1. I submit the audited accounts of Lanarkshire Health Board and the auditors' report in terms of section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report which I have prepared under section 22(3) of the Act.

2. The auditors' report, which is incorporated at pages 19 – 20 of the accounts, highlights a failure to meet a financial target although the auditors' opinion is not qualified in this respect. An NHS board's net resource outturn should not exceed its Revenue Resource Limit (RRL). In 2004/05, Lanarkshire Health Board recorded a net resource outturn of £682.637 million against an RRL of £662.595 million, resulting in an excess against the RRL of £20.042 million. This represents 3.02% of the total RRL.

3. The excess against RRL was caused by the deficit of £20.418 million brought forward from previous years. The Board made an in-year saving of £0.376 million in 2004/05 after delivering a programme of savings and other measures totalling £48 million. But a large proportion of these savings and measures were non-recurring. The Board has a financial recovery plan which forecasts elimination of the underlying recurring deficit by the end of 2007/08. A large element of this recovery plan is based on receiving proceeds from the sale of the Law Hospital site to clear the accumulated deficit. The Board faces a major challenge in meeting national performance targets while delivering costs savings to achieve financial stability.

4. I will also prepare an overview report on the NHS. This report will comment on significant issues arising from the 2004/05 audits of NHS bodies including qualifications by auditors and financial performance.

ROBERT W BLACK
Auditor General for Scotland
23 September 2005