

# NHS Lanarkshire

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared by Audit Scotland  
29 June 2022

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# Key messages

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## 2021/22 annual report and accounts

- 1 Our audit opinions on the annual accounts are unmodified.
- 2 The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework. Expenditure and income were regular and in accordance with applicable enactments and guidance.
- 3 The global coronavirus pandemic, Covid-19, impacted on the whole of the 2021/22 financial year. This has had significant implications for the board's services and on the costs of healthcare provision.

## Financial management and sustainability

- 4 NHS Lanarkshire has effective financial management arrangements in place. The board met all its financial targets for 2021/22 and achieved breakeven against its Revenue Resource Limit (RRL).
- 5 The board realised £31.824 million of efficiency savings, the majority of which were achieved on a non-recurring basis which means that the board starts financial year 2022/23 with a recurring funding gap of £24.254 million. The board received £9 million of funding from the Scottish Government to compensate for unrealised efficiency savings in 2021/22.
- 6 NHS Lanarkshire incurred additional costs of £50.730 million responding to the Covid-19 pandemic. The North and South Lanarkshire IJBs incurred additional expenditure of £33.759 million on health and social care services. These costs were fully met by the Scottish Government.
- 7 £68.8 million health and social care funding that was paid to the IJBs to meet Covid-19 costs was received late in 2021/22 and the majority of this funding is held in their reserves for future services.
- 8 Effective internal control systems operated throughout the year.
- 9 NHS Lanarkshire has effective financial planning arrangements in place but its financial plans show increasing pressures on services.
- 10 In line with Scottish Government guidance NHS Lanarkshire developed a one-year financial plan for 2022/23. The pandemic has had a significant impact on the short-term finances of NHS Lanarkshire and the impact of this in medium/longer term planning is still to be evaluated.

- 11 To achieve breakeven in 2022/23 savings are required of £38.449 million, of which £31.845 million have yet to be identified.
- 12 The board's reliance on non-recurring savings is not sustainable.
- 13 NHS Lanarkshire is finding it difficult to recruit staff and relies on supplementary staff to fill gaps, at a high cost to the board. Expenditure on agency and other directly engaged staff is £26.3 million.
- 14 The site for the new University Hospital Monklands Replacement Project has been purchased and the board has commenced the procurement process for a design and delivery partner.

## Governance and transparency

- 15 In March 2020, the board implemented emergency arrangements for services in response to the Covid-19 pandemic. Following direction from the Scottish Government non-urgent treatments were largely paused and, even after restrictions relaxed, never resumed previous levels.
- 16 NHS Lanarkshire has effective governance arrangements in place that support good governance and accountability. Changes to the arrangements in response to the Covid-19 outbreak in March 2020 are set out in the Governance Statement in the accounts.
- 17 The Board's executive and non-executive members demonstrate effective leadership, challenge and scrutiny of the board's activity and performance.
- 18 During 2021/22, there was a significant change in the membership of the NHS Lanarkshire Board. We concluded that the board proactively managed the change and consciously recruited the skills and expertise required to progress its strategic priorities.
- 19 The board has appropriate arrangements in place to prevent fraud and corruption.

## Value for money

- 20 Covid-19 has impacted significantly upon the board's activity and waiting times for services. The board has published a remobilisation plan to address backlogs caused by the Covid-19 pandemic and the restoration of health services.
- 21 The board has an effective performance management framework in place which supports continuous improvement.
- 22 Officers report to members on the arrangements in place to secure best value which demonstrates good practice.

- 23** The board and its IJB partners have been unable to sustain the progress made in reducing delayed discharges.

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# Introduction

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1. This report summarises the findings from our 2021/22 audit of Lanarkshire Health Board, commonly known as NHS Lanarkshire (the board). The scope of our audit was set out in our Annual Audit Plan presented to the March 2022 meeting of the Audit Committee. This report comprises the findings from:

- an audit of the board's annual report and accounts
- consideration of the wider dimensions that frame the scope of public audit set out in the [Code of Audit Practice 2016](#)

2. The main elements of our audit work in 2021/22 have been:

- an audit of the board's 2021/22 annual report and accounts including the issue of an independent auditor's report setting out our opinions
- a review of the board's key financial systems
- consideration of the four audit dimensions.

3. The global coronavirus pandemic continued to have a considerable impact on the board during 2021/22. Risks related to the pandemic were included in our Annual Audit Plan and our planned audit work. Our audit approach in 2021/22 reflected a remote audit of the accounts, which was the same approach as the previous two years.

## Adding value through the audit

4. We add value to NHS Lanarkshire through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides.

5. We aim to help NHS Lanarkshire promote improved standards of governance, better management and decision-making and more effective use of resources.

## Responsibilities and reporting

6. NHS Lanarkshire has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and

accounts that are in accordance with the accounts direction from the Scottish Ministers.

7. The board is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity.
8. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#) and supplementary guidance and International Standards on Auditing in the UK. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on the effectiveness of the performance management arrangements, the effectiveness of corporate governance arrangements, the financial position and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.
9. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.
10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes actions from last year and progress against these.

## Auditor Independence

11. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.
12. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £203,430, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.
13. This report is addressed to the board and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

## Audit appointment from 2022/23

14. The Auditor General for Scotland is responsible for the appointment of external auditors to Scottish health bodies. External auditors are usually appointed for a five year term either from Audit Scotland's Audit Services

Group or private firms of accountants. The financial year 2021/22 was a one year extension and is the last year of the current audit appointment round.

**15.** The procurement process for the new round of audit appointments covering 2022/23 to 2026/27 was completed in May 2022 and Audit Scotland has again been appointed as the external auditor for NHS Lanarkshire. Although Audit Scotland remain the board's external auditors, to maintain the independence and objectivity of the audit team, the engagement lead and other staff working on the audited will be changed for the 2022/23 audit. The outgoing audit team will work with officers and the new audit team to ensure a smooth transition.

**16.** The new auditors will follow a new Code of Audit Practice which applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

**17.** We would like to thank Board members, Audit Committee members, executive directors and other staff, particularly those in finance, for their co-operation and assistance over the last six years.



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# 1. Audit of 2021/22 annual report and accounts

The annual report and accounts are the principal means of the board accounting for the stewardship of resources and its performance in using those resources.

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## Main judgements

Our audit opinions on the annual accounts are unmodified.

The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework. Expenditure and income were regular and in accordance with applicable enactments and guidance.

The global coronavirus pandemic, Covid-19, impacted on the whole of the 2021/22 financial year. This has had significant implications for the board's services and on the costs of healthcare provision.

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## Our audit opinions on the annual report and accounts are unmodified

**18.** The board approved the annual report and accounts for the year ended 31 March 2022 on 29 June 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were regular and in accordance with applicable enactments and guidance
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

**19.** The working papers provided to support the accounts were of a good standard and the audit team received great support and from finance staff which helped ensure the final accounts audit process ran smoothly. We are particularly grateful to finance staff in light of the fact that remote working arrangements were in place for both them and us.

## Our audit approach and testing was informed by the overall materiality level of £18 million

**20.** Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#). However, the revised materiality levels were not significantly different from our planned levels and did not impact on our audit approach.

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£17.779 million
Performance materiality	£10.667 million
Reporting threshold	£178 thousand

## We have significant findings to report on the annual report and accounts

**21.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no significant findings to report around the qualitative aspects of the annual report covering accounting policies, accounting estimates and financial statements disclosures.

**22.** The significant findings are summarised in [Exhibit 2](#) overleaf. Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

## Exhibit 2

### Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Health and Social Care Integration</b></p> <p>The integration joint boards (IJBs) activities have been reflected in the board's accounts. £1,024.196 million has been included in the board's other health care expenditure relating to the board's payments to the two IJBs. Income of £931.370 million for services commissioned by the two IJBs has also been included.</p> <p>The IJBs have been consolidated into the group accounts as joint ventures, £102.372 million has been shown in financial assets, representing the board's share of the IJBs' cumulative financial outturns to 31 March 2022.</p> <p>The IJB figures are based on the unaudited accounts for each IJB and the deadline for these accounts to be audited is 30 November 2022. We do not anticipate any material changes to the draft figures used in consolidation.</p>	<p>For information only.</p>
<p><b>2. Endowment Funds</b></p> <p>The Endowment Funds figures included in the 2021/22 group accounts were based on the unaudited financial statements. The Endowment Funds financial statements were approved by the trustees and external auditor of the Endowment Funds on 29 June 2022. There were no material changes to the unaudited figures used in consolidation and the external auditor of the Endowment Funds has raised no significant issues in relation to their audit.</p>	<p>For information only.</p>
<p><b>3. Asset disposals</b></p> <p>Testing of asset disposals in 2021/22 found that 4 from a sample of 5 had been disposed of in the previous year and had not been identified by officers as no asset verification exercise had been completed. The net book value of these 4 asset disposals was nil therefore there was no impact on the prior year or the current years accounts figures. Audit has conducted asset existence testing which sought to confirm that assets in the asset register are still held by the board and this testing found no errors. However, given that assets were disposed of in 2020/21 but not recorded until 2021/22 there</p>	<p>Management have agreed to introduce procedures to ensure asset disposals are removed timeously from the asset register in the correct financial year.</p> <p><b>Recommendation 1</b> (refer <a href="#">Appendix 1</a>, action plan)</p>

Issue	Resolution
<p>is a risk that asset disposals are not reflected accurately in the accounts.</p>	
<p><b>4. Remuneration report</b></p> <p>The accounts and remuneration report were amended to reflect that, in October 2020, NHS Scotland approved an increase to the former Chair's remuneration relating to increased duties in their role as Chair of NHS Lanarkshire and national work. The board's Accountable Officer has confirmed that the instruction to pay this increase was not sent to them and was instead issued direct to the Chair of the Board resulting in a significant delay in processing the request and establishing the correct level of arrears. The remuneration in the 2021/22 accounts has been increased to include arrears due from financial year 2020/21. Scottish Government funding has now been provided to meet these costs.</p> <p>The board did not initiate the review of the Chair's remuneration and no documentation was provided by NHS Scotland to support the outcome of the review at the time. Following audit discussions, the board requested and received from the Directorate for Health Workforce, Leadership and Service Reform, a letter to confirm the Chair's remuneration arrangements. This explains that the review reflected the additional work of the Chair for the Board and at a national level. The letter explains the process followed in approving the review, and confirms it is as described in the public sector pay policy guidance.</p>	<p>The accounts have been amended to include the arrears. The impact has been to increase non-executive members employee expenditure by £67,000 and increase the board's Core Revenue Resource Limit (RRL) by the same amount to reflect the additional funding provided by the Scottish Government. The 2021/22 remuneration report has been amended to include this increase and an explanatory footnote has been inserted.</p>

Source: Audit Scotland

**23.** In our 2021/22 Annual Audit Plan we identified one significant risk of material misstatement to the financial statements on which we needed to focus our audit work. [Exhibit 3](#) (overleaf) sets out the risk and summarises the audit procedures we performed during the year to obtain assurances on it and the conclusions from the work completed.

## Exhibit 3

### Identified significant risk of material misstatement in the financial statements

Significant risk of material misstatement	Audit response to risk	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>We carried out detailed testing of journal entries with a focus on significant risk areas, including year-end and post-close down entries.</p> <p>We evaluated any identified significant transactions outside the normal course of business, identified through audit testing of income and expenditure and accruals.</p>	<p><b>Results:</b> We did not identify any incidents of management override of controls through our audit testing.</p>

Source: Audit Scotland

**24.** In our audit plan, we also identified three wider audit dimension risks for this year's audit as part of our responsibilities under the [Code of Audit Practice 2016](#). The audit findings on these risks: financial sustainability, the sustainability of services and workforce pressures in the board, are included in this report. [Appendix 2](#) summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from our work.

### Two identified misstatements above our reporting threshold were adjusted in the accounts

**25.** Management have adjusted the accounts to correct the two identified misstatements above our reporting threshold. After the unaudited accounts were issued, the board received a revised Clinical Negligence and Other Risks Scheme (CNORIS) participation scheme schedule for 2021/22 from the Scottish Government which required an amendment of £1.150 million to the CNORIS provision in the accounts. In addition, in late June 2022, all boards received notice from NHS National Services Scotland (NSS) that Lateral Flow Devices (LFD) had been provided by the UK Government during the year. This required NHS Lanarkshire to disclose £7.140 million as donations to be recognised as both income and expenditure in the accounts. We have reviewed the changes to the accounts and are satisfied with the changes made. The net impact of adjusting the 2021/22 accounts was nil. There are no unadjusted errors identified through the audit to report.

**26.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. We have reviewed the nature and

cause of the identified misstatements and concluded that they had no impact on our audit approach.

## **The performance report and governance statement are of a good standard**

**27.** In addition to the opinion on the performance report covered in Part 1 of our Annual Audit Report, we also consider the qualitative aspects of the body's performance report. The performance report should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

**28.** We reviewed the performance report provided to us as part of the unaudited 2021/22 annual report and accounts taking into account good practice notes issued by Audit Scotland in recent years in relation to the content of performance reports in the NHS and Central Government. As a result, we have concluded that the board's 2021/22 performance report complies with good practice.

**29.** The board has comprehensive arrangements in place to ensure that the Governance Statement contained in the annual report and accounts is soundly based. This is built up through a package of evidence presented to the Audit Committee in the final quarter of the year, including the completion of the assessment tool in the Scottish Government Audit Committee Handbook. This represents good practice and demonstrates the board's commitment to transparent reporting.

## **Good progress was made on prior year audit recommendations**

**30.** The board has made substantial progress in implementing our prior year audit recommendations which are set out in [Appendix 1](#).

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## 2. Financial management

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

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### Main judgements

NHS Lanarkshire has effective financial management arrangements in place. The board met all its financial targets for 2021/22 and achieved breakeven against its Revenue Resource Limit (RRL).

The board realised £31.824 million of efficiency savings, the majority of which were achieved on a non-recurring basis which means that the board starts financial year 2022/23 with a recurring funding gap of £24.254 million. The board received £9 million of funding from the Scottish Government to compensate for unrealised efficiency savings in 2021/22.

NHS Lanarkshire incurred additional costs of £50.730 million responding to the Covid-19 pandemic. The North and South Lanarkshire IJBs incurred additional expenditure of £33.759 million on health and social care services. These costs were fully met by the Scottish Government.

£68.8 million health and social care funding that was paid to the IJBs to meet Covid-19 costs was received late in 2021/22 and the majority of this funding is held in their reserves for future services.

Effective internal control systems operated throughout the year.

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### NHS Lanarkshire operated within its Revenue Resource Limit (RRL)

**31.** With effect from 2019/20, the Scottish Government introduced a new approach to financial planning and target setting. This removed the requirement for boards to achieve financial balance annually and instead boards are required to achieve a breakeven position over a rolling three-year period. NHS boards can exercise annual flexibility within 1% of their revenue resource limit.

**32.** In the previous two years the board reported that it delivered services within its RRL. As illustrated in [Exhibit 4](#) overleaf, the board operated within all limits again during 2021/22.

**33.** The Scottish Government paused the normal financial planning arrangements under the Scottish Government's Health and Social Care

Medium Term Financial Framework due to the pandemic and announced that all Health Boards would be fully funded in 2021/22. Throughout the year, additional non-recurring funding allocations were provided based on the estimated financial impacts of the pandemic on the board.

#### Exhibit 4 Performance against resource limits in 2021/22

Performance against resource limits set by SGHSCD	Resource Limit £m	Actual £m	Underspend £m
Core revenue resource limit	1,635.375	1,635.375	0
Non-core revenue resource limit	29.425	29.425	0
<b>Total revenue resource limit</b>	<b>1,664.800</b>	<b>1,664.800</b>	<b>0</b>
Core capital resource limit	29.480	29.480	0
Non-core capital resource limit	0	0	0
<b>Total capital resource limit</b>	<b>29.480</b>	<b>29.480</b>	<b>0</b>
<b>Cash requirement</b>	<b>1,670.537</b>	<b>1,670.537</b>	<b>0</b>

Source: NHS Lanarkshire Annual Report and Accounts 2021/22

### There was a significant financial impact due to Covid-19

**34.** The pressures facing the NHS continue to intensify. The requirement to produce three-year financial plans as part of the medium-term financial framework has been paused due to the pandemic. NHS boards were asked to complete a one-year plan for 2021/22.

**35.** NHS Lanarkshire's financial plan for 2021/22 was approved by the Board in March 2021. The financial plan estimated that the board would start 2021/22 with an estimated £17.356 million recurring funding gap and highlighted a total funding gap of £30.693 million (excluding North and South Lanarkshire IJBs) for the year. Efficiency savings would be needed to bridge this gap, of which £25.773 million had still to be identified at March 2021 and the plan highlighted that this remaining gap was the largest financial risk facing the board.

**36.** The finance report to the end of March 2022, presented to the Board in May 2022, highlights that the board's financial plan reflected the costs of normal operating and assumed any additional Covid-19 costs would be funded by the Scottish Government. The aspiration was to have identified sufficient measures by November 2021 to achieve breakeven at the year-end. Severe pressures on services from the prevalence of Covid-19 and pent up demand meant that the board remained on an emergency footing all year and was unable to resume the financial sustainability programme which has been



paused since March 2020. The board received notification of funding from the Scottish Government in February 2022 to cover all Covid-19 related costs including £9 million against unrealised efficiency savings in year. Combined with the savings delivered, other underspends or slower pace of national, regional and local developments, the board was able to achieve breakeven at 31 March 2022. The underlying funding gap remains, with the latest assessment being £24.254 million moving into 2022/23.

**37.** Direct Covid-19 related expenditure was tracked using specific account codes in the general ledger. [Exhibit 5](#) shows the expenditure in these areas compared to additional Covid-19 related funding allocations. The IJBs incurred expenditure of £33.759 million in responding to the Covid-19 pandemic across health and social care and NHS Lanarkshire incurred an additional £50.730 million. These costs were fully met by the Scottish Government.

## Exhibit 5

### Covid-19 Costs compared to additional funding allocations

	Total Funding Received (£m)	Total Expenditure (£m)	Difference (£m)
<b>NHS Board</b>			
Covid-19 Additional Allocations	50.730**	50.730**	Nil
<b>Health &amp; Social Care</b>			
Covid-19 Additional Allocations	98.635	33.759	64.876

Source: NHS Lanarkshire

\*\* - Includes £9 million of funding for unrealised efficiency savings and associated expenditure

**38.** A number of additional Covid-19 allocations were earmarked by the Scottish Government for the use by the IJBs for health and social care expenditure. These were included in full as part of NHS Lanarkshire funding to these bodies. IJBs are able to retain any unspent funding within their reserves (see Paragraphs 43 and 44).

### Efficiency savings of £31.824 million were achieved but the majority of these were non-recurrent savings

**39.** In February 2021 Scottish Government announced they would fund NHS boards' savings that could not be achieved in 2020/21 due to Covid-19. NHS Lanarkshire did not seek any support from the Scottish Government for any unrealised efficiency savings due to Covid-19 in 2020/21. However, due to a larger funding gap in 2021/22 and significant increases in expenditure on new medicines, the board advised the Scottish Government that there was a remaining funding gap of £9 million as a result of unrealised efficiency savings due to Covid-19. This funding was confirmed in the February 2022 funding allocation letter from the Scottish Government. There is no requirement for the board to repay this funding.

**40.** The board's original funding gap of £30.693 million (excluding North and South Lanarkshire IJBs) for the year, was revised to £31.843 million during 2021/22.

**41.** The finance report to the end of March 2022 highlights that the board achieved £31.824 million of efficiency savings against this its revised target, some of which related to rebates on drug list prices, small property or equipment savings and the estimated impact of the IJB prescribing efficiency plans. The net impact of these including the additional support from the Scottish Government of £9 million (noted above) and slippage against financial plan estimates, primarily national and regional service developments, allowed the board to breakeven in 2021/22.

**42.** 97 per cent of the £31.824 million efficiency savings achieved were on a non-recurring basis which means that the board starts financial year 2022/23 with a recurring funding gap of £24.254 million. Finance reports are presented to each meeting of the Board which include an update on the progress of efficiency savings plans. A separate efficiency savings update report is presented regularly to the Audit Committee.

### **£68.8 million of the health and social care funding that was paid to the IJBs to meet Covid-19 costs was received late in 2021/22 and the majority of this funding is held in their reserves for future services**

**43.** NHS Lanarkshire delegates responsibility for a specified range of health and social care services to the North and South Lanarkshire Integration Joint Boards (IJBs) and passes the budgets associated with these services to the IJBs. The budget is amended throughout the year to reflect additional funding received by the board for IJB services. Under the integration financial guidance, any funding unspent at the year-end belongs to the IJBs and is retained by them to be held in reserves for use in future years.

**44.** During January and February 2022, the board was allocated funding from the Scottish Government of £83.932 million to meet Covid-19 and remobilisation costs in health and social care. The board provided £68.810 million of this funding to the IJBs, with North Lanarkshire IJB receiving £32.102 million and South Lanarkshire IJB receiving £36.708 million. During 2021/22 the IJBs received £64.876 million more Covid-19 funding than was estimated to be needed up to 31 March 2022 and this will be held in the reserves of each IJB (North Lanarkshire IJB £31.621 million and South Lanarkshire IJB £33.255 million) to meet additional Covid-19 costs in 2022/23 for the health and social care services delegated to IJBs.

### **Financial systems of internal control are operating effectively**

**45.** As part of our audit we identify and test the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that NHS Lanarkshire has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**46.** Our findings were included in a management report presented to the Audit Committee on 7 June 2022. Our 2021/22 testing focussed on key controls over payroll exception reporting and IT access controls as areas where control weaknesses had been identified in 2020/21. No significant key control weaknesses were identified from this audit work this year.

**47.** In addition to the above, as part of our audit planning process we identified some potential audit risks which required some audit focus in 2021/22. These were the arrangements for ensuring the annual revaluation of assets (land and buildings) were free from material misstatement, confirming the existence of employees and that journals processed through the ledger are appropriate and properly authorised.

**48.** In response, we reviewed the arrangements in place to ensure that the value of land and buildings, as a material balance in the annual accounts, is free from material misstatement. We also carried out early substantive testing on the authorisation and appropriateness of journals, employee existence, payroll deductions, income and expenditure transactions, non-current asset existence and additions and disposals. There were no weaknesses identified from our work in these areas.

## **Budget processes and financial management are effective**

**49.** We reviewed NHS Lanarkshire's budget monitoring arrangements. From our review of budget monitoring reports, review of committee papers and attendance at committees we confirmed that senior management and Board members receive regular, timely and up to date financial information on the board's financial position. The budget monitoring reports presented to each Board meeting clearly show the extent of the board's reliance on non-recurring savings and the content and format of the reports allow members to perform their scrutiny role.

**50.** The finance report presented to each meeting of the NHS Lanarkshire Board also includes an analysis of the movements in the board's RRL since the previous finance report. This provides Board members with sufficient detail on the nature of changes to the board's funding allocation as a description is provided for each change to the funding allocation along with the monetary values.

**51.** Each year internal audit produce an Internal Control Evaluation (ICE) report which is informed by a detailed review of formal evidence sources including Board, Standing Committee, Corporate Management Team (CMT) and other papers. Internal audit opinions are also informed by regular meetings with directors, senior officers and through fieldwork undertaken for specific audits during the year. The principal objective of this review is to provide assurance to the Chief Executive, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the board's objectives and aims to identify of any significant issues that may affect the Governance Statement in the annual accounts.

**52.** The internal audit 2021/22 ICE report was presented to the Audit Committee meeting on 1 March 2022 and identified no significant issues in relation to financial governance.

**53.** The 2021/22 Internal Audit Annual Report presented to the Audit Committee meeting on 7 June 2022, did not highlight any weaknesses in relation to financial governance that impact on the annual accounts or our audit work.

**54.** We concluded that NHS Lanarkshire has effective budgetary monitoring and control arrangements that allow both members and officers to carry out effective scrutiny of the board's finances.

### **Shared systems can be relied on for recording board costs**

**55.** The NHS in Scotland procures a number of service audits covering shared systems. NHS Ayrshire & Arran procured a service audit of the National Single Instance (NSI) eFinancials service. The service auditor assurance report in relation to the NSI eFinancials was unqualified.

**56.** NHS National Services Scotland (NSS) procured service audits covering payments to primary care contractors (Practitioner Services), Payroll services and national IT services. All of the service auditor assurance reports were unqualified, although both the national IT Services and Practitioner Services service auditor assurance reports contained an emphasis of matter to highlight the additional matters taken into consideration to achieve that opinion, and improvements required. These matters have no impact on the annual accounts of NHS Lanarkshire.

**57.** These service audit reports were presented to the Audit Committee meeting on 7 June 2022 and have been referred to in the Governance Statement included within the board's 2021/22 Annual Accounts.

**58.** As your external auditor we have considered the content of these service auditor assurance reports. There are no significant findings to draw to your attention.

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## 3. Financial sustainability

Financial sustainability looks forward to the medium and long term to consider whether a body is planning effectively to continue to deliver its services.

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### Main judgements

NHS Lanarkshire has effective financial planning arrangements in place but its financial plans show increasing pressures on services.

In line with Scottish Government guidance NHS Lanarkshire developed a one-year financial plan for 2022/23. The pandemic has had a significant impact on the short-term finances of NHS Lanarkshire and the impact of this in medium/longer term planning is still to be evaluated.

To achieve breakeven in 2022/23 savings are required of £38.449million, of which £31.845 million have yet to be identified.

The board's reliance on non-recurring savings is not sustainable.

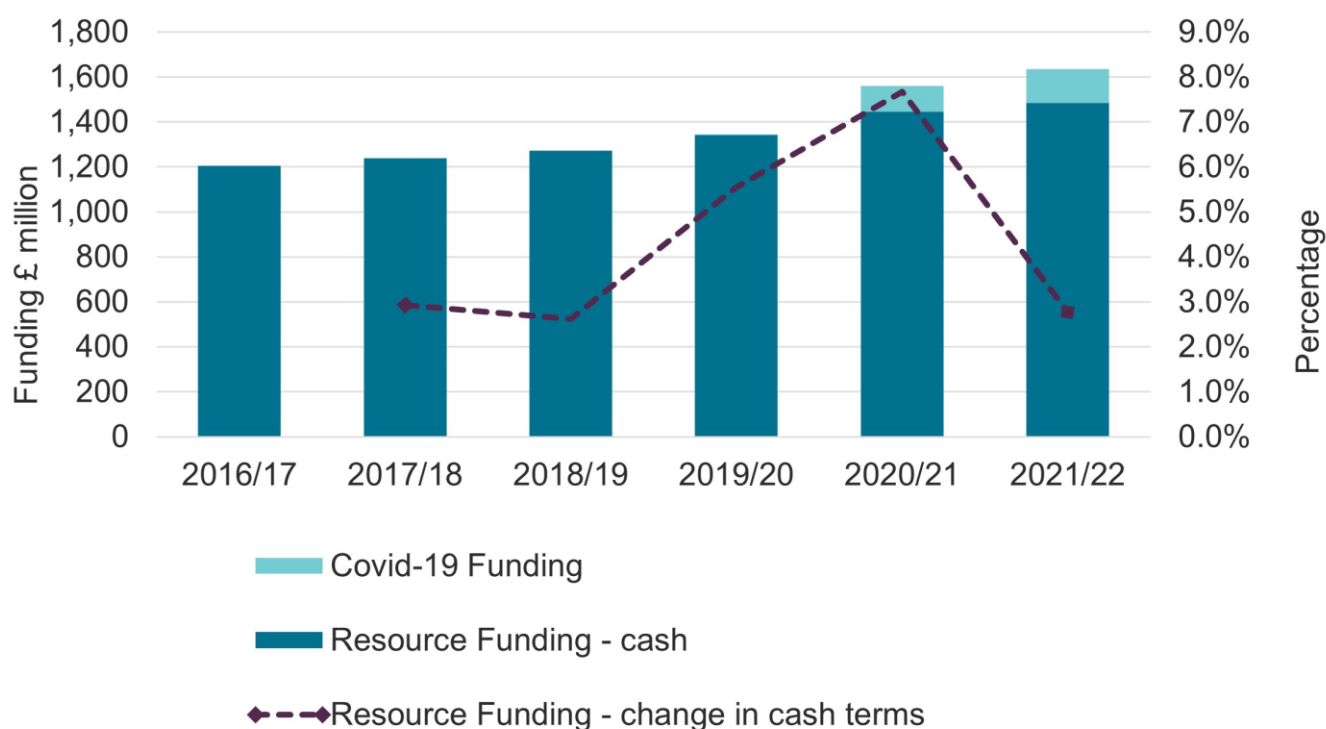
NHS Lanarkshire is finding it difficult to recruit staff and relies on supplementary staff to fill gaps, at a high cost to the board. Expenditure on agency and other directly engaged staff is £26.3 million.

The site for the new University Hospital Monklands Replacement Project has been purchased and the board has commenced the procurement process for a design and delivery partner.

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### Covid-19 funding has led to a 4.8 per cent increase in total revenue funding in cash terms

**59.** Core revenue funding (excluding additional Covid-19 funding) to NHS Lanarkshire in 2021/22 from the Scottish Government has grown by 2.8 per cent in cash terms compared to 2020/21 ([Exhibit 6](#) overleaf). If the £149.365 million funding for Covid-19 (including £98.635 million allocated to North and South Lanarkshire IJBs) in 2021/22 is included, total funding has grown by 4.8 per cent in cash terms compared to 2020/21. The current 2022/23 Scottish budget includes a further rise in baseline funding for NHS Lanarkshire of £26.125 million (2 per cent).

**Exhibit 6****Movement in cash terms core revenue funding to NHS Lanarkshire**

Source: NHS Lanarkshire Annual Report & Accounts/Audit Scotland

### NHS Lanarkshire has prepared a one-year financial plan for 2022/23 as required by the Scottish Government

**60.** The requirement to produce three-year financial plans as part of the medium-term financial framework has been paused due to the pandemic. NHS boards were asked to complete a one-year plan for 2022/23.

**61.** NHS Lanarkshire's initial financial plan for 2022/23 was approved by the Board in March 2022. The financial plan highlighted that a further iteration of the financial plan needed to be submitted to the Scottish Government by the end of June 2022, at which point it was anticipated there would be greater certainty over the funding available to the board for 2022/23. The financial plan estimated that the board would start 2022/23 with an estimated £24.254 million recurring funding gap. The financial plan highlights that the board's 2021/22 funding settlement from the Scottish Government brought a 2% uplift to the base RRL, which the board has assumed will continue for 2022/23. This equates to £26.125 million, of which £5.596 million will go to North Lanarkshire IJB and £3.994 million to South Lanarkshire IJB.

**62.** Efficiency savings play a crucial part in filling funding gaps. The board's 2022/23 financial plan identifies a funding gap of £31.845 million (excluding IJBs), after the deduction of estimated efficiency savings schemes totalling £6.604 million, all of which are planned on a non-recurring basis.

**63.** The financial plan highlights that the £31.845 million funding gap between projected costs and income is the largest financial risk facing the board. The plan also stresses that there are many factors which could increase the gap, including:

- supplies inflation averaging more than 3.8%. Every 1% increases costs by £0.865 million. CPI for February 2022 is 5.5%. Energy prices rises higher than 49.3%. Every 10% equals £0.457 million
- full funding not being available for the additional costs of responding to Covid-19. Neither the cost profile or the funding can be charted at this stage but outside testing, tracing and vaccinations there is around £11 million of cost in the system being attributed to Covid-19
- the £3.629 million provisional allowance for local cost pressures only covers about half of the developments in the system that have been initiated at risk, from non-recurring money or based on releasing savings in the future. On top of this there is a high level of demand for additional investment
- as all NHS Boards face gaps in their financial plans there is a risk that additional income is sought by other Boards from those using their services. Every 1% increase would be the equivalent of £2 million.

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## Recommendation 2

The board should ensure that savings plans are developed identifying how the funding gap of £31.845 million in 2022/23 will be addressed.

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### NHS Lanarkshire has a one-year financial plan, but is yet to develop a medium-term plan

**64.** As noted earlier, in March 2022 the Board approved the financial plan for 2022/23 which showed a funding gap of £31.845 million.

**65.** The board is waiting for templates and guidance from the Scottish Government (expected by the end of June 2022) before developing a three-year financial plan which will complement the three-year integrated plan (currently named Medium Term Plan) covering 2022-25 required to be submitted by NHS Boards to the Scottish Government by the end of July 2022. See Part 5 – Value for Money for more details on the three-year integrated plan.

## The site for the new University Hospital Monklands Replacement Project has been purchased and the board has commenced the procurement process for a design and delivery partner

**66.** In December 2020, following the public engagement and a significant number of Board briefings, the Board approved the Monklands Replacement Project (MRP) Site Selection Process Report. The Board recommended to the Cabinet Secretary for Health and Sport that Wester Moffat was the preferred site for the location of the new University Hospital Monklands. In January 2021, the Scottish Government confirmed the site's approval.

**67.** In April 2021 the Board approved the initial MRP governance arrangements which were revised and approved by the Board in January 2022. The revised arrangements include the creation of a Monklands Replacement Governance Committee, reporting to the Planning, Performance & Resources Committee (PPRC). The new committee (as with all governance committees) is not a decision-making body. The full Board will retain responsibility for all key decisions within the MRP through to final commissioning of the new district general hospital.

**68.** A public planning consultation exercise for the new University Hospital Monklands took place in March 2022. The board also confirmed of the purchase of Wester Moffat Farm in early March 2022. The board will produce a detailed consultation report which will be provided to North Lanarkshire Council (the council) along with the planning application when it is submitted later in 2022. Once the detailed design has been submitted for planning permission, there will be a further opportunity for the community to comment directly to the council on the proposals, to inform the council's consideration of the application.

**69.** The contract notice was published on the Public Contracts Scotland website on 13 May 2022, the objective of which was to procure a design and delivery partner using a two-stage tender, shortlisting three firms. Firms had until 13 June 2022 to submit prequal information with shortlisted firms invited to tender on 5 July 2022.

## NHS Lanarkshire relies on supplementary staff to fill gaps

**70.** Total staff costs have increased from £669.900 million in 2020/21 to £700.925 million in 2021/22 (4.6 per cent increase) and was due to a number of factors. The combination of the Covid-19 demand (including the scaling up of the vaccination programme at a cost of £13.1 million using approximately 350 WTE staff) and a more general pressure on unscheduled care stretched the available workforce. Supernumerary health care support workers were recruited permanently following receipt of the December 2021 funding allocation. All available nursing graduates were recruited in 2021 with those willing to start early being brought in. Supernumerary administration staff were also recruited to support wards. Agency nursing staff not directly related to Covid-19 activity has increased to £9.208 million in 2021/22 compared to £2.810 million in 2019/20. In addition, the previous 3 year pay deal had a final scale point movement in 2021/22 which hadn't been funded and its impact was greater in the second half of the year. The impact of a successful re-



banding claim for a group of healthcare support workers also impacted on the final months of the year.

**71.** The supplementary staffing level at April 2022 was 7.49 per cent, against a target of 6 per cent. Supplementary staffing levels are bank, agency, overtime and excess hours and are highest in Nursing (12.26 per cent) and Support Services (8.32 per cent).

**72.** Although the board has taken measures to reduce its reliance on agency staff, agency and other directly engaged staff costs have increased significantly, £17.232 million in 2020/21 to £26.328 million in 2021/22 (an increase of 52.8 per cent). This was mainly due to a £10.1 million increase in Nursing costs, of which £9.6 million is within Acute Services across the three hospital sites. Agency staff fill levels increased from 48,160 hours in 2020/21 to 174,990 hours in 2021/22 and this was due to the following:

- Covid-19 - there was £4 million of additional agency costs directly related to Covid-19 in 2021/22, which was £1.8 million higher than 2020/21. This related to the continuation of the scale up of staffing within ward areas / ICU / HDU and other clinical areas to ensure safe staffing within the guidelines and backfill for ongoing “special leave” absence levels in relation to staff either being absent due to Covid-19, staff isolating in line with government guidance, staff shielding and early maternity leave guidance
- Unscheduled care - there was an increase of £2.1 million within Emergency Services. This was due to the fact that the board was in code black for a number of months due to bed occupancy consistently being above 100 per cent (and the board is only funded to 85 per cent), unprecedented activity pressures, increased numbers of delayed discharges and vacancies
- Winter period – there was an increase of £1.2 million across the three hospital sites as a result of winter related pressures. This was due to the inability to either recruit on a short-term basis to cover the winter period or backfill by the bank
- Acute specialties – around £3.8 million of the increase is split between the remaining acute specialties and relates to ongoing historical vacancies across the three hospital sites which the board has been struggling to fill despite various recruitment drives and also increasing levels of sickness absence (Non-Covid-19 related).

**73.** On a positive note, Medical agency staff costs reduced by £1.9 million, almost all of which sits within Acute Services. This is a result of the success of the regional bank which was set up three years ago and the board is benefiting from the lower rates of pay.

## Workforce planning

**74.** The board depends on having the appropriate number of staff, in the right place, with the appropriate skills. The three-year Workforce Plan 2017-2020 (approved in August 2017) is supported by an annual Everyone Matters: 2020 Workforce Vision Implementation Plan and the board’s latest annual

workforce plan for 2019/20. The board submitted an Interim Workforce Plan for 2021/22 to the Scottish Government by the end of April 2021 to complement the Remobilisation Plan (RMP). The 2021/22 Interim Workforce Plan was presented to the Board meeting in May 2021. New national guidance was launched in December 2019 which introduced three-year integrated workforce planning but due to Covid-19, these plans have been delayed until 2022. The board plans to submit its draft three-year workforce plan to the Scottish Government by the end of July 2022 and the final version by 7 November 2022.

**75.** The 2021/22 Internal Audit Annual Report presented to the Audit Committee meeting on 7 June 2022 contained a recommendation in relation to workforce planning. Internal audit are of the view that when the new workforce plan is presented to the Staff Governance Committee (SGC), there would be considerable benefit in providing a companion paper which describes how the overall plan will be monitored by the SGC, how it fits in with 'Our Health Together' and the IJB Strategic Commissioning plans, how the associated risks will be identified and consolidated within the corporate risk register and how assurance will be provided on progress.

**76.** The Quarterly Workforce Report presented to the SGC meeting in May 2022 shows that at April 2022, the board had 11,709.1 WTE staff in post, with a total WTE vacancy rate of -2.46 per cent (i.e. over establishment), excluding medical and dental. The report highlights that the negative vacancy position this is being driven mainly by the administrative services job family which is 11.83 per cent over establishment at April 2022.

**77.** The Quarterly Workforce Report also shows that staff turnover has generally increased as a result of the pandemic, both by the nature of some of the fixed-term posts which were introduced but also as health boards across the country began to recruit in response which opened up a number of opportunities healthcare workers across Scotland. The rolling 12 months staff turnover rate at April 2022 is 12.72 per cent compared to 11.22 per cent at April 2021. The report highlights that staff turnover increased in March 2022 as a result of temporary Covid-19 contracts ceasing.

**78.** Quarterly Workforce Reports are presented to each meeting of the SGC, the minutes of which are taken to relevant meetings of the Board. These quarterly reports allow members to monitor the board's statistics in relation to staff numbers, vacancies, supplementary staffing, agency shifts, staff turnover and staff absences, with additional commentary on each area.

### **Sickness absence levels are higher than the Scottish average**

**79.** NHS Lanarkshire like most NHS boards is continuing to find it difficult to achieve the national performance standard of 4 per cent for sickness absence despite measures to maximise attendance at work. As at March 2022 the sickness absence rate was 6.6 per cent compared to 5.5 per cent at March 2021. The highest levels are in nursing (7.77 per cent) and support services (13.56 per cent). The sickness absence rate across NHS Scotland at March 2022 was 5.7 per cent.

**80.** In recognition of the impact of Covid-19 on staff's health and wellbeing, during 2020/21 a number of additional support mechanisms were introduced

locally by Salus Occupational Health, Spiritual Care and Psychology. In addition, in December 2020 the board established a Health & Wellbeing Strategy Group (HWBSG) aimed at identifying current good practice, developing a longer-term strategy framework, implementing work programmes and measuring success and outcomes. A Programme Manager was appointed who is responsible for delivering on the agreed agenda. Regular updates on the work of the HWBSG are provided to the Staff Governance Committee.

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# 4. Governance and transparency

Governance and transparency relate to the effectiveness of scrutiny and oversight, and transparent reporting of information.

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## Main judgements

In March 2020, the board implemented emergency arrangements for services in response to the Covid-19 pandemic. Following direction from the Scottish Government non-urgent treatments were largely paused and, even after restrictions relaxed, never resumed previous levels.

NHS Lanarkshire has effective governance arrangements in place that support good governance and accountability. Changes to the arrangements in response to the Covid-19 outbreak in March 2020 are set out in the Governance Statement in the accounts.

The Board's executive and non-executive members demonstrate effective leadership, challenge and scrutiny of the board's activity and performance.

During 2021/22, there was a significant change in the membership of the NHS Lanarkshire Board. We concluded that the board proactively managed the change and consciously recruited the skills and expertise required to progress its strategic priorities.

The board has appropriate arrangements in place to prevent fraud and corruption.

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## The governance arrangements and controls operating throughout the Covid-19 pandemic have been effective

**81.** The Board of NHS Lanarkshire is supported by a number of committees and the Remuneration sub-committee. The minutes of committee and sub-committee meetings are presented to the Board. In addition, minutes from meetings of North Lanarkshire IJB and South Lanarkshire IJB are presented to Board meetings as appropriate. Non-executive Board members are also members of selected committees and are represented at both IJBs.

**82.** Board members provide adequate scrutiny and challenge at regular bi-monthly meetings to ensure the Board's performance is effectively reviewed. There has been no significant change to the board's governance

arrangements during 2021/22, with the exception of specific comments below on the response to the Covid-19 outbreak in March 2020.

**83.** Through our attendance at Audit Committee meetings, we concluded that committee papers were well prepared (and in sufficient time in advance of meeting for review), adequate time was allowed to discuss the issues on the agenda and committee members were well-prepared and asked appropriate questions. This enables the Audit Committee to exercise effective scrutiny.

**84.** The NHS Scotland Corporate Governance Blueprint says that NHS boards should annually assess the effectiveness of the corporate governance system, conducting a self-assessment to review progress, and develop an action plan, identifying any new and emerging issues or concerns.

**85.** NHS Lanarkshire piloted a self-assessment survey, which was completed by executive and non-executive Board members in 2019. A Corporate Governance Improvement Plan was developed and presented to the Board in March 2019 and the Scottish Government in April 2019. The areas for improvement include streamlining the overall mission, purpose and objectives of the board onto a strategy map and reviewing the key strategic planning processes of the board and the IJBs. The latest regular update report was considered by the Board in December 2021 and highlighted that, due to Covid-19, a number of actions have been paused until the board has ceased operating on an emergency basis.

**86.** The board's Code of Corporate Governance is reviewed on an annual basis. A report was approved by the Board at its meeting in May 2022 outlining the changes proposed to the Code of Corporate Governance. The report also highlighted that once full pre-Covid-19 governance arrangements have been restored a fundamental review of the code will be undertaken mid-year 2022, which will also incorporate any national developments being taken forward by the National Corporate Governance Steering Group (in revising the Blueprint for Good Governance), and the review of the Model Code of Conduct for Members being established by the Standards Commission. This model code is anticipated to be released to the NHS in June 2022.

**87.** The Internal Audit Annual Report for 2021/22 presented to the Audit Committee on 7 June 2022 highlighted that there was “.... *a sound corporate governance framework in place within the board throughout 2021/22* ....”.

**88.** The impact of Covid-19 from March 2020 has been set out in the Governance Statement in the board's annual report and accounts. These were significant and allowed the board to respond to the unprecedented nature and scale of the threat to its communities and staff.

**89.** We concluded that the board's arrangements since the start of the pandemic are appropriate and they support good governance and accountability. Board members provide adequate scrutiny and challenge at regular meetings to ensure the board's performance is effectively reviewed.

## Good practice

**90.** On an annual basis the Audit Committee undertakes a self-assessment exercise and the draft results were discussed and endorsed at the Audit

Committee meeting held in March 2022. The self-assessment checklist used by the board is taken from the Scottish Government Audit and Assurance Committee Handbook. We have always found the audit committee to be effective and this process represents good practice in demonstrating a clear commitment to continuous improvement.

### **Executive and non-executive members demonstrated effective leadership, challenge and scrutiny of the board's activity and performance in 2021/22**

**91.** NHS board chief executives and senior teams are responsible for the delivery of critical day-to-day services as well as leading the changes to how services are accessed and delivered in their boards. This places significant demands on senior leadership teams.

**92.** The board has had a stable senior officer structure in place in recent years and although some senior officers retired at the end of March 2020, these posts were all filled promptly. The Chief Executive has been in post since September 2020. In May 2022, the Chief Executive announced she would be stepping down from the role in November 2022 to allow the board to commence the recruitment process for a replacement.

**93.** We have reviewed the skills and capacity in the board's finance function and we have no concerns to highlight.

**94.** During 2021/22, there was a significant change in the membership of the NHS Lanarkshire Board. The former Chair stepped down at the end of December 2021, having held the post since 2013, with the new Chair taking up the role in January 2022. In addition, three non-executive directors stepped down at the end of their appointment terms. The board was proactive in recruiting to these positions and successfully appointed three new non-executive directors from October 2021. The Board also used the opportunity to enhance its membership and skills to reflect the changing landscape of the NHS in Scotland and the challenges ahead. This resulted in a further four new non-executive directors being appointed from February 2022. Generally, such significant change in the leadership of an organisation can present a risk. However, the board has proactively managed the change and has consciously recruited the skills and expertise required to progress its strategic priorities.

**95.** We have concluded that the board's executive and non-executive directors have demonstrated effective leadership and scrutiny of the board's activity and performance in 2021/22. Going forward, the executive and non-executive directors will have some challenging decisions to make with regard to how services are best delivered in the current financial climate. These decisions will be more challenging given the need to reflect the impact of the construction and operation of the new University Hospital Monklands.

### **The board conducts its business in an open and transparent manner**

**96.** There continues to be an increasing focus on demonstrating the best use of public money. Transparency means that the public have access to

understandable, relevant and timely information about how the board is taking decisions and how it is using resources.

**97.** NHS Lanarkshire's commitment to transparency is demonstrated by:

- public availability of board papers and minutes of committee meetings
- the annual accountability review (where members of the public can attend)
- the form and content of annual reports.

**98.** Since December 2020 each meeting of the Board has been streamed live on YouTube which has increased transparency and demonstrates good practice.

**99.** As an alternative to public access to committee meetings, minutes of all meetings are available through the Board papers. We concluded that the board conducts its business in an open and transparent manner.

## **Internal audit operates in accordance with Public Sector Internal Audit Standards**

**100.** The internal audit function is provided as part of a managed service, overseen by Fife, Tayside and Forth Valley Audit and Management Services (FTF). We reviewed the board's internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors), to determine the extent we could use the work of internal audit. Overall, we concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

**101.** To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2021/22 we did not plan to place formal reliance on the work of internal audit to support our financial statements audit opinion. However, we considered internal audit report findings as part of our wider dimension work.

## **The board has appropriate arrangements in place for prevention and detection of fraud and error**

**102.** Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

**103.** The board has a range of established procedures in place designed to maintain standards of conduct, prevent and detect bribery and corruption and prevent and detect of fraud and error. These include codes of conduct for members and officers, a whistleblowing policy, a fraud, theft, bribery and corruption policy and response plan. We assessed these to ensure that they were appropriate, readily available to staff and are regularly reviewed to ensure they remain relevant and current.

**104.** We have concluded that the board has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

## **NHS Lanarkshire have agreed and concluded revised integration schemes with all partners**

**105.** The Public Bodies (Joint Working) (Scotland) Act 2014 required a review of the integration schemes by March 2021. NHS Lanarkshire agreed a revised integration scheme with North Lanarkshire IJB in February 2020 which was approved by the Board in March 2020.

**106.** However, following the onset of the pandemic in March 2020, the Scottish Government requested that councils and NHS boards who had not yet reviewed their integration schemes with IJBs should undertake a light touch review. As a result, a light touch review of the South Lanarkshire IJB integration scheme was undertaken in the Summer of 2020 and the review was consulted upon, presented to and approved by South Lanarkshire Council's Executive Committee and the NHS Lanarkshire Board in September and October 2020 respectively.

**107.** Further correspondence was issued by the Scottish Government in August 2021 to IJB Chief Officers, and NHS and Local Authority Chief Executives outlining the requirement to review and revise integration schemes. As a result, a further review of the South Lanarkshire IJB integration scheme was undertaken and the revised integration scheme was approved by the NHS Lanarkshire Board and South Lanarkshire Council's Executive Committee in January and February 2022 respectively.

## **Clinical governance**

**108.** Clinical governance is the system through which the NHS works to monitor and improve the quality of the care and services they deliver. Health Improvement Scotland works to ensure that NHS boards have a clear and consistent approach to clinical governance in healthcare across Scotland. Audit Scotland's audit role is restricted to reporting on whether the board has governance arrangements that are appropriate and operating effectively, which includes the clinical governance arrangements.

**109.** The Sharing Intelligence for Health & Care Group (SIHCG) is a partnership involving Healthcare Improvement Scotland, NHS Education for Scotland, the Care Inspectorate, the Scottish Public Services Ombudsman, the Mental Welfare Commission for Scotland, Public Health and Intelligence and Audit Scotland. This group discussed NHS Lanarkshire's performance in December 2021.

**110.** Feedback from the SIHCG did not highlight any concerns that required additional action from any of the seven national organisations involved in the SIHCG. The feedback also highlighted that the senior leadership teams of both Health & Social Care Partnerships in Lanarkshire have shown a strong emphasis on staff wellbeing during the Covid-19 pandemic.



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# 5. Value for money

Value for money is about using resources effectively and continually improving services.

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## Main judgements

Covid-19 has impacted significantly upon the board's activity and waiting times for services. The board has published a remobilisation plan to address backlogs caused by the Covid-19 pandemic and the restoration of health services.

The board has an effective performance management in place which supports continuous improvement.

Officers report to members on the arrangements in place to secure best value which demonstrates good practice.

The board and its IJB partners have been unable to sustain the progress made in reducing delayed discharges.

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## NHS Lanarkshire's remobilisation plan has a series of actions designed to address backlogs caused by the Covid-19 pandemic and restore performance levels

**111.** Due to the ongoing pandemic, the Scottish Government requested that NHS Boards replace Annual Operational Plans (AOPs) for 2021/22 with Remobilisation Plans (RMP3) outlining plans for the restoration of normal health services. Following Scottish Government approval of the board's draft RMP3 in April 2021, the RMP3 was approved by the Board in May 2021. In July 2021 the Scottish Government requested that each NHS Board provide a mid-year update on their 2021/22 RMP3. This approach was adopted in recognition that, when the RMP3 was developed, there was a significant level of uncertainty around the trajectory of the Covid-19 pandemic, and the associated impact on services.

**112.** This mid-year update was called Remobilisation Plan 4 (RMP4) and NHS Boards were asked to reflect progress to date and expectations for the remainder of 2021/22. The commissioning letter and associated guidance document was considered by NHS Lanarkshire's Corporate Management Team (CMT) in July and August 2021 and the requirements noted. Namely, the new plan should consist of the following elements:

- Introduction and brief narrative
- Delivery Planning Template/Progress Update

- Winter Planning Checklist
- Centre for Sustainable Delivery (CfSD) Heat Maps and associated Action Plans
- Updated Activity and Performance Templates.

**113.** In addition to the guidance referred to above, the Scottish Government subsequently issued separate supplementary guidance which requested NHS Boards to include specific plans in relation to Mental Health services within their RMP4.

**114.** In October 2021, the board assessed its overall level of risk as black, indicating the board was at the highest possible risk status with beds at critical occupancy levels across its three acute hospitals. This was due to a number of pressures including staff shortages due to sickness, stress and self-isolation which had compounded the situation. The board had cancelled the majority of non-urgent planned operations in August 2021 and more had to be postponed, including cancer surgery. As a result, the military was called in to provide support to hospitals and the board had to consider options for increasing staff numbers. In addition, in January 2022 NHS Lanarkshire announced that GP surgeries would move to a managed suspension of services for four weeks, which meant doctors would only focus on the most urgent and time-critical care cases.

**115.** In May 2022, the board reduced its overall level of risk to red due to the fact that there were fewer people with Covid-19 its three acute hospitals, the level of staff sickness was lower and there was an improvement in the board's ability to discharge patients. All of which had improved flow throughout the three acute hospitals. However, the board stressed that the red level of risk was not an ideal situation and that its services and staff were still extremely busy.

**116.** During this ongoing situation, NHS Lanarkshire's draft RMP4 was developed by the CMT and the Recovery, Remobilisation & Redesign Co-ordinating Group (RRRCG), providing details of the board's response to March 2022 (where possible). The draft RMP4 was reviewed by the CMT prior to submission to the Scottish Government on 4 October 2021. Following receipt of a formal response from the Scottish Government, the RMP4 was considered and approved by the Board on 15 December 2021 and shared with the Area Partnership Forum and Area Clinical Forum in February 2022.

**117.** The Scottish Government response to the board's draft RMP4 confirmed that for the period 2022-25, the AOP/RMP will be replaced with a three-year integrated plan (currently named Medium Term Plan). This will enable a more strategic approach to planning and support programmes of service transformation, aligned with the NHS Recovery Plan and the Care and Wellbeing Portfolio. These plans will be high level narratives setting out NHS Lanarkshire's key priorities for recovery and transformation within this period, and how these contribute to national priorities.

**118.** These three-year plans will be underpinned by an Annual Delivery Plan (ADP) and NHS Boards will be required to provide quarterly ADP updates to the Scottish Government. The three-year plans are required to be submitted to

the Scottish Government by the end of July 2022. Discussions are underway nationally to attempt to integrate this process with workforce and financial planning processes and further detail is awaited by NHS Boards.

## **An effective performance management framework is in place which supports continuous improvement**

**119.** In November 2020 the Scottish Government published the Framework for Clinical Prioritisation providing guidance for prioritising elective care whilst ensuring appropriate Covid-19 safety and priority measures are in place. While the duties under the Patient Rights (Scotland) Act 2011 still apply, the framework is the primary tool for monitoring service performance during the pandemic.

**120.** From 2018/19 boards were required to produce AOPs which replaced Local Delivery Plans (LDPs). As highlighted earlier, the 2021/22 AOP development process was replaced by the development of Remobilisation Plans (RMPs). However, in the absence of any specific new national performance targets, during 2021/22 NHS Lanarkshire has continued to report on performance against its draft 2020/21 AOP targets. The board's draft 2020/21 AOP contained a number of key performance targets. The AOP targets include waiting times for accessing treatment such as the proportion of patients that were seen within 12 weeks, otherwise known as the Treatment Time Guarantee. NHS Lanarkshire has adopted a number of the former LDP standards, not included in the AOP, as Locally Agreed Standards. Due to Covid-19, the board's draft AOP for 2020/21 was not agreed with the Scottish Government.

## **Service performance against national waiting time standards continues to be publicly reported**

**121.** The Board is kept well informed of performance across all areas. The detailed review and scrutiny of performance has been delegated to the Planning, Performance and Resources Committee (PPRC) which meets quarterly. While meetings of the PPRC had been suspended during 2020/21 due to service pressures associated with the Covid-19 pandemic, these fully resumed during 2021/22.

**122.** Board members who sit on the PPRC can access performance information held on an electronic dashboard Integrated Corporate Performance Framework (ICPF). Performance is reported on a traffic light system using an electronic dashboard of around 100 key performance indicators mapped to the Scottish Government's three quality ambitions. ICPF reports contain detailed information for each performance target including trend analysis, specific performance issues and actions being taken to improve performance. PPRC members can view the online electronic dashboard at any time.

**123.** Formal reporting of performance was undertaken on a quarterly basis to meetings of the Board/PPRC during 2021/22. The performance reporting format was reviewed and developed for 2021/22 and, from 2021/22 Quarter 1 onwards, two new approaches were introduced to present performance information.

**124.** A control chart format and terminology was introduced to replace the traditional Red Amber Green (RAG) ratings format. This approach facilitated the identification of variation, with the control charts reflecting performance over periods of time against draft AOP targets and Locally Agreed Standards. The information used for this report is validated and published, and is drawn from the electronic MiLAN Dashboard ICPF. The development of this new reporting format was and remains an iterative process.

**125.** As noted above, in the absence of a 2021/22 AOP and any new national performance targets from the Scottish Government, for 2021/22 the Board /PPRC continued to review progress against the draft 2020/21 AOP targets. AOPs will be replaced with a three-year Medium-Term Plan and an accompanying Annual Delivery Plan.

**126.** In addition to the control charts described above, it was acknowledged that an in-depth understanding of local clinical priorities and system pressures would be key to a whole system recovery in NHS Lanarkshire. To address this a whole system balance scorecard was developed to provide a clear picture of current service demand and capacity which was then compared to a similar pre Covid-19 period of time. The intention was to utilise this information to inform the development of service/workforce plans to determine how best to remobilise and address the waiting time backlog. This information was presented to PPRC on a quarterly basis throughout 2021/22 and the format will continue to be developed during 2022/23. The information used for the balance scorecard is unvalidated/unpublished management information.

**127.** Board members also receive supplementary reports on specific aspects of performance including waiting times and the financial position. These enable members to focus on key risks relating to access to treatments and financial sustainability.

**128.** During 2021/22, changes were made to the corporate objective reporting process. While several draft templates were prepared which reflected the board's Covid-19 response, due to the uncertainties associated with the global pandemic, it was considered opportune to pause the normal process of approving 2021/22 corporate objectives in March 2021 to consider and reflect on the pressures facing local systems. As the 2021/22 corporate objectives were not finalised no mid-year or year-end progress reports were prepared.

**129.** Throughout 2021/22 meetings of the Gold Strategic Command Structure were held three times a week in addition to the weekly meeting of CMT. Covid-19 response targets were monitored on a daily basis and reported to the Strategic Command meetings and CMT. These meetings focussed on the board's response to the global pandemic and monitored the data and performance progress over time.

**130.** We concluded that the NHS Lanarkshire has an effective performance management framework in place helping the board achieve value for money and supporting its improvement in services.

## Covid-19 has impacted significantly upon the board's activity and waiting times for services

**131.** The 2021/22 annual report and accounts reports on the board's performance against its national waiting time standards. While these are not currently the board's primary focus for performance monitoring, they provide context for the scale of the impact of the pandemic on the delivery of health services. [Exhibit 7](#) (on page 38) demonstrates how activity and waiting times for acute services have continued to be impacted by Covid-19 and [Exhibit 8](#) (on page 39) provides a comparison of current waiting times compared to prior years.

**132.** The largest increases in [Exhibit 7](#) are in relation to waiting times, with the most significant being the number of people waiting longer than 6 weeks for diagnostic tests which has increased by over 242 per cent from December 2020 to March 2022. The impact of increases in waiting times is reflected in [Exhibit 8](#) which shows the percentage of outpatients waiting less than 12 weeks has reduced from 92.3 per cent in March 2020 to 55.3 per cent in March 2021. As highlighted earlier in this report, the board's RMP4 sets out the areas where the board will focus its collective responses and actions to address backlogs caused by Covid-19. This work primarily relates to acute care and hospital services, more specifically cancer and scheduled care and progressing the regional programme to address the increases in waiting times and demands for services.

**133.** Performance update reports are presented regularly to the PPRC and Board which are prepared by the board's Acute Services Division and North and South Lanarkshire IJBs. The Acute Services Division reports provide updates on performance in the delivery of key scheduled care waiting time targets and unscheduled care standards (Access Targets). The reports also highlight areas of pressure and challenge and describes the actions being taken to manage clinical prioritisation. The reports from each IJB provide updates on delayed discharge performance against trajectory and waiting times performance for those services hosted by the IJB, as well as providing details of activity underway to improve performance where required.

## Exhibit 7

### Trends in demand and activity for acute services

Demand		% change
Number waiting for diagnostic tests	<p>Monthly Dec 2020 to March 2022</p> <p>10,052</p> <p>21,706</p>	115.9%
Number of patients waiting for an inpatient or day case admission	<p>Quarterly Dec 2020 to March 2022</p> <p>8,363</p> <p>12,456</p>	48.9%
Number of patients waiting for a new outpatient appointment	<p>Quarterly Dec 2020 to March 2022</p> <p>28,267</p> <p>39,145</p>	38.5%
Activity		
Number of scheduled elective operations in theatre system	<p>Monthly Dec 2020 to March 2022</p> <p>938</p> <p>1,593</p>	69.8%
Number of inpatient and day case admissions	<p>Quarterly Dec 2020 to March 2022</p> <p>2,863</p> <p>2,788</p>	-2.6%
Number of new outpatient appointments	<p>Quarterly Dec 2020 to March 2022</p> <p>23,621</p> <p>26,903</p>	13.9%
Length of waits		
Number waiting longer than 6 weeks for diagnostic tests	<p>Monthly Dec 2020 to March 2022</p> <p>3,945</p> <p>13,506</p>	242.4%
Number of patients waiting longer than 12 weeks for an inpatient or day case admission	<p>Quarterly Dec 2020 to March 2022</p> <p>5,300</p> <p>9,066</p>	71.1%
Number of patients waiting longer than 12 weeks for a new outpatient appointment	<p>Quarterly Dec 2020 to March 2022</p> <p>12,530</p> <p>16,971</p>	35.4%

Source: Public Health Scotland

## Exhibit 8

### Impact of Covid-19 on national waiting time standards

Target/standard	Performance at March 2020	Performance at March 2021	Performance at March 2022 <sup>1</sup>
<b>Cancer 62 Days RTT</b> Proportion of patients that started treatment within 62 days of referral	96.9%	90.9%	88.1%
<b>18 Weeks RTT</b> Proportion of patients that started treatment within 18 weeks of referral	88.8%	72.4%	71.8%
<b>Patient Treatment Time Guarantee (TTG)</b> Proportion of inpatients or day case that were seen within 12 weeks	66.5%	63.6%	51.0%
<b>Outpatients waiting less than 12 weeks</b> Proportion of patients on the waiting list at month end who have been waiting less than 12 weeks since referral	92.3%	56.6%	56.6%
<b>A &amp; E attendees</b> Proportion of A & E attendees who were admitted, transferred or discharged within 4 hours	86.3%	82.8%	60.2%
<b>Cancer 31 Days RTT</b> Proportion of patients who started treatment within 31 days of decision to treat	98.3%	98.8%	98.2%
<b>Drug and Alcohol 21 Days</b> Proportion of drug and alcohol patients that started treatment within 21 days	99.6%	99.5%	98.5%
<b>CAMHS Waiting Times</b> Proportion of patients seen within 18 weeks of referral	65.2%	55.3%	81.1%

Note. 1: Where March 2022 data is not yet available, the most recent validated data is used.  
 Source: Public Health Scotland.

## Officers report to members on the arrangements in place to secure Best Value which demonstrates good practice

**135.** [Ministerial guidance to Accountable Officers](#) for public bodies and the [Scottish Public Finance Manual](#) (SPFM) set out the accountable officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key themes of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

**136.** During 2020/21 the board carried out a detailed review of its arrangements to secure best value across the seven themes set out in the guidance. The primary focus of the review was to look at the strategy, policy or assurance mechanism that the Board or its committees have in place to ensure the expected feature of best value is delivered. The results of the review were presented to the meeting of the Audit Committee held in January 2021. The review identified that there were some areas where further work required, particularly as a result of changing pressures arising from the Covid-19 response.

**137.** We feel that the review carried out by the board is thorough and comprehensive and is an example of good practice of an NHS Board demonstrating best value being achieved. The board's practice is to formally review its arrangements for securing best value every three years (as was done in 2020/21) with annual update reviews to reflect any changes to board arrangements in the interim. There were no significant changes to these arrangements that required an annual update review by officers in 2022.

## Local performance studies

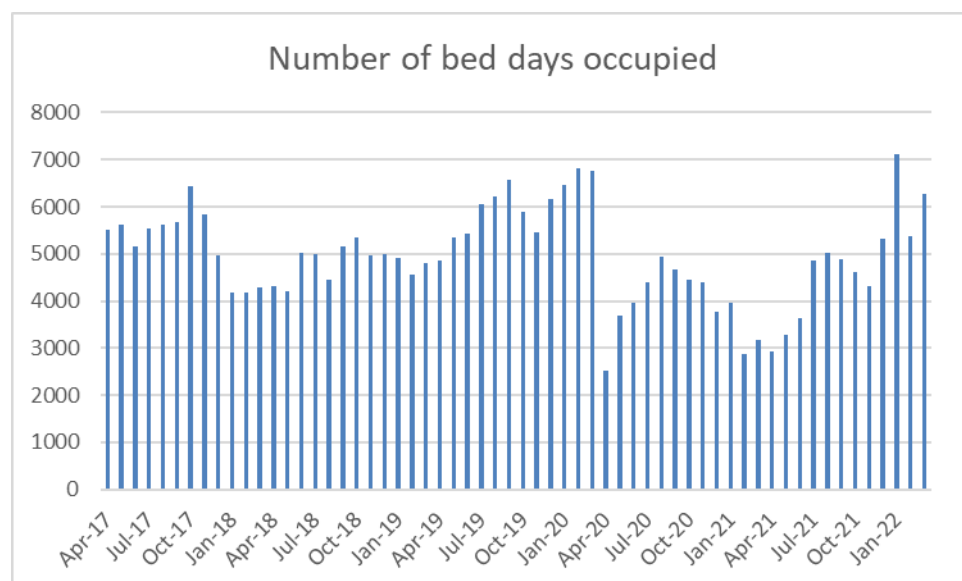
### The board and its IJB partners have been unable to sustain the progress made in reducing delayed discharges

**138.** Following a review of the board's arrangements in place for managing delayed discharges in 2016/17, we have monitored the progress made and have previously reported that there was evidence that improvement actions taken by the board and its IJB partners was delivering a significant improvement in the number of bed days occupied by delayed discharges.

**139.** The impact of the Covid-19 pandemic since March 2020 and the resulting pressure on health and social care had the potential to undermine the actions taken to reduce delayed discharges. Conversely, as shown in [Exhibit 9](#) (overleaf), the board was able to significantly reduce delays from April 2020 to June 2021. However, continued pressure on the whole health and social care system has seen a sharp rise in bed days occupied by delayed discharges since July 2021, to the extent that levels are now back to pre-pandemic levels.



## Exhibit 9 Delayed Discharges – All Delays



Source: Public Health Scotland

**140.** Overall, the board and its partners, despite the positive steps taken to date, have been unable to sustain the progress made in reducing delayed discharges, due to the pressures on the health and social care system and the wider impact of the pandemic.

**141.** In February 2022 Audit Scotland published [NHS in Scotland 2021](#), which identified that the Scottish Government should address the wellbeing risks affecting staff in the NHS and social care workforce. The report also recommended that the Scottish Government and NHS boards work with partners in the social care sector to develop a long-term, sustainable solution for reducing delayed discharges from hospital. The report was discussed at the Audit Committee meeting on 1 March 2022.

### National performance audit reports

**142.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2021/22 a number of reports were published which may be of direct interest to the board and are highlighted in [Appendix 3](#).

**143.** The NHS in Scotland Report on the 2021/22 audits will include a review of the impact of the Covid-19 pandemic on the treatment of patients and NHS boards plans to address any backlogs in the treatment of patients. The report will also cover the deliverability of NHS recovery plans, including a review of performance against the Clinical Prioritisation Framework and workforce planning as well as a report on financial and operational performance. This is due to be published early 2023.

# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Asset disposals</b></p> <p>Testing of asset disposals in 2021/22 found that 4 from a sample of 5 had been disposed of in the previous year and had not been identified by officers as no asset verification exercise had been completed. The net book value of these 4 asset disposals was nil therefore there was no impact on the prior year figures. Audit has conducted asset existence testing which sought to confirm that assets in the asset register are still held by the board and this testing found no errors.</p> <p>Risk – Asset disposals are not reflected accurately in the accounts.</p>	<p>The board should introduce procedures to ensure asset disposals are removed timeously from the asset register in the correct financial year.</p> <p><a href="#">Paragraph 22, Exhibit 2</a></p>	<p>Management will ensure that the annual asset verification exercise take place. Additionally, reconciliations between the medical physics asset register and the finance asset register will take place timeously throughout the year to ensure disposals are adjusted for.</p> <p>Deputy Director of Finance (Corporate)</p> <p>Immediate</p>
<p><b>2. Efficiency savings</b></p> <p>The board's 2022/23 financial plan identifies a funding gap of £31.845 million, after the deduction of estimated efficiency savings schemes of £6.604 million. The board has yet to identify how this remaining funding gap will be addressed.</p> <p>Risk – The board may not be able to reduce the funding gap in 2022/23.</p>	<p>The board should ensure that saving plans are developed identifying how the £31.845 million funding gap in 2022/23 will be addressed.</p> <p><a href="#">Paragraph 63</a></p>	<p>The board has increased its focus on financial recovery and is devoting more time to the financial position. The Corporate Management Team is meeting bi-weekly as a finance recovery board and developing work streams to attempt to address the gap. Members of the finance department are also engaged in various national financial improvement work streams. A discussion with Scottish</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>Government is expected in June 2022 to agree the recovery strategy.</p> <p>Director of Finance</p> <p>Immediate</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>3. Authorisation of journals</b></p> <p>Our sample testing of journals found that there was not always evidence that they had been authorised when they are processed remotely.</p> <p>Risk – There is an increased risk of fraud or error if there is no control to document the authorisation of journals.</p>	<p>A process for recording the authorisation of journals remotely should be introduced.</p>	<p><b>Complete</b></p> <p>Audit testing confirmed that journals raised from September 2021 (allowing time for the control to be fully implemented) had appropriate authorisation in place. No issues were identified from our audit testing.</p>
<p><b>4. Property leases</b></p> <p>The break option on a property leased by the board which is no longer needed was missed and the board is now contractually liable for the full lease payments or a negotiated settlement.</p> <p>Risk – The board incurs unnecessary property lease costs.</p>	<p>Given the fact that future service delivery models may mean that the board needs to rationalise its estate, the board should ensure that lease break clauses are known and considered regularly alongside any estate management plans.</p>	<p><b>Complete</b></p> <p>Officers confirmed that a review of leases had been undertaken and mechanisms are in place to ensure any break clauses are known and are actively considered. We have reviewed the procedures introduced and are satisfied with these.</p>
<p><b>5. Efficiency savings</b></p> <p>For 2021/22 the board is required to deliver £30.693 million of savings. The board has yet to identify £25.773 million of the savings required for next year.</p> <p>Risk – The board may not be able to deliver the targeted savings in 2021/22.</p>	<p>The board should ensure that saving plans are developed identifying how the £25.773 million of savings in 2021/22 will be made.</p>	<p><b>Complete</b></p> <p>Financial breakeven was achieved in 2021/22 as the board delivered £31.824 million of efficiency savings against a revised efficiency savings target of £31.843 million with the assistance of £9 million of additional funding received from the Scottish Government for unrealised efficiency savings.</p>

# Appendix 2. Wider audit dimension risks

The table below sets out the wider audit dimension (from the [Code of Audit Practice 2016](#)) risks that we identified in our 2021/22 Annual Audit Plan together with a summary of the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from our work.

## Wider audit dimension risks

Audit risk	Audit response to risk	Results and conclusions
<p><b>1. Financial sustainability</b></p> <p>There is continued uncertainty around financial sustainability as the wider impact of Covid-19 is not yet known. Although additional funding has been available throughout the pandemic, this is not sustainable going forward. The efficiency programme has been significantly impacted by Covid-19 and the constraints on shaping service delivery. Efficiency savings realised to date are generally on a non-recurring basis (e.g. through unfilled staffing vacancies) rather than on a sustainable recurring basis. This will result in added pressure in subsequent years as budgets become increasingly constrained.</p>	<p>We reviewed the impact of the pandemic on NHS Lanarkshire's financial plans and achievement of efficiency savings.</p>	<p><b>Results:</b> Financial breakeven was achieved in 2021/22 as the board delivered £31.824 million of efficiency savings against a revised efficiency savings target of £31.843 million with the assistance of £9 million of additional funding received from the Scottish Government for unrealised efficiency savings. The majority of the efficiency savings achieved in 2021/22 were on a non-recurring basis. Finance reports are presented to each meeting of the Board which include an update on the progress of efficiency savings plans. A separate efficiency savings update report is presented regularly to the Audit Committee.</p> <p><b>Conclusion:</b> The board should continue to monitor and report on the progress of efficiency savings plans.</p>
<p><b>2. Sustainability of services</b></p> <p>The board is facing unprecedented demand for services alongside trying to</p>	<p>We reviewed the board's performance reports to assess the extent to which the board is meeting service</p>	<p><b>Results:</b> Quarterly Integrated Corporate Performance Reports are presented to meetings of the PPRC, the</p>

Audit risk	Audit response to risk	Results and conclusions
<p>manage the backlog of patients awaiting diagnosis and treatment as a result of the service disruption due to Covid-19. As well as increasing patient numbers, patients are presenting with more complex care needs, resulting in lengthier patient journeys. This increases pressure on the board's services.</p>	<p>performance targets and the demand for services in Lanarkshire.</p>	<p>minutes of which are taken to relevant meetings of the Board. These reports provide members with an update on performance and progress in the delivery of AOP targets and Locally Agreed Standards, including waiting times for accessing treatment. In addition, performance update reports are presented regularly to the PPRC and Board which are prepared by the board's Acute Services Division and North and South Lanarkshire IJBs. The Acute Services Division reports provide updates on performance in the delivery of key scheduled care waiting time targets and unscheduled care standards (Access Targets). The reports also highlight areas of pressure and challenge and describes the actions being taken to manage clinical prioritisation. The reports from each IJB provide updates on delayed discharge performance against trajectory and waiting times performance for those services hosted by the IJB, as well as providing details of activity underway to improve performance where required.</p> <p><b>Conclusion:</b> The board should continue to monitor and report on the performance of services against targets.</p>
<p><b>3. Workforce pressures</b></p> <p>The board is facing significant workforce pressures due to a combination of being unable to fill vacant posts, and high levels of staff absence.</p>	<p>We reviewed the level of staff absences in NHS Lanarkshire and the arrangements in place to monitor the position.</p> <p>We monitored what action the board is taking to address workforce pressures and the</p>	<p><b>Results:</b> Quarterly Workforce Reports are presented to each meeting of the Staff Governance Committee, the minutes of which are taken to relevant meetings of the Board. These quarterly reports allow members to</p>

Audit risk	Audit response to risk	Results and conclusions
<p>The pressures on the availability of staffing will have a direct impact on the board's ability to deliver services, both now and also as the focus on recovery of services increases</p>	<p>effectiveness of these measures.</p>	<p>monitor the board's statistics in relation to staff numbers, vacancies, supplementary staffing, agency shifts, staff turnover and staff absences, with additional commentary on each area.</p>
		<p><b>Conclusion:</b> The board should continue to monitor and report on workforce statistics.</p>

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# Appendix 3. Summary of 2021/22 national performance reports

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May 2021

[Local government in Scotland Overview 2021](#)

January 2022

[Planning for skills](#)

February 2022

[NHS in Scotland 2021](#)

March 2022

[Local government in Scotland: Financial Overview 2020/21](#)

# NHS Lanarkshire

## 2021/22 Annual Audit Report

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