

**Borders NHS Board****NHS BORDERS ANNUAL ACCOUNTS FOR 2012/13****Aim**

Seek approval for the adoption and approval of the Statement of Accounts for the financial year ended 31 March 2013.

**Background**

The External Auditors have completed their audit of the Accounts and confirmed to the Audit Committee on 17<sup>th</sup> June 2013 that their audit certificate on the financial statements for the year ended 31 March 2013 is unqualified in respect of their true and fair opinion, and in respect of their regularity opinion.

**Recommendation**

The Board is asked to:-

1. **Adopt and approve** for submission to the Scottish Government, the Statement of Accounts for the financial year ended 31 March 2013.
2. **Authorise:**
  - (i) The Chief Executive to sign the Directors' Report;
  - (ii) The Chair and Director of Finance to sign the Statement of Health Board Members' responsibilities in respect of the Accounts;
  - (iii) The Chief Executive to sign the Statement on Internal Control in respect of the Accounts;
  - (iv) The Chief Executive and Director of Finance to sign the Balance Sheet.

<b>Policy/Strategy Implications</b>	Not Applicable
<b>Consultation</b>	Not Applicable
<b>Consultation with Professional Committees</b>	Not Applicable
<b>Risk Assessment</b>	Not Applicable
<b>Compliance with Board Policy requirements on Equality and Diversity</b>	Compliant where appropriate.

<b>Resource/Staffing Implications</b>	Not Applicable
---------------------------------------	----------------

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Carol Gillie	Director of Finance		

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Susan Swan	Acting Deputy Director of Finance		

## **BORDERS HEALTH BOARD**

### **ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2013**

#### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the year ended 31 March 2013.

**1. Naming convention**

NHS Borders is the common name for Borders Health Board.

**2. Principal activities and review of the business and future developments**

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Operating and Financial Review report which is incorporated in this report.

**3. Date of issue**

The financial statements were approved and authorised for issue by the Board on 27 June 2013.

**4. Accounting convention**

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which is included as an annex to the accounts.

The statement of the accounting policies, which have been adopted, is shown at Note 1 (Pg 30).

**5. Appointment of auditors**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2011/2012 to 2015/16 the Auditor General has appointed Scott-Moncrieff to undertake the audit of NHS Borders. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

**6. Board membership**

Under the terms of the Scottish Health Plan, the NHS Board is a board of governance whose membership will be conditioned by the functions of the Board.

Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013 were as follows:

**Non-Executive Members**

Mr J Raine, Chair

Mrs E Cameron, Non-Executive Director

Mrs P Alexander, Non-Executive Director

Mrs C Duthie, Non-Executive Director

Mrs J Edey, Non-Executive Director (to 31<sup>st</sup> May 2012)

Mr D Davidson, Non-Executive Director

Mr A Lucas, Non-Executive Director

Cllr A Scott, Non-Executive Director (to 30<sup>th</sup> April 2012)

Cllr C Bhatia, Non-Executive Director (from 18th June 2012)

Dr D Steele, Non-Executive Director

Mr J Hammond, Non-Executive Director

## **Executive Members**

Mr C Campbell, Chief Executive  
Dr E Baijal, Director of Public Health  
Dr W Cameron, Medical Director (to 30th June 2012)  
Dr S MacDonald, Medical Director (from 30th July 2012)  
Mrs J Davidson, Chief Operating Officer  
Mrs C Gillie, Director of Finance  
Mrs S Wright, Director of Nursing & Midwifery (to 30th June 2012)  
Mrs E Fleck, Director of Nursing & Midwifery (from 1st August 2012)

The Board members' responsibilities in relation to the accounts are set out in statements following this report.

### **7. Board members' and senior managers' interests**

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health board as required by IAS 24 are disclosed in Note 26 (Pg 71).

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Office of the Chief Executive at the NHS Board headquarters in Newstead, Melrose.

### **8. Directors third party indemnity provisions**

No third party indemnity has been in place for any Director of the Board at any time during the financial year.

### **9. Pension Liabilities**

The accounting policy note for pensions is provided in Note 1(Pg 30) and disclosure of the costs is shown within Note 22 (Pg 63) and the remuneration report (Pg 12).

### **10. Remuneration for non audit work**

No remuneration has been made to Scott Moncrieff in respect of any non audit work carried out on behalf of the NHS Board.

### **11. Value of Land**

There are no differences between the market value and the balance sheet value of land.

### **12. Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year.

NHS Borders has met the requirements of the Public Services Reform (Scotland) Act 2010 by publishing the required information on its external website <http://www.nhsborders.org.uk>

### **13. Payment policy**

The Scottish Government is committed to supporting business during the current economic climate by paying bills more quickly. The intention is to achieve payment of all undisputed invoices, where possible, within 10 working days, across all public bodies. The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the NHS Board did endeavour to comply with the principles of The Better Payment Practice Code (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner. The payment statistics (relating only to non-NHS suppliers) were as follows:

	2012/13	2011/12
Average period of credit taken	8.12 days	11.63 days
Percentage of invoices by volume paid within 30 days	95%	92%
Percentage of invoices by value paid within 30 days	89%	81%
Percentage of invoices by volume paid within 10 days	84%	72%
Percentage of invoices by value paid within 10 days	78%	57%

#### 14. Corporate governance

The Board met bi-monthly during the year to progress the business of the NHS Board. The NHS Board is supported by a number of standing committees which are directly accountable to it:

- Clinical Governance
- Audit
- Staff Governance
- Public Governance
- Community Health and Care Partnership
- Research Ethics
- Pharmacy Practices Committee

##### **Clinical Governance Committee**

The purpose of the Clinical Governance Committee is to assist the NHS Board to deliver its statutory responsibility for the quality of healthcare that it provides. In particular, the Committee will seek to provide assurance to the Board that appropriate systems are in place, which ensure that clinical governance and clinical risk management arrangements are working effectively to safeguard and improve the quality of clinical care.

The membership of the Clinical Governance Committee comprised Mr. A Lucas (Chair), Dr. D Steele, Mr. D Davidson, Mr. J Hammond, and Mr. J Raine. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2012/13.

Minutes of each Clinical Governance Committee meeting are formally presented to the full NHS Board.

##### **Audit Committee**

The purpose of the Audit Committee is to assist the NHS Board to deliver its responsibilities for the conduct of its business, including the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the NHS Board that an appropriate system of internal control has been in place throughout the year.

The Audit Committee comprised Mrs. J Edey (Chair to 31st May 2012), Mr. A Lucas, Dr. D Steele and Mr. D Davidson who assumed the Chair of the Committee from the 1st June 2012. The Committee was supported by a number of stakeholders, including non-executive directors, internal audit and external audit, who were in attendance at the meetings during 2012/13.

Minutes of each Audit Committee meeting are formally presented to the full NHS Board.

##### **Staff Governance Committee**

The purpose of the Staff Governance Committee is to provide assurance to the Board that NHS Borders meets its obligations in relation to staff governance under the National Health Service Reform (Scotland) Act 2004 and the Staff Governance Standard. In particular, the Committee will seek to ensure that staff governance mechanisms are in place that establish responsibility for performance against the Staff Governance Standard and ensure progress towards achievement of the standard.

The membership of the Staff Governance Committee comprised Mrs. E Cameron, Mrs. P Alexander, Mr. A Lucas and Dr. D Steele. The Committee is chaired by Mrs. E Cameron. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2012/13.

Minutes of each Staff Governance Committee meeting are formally presented to the full NHS Board.

### **Public Governance Committee**

The purpose of the Public Governance Committee is to ensure that the NHS Board discharges its legal obligation to involve, engage and consult patients, the public and communities in the planning and development of services and in the decision making process about the future pattern of services provided.

The membership of the Public Governance Committee comprised Mrs. C Duthie (Chair of the Committee to December 2012), Dr. D Steele (Chair of the Committee from January 2013), Mrs. E Cameron, Mrs. P Alexander, Cllr. C Bhatia, Mr. A Leitch, Mr. L Inglis, Mrs. G Jardine, Mrs. J Miller, Mrs. F Morrison, Mrs. A McCollam, Mrs. M Simpson, Mrs. M Lawson, and Mrs. F McQueen.

The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2012/13.

Minutes of each Public Governance Committee meeting are formally presented to the full NHS Board.

### **Community and Health Care Partnership (CHCP)**

The purpose of the Community and Health Care Partnership is to ensure that the partnership agreement delivers the objectives of the CHCP Strategic Plan by monitoring governance arrangements, plan progress, commission and redesign of jointly delivered services, to hold Joint Boards to account and drive forward health improvement. The CHCP Board was chaired in 2012/13 by Councillor Sandy Scott (to 30th April 2012) and Councillor Catriona Bhatia (from September 2012).

Core membership of the CHCP for the period 1 April 2012 to 31<sup>st</sup> March 2013 was:

#### Jointly Appointed Member & Chair of the CHCP

Cllr. C Bhatia (Chair) (from September 2012)

#### NHS Borders

NHS Borders Chief Executive

- Mr C Campbell

Chair NHS Borders

- Mr J Raine (Chair for 25th June 2012 meeting)

NHS Non-Executive Directors.

- Mrs. J Edey (to 31st May 2012)
- Mrs P Alexander
- Mr. J Hammond
- Mr D. Davidson (from 1st June 2012)

Chair Joint Staff Forum

- Mrs. I Clark

Chair of Public Partnership Forum

- Mr. A Leitch

#### Scottish Borders Council

Chief Executive

- Ms T Logan

Local Councillors Executive members

- Cllr. D Parker
- Cllr. S Scott (Chair) (to 30th April 2012)
- Cllr. F Renton
- Cllr. R Smith
- Cllr. G Turnbull

The Committee was supported by a number of stakeholders from NHS Borders and Scottish Borders Council who were in attendance at the meetings during 2012/13.

Minutes of each Community and Health Care Partnership meeting are formally presented to the full NHS Board.

**Research Ethics**

NHS Borders refers any request for independent advice as to whether a given piece of research is ethical, and whether the dignity, rights, safety and wellbeing of individual research subjects are adequately protected to the South East Scotland Research and Ethics Service. During 2012/13 NHS Borders did not make any referrals to the South East Scotland Research and Ethics Service.

**Pharmacy Practices Committee**

The purpose of the Pharmacy Practices Committee is to consider applications for inclusion in the Board's pharmaceutical list, in accordance with the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009. No applications were made during 2012/13 therefore the Committee was not required to meet.

The membership of the Committee is Dr D. Steele (Chair), Mrs. R Anderson, Mrs A Mackie, Mr S Scott, Mrs M. Simpson and Mrs. A Purvis.

Minutes of Pharmacy Practices Committee meetings are formally presented to the full NHS Board

**15. Disclosure of information to auditors**

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

**16. Human resources**

As an Equal Opportunities employer NHS Borders is committed to supporting the equality and diversity agenda, and believes in employing staff based solely on their ability to undertake the duties of the wide range of posts within its organisation. NHS Borders provides employees with information on matters of concern and interest to them as employees by means of an Intranet website, a monthly Corporate and Team brief, staff newsletter, updates on specific issues, the staff induction programme and through contracts of employment. NHS Borders consults employees or their representatives so their views are taken into account in decisions affecting their interests by utilising Area and Local Partnership Fora.

**17. Events after the end of the reporting period**

Following guidance issued by the Scottish Government NHS Borders has restated the 2011/12 Hutton median pay calculation included within the Remuneration Report.

**18. Financial instruments**

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 25 (Pg 68).

**19. Approval and signing of the directors' report**

The Accounting Officer authorised these financial statements for issue on 27 June 2013.

Signed

27 June 2013

Chief Executive

## BORDERS HEALTH BOARD

### ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2013

#### OPERATING AND FINANCIAL REVIEW

##### 1. Principal activities and review of the year

The NHS Board was established in 1974 under the National Health Service (Scotland) Act 1974 and is responsible for providing health care services for the residents of the Scottish Borders, a total population of 116,172 (GP Practice List – March 2013).

The NHS Board forms a local health system, with single governing boards responsible for improving the health of the local populations and delivering the healthcare they require. The overall purpose of the NHS Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the NHS Board is to:

- improve and protect the health of local people;
- improve health services for local people;
- focus clearly on health outcomes and people's experience of NHS Borders;
- promote joint health and community planning by working closely with other local organisations;
- provide a single focus of accountability for the performance of NHS Borders; and
- involve the public in the design and delivery of healthcare services.

The functions of the NHS Board comprise:

- strategy development;
- resource allocation;
- financial stewardship;
- implementation and delivery of the Local Delivery Plan;
- performance management;
- appointment, appraisal and remuneration of senior executives;
- governance of NHS Borders, discharged through the Standing Committees; and
- ensure effective public involvement and engagement on NHS Borders' plans and performance.

The Healthcare Quality Strategy for Scotland was launched in May 2010 and provides the framework for the people who deliver healthcare services in Scotland to work with partners and the public towards a shared vision of world leading, safe, effective and person-centred healthcare. The Quality Strategy, as well as national targets, local commitments and priorities, has informed the Vision, Values and Corporate Objectives of NHS Borders, which were refreshed during 2012/13 and were formally approved by the Board at its meeting on 28 June 2012. Patient Safety is the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.

In support of the corporate objectives during 2012/13 NHS Borders undertook and facilitated a wide range of activities which included

- The opening of the Margaret Kerr Unit and the refurbished stroke unit on the BGH site – addressing issues of patient mix, continuity of care and clinical risk as well as supporting the provision of patient centred care.
- Initiated the redesign and relocation of the outpatients department within the Borders General Hospital – developing modern and flexible accommodation which will provide a greatly improved and much more accessible environment with wider corridors and doorways, improved décor and greater efficiency as well as an expanded range of treatment options.
- Significantly progressed the refurbishment of Huntlyburn House, the Acute Psychiatric Unit site in Melrose - providing improved observation and enhanced patient safety features to ensure a much better environment within which to provide quality care.



- Completed the Jedburgh health centre refurbishment and extension – providing a better environment and greater range of services than previously offered, including, podiatry, physiotherapy, speech and language therapy, dietetics and lifestyle advice.
- Extended the Scottish Patient Safety Programme to other specialities within NHS Borders including primary care and mental health.
- Attained stage one of the UNICEF UK Baby Friendly Initiatives.
- The roll out of the enhanced recovery programme in orthopaedics.
- In conjunction with partner organisations opened two supported living services for people with learning disabilities.

NHS Borders performance against key financial and non financial targets is summarised in section 2 and 3 below.

In line with the Quality Strategy NHS Borders is required to improve the efficiency of its services. A key element of the Board's plan to attain a financial breakeven outturn in 2012/13 was the achievement of its cost efficiency target. During the financial year £6.0m of savings were delivered. A key element of financial sustainability is that the recurring element of the cost efficiency target is achieved. The in year target of £3.9m recurring savings was fully achieved and when taken into account projects which started part way through 2012/13 £4.4m recurring savings have been identified. This significant achievement ensures that there is no recurring requirement carried forward into the next financial year which would increase the financial risk for the organisation.

Full details of the above and the many other key Board achievements during 2012/13 can be found within the End of Year Report available from the office of the Chief Executive.

## 2. Financial Performance and Position

The Scottish Government sets 3 financial targets at NHS Board level on an annual basis. These targets are:

- Revenue resource limit – a resource budget for ongoing operations;
- Capital resource limit – a resource budget for net capital investment; and
- Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

NHS Boards are expected to contain their net expenditure within these limits, and to report on any variation from the limits as set.

The Board's performance against these financial targets is as follows:

	Limit as set by SGHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
1 Core Revenue Resource Limit	189,355	189,280	75
Non Core Revenue Resource Limit	6,935	6,935	0
2 Core Capital Resource Limit	6,420	6,413	7
Non Core Capital Resource Limit	0	0	0
3 Cash Requirement	205,000	204,180	820

### MEMORANDUM FOR IN YEAR OUTTURN

£'000

Brought forward surplus from previous financial year  
Saving against in year total Revenue Resource Limit

591  
666

#### Provision for bad and doubtful debts (Pg 54)

Debtors are stated net of a provision for doubtful debts equating to £155,323 (2011/2012: £121,261).

#### Outstanding Liabilities (Pg 56)

'Trade and other payables' due within one year have increased from £25.011m in 2011/2012 to £31.250m in 2012/13. This reflects the timing difference in relation to the receipt of allocations, income and the payment of invoices.

'Trade and other payables' due within one year as reported at 31<sup>st</sup> March 2013 include a provision of £2.204m (2011/12: £1.947m) with respect to an accrual for annual leave entitlement carried forward to 2013/14.

#### Legal Obligations (Pg 57)

The Board has provided for £3.579m clinical and medical negligence compensation claims (2011/12: £3.504m) and £1.496m pension obligations (2011/12: £1.396m) at 31<sup>st</sup> March 2013.

#### Sickness Absence

During the year ended 31<sup>st</sup> March 2013, the NHS Borders average sickness absence rate was 4.3% (2011/12: 4.7%).

#### Information Governance

##### Security Breaches

The number of security breaches of data protection/information reported through the NHS Borders Incident Reporting system was 211 for 2012/13 (2011/12: 241). Breaches of data protection and information security are reported through the NHS Borders electronic incident reporting system which provides a record of the incident and the follow up actions and enables incidents to be tracked by members of the Information Governance Team. Generally this process has facilitated the provision of increased education and awareness.

The introduction of the electronic incident recording system is considered to have increased significantly the number of incidents reported. This is in part due to the ease of use, but also to the intensive training and awareness campaign which accompanied its introduction. 2011/12 provides the baseline for trend analysis as the figures collected during this period precede the introduction of the electronic recording system.

##### Privacy Breaches

NHS Borders was one of the first health boards to implement FairWarning in 2011/12. Following preparatory work and a trial period, an investigation system was developed and reporting from the system began on 1st April 2012.

The clinical information recording systems and patient management systems used within NHS Borders logs the activity of users accessing the systems.

During 2012/13 121 incidents identified by FairWarning were confirmed by Line Managers as incidents requiring further investigation. The incidents were initially checked to establish whether the staff member was involved in the patients care. In the cases where they were not, incidents were investigated.

An incident management process was agreed with the Area Partnership Forum and incorporates the existing unmodified Partnership Information Network (PIN) Guidelines on Employee Conduct. The incident management process is invoked, if appropriate, in privacy cases requiring further investigation.

#### Patient Exemption Checking

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from dental and ophthalmic charges. These checks are targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has used the results of this testing to produce extrapolations in an attempt to quantify the level of income potentially lost to the NHS due to patient exemption fraud or error. CFS has previously accepted that these extrapolations may not be a reliable indicator of the actual level of fraud/error or of any underlying trend. It is not considered that this potential patient exemption fraud/error arises as a result of any significant weakness in the Board's system of internal control and the NHS Board is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of any patient exemption fraud/error occurring. NHS Borders will continue to work with CFS to ensure the maximum possible resource is available for health services in the Borders.

### 3. Performance against Key Non-Financial Targets

In December 2005 the Scottish Executive issued guidance to Boards requiring them to submit Local Delivery Plans (LDP's), which set targets for specified indicators of performance in four key areas; these are known as the HEAT targets, and cover Health improvement, Efficiency, Access and Treatment. As part of the Local Delivery Plan submission to the Scottish Government, the NHS Board is committed to achieving targets and also details a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks. The full HEAT target portfolio is detailed below.

Further information on performance against targets can be found as part of the NHS Board papers, specifically the HEAT Performance Scorecard, available on the NHS Borders website <http://www.nhsborders.org.uk>

#### HEAT Target portfolio

	TARGET CATEGORY	TARGET DESCRIPTION	MONITORING FREQUENCY	ACHIEVED TARGET
Heat	Target	To achieve 592 smoking cessation successful quits in most deprived areas (cumulative)	Monthly	Y
	Target	Reduce the Suicide Rate between 2001 and 2013 by 20%	6 & 12 Monthly	Y
	Target	To complete child healthy weight intervention programmes for 215 children	6 & 12 monthly	Y
	Target	60% of 3 & 4 year olds to have fluoride varnishing twice a year	6 & 12 monthly	N
	Target	80% of pregnant women in each SIMD will have booked antenatal care by 12th week of gestation	6 & 12 monthly	N
	Standard	To complete 400 inequalities targeted cardiovascular health checks	Monthly	Y
	Standard	Increase by 33% the proportion of new-born children breastfed at 6-8 weeks	Monthly	Y
Efficiency	Target	Boards to operate within agreed revenue resource limit, capital resource limit and meet cash requirement	Monthly	Y
	Target	Reduction in energy consumption by 92,237 GJ	6 & 12 monthly	Y
	Target	Reduction in energy based carbon emissions of 3,065 tonnes	6 & 12 monthly	N
	Standard	New patient did not attend (DNA) rate at 4%	Monthly	N
	Standard	Same day surgery at 86%	Monthly	N
	Standard	Pre-operative stay reduced to 0.68 days	Monthly	Y
	Standard	Online Triage of Referrals at 90%	Monthly	Y
	Standard	80% of eKSF (electronic Knowledge & Skill Framework) annual reviews complete	Monthly	Y
	Standard	80% of Personal Development Plans (PDP's) recorded on eKSF	Monthly	N
Access	Standard	Sickness Absence Rate of 4%	Monthly	N
	Target	18 Weeks RTT (Referral To Treatment): no waits over 12 weeks for outpatients	Monthly	N
	Target	18 weeks RTT: no waits over 12 weeks for inpatients	Monthly	N
	Target	18 weeks RTT: 90% performance for the Admitted Pathway	Monthly	N
	Target	18 weeks RTT: 90% performance for the Admitted Linked Pathway	Monthly	Y
	Target	18 weeks RTT: 90 % performance for the Non-admitted Pathway	Monthly	Y
	Target	Target of 90% for Combined Performance	Monthly	Y
	Target	Target of 90% for Combined Performance Linked Pathway	Monthly	Y
	Target	No CAMHS (Child & Adolescent Mental Health Services) waits over 26weeks	Monthly	Y
	Target	No Psychological Therapy waits over 18 weeks	Monthly	N
	Target	No Delayed Discharges over 4 weeks	Monthly	Y
	Target	90% of Alcohol/Drug Referrals into Treatment within	Monthly	Y

		3 weeks		
	Standard	95% target for treatment within 62 days for Urgent Referrals of Suspicion of Cancer	Monthly	Y
	Standard	98% target for treatment within 31 days of decision to treat for all Patients diagnosed with Cancer	Monthly	Y
	Standard	No wait over 4 weeks for Diagnostics	Monthly	N
	Standard	98% of waits for A&E under 4 hours	Monthly	N
Treatment	Target	Target of 5, 258 as emergency admissions aged 75 or over (per 1,000)	Monthly	Y
	Target	Diagnosis of dementia (Target of 995)	Monthly	N
	Target	Reduction in rate (per 100,000) of A&E Attendees by 1,603	Monthly	N
	Target	To further reduce the rate of Staph aureus bacteraemia to a rate of 0.26 per 1,000 cases for acute occupied bed days	Monthly	Y
	Target	To further reduce the rate of C. Diff (CDAD) cases in over 65s to a rate of 0.39 per 1,000 cases for total occupied bed days	Monthly	Y
	Target	90% of admissions to the Stroke Unit within 1 day of admission	Monthly	Y

#### Key for Target Category

TARGET = denotes a 2012/13 Scottish Government HEAT Target

STANDARD = denotes this measure is not a current year Scottish Government HEAT target, however, NHS Borders continues to record and monitor performance as a standard,

During 2012/13 the Board continued to operate a corporate performance management and reporting framework. This included the ongoing development and review of Clinical Board/Clinical Executive performance scorecards and quarterly performance reviews, ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including HEAT targets, are reported to the Board on a regular basis. In addition, where the Board has achieved the national HEAT target NHS Borders has agreed that internally set 'stretch' targets will be used for monitoring performance in that area.

#### 4. Sustainability and Environmental Reporting

In conjunction with the Carbon Trust, the Board produced a Carbon Management Plan (CMP) aimed at delivering a substantial reduction in its carbon impact by 2016. The Board currently has an annual energy spend of almost £2m and a carbon footprint of 10,604 tonnes of CO<sub>2</sub>. In meeting proposed targets, NHS Borders will save £1.8m and avoid emissions of 7,396 tonnes of CO<sub>2</sub> in total over the 8 year period.

Key principles within the Board's CMP are detailed below:

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation's diverse property portfolio;
- Reducing energy consumption in buildings by eliminating unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening the approach to data monitoring;
- Reducing waste sent to landfill by waste minimisation and recycling initiatives within the property portfolio and decreasing paper consumption;
- Reducing emissions from the vehicle fleet by procuring fuel efficient and low emission vehicles allied to specific driver training and improved monitoring of the fleet; and
- The introduction of carbon life cycle costing to the procurement process for all capital and revenue projects which will assist in assessing the efficiency of equipment and property and the related cost/carbon impact.

During 2012/13, a number of carbon reduction projects have been undertaken in-line with the CMP. £389,000 was allocated in 2012/13 through the Central Energy Efficiency Fund and invested as detailed below:

- The continuation of the energy saving internal and external light replacement programme across NHS Borders' estate, including installation of external LED lights;
- The installation of a 50kW photo voltaic array, consisting of 200PV panels, on the roof of the Borders General Hospital;
- An annual energy audit on the complete property portfolio in respect of heating times and temperatures and adjustments made to provide optimal efficiency and a reduction in carbon emissions;
- The installation of a biomass boilers at Hawick Community Hospital and Stow Health Centre to reduce CO<sub>2</sub> emissions and to provide fuel security for the site;
- The continuation of the driver training programme to improve fleet vehicle efficiency;
- The replacement at Greenlaw Medical Centre of old inefficient electric heaters with new technology electric gel heaters.

NHS Borders has been monitoring its utility energy consumption, emissions and costs in excess of 15 years and reports this information on an annual basis to Health Facilities Scotland (HFS) for inclusion in the NHS Scotland Annual Environmental Report. The information is also used to monitor compliance with HEAT targets which are reported by HFS quarterly. The latest available figures, from Quarter 3 in 2012/13 compared with a 2009/10 base date, indicate that NHS Borders has exceeded the energy efficiency target by 1.54 % and under achieved the CO<sub>2</sub> target by 1.64%. The phased introduction of biomass boilers in 2013 continuing into 2014 will ensure a reduction in emissions and compliance with the target.

Signed

27 June 2013

Chief Executive

## REMUNERATION REPORT

### BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

#### Remuneration Committee

The Remuneration Committee is a subcommittee of, and reports to, the Staff Governance Committee.

The purpose of the Committee is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health and Social Care Directorate.

The Remuneration Committee comprised Mr. J Raine, Mrs. J Edey (to 31st May 2012), Mrs. C Duthie, Mr. A Lucas and was chaired by Mr. J Raine. Mr. C Campbell and Mr. C Herbert (Head of Human Resources) are in attendance at the Committee meetings.

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

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

#### Determination of senior employee's remuneration

Remuneration levels are determined by the Remuneration Committee.

#### Performance Measurement

The Executive and Senior Manager Pay arrangements established by HDL (2006)23, HDL (2006)54 and amended by HDL (2006)59 and HDL (2007)15 are mandatory for all employing authorities in NHS Scotland. HDL(2006)54 announced the creation of a National Performance Committee and HDL(2007)15 revised the requirements for the performance management of staff in the Executive cohort. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the Executive and Senior Management cohorts. It is the responsibility of Health Boards and their Remuneration Committees, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to normal arrangements for internal and external audit.

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

#### Board Members and Senior Employees Remuneration Report

The Board Members and Senior Employees Remuneration report, shown on the following pages, details Board Members' and Senior Employee's remuneration, in bandings of £2,500 and £5,000.

#### Hutton Fair Pay Review

The Hutton Fair Pay Review recommended that from 2011/12, all public service organisations publish their top to median pay multiples each year. Hutton's Report outlines that a multiple would be a clear statement of fairness, compelling organisations to justify trends in their own multiple in the face of public scrutiny.

Accordingly within the remuneration report NHS Borders has disclosed the banded total remuneration of the highest paid director, the median remuneration of the staff and the pay multiple (ratio) between the two. The Hutton median pay calculation has been restated for 2011/12 in line with guidance from Scottish Government which was issued to support consistent reporting across NHS Scotland.

The ratio comparing March 2012 and March 2013 has increased from 6.03(restated) to 6.04 respectively.

**BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2013**

	Salary & Employers Pension Contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2012 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2013 £'000	Real increase in CETV in year £'000	Benefits in kind £'000	Footnote
<b>Remuneration of:</b>								
<b>Executive Members</b>								
Chief Executive: Mr C Campbell	130-135	0-2.5* 0-2.5#	32.5-35* 102.5-105#	532	572	(3)	0.0	
Director of Public Health: Dr E Bajjal	185-190	0-2.5* 0-2.5#	55-57.5* 167.5-170#	1107	1177	(9)	0.0	2
Director of Finance: Mrs C Gillie	70-75	0-2.5* 0-2.5#	22.5-25* 67.5-70#	382	408	(2)	2.2	
Medical Director: Dr W Cameron (to 30th June 2012)	40-45 (Full year 170 – 175)	0	0	0	0	0	0.0	3
Medical Director: Dr S MacDonald (from 30th July 2012)	110-115 (Full year 170 – 175)	0	0	0	0	0	0.0	4
Chief Operating Officer: Mrs J Davidson	100-105	0-2.5* 0-2.5#	20-22.5* 65-67.5#	333	360	0	0.0	
Nursing Director: Mrs S Wright (to 30th June 2012)	20-25 (Full year 85 – 90)	0	0	0	0	0	0.0	
Nursing Director: Mrs E Fleck (from 1st August 2012)	50-55	0	0	0	0	0	0.0	
<b>Non Executive Members</b>								
Chair - Mr J Raine	25-30	0 - 0	0 - 0	0	0	0	0.0	
Mr D Davidson	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs C Duthie	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs J Edey (to 31st May 2012)	0-5 (Full year 5 – 10)	0 - 0	0 - 0	0	0	0	0.0	
Mr A Lucas	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr A Scott (to 30th April 2012)	0-5 (Full year 5 – 10)	0 - 0	0 - 0	0	0	0	0.0	
Dr D Steele	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr J Hammond	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs P Alexander	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs C Bhatia (from 18th June 2012)	5-10	0 - 0	0 - 0	0	0	0	0.0	
Employee Director :Mrs E Cameron	45-50	0-2.5* 0-2.5#	10-12.5* 35-37.5#	224	240	0	2.9	1
<b>Total</b>				<b>2578</b>	<b>2757</b>	<b>(14)</b>	<b>5.1</b>	

\* An entry with \* indicates this figure relates to pension only

# An entry suffixed with # indicates this figure relates to lump sum only

1 – Mrs E Cameron is employed as a Non executive Director of NHS Borders Board for one day per week and as the Employee Director of NHS Borders for four days per week.

2 – The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contributes £50,000 per annum towards Salary and Pension Contributions of the post.

3 – Dr W Cameron retired from the post of NHS Borders Medical Director on 30th June 2012.

4 – Dr S MacDonald was appointed to the NHS Borders Medical Director Post from 30th July 2012. Details of Dr MacDonald's full NHS service have been requested from the Scottish Public Pensions Agency (SPPA) and are unavailable for publication at this time. It should be noted that Dr MacDonald did not withhold consent to disclose this information.

5 – Mrs E Fleck was appointed to the NHS Borders Director of Nursing & Midwifery Post from 1st August 2012. CETV calculations for 2012/13 have not been produced as part year salary details from Mrs Fleck's previous employer are not available. It should be noted that Mrs Fleck did not withhold consent to disclose this information.

**BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2012**

	Salary & Employers Pension Contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2011 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2012 £'000	Real increase in CETV in year £'000	Benefits in kind £'000	Footnote
<b>Remuneration of:</b>								
<b>Executive Members</b>								
Chief Executive: Mr C Campbell	130-135	0-2.5* 0-2.5#	32.5-35* 97.5-100#	442	532	90	0.0	
Director of Public Health: Dr E Baijal	185-190	(0-2.5)* (0-2.5)#	52.5-55* 162.5-165#	1012	1107	95	0.4	2
Director of Finance: Mrs C Gillie	70-75	0-2.5* 0-2.5#	20-22.5* 65 – 67.5#	309	382	73	1.4	
Medical Director: Dr W Cameron	170-175	0-2.5* 0-2.5#	62.5-65* 185-187.5#	1142	1260	118	0.0	
Chief Operating Officer: Mrs J Davidson	100-105	(0-2.5)* (0-2.5)#	20-22.5* 62.5-65#	280	333	53	0.0	
Nursing Director: Mrs S Wright	85-90	(0-2.5)* (0-2.5)#	27.5-30* 82.5-85#	447	509	62	0.0	
<b>Non Executive Members</b>								
Chair - Mr J Raine	25-30	0 - 0	0 - 0	0	0	0	0.0	
Mr D Davidson	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs C Duthie	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs J Edey	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr A Lucas	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr A Scott	5-10	0 - 0	0 - 0	0	0	0	0.0	
Dr D Steele	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr J Hammond	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs P Alexander	5-10	0 - 0	0 - 0	0	0	0	0.0	
Employee Director :Mrs E Cameron	45-50	0-2.5* 0-2.5#	10-12.5* 35-37.5#	200	224	24	3.3	1
<b>Total</b>				<b>3832</b>	<b>4347</b>	<b>515</b>	<b>5.1</b>	

\* An entry with \* indicates this figure relates to pension only  
# An entry suffixed with # indicates this figure relates to lump sum only

1 – Mrs E Cameron is employed as a Non executive Director of NHS Borders Board for one day per week and as the Employee Director of NHS Borders for four days per week.

2 – The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contributes £50,000 per annum towards Salary and Pension Contributions of the post.



BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (AUDITED INFORMATION)

FOR THE YEAR ENDED 31 MARCH 2013

Hutton Fair Pay Review

2012-13

Highest Earning Director's Total Remuneration (£'000s) Remuneration Report	185-190
Highest Earning Director's Total Remuneration (£'000s) Hutton	165-170
Median Total Remuneration	£27,808
Ratio	6.04

2011-12

Highest Earning Director's Total Remuneration (£'000s) Remuneration Report	185-190
Highest Earning Director's Total Remuneration (£'000s) Hutton	165-170
Median Total Remuneration	£27,858
Ratio	6.03*

\*The Hutton median pay calculation has been restated for 2011/12 in line with guidance from Scottish Government which was issued to support consistent reporting across NHS Scotland.

Signed

27th June 2013

Chief Executive

## **BORDERS HEALTH BOARD**

### **ANNUAL ACCOUNTS 2012/2013**

#### **STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE HEALTH BOARD**

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

This designation carries with it, responsibility for:

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter to me of the 1<sup>st</sup> January 2010.

Signed

27 June 2013

Chief Executive

## **BORDERS HEALTH BOARD**

### **ANNUAL ACCOUNTS 2012/2013**

#### **STATEMENT OF HEALTH BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2013, and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

Signed 27 June 2013

Chair

Signed 27 June 2013

Director of Finance

**BORDERS HEALTH BOARD**  
**ANNUAL ACCOUNTS 2012/13**

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

**Purpose of Internal Control**

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

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

The process within the organisation accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year ended 31 March 2013, and up to the date of approval of the annual report and accounts.

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

**Governance Framework**

The Accountable Officer is supported to discharge his responsibilities by the existence of the following Governance Framework. The individual elements of this framework combine to ensure that NHS Borders is compliant with the UK Corporate Governance Code.

- The Vision, Values and Corporate Objectives of NHS Borders were reviewed for 2012/13 and were formally approved by the Board at its meeting on 28th June 2012. Patient Safety is the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.
- The Board continues to operate the Patient Safety Programme, which encompasses regular reporting to Board Members on national quality indicators and key performance indicators.
- During 2012/13 the Board operated a corporate performance management and reporting framework. This included the ongoing development and review of Clinical Board / Clinical Executive performance scorecards and quarterly performance reviews, ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including HEAT targets, are reported to the Board on a regular basis.
- The Board continues, on an annual basis, to assess its effectiveness by completing individual Board Member Self Assessment Checklists as recommended within the Audit Scotland 'Role of Boards' Report issued in September 2010. The Board members self assessment exercise was completed during late 2012/13 with results being compiled for report in 2013/14. The results from the exercise are used by NHS Borders to inform the content of the structured Strategy and Performance Development Programme. This programme is in place for the all members of the Board with bi-monthly sessions concentrated on specific topics selected for their national strategic content, current relevance to the business of NHS Borders, issues concerning local service provision or particular areas of interest from which knowledge and skills can be gained. The provision of such concentrated discussion promotes strengthening of the Executives and Non Executive Directors to achieve their strategic and operational roles.

- The Best Value Framework in place within NHS Borders ensures that all processes within NHS Borders have in-built Best Value elements and aim to achieve:-
  - Continuous improvement which will help ensure sustainable economic growth for the people of Scotland whilst maintaining an appropriate balance between quality and cost; and
  - Realising economy, efficiency, effectiveness, equal opportunities requirements and contributing to the achievement of sustainable development.

NHS Borders is fully aware that the Duty of Best Value principles are about creating an effective organisational context from which the NHS Borders can deliver its key outcomes. The Framework details that Best Value is simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.

The Framework provides the assurance and evidence to demonstrate NHS Borders incorporates Best Value principles in everyday business.

- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD). The CoCG includes sections detailing how business is organised, members' code of conduct, standards of business conduct for NHS staff, the Counter Fraud Policy and Action Plan, reservation of powers and delegation of authority and standing financial instructions. The CoCG details fully the core functions of the Audit Committee and the other standing committees of the Board including the terms of reference which are reviewed and approved on an annual basis.
- The CoCG is reviewed on a quarterly basis by the CoCG Steering Group. A detailed report presenting recommendations from the Steering Group was approved by the Board at its meeting on 17th January 2013.
- The Board ensures it maintains strong financial governance supported by the CoCG which incorporates the Board's standing orders and scheme of delegation. To support the scheme of delegation an authorised signatory database is in place.
- The Board has processes in place to ensure relevant laws and regulations as well as internal policies and procedures are implemented as required and that operationally compliance is achieved. The office of the Chief Executive manages the distribution process of incoming instruction in matters of law and regulation with Executive Directors taking action as necessary. The External and Internal Audit review of internal policies and procedures, as part of the risk assessed Annual Audit Plans, give assurance that compliance is achieved.
- NHS Borders 'Whistleblowing Arrangements' policy was signed off by the Area Partnership Forum in May 2012. This policy replaces the Voicing Concerns Policy and should be used to raise concerns where the interest of patients, staff or of NHS Borders is at risk.
- The Board Remuneration Committee is in place to ensure compliance with mandatory requirements for the performance management of staff in the Executive cohort. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the Executive and Senior Management cohorts within NHS Borders. Each member of staff covered by Executive and Senior Managers pay arrangements has an annual appraisal the results of which are considered by the Remuneration Committee.
- Borders Community Health and Care Partnership's (CHCP) role is to deliver the CHCP Strategic Plan, monitor governance arrangements, plan, commission and redesign jointly delivered services, hold Joint Boards to account and drive forward health improvement. The Healthy Borders theme within New Ways is addressed mainly by the Borders CHCP, which includes NHS Borders, Scottish Borders Council's Education and Lifelong Learning and Social Work Departments, and the wider community and voluntary sector.

- The Board utilises many forms of communication including a monthly Corporate and Team Brief, Staff Newsletter, Chief Executive Open forum meetings, and the Intranet 'Ask the Board' facility,

### **Review of Adequacy and Effectiveness**

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- Executive and Senior Managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- Statements of Assurance from the core governance committees of the NHS Board;
- the work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
- comments made by the external auditors in their management letters and other reports.

The control mechanisms are overseen and evaluated by the NHS Board, its standing committees (as detailed in the Directors' Report) and a number of other groups including:

- the Remuneration Committee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of Executive and Senior Manager Pay arrangements;
- the Risk Management Group and as from 27<sup>th</sup> February the Healthcare Governance Steering Group
- the Information Governance Committee

The review of the effectiveness of the governance framework in place for NHS Borders is a comprehensive documented exercise within NHS Borders and includes the following

- Review against guidance from the Scottish Government Health and Social Care Directorate
- Statements of Assurance from the Governance Committees of the Board
- The role of Internal and External Audit in providing the Board with assurance
- Statement on the Best Value Framework
- Third Party Assurance Reports
- Annual Fraud Report
- Report on Losses and Compensation

The process identifies and documents the sources of assurance and the information considered by the Audit Committee in reaching a conclusion on the effectiveness of the governance framework. The Audit Committee reports its conclusion to the NHS Board leading to the Chief Executive signing off the Governance Statement.

### **Best Value**

In accordance with the principles of Best Value, NHS Borders aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the SPFM.

### **Risk Assessment**

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

NHS Borders is committed to continuous improvement and develops systems in response to any relevant reviews and identification of best practice.

During 2012/13 NHS Borders revised its risk management arrangements by replacing the Risk Management Group with the Healthcare Governance Steering Group (HGSG), constituted on 27th February 2013, the HGSG assumed the Risk portfolio for the Board. All national performance reports issued by Audit Scotland are

reviewed by the HGSG to ensure that local action plans are developed to implement improvements. The HGSG provides regular reports to the NHS Borders Audit Committee, which as a standing committee of the Board has responsibility for the oversight of risk management systems and processes.

The key components of the Board's risk management arrangements are the Risk Management Strategy, the Risk Register Policy and the Strategic Risk Register. The Strategic Risk Register summarises the main risks identified across the organisation and the processes by which these risks were managed. The HGSG plans to revise the Board Risk Management Strategy in line with External Audit recommendation. The strategy will be presented for approval to the Board during 2013/14.

In September 2011 the Strategic Risk Register was updated during a session with Board members facilitated by Price Waterhouse Cooper (PWC). This formed the basis of a NHS Borders Strategic Risk Register which has been further developed by Board Executive members ensuring all risks had ownership of an assigned Director and had correct grading. The Board Executive Team reviewed the register in February 2012 and in August 2012; the Strategy and Performance Committee reviewed it in September 2012.

The Datix Risk Management system is in place and includes patient safety software for healthcare risk management, incident reporting and adverse events.

In addition to risk management process, training is provided to the organisation on how to apply risk management, to use the risk register and manage incidents. Statutory mandatory training programmes are also provided which address corporate and operational risk.

One significant area of risk for NHS Borders is the aspect of maintaining Business Continuity and robust Emergency Planning procedures in terms of the business of the organisation. NHS Borders Resilience Committee, reporting to the HGSG, is remitted to support the Chief Executive and the HGSG in the implementation of their duties in all areas of Resilience Planning within NHS Borders. The Resilience Committee Annual Workplan is reported twice yearly to the Audit Committee.

During financial year 2012/13, the Annual Assurance Statement from the Information Governance Committee demonstrates that NHS Borders continues to embed the elements of information governance in the way business is conducted. The introduction of the patient administration system Trakcare and Fairwarning are noted in the report and the Committee has supported and monitored the implementation of these 2 major projects,

Both the NHS Borders Information Governance Strategy and Information Governance Policy were reviewed in 2012 and the revised versions approved by the Information Governance Committee in June 2012.

The revised strategy incorporates the new national Information Assurance Strategy. An update on the implementation of the strategy will be reported to the Information Governance Committee twice a year. Key performance indicators as a method of monitoring the strategy were agreed by the Information Governance Committee and will be introduced in 2013/14.

### **Assurance Statement**

Taking account of the work done, I consider that I have taken appropriate steps to ensure that I have discharged my responsibilities in relation to the management of risk on behalf of NHS Borders.

### **Governance Statement 2011/12**

Highlighted in the Governance Statement in 2011/12 were actions required to improve the control environment. Detailed below are updates on these actions:

#### **ISSUE 1 – PROPERTY MANAGEMENT STRATEGY**

The formal adoption by the Board of a property management strategy that clearly identifies the property requirements of NHS Borders fully connected and consistent with links to identified service strategies.

#### 2012/13 update

The Board continues to further develop a full Property Management Strategy and to address the requirements highlighted within that Strategy through detailed prioritisation of the Capital Programme.

**ISSUE 2 – STRATEGIC RISK REGISTER**

A full Board review of the Strategic Risk Register (to be facilitated by PwC in July 2011)

2012/13 update - issue closed

The Strategic Risk Register has been reviewed during 2012/13 and the Board Executive Team continue to manage risk across the NHS Board.

**ISSUE 3 – SSTS IMPLEMENTATION**

The roll out of SSTS, a national time recording system that interfaces directly with the payroll system, to eliminate dependency on manual records for recording hours worked and will assist in the elimination of fraudulent pay claims.

2012/13 update

As at March 2013, 3,130 staff are being managed through the SSTS system. All remaining NHS Borders staff are planned to move to SSTS, in line with the new Human Resources system (eESS's), in June 2013.

**Disclosures**

During the year ended 31 March 2013, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

C Campbell  
Chief Executive and Accountable Officer  
27 June 2013



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

We have audited the financial statements of Borders Health Board for the year ended 31 March 2013 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Balance Sheet, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable in law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2012/13 Government Financial Reporting Manual (the 2012/13 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2013 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

**Opinion on regularity**

In our opinion in all material respects the expenditure and receipts in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

**Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Operating and Financial Review and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with Scottish Government guidance; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

.....

Scott Moncrieff  
Chartered Accountants  
Statutory Auditor  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

27 June 2013

**BORDERS HEALTH BOARD**

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN**

**FOR THE YEAR ENDED 31 MARCH 2013**

2012 £'000		Note	2013 £'000	2013 £'000
	<b>Clinical Services Costs</b>			
165,181	Hospital and Community	<u>4</u>	169,671	
15,076	Less: Hospital and Community Income	<u>8</u>	13,669	
<u>150,105</u>				156,002
49,755	Family Health	<u>5</u>	50,029	
1,220	Less: Family Health Income	<u>8</u>	1,481	
<u>48,535</u>				<u>48,548</u>
<b><u>198,640</u></b>	<b>Total Clinical Services Costs</b>			<b><u>204,550</u></b>
2,035	Administration Costs	<u>6</u>	1,984	
<u>0</u>	Less: Administration Income	<u>8</u>	<u>0</u>	
<u>2,035</u>				1,984
2,604	Other Non Clinical Services	<u>7</u>	2,981	
2,111	Less: Other Operating Income	<u>8</u>	4,492	
<u>493</u>				<u>(1,511)</u>
<b><u>201,168</u></b>	<b>Net Operating Costs</b>			<b><u>205,023</u></b>

**OTHER COMPREHENSIVE NET EXPENDITURE**

2012 £'000		£'000
(3,681)	Net (gain)/loss on revaluation of Property Plant and Equipment	1,294
<u>(3,681)</u>	Other Comprehensive Expenditure	<u>1,294</u>
<b><u>197,487</u></b>	<b>Total Comprehensive Expenditure</b>	<b><u>206,317</u></b>

The Notes to the Accounts, numbered 1 to 29, form an integral part of these Accounts.

**BORDERS HEALTH BOARD**

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN (Cont.)**

**FOR THE YEAR ENDED 31 MARCH 2013**

<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>		<b>£'000</b>		
<b>Net Operating Costs</b>		<b>205,023</b>		
Total Non Core Expenditure (see below)		<b>(6,935)</b>		
FHS Non Discretionary Allocation		<b>(12,051)</b>		
Donated Asset Income		3,243		
<b>Total Core Expenditure</b>		<b>189,280</b>		
Core Revenue Resource Limit		189,355		
<b>Saving/(excess) against Core Revenue Resource Limit</b>		<b>75</b>		
<b>SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN</b>				
Capital Grants to / (from) Other Bodies		75		
Depreciation/Amortisation		3,741		
Annually Managed Expenditure - Impairments		2696		
Annually Managed Expenditure - Creation of Provisions		241		
Annually Managed Expenditure - Depreciation of Donated Assets		182		
<b>Total Non Core Expenditure</b>		<b>6,935</b>		
Non Core Revenue Resource Limit		6,935		
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>		<b>0</b>		
<b>SUMMARY RESOURCE OUTTURN</b>		<b>Resource</b>	<b>Expenditure</b>	<b>Saving/(Excess)</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Core		189,355	189,280	75
Non Core		6,935	6,935	0
<b>Total</b>		<b>196,290</b>	<b>196,215</b>	<b>75</b>

**BORDERS HEALTH BOARD**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 MARCH 2013**

2012 £'000		Note	2013 £'000	2013 £'000
	<b>Non-current assets:</b>			
109,810	Property, plant and equipment	<u>11a+11b</u>	111,621	
278	Intangible assets	<u>10</u>	272	
3,600	Trade and other receivables	<u>13</u>	3,618	
<b>113,688</b>	<b>Total non-current assets</b>			<b>115,511</b>
	<b>Current Assets:</b>			
1,037	Inventories	<u>12</u>	1,024	
	Financial assets:			
7,077	Trade and other receivables	<u>13</u>	9,312	
215	Cash and cash equivalents	<u>14</u>	261	
732	Assets classified as held for sale	<u>11c</u>	540	
<b>9,061</b>	<b>Total current assets</b>			<b>11,137</b>
<b>122,749</b>	<b>Total assets</b>			<b>126,648</b>
	<b>Current liabilities</b>			
(3,334)	Provisions	<u>16</u>	(3,338)	
	Financial liabilities:			
(25,143)	Trade and other payables	<u>15</u>	(31,250)	
<b>(28,477)</b>	<b>Total current liabilities</b>			<b>(34,588)</b>
<b>94,272</b>	<b>Non-current assets plus/less net current assets/liabilities</b>			<b>92,060</b>
	<b>Non-current liabilities</b>			
(1,566)	Provisions	<u>16</u>	(1,737)	
	Financial liabilities:			
(1,457)	Trade and other payables	<u>15</u>	(1,376)	
<b>(3,023)</b>	<b>Total non-current liabilities</b>			<b>(3,113)</b>
<b>91,249</b>	<b>Assets less liabilities</b>			<b>88,947</b>
	<b>Taxpayers' Equity</b>			
54,871	General fund	<u>SOCTE</u>		55,142
36,378	Revaluation reserve	<u>SOCTE</u>		33,805
0	Other Reserves	<u>SOCTE</u>		0
<b>91,249</b>	<b>Total taxpayers' equity</b>			<b>88,947</b>

Adopted by the Board on 27 June 2013

Director of Finance

Chief Executive

The Notes to the Accounts, numbered 1 to 29 , form an integral part of these Accounts.

**BORDERS HEALTH BOARD**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

2012 £'000		Note	2013 £'000	2013 £'000
	<b>Cash flows from operating activities</b>			
(201,168)	Net operating cost	<u>SOCNE</u>	(205,023)	
3,618	Adjustments for non-cash transactions	<u>3</u>	3,316	
378	(Increase) / decrease in trade and other receivables	<u>17</u>	(2,253)	
16	(Increase) / decrease in inventories	<u>17</u>	13	
(8,273)	Increase / (decrease) in trade and other payables	<u>17</u>	6,179	
(269)	Increase / (decrease) in provisions	<u>17</u>	175	
<u>(205,698)</u>	<b>Net cash outflow from operating activities</b>			<u>(197,593)</u>
	<b>Cash flows from investing activities</b>			
(4,603)	Purchase of property, plant and equipment		(6,912)	
0	Purchase of intangible assets		(30)	
243	Proceeds of disposal of property, plant and equipment		478	
<u>(4,360)</u>	<b>Net cash outflow from investing activities</b>			<u>(6,464)</u>
	<b>Cash flows from financing activities</b>			
210,131	Funding	<u>SOCTE</u>	204,134	
(844)	Movement in general fund working capital	<u>SOCTE</u>	46	
209,287	Cash drawn down		201,480	
(73)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(77)	
<u>209,214</u>	<b>Net Financing</b>		<u>204,103</u>	
(844)	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>			46
1,059	<b>Cash and cash equivalents at the beginning of the period</b>			<u>215</u>
<u>215</u>	<b>Cash and cash equivalents at the end of the period</b>			<u>261</u>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
(844)	Increase/(decrease) in cash in year			46
1,059	Net debt/cash at 1 April	<u>14</u>		<u>215</u>
<u>215</u>	<b>Net debt/cash at 31 March</b>	<u>14</u>		<u>261</u>

The Notes to the Accounts, numbered 1 to 29 , form an integral part of these Accounts.

BORDERS HEALTH BOARD

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2012</b>		54,871	36,378	0	91,249
Prior year adjustments for changes in accounting policy and material errors	<u>24</u>	0	0	0	0
<b>Restated balance at 1 April 2012</b>		<b>54,871</b>	<b>36,378</b>	<b>0</b>	<b>91,249</b>
<b>Changes in taxpayers' equity for 2012/13</b>					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	<u>11</u>	0	(1,294)	0	(1,294)
Impairment of property, plant and equipment	<u>11</u>	0	(2,726)	0	(2,726)
Revaluation & impairments taken to operating costs	<u>3</u>	0	2,696	0	2,696
Transfers between reserves		1,249	(1,249)	0	0
Other non cash costs		(89)	0	0	(89)
Net operating cost for the year		(205,023)	0	0	(205,023)
<b>Total recognised income and expense for 2012/13</b>		<b>(203,863)</b>	<b>(2,573)</b>	<b>0</b>	<b>(206,436)</b>
<b>Funding:</b>					
Drawn down		204,180	0	0	204,180
Movement in General Fund (Creditor) / Debtor		(46)	0	0	(46)
<b>Balance at 31 March 2013</b>	<u>BS</u>	<b>55,142</b>	<b>33,805</b>	<b>0</b>	<b>88,947</b>

The Notes to the Accounts, numbered 1 to 29, form an integral part of these Accounts.

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2011</b>		44,008	34,477	0	78,485
Prior year adjustments for changes in accounting policy and material errors	<u>24</u>	0	0	0	0
<b>Restated balance at 1 April 2011</b>		<b>44,008</b>	<b>34,477</b>	<b>0</b>	<b>78,485</b>
<b>Changes in taxpayers' equity for 2011/12</b>					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	<u>11</u>	0	3,681	0	3,681
Impairment of property, plant and equipment	<u>11</u>	0	(624)	0	(624)
Revaluation & impairments taken to operating costs	<u>3</u>	0	624	0	624
Transfers between reserves		1,780	(1,780)	0	0
Other non cash costs - Provisions		120	0	0	120
Net operating cost for the year		(201,168)	0	0	(201,168)
<b>Total recognised income and expense for 2011/12</b>		<b>(199,268)</b>	<b>1,901</b>	<b>0</b>	<b>(197,367)</b>
<b>Funding:</b>					
Drawn down		209,287	0	0	209,287
Movement in General Fund (Creditor) / Debtor		844	0	0	844
<b>Balance at 31 March 2012</b>	<u>BS</u>	<b>54,871</b>	<b>36,378</b>	<b>0</b>	<b>91,249</b>

The Notes to the Accounts, numbered 1 to 29, form an integral part of these Accounts.

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**2. (a) STAFF NUMBERS AND COSTS**

							2013	
2012		Executive Board	Non Executive	Permanent	Inward	Other Staff	Outward	Total
£'000		Members	Members	Staff	Secondees	£'000	Secondees	£'000
		£'000	£'000	£'000	£000s		£'000	£'000
<b>STAFF COSTS</b>								
85,149	Salaries and wages	648	96	84,910	0	0	(459)	85,195
6,396	Social security costs	77	5	6,405	0	0	(46)	6,441
10,506	NHS scheme employers' costs	84	0	10,436	0	0	(56)	10,464
0	Other employers' pension costs	0	0	0	0	0	0	0
82	Inward secondees	0	0	0	80	0	0	80
1,501	Agency staff	0	0	0	0	2,075	0	2,075
103,634		809	101	101,751	80	2,075	(561)	104,255
188	Compensation for loss of office or early retirement	0	0	170	0	0		170
0	Pensions to former board members					0		0
<b>103,822</b>	<b>TOTAL</b>	<b>809</b>	<b>101</b>	<b>101,921</b>	<b>80</b>	<b>2,075</b>	<b>(561)</b>	<b>104,425</b>

238 Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 190

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
31.7	Administration Costs	29.4
2475	Hospital and Community Services	2479.5
76.8	Non Clinical Services	71.9
2.8	Inward Secondees	2.5
52.5	Agency staff	84.9
(5.2)	Outward Secondees	(7.7)
<b>2,633.6</b>	<b>Board Total Average Staff</b>	<b>2,660.5</b>
19.3	Disabled staff	18.3

4.0 The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to expenditure was: 4.0

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme in: [note 22](#)



**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**2. (b) HIGHER PAID EMPLOYEES REMUNERATION**

**2012  
Number**

**2013  
Number**

Other employees whose remuneration fell within the following ranges:

<b>Clinicians</b>		
52	£50,001 to £60,000	39
17	£60,001 to £70,000	25
17	£70,001 to £80,000	13
21	£80,001 to £90,000	24
11	£90,001 to £100,000	9
8	£100,001 to £110,000	12
13	£110,001 to £120,000	11
9	£120,001 to £130,000	4
6	£130,001 to £140,000	9
4	£140,001 to £150,000	4
6	£150,000 to £160,000	6
3	£160,001 to £170,000	7
1	£170,001 to £180,000	0
0	£180,001 to £190,000	0
0	£190,001 to £200,000	0
1	£200,001 and above	1
<b>Other</b>		
8	£50,001 to £60,000	10
9	£60,001 to £70,000	7
0	£70,001 to £ 80,000	1

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**3. OTHER OPERATING COSTS**

2012 £'000		Note	2013 £'000
	<b>Expenditure Not Paid In Cash</b>		
3,793	Depreciation	<u>11</u>	3,705
85	Amortisation	<u>10</u>	36
147	Depreciation Donated Assets	<u>11b</u>	182
519	Impairments on property, plant & equipment charged to SOCNE	<u>11</u>	2,696
0	Revaluation gains on property, plant & equipment charged to SOCNE	<u>11</u>	0
105	Loss on remeasurement of non-current assets held for sale	<u>29</u>	0
(1,137)	Funding of Donated Assets		(3,243)
(14)	Loss/(Profit) on disposal of property, plant and equipment		(71)
0	Capital Charges		0
120	Other non cash costs - Provisions		11
<b>3,618</b>	<b>Total Expenditure Not Paid In Cash</b>	<u>CFS</u>	<b>3,316</b>
	<b>Statutory Audit</b>		
184	External auditor's remuneration and expenses		171

The External Auditor did not undertake any non-audit work for the Board during the financial year 2012-13

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**4. HOSPITAL AND COMMUNITY HEALTH SERVICES**

<b>2012</b>		<b>2013</b>
<b>£'000</b>	<b>BY PROVIDER</b>	<b>£'000</b>
132,851	Treatment in Board area of NHSScotland Patients	137,183
23,538	Other NHSScotland Bodies	24,226
1,211	Health Bodies outside Scotland	1,358
0	Primary care bodies	0
3,799	Private sector	3,453
	<b>Community Care</b>	
2,633	Resource Transfer	2,644
522	Contributions to Voluntary Bodies and Charities	383
<hr/>		<hr/>
<b>164,554</b>	<b>Total NHSScotland Patients</b>	<b>169,247</b>
627	Treatment of UK residents based outside Scotland	424
<hr/>		<hr/>
<b>165,181</b>	<b>Total Hospital &amp; Community Health Service</b>	<b>169,671</b>

*SOCNE*

**5. FAMILY HEALTH SERVICE EXPENDITURE**

<b>2012</b>		<b>2013</b>		
<b>£'000</b>		<b>Unified</b>	<b>Non Disc</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
15,887	Primary Medical Services	16,160	0	16,160
24,448	Pharmaceutical Services	20,306	3,806	24,112
7,882	General Dental Services	49	8,163	8,212
1,538	General Ophthalmic Services	11	1,534	1,545
<hr/>		<hr/>	<hr/>	<hr/>
<b>49,755</b>	<b>Total</b>	<b>36,526</b>	<b>13,503</b>	<b>50,029</b>

*SOCNE*

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**6. ADMINISTRATION COSTS**

<b>2012</b>			<b>2013</b>
<b>£'000</b>			<b>£'000</b>
948	Board members' remuneration	<u>Note 2 (a)</u>	910
65	Administration of Board Meetings and Committees		67
374	Corporate Governance and Statutory Reporting		365
458	Health Planning, Commissioning and Performance Reporting		420
62	Treasury Management and Financial Planning		64
45	Public Relations		45
83	Other		113
<b><u>2,035</u></b>	<b>Total administration costs</b>	<u>SOCNE</u>	<b><u>1,984</u></b>

**7. OTHER NON CLINICAL SERVICES**

<b>2012</b>			<b>2013</b>
<b>£'000</b>			<b>£'000</b>
1	Closed hospital charges		0
(26)	Compensation payments - Clinical		71
(225)	Compensation payments - Other		0
(18)	Pension enhancement & redundancy		99
392	Patients' Travel Attending Hospitals		437
685	Health Promotion		709
1,031	Public Health		1,183
61	Emergency Planning		62
45	Post Graduate Medical Education		47
658	Other		373
<b><u>2,604</u></b>	<b>Total Other Non Clinical Services</b>	<u>SOCNE</u>	<b><u>2,981</u></b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**8. OPERATING INCOME**

<b>2012</b>		<b>2013</b>
<b>£'000</b>		<b>£'000</b>
	<b>HCH Income</b>	
	<b>NHSScotland Bodies</b>	
6,990	Boards	7,461
3,780	NHS Non-Scottish Bodies	3,580
	<b>Non NHS</b>	
36	Private Patients	40
244	Compensation Income	214
4,026	Other HCH income	2,374
<u>15,076</u>	<b>Total HCH Income</b>	<u>13,669</u>
		<i>SOCNE</i>
	<b>FHS Income</b>	
9	Unified	29
	<b>Non Discretionary</b>	
1,210	General Dental Services	1,451
1	General Ophthalmic Services	1
<u>1,220</u>	<b>Total FHS Income</b>	<u>1,481</u>
		<i>SOCNE</i>
	<b>Other Operating Income</b>	
14	Profit on disposal of non current assets	58
1,137	Donated Asset Additions	3,243
960	Other	1,191
<u>2,111</u>	<b>Total Other Operating Income</b>	<u>4,492</u>
		<i>SOCNE</i>
<u>18,407</u>	<b>Total Income</b>	<u>19,642</u>
<u>6,990</u>	<b>Of the above, the amount derived from NHS Bodies is</b>	<u>7,461</u>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**9. ANALYSIS OF CAPITAL EXPENDITURE**

2012 £'000		Note	2013 £'000
	<b>EXPENDITURE</b>		
0	Acquisition of Intangible Assets	<u>10</u>	30
3,954	Acquisition of Property, plant and equipment	<u>11</u>	6,790
1,137	Donated Asset Additions	<u>11b</u>	3,243
<b><u>5,091</u></b>	<b>Gross Capital Expenditure</b>		<b><u>10,063</u></b>
	<b>INCOME</b>		
0	Net book value of disposal of Property, plant and equipment	<u>11a</u>	0
229	Value of disposal of Non-Current Assets held for sale	<u>11c</u>	407
1,137	Donated Asset Income		<u>3,243</u>
<b><u>1,366</u></b>	<b>Capital Income</b>		<b><u>3,650</u></b>
<b><u>3,725</u></b>	<b>Net Capital Expenditure</b>		<b><u>6,413</u></b>
3,725	Core capital expenditure included above		6,413
<u>3,731</u>	Core Capital Resource Limit		<u>6,420</u>
<b><u>6</u></b>	<b>Saving/(excess) against Core Capital Resource Limit</b>		<b><u>7</u></b>
0	Non Core capital expenditure included above		0
<u>0</u>	Non Core Capital Resource Limit		<u>0</u>
<b><u>0</u></b>	<b>Saving/(excess) against Non Core Capital Resource Limit</b>		<b><u>0</u></b>
3,725	Total Capital Expenditure		6,413
<u>3,731</u>	Total Capital Resource Limit		<u>6,420</u>
<b><u>6</u></b>	<b>Saving/(excess) against Total Capital Resource Limit</b>		<b><u>7</u></b>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**10. INTANGIBLE ASSETS**

	<b>Software Licences £'000</b>	<b>Information technology - software £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation:</b>			
As at 1st April 2012	343	204	547
Additions	30	0	30
<b>At 31st March 2013</b>	<b>373</b>	<b>204</b>	<b>577</b>
<b>Amortisation</b>			
As at 1st April 2012	147	122	269
Provided during the year	13	23	36
<b>At 31st March 2013</b>	<b>160</b>	<b>145</b>	<b>305</b>
<b>Net Book Value at 1st April 2012</b>	<b>196</b>	<b>82</b>	<b>278</b>
<b>Net Book Value at 31 March 2013</b>	<b>BS 213</b>	<b>59</b>	<b>272</b>

**INTANGIBLE ASSETS - PRIOR YEAR**

	<b>Software Licences £'000</b>	<b>Information technology - software £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation:</b>			
As at 1st April 2011	343	204	547
Additions	0	0	0
<b>At 31st March 2012</b>	<b>343</b>	<b>204</b>	<b>547</b>
<b>Amortisation</b>			
As at 1st April 2011	114	70	184
Provided during the year	33	52	85
<b>At 31st March 2012</b>	<b>147</b>	<b>122</b>	<b>269</b>
<b>Net Book Value at 1st April 2011</b>	<b>229</b>	<b>134</b>	<b>363</b>
<b>Net Book Value at 31 March 2012</b>	<b>BS 196</b>	<b>82</b>	<b>278</b>

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets)

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>								
At 1 April 2012	4,311	92,660	1,270	13,896	4,077	842	3,869	120,925
Additions	0	883	252	1,665	170	0	3,820	6,790
Completions	0	3,454	0	30	0	0	(3,454)	0
Transfers	0	0	0	0	0	0	(8)	(8)
Transfers (to)/from non-current assets held for sale	0	(270)	0	0	0	0	0	(270)
Revaluation	0	(1,294)	0	0	0	0	0	(1,294)
Impairment Charge	0	(2,116)	0	0	0	0	(30)	(2,146)
Disposals	0	0	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>4,311</b>	<b>93,317</b>	<b>1,522</b>	<b>15,561</b>	<b>4,247</b>	<b>842</b>	<b>4,197</b>	<b>123,997</b>
<b>Depreciation</b>								
At 1 April 2012	0	0	1,050	10,408	2,459	467	0	14,384
Provided during the year	0	2,074	62	1,026	476	67	0	3,705
Transfers	0	45	0	0	0	0	0	45
Revaluation	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
<b>At 31 March 2013</b>	<b>0</b>	<b>2,119</b>	<b>1,112</b>	<b>11,434</b>	<b>2,935</b>	<b>534</b>	<b>0</b>	<b>18,134</b>
<b>Net Book Value at 1 April 2012</b>	<b>4,311</b>	<b>92,660</b>	<b>220</b>	<b>3,488</b>	<b>1,618</b>	<b>375</b>	<b>3,869</b>	<b>106,541</b>
<b>Net Book Value at 31 March 2013</b>	<b>4,311</b>	<b>91,198</b>	<b>410</b>	<b>4,127</b>	<b>1,312</b>	<b>308</b>	<b>4,197</b>	<b>105,863</b>
<b>Open Market Value of Land Included Above</b>	<b>4,311</b>	<b>0</b>						
<b>Asset financing:</b>								
Owned	4,311	88,375	472	5,153	1,788	375	4,197	104,671
Finance leased	0	1,192	0	0	0	0	0	1,192
<b>Net Book Value at 31 March 2013</b>	<b>4,311</b>	<b>89,567</b>	<b>472</b>	<b>5,153</b>	<b>1,788</b>	<b>375</b>	<b>4,197</b>	<b>105,863</b>

PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - PRIOR YEAR

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>								
At 1 April 2011	4,225	93,593	1,270	13,201	3,831	842	3,015	119,977
Additions	0	148	0	665	246	0	2,895	3,954
Completions	0	2,011	0	30	0	0	(2,041)	0
Transfers (to)/from non-current assets held for sale	0	(693)	0	0	0	0	0	(693)
Revaluation	86	(1,866)	0	0	0	0	0	(1,780)
Impairment Charge	0	(533)	0	0	0	0	0	(533)
Disposals	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	<b>4,311</b>	<b>92,660</b>	<b>1,270</b>	<b>13,896</b>	<b>4,077</b>	<b>842</b>	<b>3,869</b>	<b>120,925</b>
<b>Depreciation</b>								
At 1 April 2011	0	3,423	992	9,224	1,965	405	0	16,009
Provided during the year	0	1,995	58	1,184	494	62	0	3,793
Revaluation	0	(5,418)	0	0	0	0	0	(5,418)
Disposals	0	0	0	0	0	0	0	0
<b>At 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>1,050</b>	<b>10,408</b>	<b>2,459</b>	<b>467</b>	<b>0</b>	<b>14,384</b>
<b>Net Book Value at 1 April 2011</b>	<b>4,225</b>	<b>90,170</b>	<b>278</b>	<b>3,977</b>	<b>1,866</b>	<b>437</b>	<b>3,015</b>	<b>103,968</b>
<b>Net Book Value at 31 March 2012</b>	<b>4,311</b>	<b>92,660</b>	<b>220</b>	<b>3,488</b>	<b>1,618</b>	<b>375</b>	<b>3,869</b>	<b>106,541</b>
<b>Open Market Value of Land Included Above</b>	<b>4,311</b>	<b>0</b>						
<b>Asset financing:</b>								
Owned	4,311	91,405	220	3,488	1,618	375	3,869	105,286
Finance leased	0	1,255	0	0	0	0	0	1,255
<b>Net Book Value at 31 March 2012</b>	<b>4,311</b>	<b>92,660</b>	<b>220</b>	<b>3,488</b>	<b>1,618</b>	<b>375</b>	<b>3,869</b>	<b>106,541</b>



**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets)**

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2012	1,885	1,851	1,037	4,773
Additions	3,069	174	0	3,243
Completions	1,037	0	(1,037)	0
Transfers	8	0	0	8
Impairment Charge	(580)	0	0	(580)
<b>At 31 March 2013</b>	<b>5,419</b>	<b>2,025</b>	<b>0</b>	<b>7,444</b>
<b>Depreciation</b>				
At 1 April 2012	0	1,504	0	1,504
Provided during the year	55	127	0	182
<b>At 31 March 2013</b>	<b>55</b>	<b>1,631</b>	<b>0</b>	<b>1,686</b>
<b>Net book value at 1 April 2012</b>	<b>1,885</b>	<b>347</b>	<b>1,037</b>	<b>3,269</b>
<b>Net book value at 31 March 2013</b>	<b>5,364</b>	<b>394</b>	<b>0</b>	<b>5,758</b>
	<u>BS</u>			
<b>Open Market Value of Land Included Above</b>	<u>0</u>			
<b>Asset financing:</b>				
Owned	5,364	394	0	5,758
<b>Net Book Value at 31 March 2013</b>	<b>5,364</b>	<b>394</b>	<b>0</b>	<b>5,758</b>

**PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR**

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2011	2,030	1,668	83	3,781
Additions	0	100	1,037	1,137
Completions	0	83	(83)	0
Revaluation	(145)	0	0	(145)
<b>At 31 March 2012</b>	<b>1,885</b>	<b>1,851</b>	<b>1,037</b>	<b>4,773</b>
<b>Depreciation</b>				
At 1 April 2011	149	1,396	0	1,545
Provided during the year	39	108	0	147
Revaluation	(188)	0	0	(188)
<b>At 31 March 2012</b>	<b>0</b>	<b>1,504</b>	<b>0</b>	<b>1,504</b>
<b>Net book value at 1 April 2011</b>	<b>1,881</b>	<b>272</b>	<b>83</b>	<b>2,236</b>
<b>Net book value at 31 March 2012</b>	<b>1,885</b>	<b>347</b>	<b>1,037</b>	<b>3,269</b>
	<u>BS</u>			
<b>Open Market Value of Land Included Above</b>	<u>0</u>			
<b>Asset financing:</b>				
Owned	1,885	347	1,037	3,269
<b>Net Book Value at 31 March 2012</b>	<b>1,885</b>	<b>347</b>	<b>1,037</b>	<b>3,269</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**11 (c). ASSETS HELD FOR SALE**

The following assets related to NHS Borders have been presented as held for sale following the approval for sale by management of the Board. The completed date for sale of the assets is expected to be within the 12 months from 31 March 2013:

- \* 6 Whitefield Court, St Boswells
- \* 21 The Crofts, Ayton
- \* Orchard Park, St Boswells
- \* Dingleton Flats, Melrose
- \* 71 High Street, Galashiels

During the year ended 31 March 2013, the Board completed the sale of Eildonburn Cottage and Priorsford Day Unit

		<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2012</b>		732	<b>732</b>
Transfers (to)/from property, plant and equipment	<u>11a</u>	270	<b>270</b>
Gain or losses recognised on remeasurement of non-current assets held for sale		(55)	<b>(55)</b>
Disposals for non-current assets held for sale		(407)	<b>(407)</b>
<b>As at 31 March 2013</b>	<u>BS</u>	<u>540</u>	<u>540</u>

		<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2011</b>		359	<b>359</b>
Transfers (to)/from property, plant and equipment	<u>11a</u>	693	<b>693</b>
Gain or losses recognised on remeasurement of non-current assets held for sale		(91)	<b>(91)</b>
Disposals for non-current assets held for sale		(229)	<b>(229)</b>
<b>As at 31 March 2012</b>	<u>BS</u>	<u>732</u>	<u>732</u>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES**

<b>2012</b> <b>£'000</b>			<b>2013</b> <b>£'000</b>
	<b>Net book value of property, plant and equipment at 31 March</b>		
106,541	Purchased	<u>11a</u>	105,863
3,269	Donated	<u>11b</u>	<u>5,758</u>
<b><u>109,810</u></b>	<b>Total</b>	<u>BS</u>	<b><u>111,621</u></b>
	Net book value related to land valued at open market value at 31 March		
<u>160</u>			<u>150</u>
	Net book value related to buildings valued at open market value at 31 March		
<u>415</u>			<u>390</u>
	<b>Total value of assets held under:</b>		
<u>1,255</u>	Finance Leases		<u>1,192</u>
	<b>Total depreciation charged in respect of assets held under:</b>		
<u>1,292</u>	Finance leases		<u>1,370</u>

Land and buildings were fully revalued by James Barr at 31 March 2012 on the basis of fair value (market value or depreciated replacement cost where appropriate). For 2012/13, land, building and other tangible fixed assets were revalued on the basis of indices at 31st March 2013, where zero indexation factors were applied. The Margaret Kerr Unit and Jedburgh Health Centre were revalued by James Barr at 31 March 2013 in-line with the completion of capital works during 2012/13. The Huntlyburn finance leases were also revalued by James Barr at 31 March 2013. Dingleton Flats and 71 High Street were classified as held for sale during 2012/13 and were measured at the lower of their carrying and fair value.

The net impact was a decrease in value of £(3.440)m (2011/12: £3.681m) of which £1.294m (2011/12: £3.681m) was charged to the revaluation reserve and £2.146m (2011/12: £0) was charged to the statement of comprehensive net expenditure

**12. INVENTORIES**

<b>2012</b> <b>£'000</b>			<b>2013</b> <b>£'000</b>
<u>1,037</u>	Finished Goods		<u>1,024</u>
<b><u>1,037</u></b>	<b>Total Inventories</b>	<u>BS</u>	<b><u>1,024</u></b>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**13. TRADE AND OTHER RECEIVABLES**

2012 £'000		Note	2013 £'000
	<b>Receivables due within one year</b>		
	<b>NHSScotland</b>		
257	SGHD		14
<u>2031</u>	Boards		<u>2284</u>
<b>2,288</b>	<b>Total NHSScotland Receivables</b>		<b>2,298</b>
127	NHS Non-Scottish Bodies		266
163	VAT recoverable		195
1,201	Prepayments		1,784
46	Accrued Income		55
1,870	Other Receivables		3,488
1,382	Other Public Sector Bodies		1,226
<u><b>7,077</b></u>	<b>Total Receivables due within one year</b>	<u>BS</u>	<u><b>9,312</b></u>
	<b>Receivables due after more than one year</b>		
	<b>NHSScotland</b>		
<u>3,600</u>	Reimbursement of Provisions		<u>3,618</u>
<u><b>3,600</b></u>	<b>Total Receivables due after more than one year</b>	<u>BS</u>	<u><b>3,618</b></u>
<u><b>10,677</b></u>	<b>TOTAL RECEIVABLES</b>		<u><b>12,930</b></u>
<u>121</u>	The total receivables figure above includes a provision for impairments of :		<u>156</u>

Movements on the provision for impairment of receivables are as follows:

2011/12 £'000		2012/13 £'000
69	At 1 April	121
56	Provision for impairment	42
<u>(3)</u>	Receivables written off during the year as uncollectible	<u>(7)</u>
<u><b>121</b></u>	At 31 March	<u><b>156</b></u>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**13. TRADE AND OTHER RECEIVABLES (continued)**

As of 31 March 2013, receivables with a carrying value of £1,018,395 (2012: £417,083) were impaired and provided for. The amount of the provision was £155,323 (2012: £121,261). The aging of these receivables is as follows:

<b>2012</b>		<b>2013</b>
<b>£'000</b>		<b>£'000</b>
39	3 to 6 months past due	21
<u>82</u>	Over 6 months past due	<u>135</u>
<b><u>121</u></b>		<b><u>156</u></b>

The receivables assessed as individually impaired were mainly outstanding claims under the NHS Injury Cost Recovery Scheme and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2013, receivables with a carrying value of £3,042,806 (2012: £940,470) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

<b>2012</b>		<b>2013</b>
<b>£'000</b>		<b>£'000</b>
771	Up to 3 months past due	2,634
18	3 to 6 months past due	109
<u>152</u>	Over 6 months past due	<u>300</u>
<b><u>940</u></b>		<b><u>3,043</u></b>

The receivables assessed as past due but not impaired were mainly for inter-NHS trading and balances on agreed instalment schedules and there is no history of default from these customers recently. Total amount of £3,043k of receivables not impaired, includes a total amount of £1,569k with NHS Lothian and £820k with the Scottish Borders Council.

Concentration of credit risk is limited due to customer base being large and unrelated/government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

<b>2012</b>		<b>2013</b>
<b>£'000</b>		<b>£'000</b>
<u>10,545</u>	The carrying amount of receivables are denominated in the following currencies:	<u>12,930</u>
	Pounds	<u>12,930</u>
<b><u>10,545</u></b>		<b><u>12,930</u></b>

The carrying amount of short term receivables approximates their fair value.

The fair value of long term other receivables is £3.618m (2011-12: £3.660m)

Pension liabilities are discounted at 2.35% (2011-12: 2.8%)

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**14. CASH AND CASH EQUIVALENTS**

	Note	At 01/04/12 £'000	Cash Flow £'000	At 31/03/13 £'000
Government Banking Service account balance		206	55	261
Cash at bank and in hand		9	(9)	0
<b>Total cash and cash equivalents - balance sheet</b>	<u>BS</u>	<b>215</b>	<b>46</b>	<b>261</b>
<b>Total cash - cash flow statement</b>		<b>215</b>	<b>46</b>	<b>261</b>
		<u>CFS</u>		<u>CFS</u>

	Note	At 01/04/11 £'000	Cash Flow £'000	At 31/03/12 £'000
Government Banking Service account balance		1,050	(844)	206
Cash at bank and in hand		9	0	9
<b>Total cash and cash equivalents - balance sheet</b>	<u>BS</u>	<b>1,059</b>	<b>(844)</b>	<b>215</b>
<b>Total cash - cash flow statement</b>		<b>1,059</b>	<b>(844)</b>	<b>215</b>
		<u>CFS</u>		<u>CFS</u>

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**15. TRADE AND OTHER PAYABLES**

<b>2012</b>		<b>Note</b>	<b>2013</b>
<b>£'000</b>			<b>£'000</b>
	<b>Payables due within one year</b>		
	<b>NHSScotland</b>		
1,968	Boards		2,224
<b>1,968</b>	<b>Total NHSScotland Payables</b>		<b>2,224</b>
1	NHS Non-Scottish Bodies		674
215	General Fund Payable		261
6,289	FHS Practitioners		6,862
2,619	Trade Payables		2,500
4,805	Accruals		9,453
0	Deferred income		0
801	Payments received on account		869
77	Net obligations under Finance Leases	<u>21</u>	78
2,237	Income tax and social security		2,116
1,331	Superannuation		1,436
968	Other payables		1,280
1,947	Other Significant Payables [Holiday Pay Accruals]		2,204
1,885	Other Significant Payables [Other Public Sector Bodies]		1,293
<b>25,143</b>	<b>Total Payables due within one year</b>	<u>BS</u>	<b>31,250</b>
	<b>Payables due after more than one year</b>		
0	Net obligations under Finance Leases due within 2 years		80
325	Net obligations under Finance Leases due within 5 years	<u>21</u>	253
1,079	Net obligations under Finance Leases due after 5 years	<u>21</u>	993
53	Other [Prepayment of Charges]		50
<b>1,457</b>	<b>Total Payables due after more than one year</b>	<u>BS</u>	<b>1,376</b>
<b>26,600</b>	<b>TOTAL PAYABLES</b>		<b>32,626</b>
	<b>Borrowings included above comprise:</b>		
1,481	Finance Leases		1,404
<b>1,481</b>			<b>1,404</b>
<b>Carrying Amount</b>	The carrying amount and fair value of the non-current borrowings are as follows		<b>Carrying Amount</b>
<b>£'000</b>	<b>Carrying amount</b>		<b>£'000</b>
1,404	Finance Leases		1,326
<b>1,404</b>			<b>1,326</b>
<b>Fair value</b>	<b>Fair value</b>		<b>Fair value</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
1,404	Finance Leases		1,326
<b>1,404</b>			<b>1,326</b>
	The carrying amount of payables approximates their fair value.		
<b>£'000</b>	The carrying amount of payables are denominated in the following currencies:		<b>£'000</b>
26,600	Pounds		32,626
<b>26,600</b>			<b>32,626</b>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**16. PROVISIONS**

	<b>Pensions and similar obligations £'000</b>	<b>Clinical &amp; Medical £'000</b>	<b>Other £'000</b>	<b>2013 Total £'000</b>	
At 1 April 2012	1,396	3,504	0	4,900	
Arising during the year	221	103	0	324	
Utilised during the year	(121)	(24)	0	(145)	
Unwinding of discount	0	0	0	0	
Reversed unutilised	0	(4)	0	(4)	
<b>At 31 March 2013</b>	<b>1,496</b>	<b>3,579</b>	<b>0</b>	<b>5,075</b>	<b>BS</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.

**Analysis of expected timing of discounted flows**

	<b>Pensions and similar obligations £'000</b>	<b>Clinical &amp; Medical £'000</b>	<b>Other £'000</b>	<b>2013 Total £'000</b>
Payable in one year	118	3,220	0	3,338
Payable between 2 - 5 years	447	359	0	806
Payable between 6 - 10 years	504	0	0	504
Thereafter	427	0	0	427
<b>Total as at 31 March 2013</b>	<b>1,496</b>	<b>3,579</b>	<b>0</b>	<b>5,075</b>



**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**16. PROVISIONS (continued)**

<b>PROVISIONS - PRIOR YEAR</b>	<b>Pensions and similar obligations £'000</b>	<b>Clinical &amp; Medical £'000</b>	<b>Other £'000</b>	<b>2012 Total £'000</b>
At 1 April 2011	1,414	3,530	225	5,169
Arising during the year	105	205	0	310
Utilised during the year	(123)	(87)	(22)	(232)
Unwinding of discount	0	0	0	0
Reversed unutilised	0	(144)	(203)	(347)
<b>At 31 March 2012</b>	<b>1,396</b>	<b>3,504</b>	<b>0</b>	<b>4,900</b> BS

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.

**Analysis of expected timing of discounted flows**

	<b>Pensions and similar obligations £'000</b>	<b>Clinical &amp; Medical £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Payable in one year	115	3,219	0	3,334
Payable between 2 - 5 years	431	285	0	716
Payable between 6 - 10 years	465	0	0	465
Thereafter	385	0	0	385
<b>At 31 March 2012</b>	<b>1,396</b>	<b>3,504</b>	<b>0</b>	<b>4,900</b>

**Pensions and similar obligations**

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.35% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 38 years.

**Clinical & Medical**

The Board holds a provision to meet costs of all outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. Claims assessed as 'Category 3' are deemed most likely and are provided for in full, those in 'Category 2' are assessed on an individual basis and those in 'Category 1' as nil. All 'Category 2' claims at 31 March 2013 have been individually assessed and provided for in full.

The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 10 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

BORDERS HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2013

17. MOVEMENT ON WORKING CAPITAL BALANCES

2012 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	2013 Net Movement £'000
<b>INVENTORIES</b>					
	16 Balance Sheet	<u>12</u>	1,037	1,024	
	<b>16 Net Decrease/(Increase)</b>				<b>13</b>
<b>TRADE AND OTHER RECEIVABLES</b>					
	317 Due within one year	<u>13</u>	7,077	9,312	
	61 Due after more than one year	<u>13</u>	3,600	3,618	
	<b>378 Net Decrease/(Increase)</b>		10,677	12,930	<b>(2,253)</b>
<b>TRADE AND OTHER PAYABLES</b>					
(9,758)	Due within one year	<u>15</u>	25,143	31,250	
(81)	Due after more than one year	<u>15</u>	1,457	1,376	
	649 Less: Property, Plant & Equipment (Capital) included in above		527	649	
	844 Less: General Fund Creditor included in above	<u>15</u>	(215)	(261)	
	73 Less: Lease and PFI Creditors included in above	<u>15</u>	(1,481)	(1,404)	
	<b>(8,273) Net Decrease/(Increase)</b>		25,431	31,610	<b>6,179</b>
<b>PROVISIONS</b>					
(269)	Balance Sheet	<u>16</u>	4,900	5,075	
(269)	<b>Net (Decrease)/Increase</b>				<b>175</b>
<b>(8,148)</b>	<b>NET MOVEMENT (Decrease)/Increase</b>	<u>CFS</u>			<b>4,114</b>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**18. CONTINGENT LIABILITIES**

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

<b>2012</b>	<b>Nature</b>	<b>2013</b>
<b>£'000</b>		<b>Value</b>
		<b>£'000</b>
<b>762</b>	<b>Clinical and medical compensation payments</b>	<b>472</b>
<b>110</b>	<b>Employer's liability</b>	<b>25</b>
<b>0</b>	<b>Legal Claims for Equal Pay Disputes</b>	<b>0</b>

NHS Borders has received 18 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements.

The basis of claims is as follows:

The claimant's job has been rated as being equivalent to that of their comparator using a valid Job Evaluation Study, and/or is of equal value to that of their comparator.

Their comparator is currently paid or has been paid more than them.

They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years)

The current position and recent developments are summarised below.

**Comparator Information**

Comparators have still not been identified, with the exception of a small number of cases.

Work is still ongoing by both claimants and respondents in this regard. Until comparators are identified it is not possible to identify the term which is said to breach the equality clause

**Period of Claim**

The period over which back pay for any established breach would have to be calculated is the period between dissolution of their employing Trust and 30 September 2004. For NHS Borders this means that the period of the claim is limited to 18 months.

The limited scope of these claims was upheld by the Employment Appeal Tribunal in the test case of Foley and Ors v Greater Glasgow Health Board (August 2012).

**Unequal Contract Term**

The issue of the basis of claims was considered at the Case Management Discussion on 22 January 2013, which centred on Emmanuel v City and Hackney Primary Care Trust. This was a national test case to establish, where claimant and comparators carried out work of equal value, whether there was a genuine material factor defence for different terms relating to pay. The Tribunal decided that the Trust had failed to demonstrate a justification in the respect of different weekend overtime rates, but had done in relation to basic pay.

**Summary**

The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position. They continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available. On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that is not possible to quantify.

<b>872</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>497</b>
 <b>CONTINGENT ASSETS</b>		
<b>575</b>	<b>Clinical and medical compensation payments</b>	<b>330</b>
<b>75</b>	<b>Employer's liability</b>	<b>0</b>
<b>650</b>		<b>330</b>

**19. EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no post balance sheet events after the reporting period

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**20. COMMITMENTS**

<b>2012</b>	<b>Capital Commitments</b>	<b>Property, plant and equipment:</b>	<b>2013</b>
<b>£'000</b>	The Board has the following Capital Commitments which have not been included for in the accounts	<b>£'000</b>	<b>Total</b>
			<b>£'000</b>
	<b>Contracted</b>		
1,638	Health Centre Modernisation	790	790
258	Borders General Hospital Accident & Emergency Department	0	0
233	Tweeddale Hub	0	0
<b>2,129</b>	<b>Total</b>	<b>790</b>	<b>790</b>
	<b>Authorised but not Contracted</b>		
590	Rolling Replacement Programmes	779	779
200	Medical Equipment	50	50
350	Statutory compliance and backlog maintenance property expenditure	1,774	1,774
253	Galavale Site Reconfiguration	0	0
103	Huntlyburn HSE	0	0
502	Efficiency Programme / Estates Rationalisation / Service Redesign	1,819	1,819
<b>1,998</b>	<b>Total</b>	<b>4,422</b>	<b>4,422</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**21. COMMITMENTS UNDER LEASES**

<b>2012</b>	<b>Operating Leases</b>	<b>2013</b>
<b>£'000</b>	Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods.	<b>£'000</b>
	<b>Obligations under operating leases comprise:</b>	
	<b>Land</b>	
52	Not later than one year	53
52	Later than one year, not later than 2 years	49
145	Later than two year, not later than five years	153
654	Later than five years	601
	<b>Buildings</b>	
24	Not later than one year	26
0	Later than one year, not later than 2 years	0
0	Later than two year, not later than five years	0
0	Later than five years	0
	<b>Other</b>	
567	Not later than one year	711
325	Later than one year, not later than 2 years	402
0	Later than two year, not later than five years	111
0	Later than five years	0
	<b>Amounts charged to Operating Costs in the year were:</b>	
815	Hire of equipment (including vehicles)	943
113	Other operating leases	88
<u>928</u>	<b>Total</b>	<u>1,031</u>
	<b>Finance Leases</b>	
	Total future minimum lease payments under finance leases are given the in the table below for the each of the following periods.	
<b>£'000</b>		<b>£'000</b>
	<b>Obligations under Finance leases comprise:</b>	
	<b>Buildings</b>	
368	Rentals due within one year	15 378
368	Rentals due between one and two years (inclusive)	15 387
1,200	Rentals due between two and five years (inclusive)	15 1,220
5,205	Rentals due after five years	15 4,788
7,141		<u>6,773</u>
(5,660)	Less interest element	(5,369)
<u>1,481</u>		<u>1,404</u>
	<b>Other</b>	
0	Rentals due within one year	15 0
0	Rentals due between one and two years (inclusive)	15 0
0	Rentals due between two and five years (inclusive)	15 0
0	Rentals due after five years	15 0
0		<u>0</u>
0	Less interest element	0
<u>0</u>		<u>0</u>

This total net obligation under finance leases is analysed in note 15 (trade and other payables)

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**22. PENSION COSTS**

The NHS board participates in the National Health Service Superannuation Scheme for Scotland which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary; details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS board will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19.

For the current year, normal employer contributions of £10.464m were payable to the SPPA (prior year £10.506m) at the rate of 13.5% (prior year: 13.5%) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £170,000 (prior year £123,000) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provisions/Liabilities/Pre-payments amounting to £1,436,000 are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but will be given the choice to transfer to the new scheme.

Existing scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 10.9% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 10.9% of pensionable earnings. Pensions and allowances are index linked to protect their value.

Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Pension cost charge for the year	10,464	10,506
Additional Costs arising from early retirement	170	123
Provisions/Liabilities/Pre-payments included in the Balance Sheet	1,436	1,396

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**23. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS**

There are no prior year adjustments recognised in these Accounts

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**24. RESTATED SOCNE**

	Previous Accounts £'000	Adjustments £'000	These Accounts £'000
<b>Clinical Services Costs</b>			
Hospital and Community	165,181	0	165,181
Less: Hospital and Community Income	15,076	0	15,076
	<b>150,105</b>	<b>0</b>	<b>150,105</b>
Family Health Services	49,755	0	49,755
Less: Family Health Services Income	1,220	0	1,220
	<b>48,535</b>	<b>0</b>	<b>48,535</b>
<b>Total Clinical Services Costs</b>	<b>198,640</b>	<b>0</b>	<b>198,640</b>
Administration Costs	2,035	0	2,035
Less: Administration Income	0	0	0
	<b>2,035</b>	<b>0</b>	<b>2,035</b>
Other Non Clinical Services	2,604	0	2,604
Less: Other Operating Income	2,111	0	2,111
	493	0	493
<b>Net Operating Costs</b>	<b>201,168</b>	<b>0</b>	<b>201,168</b>



**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**24. RESTATED BALANCE SHEET**

	<b>Previous Accounts £'000</b>	<b>Adjustments £'000</b>	<b>These Accounts £'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	109,810	0	109,810
Intangible assets	278	0	278
Trade and other receivables	3,600	0	3,600
	<hr/> 113,688	0	<hr/> 113,688
<b>CURRENT ASSETS</b>			
Inventories	1,037	0	1,037
Trade and other receivables	7,077	0	7,077
Cash and cash equivalents	215	0	215
Assets classified as held for sale	732	0	732
	<hr/> 9,061	0	<hr/> 9,061
<b>TOTAL ASSETS</b>	<b>122,749</b>	<b>0</b>	<b>122,749</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(3,334)	0	(3,334)
Financial liabilities:			
Trade and other payables	(25,143)	0	(25,143)
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>(28,477)</b>	0	<hr/> <b>(28,477)</b>
<b>NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>94,272</b>	<b>0</b>	<b>94,272</b>
<b>Non-current liabilities</b>			
Provisions	(1,566)	0	(1,566)
Financial liabilities:			
Trade and other payables	(1,457)	0	(1,457)
<b>Total non-current liabilities</b>	<hr/> <b>(3,023)</b>	0	<hr/> <b>(3,023)</b>
<b>Assets less liabilities</b>	<b>91,249</b>	<b>0</b>	<b>91,249</b>
<b>TAXPAYERS' EQUITY</b>			
General Fund	54,871	0	54,871
Revaluation Reserve	36,378	0	36,378
Other Reserves	0	0	0
	<hr/> <b>91,249</b>	<b>0</b>	<hr/> <b>91,249</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**24. RESTATED CASH FLOW STATEMENT**

	<b>Previous Accounts £'000</b>	<b>Adjustments £'000</b>	<b>These Accounts £'000</b>
<b>Cash flows from operating activities</b>			
Net operating cost	(201,168)	0	(201,168)
Adjustments for non-cash transactions	3,618	0	3,618
(Increase) / decrease in trade and other receivables	378	0	378
(Increase) / decrease in inventories	16	0	16
Increase / (decrease) in trade and other payables	(8,273)	0	(8,273)
Increase / (decrease) in provisions	(269)	0	(269)
<b>Net cash outflow from operating activities</b>	<b>(205,698)</b>	<b>0</b>	<b>(205,698)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(4,603)	0	(4,603)
Purchase of intangible assets	0	0	0
Proceeds of disposal of intangible assets	243	0	243
<b>Net cash outflow from investing activities</b>	<b>(4,360)</b>	<b>0</b>	<b>(4,360)</b>
<b>Cash flows from financing activities</b>			
Funding	210,131	0	210,131
Movement in general fund working capital	(844)	0	(844)
Interest element of finance leases and on-balance sheet PFI/PPP contracts	(73)	0	(73)
<b>Net Financing</b>	<b>209,214</b>	<b>0</b>	<b>209,214</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>(844)</b>	<b>0</b>	<b>(844)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,059</b>	<b>0</b>	<b>1,059</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>215</b>	<b>0</b>	<b>215</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
Increase/(decrease) in cash in year	(844)	0	(844)
Net debt/cash at 1 April	1,059	0	1,059
<b>Net debt/cash at 31 March</b>	<b>215</b>	<b>0</b>	<b>215</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**25. FINANCIAL INSTRUMENTS**

**a FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial Assets**

<b>AT 31 MARCH 2013</b>	<b>Note</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	5,035	5,035
Cash and cash equivalents	<u>14</u>	261	261
		<hr/>	<hr/>
		<b>5,296</b>	<b>5,296</b>

<b>AT 31 MARCH 2012</b>	<b>Note</b>	<b>Loans and Receivables £'000</b>	<b>Total £'000</b>
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	3,425	3,425
Cash and cash equivalents	<u>14</u>	215	215
		<hr/>	<hr/>
		<b>3,640</b>	<b>3,640</b>

**Financial Liabilities**

<b>AT 31 MARCH 2013</b>	<b>Note</b>	<b>Other financial liabilities £'000</b>	<b>Total £'000</b>
<b>Liabilities per balance sheet</b>			
Finance lease liabilities	<u>15</u>	1,404	1,404
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<u>15</u>	25,396	25,396
		<hr/>	<hr/>
		<b>26,800</b>	<b>26,800</b>

<b>AT 31 MARCH 2012</b>	<b>Note</b>	<b>Other financial liabilities £'000</b>	<b>Total £'000</b>
<b>Liabilities per balance sheet</b>			
Finance lease liabilities	<u>15</u>	1,481	1,481
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<u>15</u>	19,530	19,530
		<hr/>	<hr/>
		<b>21,011</b>	<b>21,011</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**25. FINANCIAL INSTRUMENTS (continued)**

**b FINANCIAL RISK FACTORS**

**Exposure to Risk**

The NHS Board's activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

The Board has written credit control procedures.

**a) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

**b) Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
<b>AT 31 MARCH 2013</b>				
Finance lease liabilities	78	80	253	993
Trade and other payables excluding statutory liabilities	27,623	3	9	35
<b>Total</b>	<b>27,701</b>	<b>83</b>	<b>262</b>	<b>1,028</b>

	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
<b>AT 31 MARCH 2012</b>				
Finance lease liabilities	76	78	247	1,079
Trade and other payables excluding statutory liabilities	18,459	3	9	41
<b>Total</b>	<b>18,535</b>	<b>81</b>	<b>256</b>	<b>1,120</b>

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**25. FINANCIAL INSTRUMENTS (continued)**

**c) Market Risk**

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

**i) Cash flow and fair value interest rate risk**

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

**ii) Foreign Currency Risk**

The NHS Board is not exposed to foreign exchange rates.

**iii) Price risk**

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

**c FAIR VALUE ESTIMATION**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**26. RELATED PARTY TRANSACTIONS**

NHS Borders is a child of the Scottish Government Health Department (SGHD). The SGHD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Department and with other entities for which the department is regarded as the parent department.

In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Customs & Excise; Scottish Borders Council; and various NHS Bodies in England and Wales.

The Health Board is the corporate trustee of charitable endowment funds of £2.848m as at 31 March 2013 (2012: £3.624m)

No board member, key manager or other related party has undertaken any material transactions with the Board during the year.

Scottish Borders Council

Due to	£1.293m
Due from	£0.974m
Income from	£1.515m
Expenditure with	£6.862m

**BORDERS HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**27. SEGMENT INFORMATION**

Segmental information as required under IFRS has been reported for each strategic objective

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

The operating segments of the Board are as follows:

Clinical Executive - expenditure incurred providing healthcare for its resident population within the Board area

Family Health Services - expenditure incurred by the Board on services which are delivered through the four independent contractor streams i.e. GP Practices, Community Pharmacists, General Dental Practitioners and Optometrists.

Commissioning of Healthcare - expenditure on the provision of healthcare for its resident population which is delivered by other healthcare providers outwith the Board area

Central and Support Costs - expenditure incurred by the Board for corporate and support services to assist the delivery of healthcare for the resident population of the Board

Note	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2013 £'000
<b>Net operating cost *</b>	118,531	47,620	24,180	14,692	<b>205,023</b>

**SEGMENT INFORMATION - PRIOR YEAR**

Note	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2012 £'000
<b>Net operating cost *</b>	113,203	47,446	24,912	15,607	<b>201,168</b>

**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**28. THIRD PARTY ASSETS**

Third Party Assets managed by the Board consist of balances on Patients' Private Funds Accounts

The Board has a responsibility to provide safe custody for money and other personal property handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival.

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	<b>2012</b>	<b>Gross Inflows</b>	<b>Gross Outflows</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Monetary amounts such as bank balances and monies on deposit	93	66	(75)	83
<b>Total Monetary Assets</b>	<b>93</b>	<b>66</b>	<b>(75)</b>	<b>83</b>



**BORDERS HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**29. EXIT PACKAGES**

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
<£10,000	0	2	2
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	2	2
£50,000 - £100,000	0	1	1
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
>£200,000	0	0	0
<b>Total number exit packages by type</b>	<b>0</b>	<b>5</b>	<b>5</b>
<b>Total resource cost (£'000)</b>	<b>0</b>	<b>170</b>	<b>170</b>

**EXIT PACKAGES - PRIOR YEAR 2012-13**

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
<£10,000	0	2	2
£10,000 - £25,000	0	3	3
£25,000 - £50,000	0	3	3
£50,000 - £100,000	0	0	0
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
>£200,000	0	0	0
<b>Total number exit packages by type</b>	<b>0</b>	<b>8</b>	<b>8</b>
<b>Total resource cost (£'000)</b>	<b>0</b>	<b>171</b>	<b>171</b>

## **BORDERS HEALTH BOARD**

### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

##### **1. Authority**

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 29 of this Accounting Policies note.

##### **2. Basis of Consolidation**

As directed by the Scottish Ministers, the financial statements do not consolidate the “The Difference” endowment funds for which the Health Board is a corporate trustee. Transactions between the Board and the “The Difference” are disclosed as related party transactions, where appropriate, in note 26 (Pg 71) to the financial statements.”

##### **3. Prior Year Adjustments**

No prior year adjustments have been noted to the 2012-13 accounts.

##### **4. Going Concern**

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

##### **5. Accounting Convention**

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

##### **6. Funding**

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

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

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

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

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

Funding for the acquisition of Property, Plant & Equipment received from the Scottish Government is credited to the general fund when cash is drawn down.

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

## **7. Property, plant and equipment**

The treatment of Property, Plant and Equipment in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the [NHS Capital Accounting Manual](#).

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

### **7.1 Recognition**

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

All assets falling into the following categories are capitalised:

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

### **7.2 Measurement**

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

Non specialised land and buildings, such as offices, are stated at fair value.

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets by applying appropriate price indices issued by SGHD. A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

Subsequent expenditure:

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

Revaluations and Impairment:

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

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the operating cost statement.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Other Comprehensive Expenditure.

### 7.3 Depreciation

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

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

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

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings (including structure; engineering; and external plant)	8-70 years
Site Services	10-90 years
Surfacing	5-90 years
Moveable engineering plant and equipment and long-life medical equipment	15 years
Furniture and medium-life medical equipment	10 years

Short to Medium Life Medical Equipment	7 years
Mainframe information technology installations	8 years
Vehicles and soft furnishings	5-10 years
Office, information technology, short-life medical and other equipment	5 years

## 8. Intangible Assets

### 8.1 Recognition

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

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

The main classes of intangible assets recognised are:

#### Software:

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

#### Software licences:

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

### 8.2 Measurement

#### Valuation:

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

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

#### Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the operating cost statement, in which case they are recognised in income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the operating cost statement.

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

### 8.3 Amortisation

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the operating cost statement on each main class of intangible asset as follows:

- 1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life
- 3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

<b>Asset Category/Component</b>	<b>Useful Life</b>
Application Software	5-10 years
Software Licences	5-10 years

#### **9. Non-current assets held for sale**

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

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

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

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

#### **10. Donated Assets**

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. Donated assets are accounted for in accordance with ISA16 in the same way as other assets of the same type.

The accounting treatment, including the method of valuation, follows the rules in the [NHS Capital Accounting Manual](#).

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

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

**12. Leasing**

**Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Operating Cost Statement.

**Operating leases**

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

**Leases of land and buildings**

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

**13. Impairment of non-financial assets**

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

**14. General Fund Receivables and Payables**

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

**15. Inventories**

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

**16. Losses and Special Payments**

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

**17. Employee Benefits**

**Short-term Employee Benefits**

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

**Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the operating cost statement represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating cost statement at the time the Board commits itself to the retirement, regardless of the method of payment.

**18. Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to an annual limit. Costs above this limit are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS Borders provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' are assessed on an individual basis and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

**19. Related Party Transactions**

Material related party transactions are disclosed in the note 26 (Pg 71) in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4 (Pg 44).



**20. Value Added Tax**

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

**21. Provisions**

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

**22. Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 18 (Pg 60) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 18 (Pg 60), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

**23. Corresponding Amounts**

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

**24. Financial Instruments**

**Financial assets**

Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Board does not trade in derivatives and does not apply hedge accounting.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

### Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

#### (a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the operating cost statement.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the operating cost statement.

#### (b) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the operating cost statement. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the operating cost statement.

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the operating cost statement. Dividends on available-for-sale equity instruments are recognised in the operating cost statement when the Board's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the operating cost statement. Impairment losses recognised in the operating cost statement on equity instruments are not reversed through the income statement.

## **Financial Liabilities**

### Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

(b) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The NHS Board's other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement

Financial liabilities are recognised when the NHS Board Scotland becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the operating cost statement.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**25. Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in notes 4 to 7 for Hospital & Community, Family Health and Other Service and Administration Costs, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

**26. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Office of the Paymaster General and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**27. Foreign exchange**

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

## **28. Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in note 28 (Pg 73) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

## **29. Key sources of judgement and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

**Equal Pay Claims:** NHS Borders has received 18 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. NHS Borders has used the advice from the NHS Scotland Central Legal Office and Equal Pay Unit. It is not practicable to attempt to make any estimate of financial liability at this stage because the lack of information available would mean that any such estimate would be likely to be misleading.

**Pension Provision:** The pension provision is calculated using information received from the Scottish Public Pension Agency relating to former NHS Borders employees for whom NHS Borders have an on-going pension liability. The liability is calculated using information obtained from SPPA and discount rates as per SGHD guidance.

**Clinical and Medical Negligence Provision:** The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders. The provision covers all claims classified as category 3 and category 2 which have been assessed as having a probability of settlement.