balance at 1 April		14,305	4,374
Net change in cash and cash equivalent balances	<u>CFS</u>	4,628	9,931
Balance at 31 March	<u>SoFP</u>	18,933	14,305
Overdrafts		0	0
Total Cash - Cash Flow Statement		18,933	14,305
The following balances at 31 March were held at:			
Government Banking Service		18,403	13,844
Commercial banks and cash in hand		33	34
Overdrafts		0	0
Short term investments		0	0
Endowment cash		497	427
Balance at 31 March		18,933	14,305

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

12. TRADE AND OTHER PAYABLES

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
		Payables due within one year			
		NHS Scotland			
		Scottish Government Health & Social Care			
0	0	Directorate		0	0
16,428	16,428	Boards	SFR 30.0	40,313	40,313
16,428	16,428	Total NHS Scotland Payables		40,313	40,313
508	508	NHS Non-Scottish bodies		1,178	1,178
13,878	13,878	Amounts payable to General Fund		18,436	18,436
52,455	52,455	FHS practitioners		53,412	53,412
14,654	14,557	Trade payables		6,068	5,989
279,120	279,115	Accruals		236,310	236,421
6,733	6,674	Deferred income		6,784	6,784
0	0	Net obligations under leases	17b	3,426	3,426
8,692	8,692	Net obligations under PFI/Hub Contracts	18b	10,128	10,128
0	0	Bank overdrafts	11	0	0
13,643	13,643	Income tax and social security		15,430	15,430
10,829	10,829	Superannuation		11,087	11,087
23,463	23,463	Holiday pay accrual		20,543	20,543
470	470	Other payables		451	451
440,873	440,712	Total Payables due within one year	SoFP	423,566	423,598
		Payables due after more than one year			
		NHS Scotland			
		Scottish Government Health & Social Care			
0	0	Directorate		0	0
0	0	Boards	SFR 30.0	0	0
0	0	Total NHS Scotland Payables		0	0
		Other public sector bodies			
0	0	Net obligations under leases due within 2 years	17b	3,141	3,141
0	0	Net obligations under leases due after 2 years but within 5 years	17b	4,927	4,927
0	0	Net obligations under leases due after 5 years	17b	7,994	7,994
10,128	10,128	Net obligations under PFI/Hub contracts due within 2 years	18b	11,778	11,778
41,299	41,299	Net obligations under PFI/Hub contracts due after 2 years but within 5 years	18b	47,865	47,865
64,215	64,215	Net obligations under PFI/Hub contracts due after 5 years	18b	45,871	45,871
115,642	115,642	Total Payables due after more than one year	SoFP	121,576	121,576
556,515	556,354	TOTAL PAYABLES		545,142	545,174
		WGA Classification			
16,428	16,428	NHS Scotland	SFR 30.0	40,313	40,313
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
540,087	539,926	Balances with bodies external to Government		504,829	504,861
556,515	556,354	Total		545,142	545,174
		Borrowings included above comprise:			
0	0	Bank overdrafts		0	0
0	0	Finance leases		19,488	19,488
124,334	124,334	PFI contracts		115,642	115,642
124,334	124,334			135,130	135,130
		The carrying amount and fair value of the non-current borrowings are as follows			
		Carrying amount			
0	0	Finance leases		16,062	16,062
115,642	115,642	PFI contracts		105,514	105,514
115,642	115,642			121,576	121,576

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

12. TRADE AND OTHER PAYABLES (cont'd)

Consolidated 2022 Fair value £000	Board 2022 Fair Value £000
0	0
124,334	124,334
124,334	124,334

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

Fair value
 Finance leases
 PFI contracts

Consolidated 2023 Fair value £000	Board 2023 Fair Value £000
0	0
114,718	114,718
114,718	114,718

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

2022 £000	2022 £000
556,515	556,354
0	0
0	0
556,515	556,354

The carrying amount of payables are denominated in the following currencies:
 Pounds
 Euros
 US Dollars

2023 £000	2023 £000
545,142	545,174
0	0
0	0
545,142	545,174

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

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13a. PROVISIONS – CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2023 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2022	10,906	75,317	82,365	220	168,808
Arising during the year	24	25,133	15,542	78	40,777
Utilised during the year	(778)	(4,162)	(6,835)	(78)	(11,853)
Unwinding of discount	12	(2,120)	0	(7)	(2,115)
Reversed unutilised	(1,768)	(17,734)	(0)	(106)	(19,608)
At 31 March 2023	8,396	76,434	91,072	107	176,009

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2023 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	1,393	34,348	22,736	107	58,584
Payable between 2 - 5 years	2,851	28,687	55,393	0	86,931
Payable between 6 - 10 years	2,424	3,737	4,713	0	10,874
Thereafter	1,728	9,662	8,230	0	19,620
At 31 March 2023	8,396	76,434	91,072	107	176,009

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

PROVISIONS – CONSOLIDATED AND BOARD (PRIOR YEAR)

	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

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 1.70% (2021-22 (1.30%)) 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 104% for 1 year, 101.32% for 2 years. 100.08% for 3 years (2021-22 combined interest rate of 103.51% for 1 year, 105.71% for 2 years. 107.32% 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 104% for 1 year, 101.32% for 2 years and 100.08% for 3 years (2021-22 combined interest rates of 103.51% for 1 year, 105.71% for 2 years and 107.32% for 3 years).

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NOTES TO THE ACCOUNTS

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

2022		Note	2023
£000			£000
75,537	Provision recognising individual claims against the NHS Board as at 31 March		76,541
(76,074)	Associated CNORIS receivable at 31 March	<u>9</u>	(76,100)
82,365	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	<u>13a</u>	91,072
81,828	Net Total Provision relating to CNORIS at 31 March		91,513

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>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

14. CONTINGENT LIABILITIES

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

2022		2023
£000	Nature	£000
36,618	Clinical and medical compensation payments	23,208
36,618	TOTAL CONTINGENT LIABILITIES	23,208

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

36,273	Clinical and medical compensation payments	22,956
36,273		22,956

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

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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.

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NOTES TO THE ACCOUNTS
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16. COMMITMENTS

Capital Commitments

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

2022		Property, plant and equipment £000	2023
£000			£000
	Contracted		
0	Laboratory Information Management System	0	0
0	Hairmyres Combined Heat and Power	0	0
0	Day Surgery Air Handling Unit Replacement	0	0
1,118	Hairmyres Vascular Surgery	0	0
2,513	Monklands Ward 16 Ventilation	1,619	1,619
230	Endoscopy Theatre Ventilation	0	0
112	Above Ground Drainage	0	0
134	Aseptic Plan (Pharmacy)	151	151
400	Theatre 5 Refurbishment	0	0
197	WoS Traumatic Brain Injury Service	582	582
316	CAMHS	0	0
600	West of Scotland Laundry equipment	0	0
0	Wishaw ED Redesign	333	333
0	Kyle Park	1,444	1,444
0	Patient Monitoring Equipment	386	386
0	Fleet De-carbonisation	1,012	1,012
0	Northern Corridor	2,450	2,450
5,620	Total	7,977	7,977

Other Financial Commitments

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

17a – Right of Use Assets (RoU) – Consolidated

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2022	0	22,324	0	1,419	2,273	0	0	0	26,016
Additions (include new dilapidation provisions)	0	811		2,105	130	0	0	0	3,046
Additions - peppercorn leases	0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities	0	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairment charges	0	0	0	0	0	0	0	0	0
Impairment reversals	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31 March 2023	0	23,135	0	3,524	2,403	0	0	0	29,062
Depreciation									
At 1 April 2022	0	0	0	0	0	0	0	0	0
Provided during the year - (include new dilapidation provisions)	0	1,386	0	389	626	0	0	0	2,401
Provided during the year - peppercorn leases	0	72	0	0	0	0	0	0	72
Asset Transfers (to) / from other SG Consolidation Entities	0	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairment charges	0	0	0	0	0	0	0	0	0
Impairment reversals	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31 March 2023	0	1,458	0	389	626	0	0	0	2,473
Net book value at 1 April 2022	0	22,324	0	1,419	2,273	0	0	0	26,016
Net book value at 31 March 2023	0	21,677	0	3,135	1,777	0	0	0	26,589
Open Market Value of Land in Land and Dwellings Included Above	0	0							

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

17a – Right of Use Assets (RoU) – Board

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2022	0	22,324	0	1,419	2,273	0	0	0	26,016
Additions (include new dilapidation provisions)	0	811	0	2,105	130	0	0	0	3,046
Additions - peppercorn leases	0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities	0	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairment charges	0	0	0	0	0	0	0	0	0
Impairment reversals	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31 March 2023	0	23,135	0	3,524	2,403	0	0	0	29,062
Depreciation									
At 1 April 2022	0	0	0	0	0	0	0	0	0
Provided during the year - (include new dilapidation provisions)	0	1,386	0	389	626	0	0	0	2,401
Provided during the year - peppercorn leases	0	72	0	0	0	0	0	0	72
Asset Transfers (to) / from other SG Consolidation Entities	0	0	0	0	0	0	0	0	0
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Impairment charges	0	0	0	0	0	0	0	0	0
Impairment reversals	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31 March 2023	0	1,458	0	389	626	0	0	0	2,473
Net book value at 1 April 2022	0	22,324	0	1,419	2,273	0	0	0	26,016
Net book value at 31 March 2023	0	21,677	0	3,135	1,777	0	0	0	26,589
Open Market Value of Land in Land and Dwellings Included Above	0	0							

SoFP

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

The new accounting standard, IFRS16 Leases, was adopted on 1 April, 2022 and has been implemented using the cumulative catch up method with no restatement of comparatives. This means that the 2021/22 comparatives within the financial statements include leases accounted for under IAS17, the previous applicable standard.

IAS17 distinguished between operating leases and finance leases. Operating leases were recognised through the Income and Expenditure account whereby lease payments were charged to the Consolidated Statement of Comprehensive Net Expenditure (SoCNE). Finance leases were capitalised and accounted for as an asset with associated liability for the lease payments, and recognised through the Statement of Financial Position (SoFP).

IFRS16 requires lessees to recognise almost all leases on the SoFP. This reflects their right to use the assets and the associated liability for the payments.

The impact of these changes on the financial statements are significant but does not affect the performance against the core revenue resource limit. Scottish Government have recognised the accounting changes with matching funding allocations.

Note 17a and 17b provide the detailed accounting treatment applying the new standard in 2022/23, whereby £26.0 million of right of use assets and £19.0 million of associated liability are recognised for the first time, or reclassified, in the Statement of Financial Position. Note 17c has been included for prior year comparison figures using the previous accounting standard.

17b. Lease Liabilities

Amounts falling due:

Not later than one year
 Later than one year, not later than 2 years
 Later than two year, not later than five years
 Later than five years
 Less: Unaccrued interest

Balance at 31 March 2023

Current
 Non Current

Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
£000	£000	£000	£000	£000	£000	£000	£000	£000
0	1,417	0	1,526	483	0	0	0	3,426
0	1,245	0	1,289	597	0	0	0	3,131
0	4,024	0	312	591	0	0	0	4,927
0	7,884	0	0	110	0	0	0	7,994
0	0	0	0	0	0	0	0	0
0	14,570	0	3,127	1,781	0	0	0	19,488
0	1,417	0	1,526	483	0	0	0	3,426
0	13,153	0	1,601	1,298	0	0	0	16,062
0	14,570	0	3,127	1,781	0	0	0	19,488

Amounts recognised in the Statement of Comprehensive Net Expenditure

Depreciation
 Interest Expense
 Non Recoverable VAT on lease payments
 Low value and short term leases
 Remeasurement of ROU assets - (gain)/loss charged to SOCNE
Total

2022-23		
Consolidated	Board	Total
£000	£000	£000
2,472	2,472	2,472
(128)	(128)	(128)
0	0	0
0	0	0
0	0	0
2,344	2,344	2,344

Amounts recognised in the Statement of Cash Flows

2022-23

Consolidated	Board	Total
£000	£000	£000

Interest Expense
 Repayments of Principal of leases
Total

(128)	(128)	(128)
1,844	1,844	1,844
1,716	1,716	1,716

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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		2022
£000		£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
<u>6,141</u>	Total	<u>4,891</u>
	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 2023

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 £75.759m. 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 £159.821m. 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 £4.414m. 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 £47.944m.

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 2023

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

2022	Gross Minimum Lease Payments	Hairmyres	Wishaw	Stonehouse	Hubs	2023 TOTAL
£000		£000	£000	£000	£000	£000
21,411	Rentals due within 1 year	0	17,813	434	3,663	21,910
21,910	Due within 1 to 2 years	0	18,369	434	3,663	22,466
69,328	Due within 2 to 5 years	0	59,120	1,303	10,989	71,412
89,240	Due after 5 years	0	18,129	2,605	43,956	64,690
<u>201,889</u>	Total	<u>0</u>	<u>113,431</u>	<u>4,776</u>	<u>66,271</u>	<u>180,478</u>

2022	Less Interest Element	Hairmyres	Wishaw	Stonehouse	Hubs	2023 TOTAL
£000		£000	£000	£000	£000	£000
(12,719)	Rentals due within 1 year	0	(8,842)	(291)	(2,649)	(11,782)
(11,782)	Due within 1 to 2 years	0	(7,842)	(276)	(2,570)	(10,688)
(28,029)	Due within 2 to 5 years	0	(15,650)	(719)	(7,178)	(23,547)
(25,025)	Due after 5 years	0	(1,819)	(748)	(16,252)	(18,819)
<u>(77,555)</u>	Total	<u>0</u>	<u>(34,153)</u>	<u>(2,034)</u>	<u>(28,649)</u>	<u>(64,836)</u>

2022	Present value of minimum lease payments	Note	Hairmyres	Wishaw	Stonehouse	Hubs	2023 TOTAL
£000			£000	£000	£000	£000	£000
8,692	Rentals due within 1 year	12	0	8,971	143	1,014	10,128
10,128	Due within 1 to 2 years	12	0	10,527	158	1,093	11,778
41,299	Due within 2 to 5 years	12	0	43,470	584	3,811	47,865
64,215	Due after 5 years	12	0	16,310	1,857	27,704	45,871
<u>124,334</u>	Total		<u>0</u>	<u>79,278</u>	<u>2,742</u>	<u>33,622</u>	<u>115,642</u>

2022		Note	2023 Total
£000			£000
13,517	Interest charges	2c	12,718
43,317	Other charges		51,180
<u>56,834</u>	Total		<u>63,898</u>

2022		2023
£000		£000
1,123	Contingent rents (included in Other Charges)	1,353

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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 6.67% based on the proportion of employer contributions paid in 2021-22.

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 2023

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.

	2023	2022
	£000	£000
Pension cost charge for the year	96,552	91,286
Additional costs arising from early retirement	0	0
Provisions/liabilities/prepayments included in the Statement of Financial Position	8,397	10,906
Pension costs for the year for staff transferred from local authority	0	0

20. RETROSPECTIVE RESTATEMENTS

	Dr	Cr
	£000	£000
Asset financing: Owned - purchased	36,899	0
Asset financing: On-balance sheet PFI contracts	0	36,899

Prior year balances within the consolidated property, plant and equipment note to the accounts were restated to correct an arithmetic error. The prior year total for asset financing of owned (purchased) PPE has been increased by £36.899 million, with an equivalent reduction in the total for on-balance sheet PFI contracts. These restatements net to nil, therefore there is no impact on the net book value balance reported as at 31 March 2022. This restatement is at the note level only, therefore there is also no impact on the primary financial statements.

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 2023

22. FINANCIAL INSTRUMENTS

22a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED		Financial assets as fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
		£000	£000	£000	£000
AS AT 31 MARCH 2023					
Assets per balance sheet					
	Investments	0	0	6,095	6,095
	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	10,933	0	0	10,933
	Cash and cash equivalents	18,933	0	0	18,933
		29,866	0	6,095	35,961
BOARD					
AS AT 31 MARCH 2023					
Assets per balance sheet					
	Investments	0	0	1,158	1,158
	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	10,839	0	0	10,839
	Cash and cash equivalents	18,436	0	0	18,436
		29,275	0	1,158	30,433
CONSOLIDATED (Prior Year)					
AS AT 31 MARCH 2022					
Assets per balance sheet					
	Investments	0	0	6,703	6,703
	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	11,625	0	0	11,625
	Cash and cash equivalents	14,305	0	0	14,305
		25,930	0	6,703	32,633
BOARD (Prior Year)					
AS AT 31 MARCH 2022					
Assets per balance sheet					
	Investments	0	0	1,133	1,133
	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	11,608	0	0	11,608
	Cash and cash equivalents	13,878	0	0	13,878
		25,486	0	1,133	26,619

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

22. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED		Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
	Note			
AS AT 31 MARCH 2023				
Liabilities per balance sheet				
Lease liabilities	12	0	19,488	19,488
PFI Liabilities	12	0	115,642	115,642
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	336,398	336,398
		0	471,528	471,528
BOARD				
	Note	Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
AS AT 31 MARCH 2023				
Liabilities per balance sheet				
Lease liabilities	12	0	19,488	19,488
PFI Liabilities	12	0	115,642	115,642
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	336,430	336,430
		0	471,560	471,560
CONSOLIDATED (Prior Year)				
	Note	Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
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 (Prior Year)				
	Note	Liabilities at Fair Value through the SoCNE £000	Financial liabilities at amortised cost £000	Total £000
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

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2023				
PFI Liabilities	21,910	22,466	71,412	64,690
Lease liabilities	3,426	3,141	4,927	7,994
Total	25,336	25,607	76,339	72,684
	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
Lease liabilities	3,426	3,141	4,927	7,994
Total	24,837	25,051	74,255	97,234

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 2023

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 2023

24. RELATED PARTY TRANSACTIONS

Lanarkshire Health Board Endowment Funds are managed by Trustees who are also Directors of the Board (as notified in the Remuneration Report) and is therefore a related party. During the year the Board did not receive from or make any payments to Endowments and there is a balance outstanding due to the Board from Endowment of £13,450 at the year end. There is a balance outstanding of £125,647 due by the Board to Endowments at the year end.

North Lanarkshire Integration Joint Board (IJB) is a related party of NHS Lanarkshire. During 2022/23 the Board received payments from the IJB of £495,974,000 and made payments to the IJB of £523,649,000. There is an outstanding balance of £10,752,000 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 2022/23 the Board received payments from the IJB of £442,71,000 and made payments to the IJB of £483,398,000. There is an outstanding balance of £19,919,000 at the year end, being the Board's share of the IJB surplus.

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 2023

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.

	2022	Gross Inflows	Gross Outflows	2023
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	429	274	(367)	336
Total Monetary Assets	429	274	(397)	336

NHS LANARKSHIRE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

26a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group			Board	Endowment	Integration Joint Board South Lanarkshire	Integration Joint Board North Lanarkshire	Consolidated
£000		Note	2023 £000	2023 £000	2023 £000	2023 £000	2023 £000
	Total income and expenditure						
705,412	Staff costs	3	776,991	0	0	0	776,991
	Other operating expenditure	3					
215,002	Independent Primary Care Services		224,482	0	0	0	224,482
290,853	Drugs and medical supplies		306,914	0	0	0	306,914
1,597,407	Other health care expenditure		1,573,307	836	0	0	1,574,143
2,808,674	Gross expenditure for the year		2,881,694	836	0	0	2,882,530
	Less: operating income	4	(1,168,731)	(543)	0	0	(1,169,274)
(1,046,570)							
(57,296)	Associates and joint ventures accounted for on an equity basis		0	0	19,919	10,752	30,671
1,704,808	Net Expenditure		1,712,963	293	19,919	10,752	1,743,927

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 2023

26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

Consolidated 2022 £000		Note	Board 2023 £000	Endowment 2023 £000	Integration Joint Board South Lanarkshire 2023 £000	Integration Joint Board North Lanarkshire 2023 £000	Consolidated 2023 £000
	Non-current assets:						
576,582	Property, plant and equipment	SoFP	599,059	0	0	0	599,059
1,750	Intangible assets	SoFP	1,297	0	0	0	1,297
	Right of Use assets	SoFP	26,589	0	0	0	26,589
	Financial assets:						
6,703	Investments	SoFP	1,158	4,937	0	0	6,095
102,372	Investments in associates and joint ventures	SoFP	0	0	22,724	48,977	71,701
58,875	Trade and other receivables	SoFP	41,982	0	0	0	41,982
746,282	Total non-current assets		670,085	4,937	22,724	48,977	746,723
	Current Assets:						
7,368	Inventories	SoFP	7,583	0	0	0	7,583
0	Intangible assets	SoFP	0	0	0	0	0
	Financial assets:						
44,611	Trade and other receivables	SoFP	72,118	94	0	0	72,212
14,305	Cash and cash equivalents	SoFP	18,436	497	0	0	18,933
0	Investments	SoFP	0	0	0	0	0
0	Derivatives financial assets	SoFP	0	0	0	0	0
68	Assets classified as held for sale	SoFP	68	0	0	0	68
66,352	Total current assets		98,205	591	0	0	98,786
812,634	Total assets		768,290	5,528	22,724	48,977	845,519
	Current liabilities						
(31,190)	Provisions	SoFP	(58,584)	0	0	0	(58,584)
	Financial liabilities:						
(440,873)	Trade and other payables	SoFP	(423,598)	32	0	0	(423,566)
0	Derivatives financial liabilities	SoFP	0	0	0	0	0
(472,063)	Total current liabilities		(482,182)	32	0	0	(482,150)
340,571	Non-current assets plus / less net current assets/liabilities		286,108	5,560	22,724	48,977	363,369
	Non-current liabilities						
(137,618)	Provisions	SoFP	(117,425)	0	0	0	(117,425)
	Financial liabilities:						
(115,642)	Trade and other payables	SoFP	(121,576)	0	0	0	(121,576)
0	Liabilities in associates and joint ventures	SoFP	0	0	0	0	0
(253,260)	Total non-current liabilities		(239,001)	0	0	0	(239,001)
87,311	Assets less liabilities		47,107	5,560	22,724	48,977	124,368
	Taxpayers' Equity						
(224,804)	General fund	SoFP	(173,168)	0	0	0	(173,168)
203,890	Revaluation reserve	SoFP	220,275	0	0	0	220,275
0	Other reserves	SoFP	0	0	0	0	0
102,372	Other reserves - joint venture	SoFP	0	0	22,724	48,977	71,701
5,853	Funds Held on Trust	SoFP	0	5,560	0	0	5,560
87,311	Total taxpayers' equity		47,107	5,560	22,724	48,977	124,368

NHS LANARKSHIRE

NOTES TO THE ACOCUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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

PRIOR YEAR	Note	Board 2022 £000	Endowment	Integration Joint Board South Lanarkshire 2022 £000	Integration Joint Board North Lanarkshire 2022 £000	Consolidated 2022 £000
Non-current assets:						
Property, plant and equipment	SoFP	576,582	0	0	0	576,582
Intangible assets	SoFP	1,750	0	0	0	1,750
Financial assets:						
Investments	SoFP	1,133	5,570	0	0	6,703
Investments in associates and joint ventures	SoFP	0	0	42,646	59,726	102,372
Trade and other receivables	SoFP	58,875	0	0	0	58,875
Total non-current assets		638,340	5,570	42,646	59,726	746,282
Current Assets:						
Inventories	SoFP	7,368	0	0	0	7,368
Intangible assets	SoFP	0	0	0	0	0
Financial assets:						
Trade and other receivables	SoFP	44,594	17	0	0	44,611
Cash and cash equivalents	SoFP	13,878	427	0	0	14,305
Investments	SoFP	0	0	0	0	0
Derivatives financial assets	SoFP	0	0	0	0	0
Assets classified as held for sale	SoFP	68	0	0	0	68
Total current assets		65,908	444	0	0	66,352
Total assets		704,248	6,014	42,646	59,726	812,634
Current liabilities						
Provisions	SoFP	(31,190)	0	0	0	(31,190)
Financial liabilities:						
Trade and other payables	SoFP	(440,712)	(161)	0	0	(440,873)
Derivatives financial liabilities	SoFP	0	0	0	0	0
Total current liabilities		(471,902)	(161)	0	0	(472,063)
Non-current assets plus / less net current assets/liabilities		232,346	5,853	42,646	59,726	340,571
Non-current liabilities						
Provisions	SoFP	(137,618)	0	0	0	(137,618)
Financial liabilities:						
Trade and other payables	SoFP	(115,642)	0	0	0	(115,642)
Liabilities in associates and joint ventures	SoFP	0	0	0	0	0
Total non-current liabilities		(253,260)	0	0	0	(253,260)
Assets less liabilities		(20,914)	5,853	42,646	59,726	87,311
Taxpayers' Equity						
General fund	SoFP	(224,804)	0	0	0	(224,804)
Revaluation reserve	SoFP	203,890	0	0	0	203,890
Other reserves	SoFP	0	0	0	0	0
Other reserves - joint venture	SoFP	0	0	42,646	59,726	102,372
Funds Held on Trust	SoFP	0	5,853	0	0	5,853
Total taxpayers' equity		(20,914)	5,853	42,646	59,726	87,311

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
2022 £000		2023 £000	2023 £000	2023 £000	2023 £000	2023 £000
	Cash flows from operating activities					
(1,704,808)	Net operating expenditure	(1,712,963)	(293)	(19,919)	(10,752)	(1,743,927)
(27,597)	Adjustments for non-cash transactions	32,995	133	19,919	10,752	63,799
13,395	Add back: interest payable recognised in net operating expenditure	10,475	0	0	0	10,475
(163)	Deduct: interest receivable recognised in net operating expenditure	(140)	0	0	0	(140)
0	Investment income	0	(124)	0	0	(124)
107,278	Movements in working capital	(30,925)	(270)	0	0	(31,195)
(1,611,895)	Net cash outflow from operating activities	(1,700,558)	(554)	0	0	(1,701,112)
	Cash flows from investing activities					
(28,238)	Purchase of property, plant and equipment	(29,378)	0	0	0	(29,378)
(258)	Purchase of intangible assets	(132)	0	0	0	(132)
(322)	Investment additions	(43)	0	0	0	(43)
0	Transfer of assets (to)/from other NHS bodies	0	0	0	0	0
784	Proceeds of disposal of property, plant and equipment	424	0	0	0	424
0	Proceeds of disposal of intangible assets	0	0	0	0	0
0	Receipts from sale of investments	0	0	0	0	0
163	Interest received	140	124	0	0	264
(27,871)	Net cash outflow from investing activities	(28,989)	124	0	0	(28,865)
	Cash flows from financing activities					
1,660,505	Funding	1,750,917	0	0	0	1,750,917
10,032	Movement in general fund working capital	4,558	0	0	0	4,558
1,670,537	Cash drawn down	1,755,475	0	0	0	1,755,475
(7,445)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(8,692)	0	0	0	(8,692)
122	IFRS 16 – 2022-23 cash lease payment	(1,703)	0	0	0	(1,703)
	Interest paid	1,615	500	0	0	2,115
(13,517)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(12,590)	0	0	0	(12,590)
1,649,697	Net Financing	1,734,105	500	0	0	1,734,605
9,931	Net Increase / (decrease) in cash and cash equivalents in the period	4,558	70	0	0	4,628
4,374	Cash and cash equivalents at the beginning of the period	13,878	427	0	0	14,305
14,305	Cash and cash equivalents at the end of the period	18,436	497	0	0	18,933
	Reconciliation of net cash flow to movement in net debt / cash					
9,931	Increase / (decrease) in cash in year	4,558	70	0	0	4,628
4,374	Net debt / cash at 1 April	13,878	427	0	0	14,305
14,305	Net debt / cash at 31 March	18,436	497	0	0	18,933

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

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

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

ACCOUNTS DIRECTION

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