



BORDERS HEALTH BOARD

**ANNUAL REPORT AND
ACCOUNTS**

2016/17

BORDERS HEALTH BOARD
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PERFORMANCE REPORT

a) OVERVIEW

1. Statement from the Chief Executive

2016/17 was a challenging year for the Board but also one of significant achievement. During the year we have invested significantly again in both revenue and capital terms in order to ensure that the local population continue to enjoy access to high quality health care services.

Some key areas of achievement include consistent attainment of over 95% of all patients seen at our Emergency Department within four hours, delivery on the national cancer waiting times targets and good performance on a number of health preventions standards.

We have used our capital resources to continue to improve the means by which we provide health care focusing during 2016/17 on primary care premises specifically this year in Eyemouth and Knoll Health Centres and Roxburgh Street Replacement GP Surgery in Galashiels as well as replacing on a rolling basis our estate, medical and IM&T equipment. We also delivered on our statutory financial targets. Based on the Local Delivery Plan standards, a measure of the quality of the services we provide, we continue to perform well. Services continue to respond to pressures arising from population demographics, changes in clinical practice and increased patient expectations by developing revised ways of working, strengthening the multidisciplinary team approach and encouraging greater involvement of patients and the population as a whole to take responsibility for the improvement of health and the delivery of local healthcare.

NHS Borders is in the process of developing its clinical strategy as per our agreed clinical principles and in line with national developments and direction. This will support and complement the Strategic Commissioning plan of the Scottish Borders Integration Joint Board which was established on 6th February 2016 with a view to developing health and social care in Borders.

The dedication and professionalism shown by our staff has resulted in the key improvements to patient care we have successfully introduced throughout the year. In line with the corporate objectives, which were refreshed during 2016, the Board remains fully committed to promoting excellence in organisational behaviour. This has been further enforced by the introduction of a values based recruitment process, where employees are recruited based on qualifications, experience and demonstration of the core values of our organisation. We have also highlighted other areas of good practice within our 2016/17 Staff Governance Framework Report and will build on these in the coming year.

There are many challenges which lie ahead for NHS Borders but with the dedication and commitment shown during 2016/17 the Board is well placed to continue to deliver high quality healthcare for the Borders population.

Full details of the above and the many other key Board achievements during 2016/17 will be published in the Board Annual Report which will be available during in 2017/18 from the office of the Chair and Chief Executive.

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a) OVERVIEW (continued)

2. Principal activities and review of the year

The NHS Board was established in 1972 under the National Health Service (Scotland) Act 1972 and is responsible for commissioning health care services for the residents of the Scottish Borders, a total population of 117,685 as recorded on the GP Practice List as at 31st March 2017 (2015/16 - 117,029):

The NHS Board is the governing body responsible and accountable for improving the health of the local population and delivering the healthcare they require. The overall purpose of the NHS Board is to govern an efficient and effective local NHS and to provide strategic leadership and direction for the system as a whole.

The NHS Borders Code of Corporate Governance details the following as the overall purpose, role and functions of the Board.

The overall purpose of Borders NHS Board is to:

- Review and ensure the efficient, effective and accountable governance of NHS Borders.
- Provide strategic leadership and direction.
- Focus on agreed outcomes.
- Work in partnership with the Scottish Borders Health and Social Care Integration Joint Board and Scottish Borders Council to deliver the Strategic Commissioning Plan and associated outcomes.

The Role of the Board is to:

- Provide and improve and protect the health of local people.
- Provide and improve health services for local people.
- Focus clearly on health outcomes and people's experience of NHS Borders.
- Work in conjunction with the Scottish Borders Health and Social Care Integration Joint Board to improve the wellbeing of people who use health and social care services.
- Improve community planning within the Scottish Borders through membership of the Community Planning Partnership.
- Be accountable for the performance of NHS Borders as a whole.
- Involve the public in the design and delivery of healthcare services.

The Functions of the Board are to:

- Set the strategic direction of NHS Borders within the overall policies and priorities of the Scottish Parliament and the Scottish Government, define its annual and longer-term objectives and agree plans to achieve them.
- Delegate functions and related resources to the Scottish Borders Health and Social Care Integration Joint Board in line with legislation (Joint Working Act 2014).
- Deliver services as commissioned by the Scottish Borders Health and Social Care Integration Joint Board in line with the agreed Health and Social Care Implementation Strategic Commissioning Plan.
- Approve resource allocation to address local priorities.

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a) OVERVIEW (continued)

The Functions of the Board are to:

- Ensure effective financial stewardship through value for money, financial control and financial planning and strategy.
- Oversee implementation and delivery of the Local Delivery Plan.
- Manage the performance of NHS Borders, including risk management, by monitoring performance against objectives and ensuring corrective action is taken when necessary.
- Appoint, appraise and remunerate senior executives. Be responsible for the recruitment, and authorise the appointment of, consultants as required under the National Health Service (Appointment of Consultants) (Scotland) Regulation 2009.
- Approve governance arrangements for NHS Borders which the Board will discharge including through the Standing Committees of Audit, Clinical, Staff and Public Governance.

2016/17 Business Activities

In August 2016 the Board revisited and refreshed its corporate objectives which outline the high level aims of the organisation, reflected in the Local Delivery Plan as well as our local commitments and priorities. Following review and discussion at the NHS Board it was agreed that the objectives already in place continued to be relevant for NHS Borders with some minor amendments. In particular, it was proposed that our number one priority wording be revised from “Patient safety is our number one priority” to “Safe patient care is our number one priority”, as this more accurately reflects the position and that the format also be amended to reflect the importance of our organisational values. These refreshed objectives and values are publicly displayed across the organization and form a key part of staff recruitment and induction.

To support the delivery of high quality safe services the Board as every Strategy and Performance Committee allocates a section of the agenda to patient stories which allows the Board to receive direct feedback from service users. In addition during 2016 the Board implemented Patient Opinion, an online independent feedback service that aims to promote honest and meaningful conversations between patients and health services. Patient Opinion enables us to engage constructively with patients and carers using our services, respond to their concerns and share feedback with staff. The Board agreed in April 2017 to move to full subscription for this system which will mean that individual services will be able to review and respond to posts. Regular updates on patient feedback are provided to the Board. This approach supports the organisational values and allows the Board to reflect on how it can be used to drive improvements.

Fundamental to delivering the objectives of the organisation is the clinical strategy. The following strategic principles were agreed in August 2014:

- Services will be Safe, Effective and High Quality.
- Services will be Person-Centred and Seamless.
- Health Improvement and Prevention will be as important as treatment of illness.
- Services will be delivered as close to home as possible.

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a) OVERVIEW (continued)

2016/17 Business Activities

- As a consequence of the above principle, admission to hospital will only happen when necessary, and will be brief and smooth.
- We are committed to working in Partnership with staff, communities and other organisations to deliver the best outcomes for the people we serve.
- Services will be delivered efficiently, within available means.

NHS Borders services are required to demonstrate compliance against the agreed principles and identify changes that are necessary in order to comply fully with these. These 7 key principles form the basis for the future design and development of clinical services across NHS Borders.

By August of 2016 it was recognised that since commencing the Health in Your Hands: What Matters to You? engagement exercise and the review of inpatient services against the 7 key principles the context in which NHS Borders operates had changed, as a result of a number of initiatives. An assessment of what these changes might have on our current strategy activities alongside a stock take of progress of the work to date was initiated and took place over late summer and into autumn 2016. This highlighted that the development of a vision for services locally needed to shift to a longer term view, and that this should be developed for services across NHS Borders, not just inpatient units. Following this nine over-arching strategic work-streams were identified in order to help conclude the development of our Clinical Strategy. As a result a number of workshops have been held with key stakeholders to consider current and future challenges, and to discuss new and emerging service models both locally and nationally. A Clinical Strategy document is currently being prepared based on all of the work to date which will be brought forward for consideration by the Board at its meeting in June 2017. This will set the key strategic principles already approved by the Board within the context of NHS Borders services and our vision for the future. This will be the plan which sets out the direction of travel which we must take if we are to address the future clinical health and care needs and requirements for our local population.

The Board is committed to communities being co-owners and partners in the NHS and the concept of mutuality. We plan to undertake a further engagement and consultation exercise over the summer months after the Clinical Strategy is published to secure additional feedback from patients, carers, members of the public and our wider stakeholders.

To underpin the clinical strategy the 2016/19 NHS Borders Workforce Plan has been developed using the NHS Scotland six steps methodology and outlines the anticipated changes in the workforce in the next three years. Of the current workforce of 3,718 staff 1.02% are aged 65 and over. The workforce is predominantly female (81%), with the total workforce having an average age of 44. The plan identifies our intention to seek to enhance our staff engagement, recognising that a positive staff experience will lead to better patient care.

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a) OVERVIEW (continued)

2016/17 Business Activities

This is underpinned by the key values of NHS Borders, which are:

- Care and Compassion
- Quality and Teamwork
- Openness, Honesty and Responsibility
- Dignity and Respect

NHS Borders, in common with all public sector organisations, is currently undergoing significant change in response to both national and local policy. One area being progressed is further Joint Workforce Planning with the Scottish Borders Integration Joint Board to improve understanding of workforce planning issues across organisational boundaries. Our future plans include the establishment of a more proactive Recruitment and Retention Strategy, which will for example support staff approaching retirement age to work more flexibly and highlight the promotion of Return to Practice across relevant staff groups.

NHS Scotland has not undertaken a staff survey since 2015 but has focused on the roll out of iMatter. This is a new tool designed with staff in NHS Scotland to help individuals, teams and Health Boards understand and improve staff experience. Staff experience is a term used to describe the extent to which employees feel motivated, supported and cared for at work. This was implemented in NHS Borders in 2015 and rolled out during 2016/17 across the organisation. The findings from the work during the last year will be included in the staff monitoring return which is due to be submitted to Scottish Government during 2017.

The creation of a fully functioning Scottish Borders Integration Joint Board (IJB) from 1st April 2016 has impacted on the way NHS Borders has worked with partners during 2016/17. The IJB has agreed a strategic commissioning plan which details its local strategic objectives which are in line with The Nine National Health and Wellbeing Outcomes. For the early part of the year there was a clear focus on the set up and implementation of the new governance arrangements for the new entity. During the year the partnership has focused on reducing the number of delayed discharges and the number of inappropriate admissions to hospital. A number of specific priorities for the partnership were identified for 2016/17 and the Integrated Care Fund (ICF) of £2.13m per year has been used to trial these as well as to assist, support and develop the integration of Health and Social care services.

3. Risk and Uncertainty

The Board's Local Delivery Plan summarises the key risks facing NHS Borders in the delivery of services together with the measures in place to mitigate those risks. The key challenge for the Board is to manage these risks in a way that ensures the continued delivery of quality clinical services, a high standard of operational performance whilst achieving our financial targets.

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a) OVERVIEW (continued)

3. Risk and Uncertainty

Although financial targets were achieved in 2016/17 this was a result of a number of non recurring measures to address the operational pressures and efficiency shortfall the Board encountered during the financial year. There were a number of operational pressures, particularly linked to the patient flow and increasing number of delayed discharges. This resulted in the need to open additional beds at significant cost. Due to workforce pressures the Board incurred an increased level of resources on agency nurses and agency locum medical staff cost to ensure that services continued to be delivered. UNPAC (unplanned patient out of area activity) was a further area of pressure as well the increased cost of certain drugs particularly those prescribed by primary care staff which were nationally in short supply.

As part of the 2016/17 financial plan the Board set itself a challenging efficiency target of £11.4m. Although £8.1m of efficiency savings were delivered in year, which was a significant achievement, this fell short of the target. In addition the recurring element of £8.7m was not fully achieved with a recurring shortfall of £4.9m being carried forward into 2017/18. This is an increase from the shortfall of £1.7m which was unmet in 2015/16.

The organisation worked hard to address all of these pressures and used its contingency funds, slippage on the capital programme and additional funding directed from the Integration Joint Board and Scottish Government to offset overspending areas.

Notwithstanding the financial and operational pressures the Board has encountered a number of key challenges and risks during 2016/17 which include the following:

- The impact of changing demographics with both overall numbers and the proportion of elderly in the population rising year on year, this trend is forecast to continue. The board has put in place a transformational change programme to consider how it can redesign services to meet the increasing demand from the finite level of resources available.
- Workforce including recruitment and supply, the age profile and succession planning are risks identified in NHS Borders workforce plan with associated agreed actions.
- Feedback from junior doctors in training resulted in a trigger visit from the South East Deanery. The Board reacted swiftly to this risk to future junior doctor placements with an action plan to address the concerns which was implemented during 2016/17.
- The risk of an aging IM&T infrastructure was clearly highlighted to the Board following both internal and an external review undertaken during 2016/17. The Board is planning to redirect resources and undertake a number of pieces of work to potentially identify additional resources to address this significant risk.
- A good quality but aging estate which in the short term, through ongoing maintenance, is managed and continues to meet the needs of services but for the longer term a business case in line with the Scottish Capital Investment Manual will be produced and submitted to national Capital Investment Group.

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a) OVERVIEW (continued)

3. Risk and Uncertainty

- Through the Property and Asset Management Strategy (PAMS) risks associated with ageing equipment infrastructure have been identified. A robust prioritisation process is in place to ensure the highest priority items are replaced.
- The challenges and the complexities of planning and delivering services have been further increased with the creation of Health and Social Care Integration Joint Board (IJB) from 1st April 2016 and the requirement to develop regional plans as set out in the 2017/18 Local Delivery Planning Guidance. These changes also bring significant opportunities.
- During the year there was a significant turnover of senior managers across the organisation but most notably the Medical Director, Chief Officer and Director of Nursing and Acute Care. The Board put in place temporary arrangements until permanent replacements for these key posts were in place.

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b) PERFORMANCE ANALYSIS

NHS Borders fully achieved its financial targets for 2016/17.

NHS Borders performance against key financial and non financial targets is detailed in sections below:

2.1 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.
- 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 financial statements reported for the Borders Health Board Endowment Funds are excluded from the financial targets set for NHS Borders.

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

	Limit set by SGHSCD £000	Actual Outturn £000	Variance (Over)/Under £000
Core Revenue Resource Limit	220,580	220,516	64
Non Core Revenue Resource Limit	10,516	10,516	0
Core Capital Resource Limit	5,034	5,027	7
Non Core Capital Resource Limit	0	0	0
Cash Requirement	234,696	234,696	0

Memorandum for In Year Outturn	£000
Brought forward surplus from previous financial year	90
Excess against in year total Revenue Resource Limit	(26)
Net savings against 2016/17 Revenue Resource Limit (RRL)	64

In line with NHS Scotland's strategy NHS Borders is required to continuously improve the quality and efficiency of its services. A key element of the Board's plan to attain a financial breakeven outturn in 2016/17 was the achievement of its cost efficiency target. Although £8.1m of efficiency savings were delivered in year this fell short of the challenging efficiency savings target of £11.4m. In addition the recurring element of £8.7m was not fully achieved with a recurring shortfall of £4.9m will be carried forward into 2017/18.

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b) PERFORMANCE ANALYSIS (continued)

Annual Accounts Preparation and Consolidation

Consolidated within the Annual Accounts are the Borders Health Board Endowment Funds (known as 'The Difference') with International Accounting Standards (IAS) 27. "Consolidated and Separate Financial Statements".

NHS Borders is the corporate trustee of the 'The Difference' and the charity's objectives are for the benefit of NHS Borders.

The main financial statements disclose the NHS Borders' financial position alongside that of the group which is the consolidation of NHS Borders and 'The Difference'.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of Integration Joint Boards (IJB) using the equity method of accounting.

Note 29 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

NHS Borders operated in a shadow partnership arrangement with the Scottish Borders Integration Joint Board in 2015/16 thereby comparator information is not given.

- **Scottish Borders Integration Joint Board**

NHS Borders delegated services and provided resources for those services during 2016/17 to the Integration Joint Board, the financial details of which are noted in the following table:

Provision of Resources	£'000
Delegated Services	91,132
Social Care Fund	5,267
Integrated Care Fund	2,130
Health Board contribution to financial outturn	3,838
Scottish Government Ring Fenced Allocations	668
Sub-total Provision of Resources	103,035
IJB Set Aside Budgets	20,363
Total Provision of Resources	123,398

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b) PERFORMANCE ANALYSIS (continued)

- **Scottish Borders Integration Joint Board**

The Delegated Resources and the Commissioned Services are disclosed within Note 8 – Income and Note 4 – Expenditure of the Board's Annual Report and Accounts 2016/17.

The Scottish Borders Integration Joint Board 2016/17 Annual Accounts will be available from the Scottish Borders Council website www.scotborders.gov.uk. The IJB recorded a breakeven position for financial year 2016/17 on commissioned services from NHS Borders.

- **Capital Investment**

The Board approved the following capital investment projects during 2016/17:

- Finalisation of the Stage 2 detailed design work on the Roxburgh Street Replacement Surgery in Galashiels with subsequent award of the construction contract through Hub South East Territory. Work started on site during May 2016 with anticipated completion in May 2017.
- Detailed design and award of tender for extension and reconfiguration works to Eyemouth and Knoll Health Centres as well as detailed design works on Health Centres at Melrose, Earlston and West Linton as the final phase of the Primary Care Premises Programme.
- Took forward a number of energy efficiency projects including LED Lighting and Boiler replacements at several Board properties.
- Purchase of a replacement Gamma Camera CT for the radiology service.
- Completion of the upgrade of the Mental Health Inpatient Ward at Melburn Lodge, for which the Board received a financial contribution from the Royal Voluntary Service (RVS).
- Continuing investment in rolling replacement programmes for NHS Borders Estate (£567k), IM&T (£453k) and Medical Equipment (£333k).

- **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 Board consistently reports a good level of performance against both the 30 day contractual and the aspirational 10 day payment targets.

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b) PERFORMANCE ANALYSIS (continued)

- **Payment Policy**

NHS Borders endeavours 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:

	2016/17	2015/16
Average period of credit taken	8 days	9 days
Percentage of invoices paid within 30 days:		
- by volume	94%	94%
- by value	89%	90%
Percentage of invoices paid within 10 days:		
- by volume	83%	83%
- by value	77%	76%

- **Parliamentary Accountability Reporting**

NHS Borders is required to report against the elements of the Parliamentary Accountability Report including Losses and Special Payments and Fees and Charges.

Losses and Special Payments

On occasion the Board may be required to write off balances which are no longer recoverable. Losses and special payments over £250k require formal approval to regularise such transactions and their notation in the annual accounts.

The Board has not approved any write off of losses and special payments during 2016/17 or in the prior year 2015/16 and includes the following nil disclosure for information.

	2016/17	£000	2015/16	£000
	No of cases		No of Cases	
Claims Abandoned	0	Nil	0	Nil
Stores Losses : deterioration	0	Nil	0	Nil
Damage to buildings and fixtures	0	Nil	0	Nil
Total	0	Nil	0	Nil

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Borders charges for services provided on a full costs basis, wherever applicable. The Parliamentary Accountability Report requires disclosure where fees and charges for services have a full annual cost of £1m or more. NHS Borders notes a nil disclosure for 2016/17 and in the prior year 2015/16 for this section of the report.

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b) PERFORMANCE ANALYSIS (continued)

• **Provisions and Liabilities**

The following provisions and liabilities are included in the Board's 2016/17 Annual Accounts:

	Page	2016/17	2015/16
Provision for bad and doubtful debts	91	£0.328m	£0.267m
Trade and other payables (payable within 1 yr)	95	£35.372m	£35.434m
Accrual for outstanding Annual Leave	95	£2.083m	£2.133m
Clinical & Medical Legal Claims	97	£1.374m	£1.010m
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	97	£8.591m*	£3.801m
Pensions and similar obligations	97	£1.553m	£1.480m

* The increase reported of £4.790m as part of the Boards participation in CNORIS relates to the NHS Borders proportion of the NHS Scotland provision for liability of outstanding Clinical Medical Negligence claims.

Full details of the provision held by the Board are reported in note 17 of the accounts (pgs 96-97).

• **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 extrapolated these results 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.

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b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

The Board's Local Delivery Plan (LDP) submission in 2016/17 details national standards for specified indicators of performance in four key areas, Health improvement, Efficiency, Access and Treatment. As part of the Local Delivery Plan submission to the Scottish Government, the NHS Board commits to achieving a number of national standards and also gives details a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks.

NHS Borders Board reviews the performance of the organisation at each Board meeting and this is facilitated through the production of performance reports showing progress towards achievement of the national standards agreed through the local delivery plan as well as local targets. It also details the key actions that services are taking if trajectories are not being delivered. This is considered, scrutinised and challenged by the Board at each meeting. At the end of 2016/17 a full review and refresh of the board (and clinical board and service scorecards which underpin the Board information) performance report was undertaken to ensure they reflected national and local objectives.

2016/17 End of Year Performance against Local Delivery Plan Standards

The following table presents the assessment of performance in relation to the 2016/17 standards:

	DESCRIPTION of STANDARD	MONITORING FREQUENCY	STANDARD STATUS
Health of Population	To achieve 173 of 12 weeks successful quits in Smoking cessation in most deprived areas (cumulative)	Quarterly	RED
Value and Sustainability	Boards to operate within agreed revenue resource limit, capital resource limit and meet cash requirement	Monthly	GREEN
	80% of eKSF (electronic Knowledge & Skill Framework) annual reviews complete	Monthly	AMBER
	80% of Personal Development Plans (PDP's) recorded on eKSF	Monthly	RED
	Sickness Absence Rate of 4%	Monthly	RED
Quality	18 Weeks RTT (Referral To Treatment): no waits over 12 weeks for outpatients	Monthly	RED
	18 weeks RTT: no waits over 12 weeks for inpatients	Monthly	RED
	18 weeks RTT: 90% performance for the Admitted Pathway	Monthly	RED
	18 weeks RTT: 90% performance for the Admitted Linked Pathway	Monthly	GREEN

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2016/17 End of Year Performance against Local Delivery Plan Standards

	DESCRIPTION of STANDARD	MONITORING FREQUENCY	STANDARD STATUS
Quality	18 weeks RTT: 90 % performance for the Non-admitted Pathway	Monthly	GREEN
	18 weeks RTT: 90% performance for the Non-admitted Linked Pathway	Monthly	GREEN
	Target of 90% for Combined Performance	Monthly	GREEN
	Target of 90% for Combined Performance Linked Pathway	Monthly	GREEN
	No CAMHS (Child & Adolescent Mental Health Services) waits over 18 weeks	Monthly	GREEN
	No Psychological Therapy waits over 18 weeks	Monthly	RED
	No Delayed Discharges over 2 weeks	Monthly	RED
	90% of Alcohol/Drug Referrals into Treatment within 3 weeks	Monthly	AMBER
	Target of 3,685 as emergency occupied bed days for those patients aged 75 or over (per 1,000)	Monthly	GREEN
	Diagnosis of dementia (Target of 1116)	Monthly	AMBER
	90% of admissions to the Stroke Unit within 1 day of admission	Monthly	AMBER
	95% target for treatment within 62 days for Urgent Referrals of Suspicion of Cancer	Monthly	GREEN
	95% target for treatment within 31 days of decision to treat for all Patients diagnosed with Cancer	Monthly	GREEN
	New patient did not attend (DNA) rate at 4%	Monthly	RED
	95% of waits for A&E under 4 hours	Monthly	AMBER
	Same day surgery at 86%	Monthly	AMBER
	Pre-operative stay reduced to 0.47 days	Monthly	GREEN

Areas of good performance at the end of March 2017 are detailed below:

- Financial targets were achieved.
- 86% of patients were admitted on the same day as their surgery.
- National targets relating to cancer were achieved.
- The combined referral to treatment target (RTT) was met.
- No child waited for more than 18 weeks for CAMHS.

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b) PERFORMANCE ANALYSIS (continued)

2016/17 End of Year Performance against Local Delivery Plan Standards

The main areas where current performance has been outwith the trajectory are listed below:

- The sickness absence rate has been outwith the standard of 4%.
- The new patient DNA rate has been outwith the 4%.
- eKSF and PDP's recorded did not achieve the overall NHS Borders standard of 80%.
- 490 patients waited over 12 weeks for an outpatient appointment in March 2017.
- 54 patients waited over 12 weeks for an inpatient appointment in March 2017.
- The 12 week Treatment Time Guarantee has not been met.
- 14 patients were delayed more than 2 weeks for their discharge from hospital in March 2017. The standard has not been met during 2016/17.

During the course of the year a number of service "deep dive" reviews, including Physiotherapy MSK waiting times and Did Not Attend levels, have been undertaken at the Board Development and Strategy and performance sessions so service leads can outline key risks, issues and actions in more detail to Board members to provide an additional scrutiny and assurance opportunity.

Performance monitoring is in place across the organisation with mainly quarterly reviews of service performance scorecards taking place. The Clinical Executive Operational Group undertook a number of "under the spotlight reviews" during 2016/17 which included the following areas:

- CAMHS
- Delayed Discharges and Delays in the System
- Winter Plan
- Cancellations
- Infection Control
- MSK Waiting Times
- Falls
- Pressure Injuries Update
- Health & Safety Performance
- Sickness Absence
- Dementia
- Waiting Times
- Psychological Waiting Times
- eKSF & PDP
- Delayed Discharges

Full details on performance against targets including the Local Delivery Plan Standards as well as locally agreed targets can be found in the Performance reports, available on the NHS Borders website <http://www.nhsborders.org.uk>

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b) PERFORMANCE ANALYSIS (continued)

2.3 Sustainability and Environmental Reporting

In 2008 in conjunction with the Carbon Trust, the Board produced a Carbon Management Plan (CMP) aimed at addressing a substantial reduction in its carbon impact by 2016 utilising a baseline year of 2007. The Board at that time had an annual energy spend of £2.4m and a carbon footprint of 12,318 tonnes of CO₂, and a progressive target was set to reduce its carbon impact by no less than 30% by 2016, a target which required total organisational buy-in and capital investment to fund CMP projects.

The target set was not met by 2016 due to some CMP projects on further investigation being withdrawn from the plan and the restricted availability of CMP project capital funding; however by 31 March 2017 the annual emissions have been reduced by 18% to a carbon footprint of 10,049 tonnes of CO₂.

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) via inclusion in the annual Property and Asset Management Strategy report and in the annual Public Sector Sustainability Report.

This information is also used to monitor compliance with Local Delivery Plan standards (formerly HEAT Targets) which are reported by HFS quarterly. The initial phase running to 2015/16 indicated that compared with a 2009/10 base date, NHS Borders had achieved an energy efficiency reduction of 9.87% against a target of 5.85%, and a CO₂ reduction of 22.58% against a target of 16.71%. The initial phase of targets were only based on in-patient areas and after discussion it was agreed with HFS that going forward the targets would be based on the Boards whole estate with the base year being an average of three years covering the period 2013 to 2016. This current phase runs to 2019/2020 with a target energy efficiency reduction of 6.5% and a CO₂ reduction of 6.5% by 2020 compared to the base year, and at 31 March 2017 the Board has achieved an 8.9% energy efficiency reduction and a 7.2% CO₂ reduction.

In addition The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which NHS Borders is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Act, along with copies of prior year national reports, can be found at the following resource:

<http://www.keepsotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/>

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PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.3 Sustainability and Environmental Reporting

The reductions have been achieved by:

- 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 reducing unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring.
- Installation of biomass boilers at Hawick, Kelso and Knoll Community Hospitals, Huntlyburn & Melburn Lodge Mental Health Units and Stow and West Linton Health Centre continues to assist in reducing CO₂ emissions and providing fuel security for the sites.
- Replacement of older gas boilers with new energy efficient boilers, updating of controls and regular checks on operating times and temperatures.
- Introduction of LED lighting, both internally and externally on our existing buildings and specifying these along with photovoltaic panels (PV) on refurbishments and new build capital projects.
- Reducing waste sent to landfill by improving waste minimisation and recycling initiatives within our property portfolio and reducing paper consumption.
- Reducing emissions from our vehicle fleet by procuring fuel efficient vehicles and low emission vehicles allied to specific driver training and improved monitoring of the fleet.
- 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.
- The impact of climate change on the Board area during the period, with warmer, wetter days replacing cold, dry days during the winter period, when allied to the energy efficiencies detailed above has also assisted in reducing the consumption of fuel used to heat the estate.

Looking forward to 2020 and beyond, with the publication of the NHS Scotland Waste Management Action Plan 2016-2020, the Board has also been set targets for waste reduction and recycling rates. By 2020 the Board is committing to reducing domestic waste arising by 7% and by the year 2025 this commitment will rise to a 15% reduction against a 2012/13 base year. During the same period the commitment is that the Board will achieve a domestic waste recycling rate of 60%, rising to a rate of 70% by 2025 against a 2014/15 base year.



Signed
Chief Executive and Accountable Officer

29th June 2017

BORDERS HEALTH BOARD
ANNUAL REPORT AND ACCOUNTS 2016/2017

THE ACCOUNTABILITY REPORT

Corporate Governance Report

a) The Directors' Report

Naming Convention

NHS Borders is the common name for Borders Health Board.

Date of Issue

The financial statements were approved and authorised for issue by the Board on 29th June 2017.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General has appointed Audit Scotland to undertake the audit of NHS Borders for the period 2016/17 to 2021/22. 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.

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 the partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1st April 2016 to 31st March 2017 were as follows:

Non-Executive Members

Mr J Raine, Chair
Mrs P Alexander, Non-Executive Director
Cllr C Bhatia, Non-Executive Director
Mr D Davidson, Non-Executive Director
Mrs K Hamilton, Non-Executive Director
Dr S Mather, Non-Executive Director
Mr J McLaren, Non-Executive Director
Mrs K McNicoll, Non Executive Director (to 2nd August 2016)
Dr D Steele, Non-Executive Director
Mrs A Wilson, Non-Executive Director (from 1st August 2016)

BORDERS HEALTH BOARD

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Corporate Governance Report (continued)

a) The Directors' Report

Board Membership

Executive Members

Mrs J Davidson, Chief Executive

Mrs C Gillie, Director of Finance, Procurement, Estates and Facilities

Dr A Murray, Medical Director (to 13th February 2017)

Dr T Patterson, Interim Director of Public Health

Mrs E Rodger, Director of Nursing, Midwifery & Acute Services

Dr C Sharp, Interim Medical Director (from 14th February 2017)

Mrs J Smyth, Director of Workforce & Planning

The Board members' responsibilities in relation to the accounts are set out in section c) of the Corporate Governance Report. (pg 24).

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 107).

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 the Education Centre, Borders General Hospital, Melrose.

Access to the Register of Interest can be made via the Board's website <http://www.nhsborders.org.uk>.

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.

Pension Liabilities

The accounting policy note for pensions is provided in the Accounting Policy Note 1 (pg 72) and disclosure of the costs is shown within Note 23 (pg 102) and the Remuneration Report (pgs 37 - 53).

Remuneration for Non Audit Work

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

Value of Land

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

BORDERS HEALTH BOARD
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Corporate Governance Report (continued)

a) The Directors' Report

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>

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; and each director has taken all the steps he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

Events after the End of the Reporting Period

The following events, which occurred after the end of the Reporting Period, have been noted as they are of significance to the Board.

Capital Project – The draft 5 year Capital Plan 2017/18 to 2021/22 as approved by the Board and submitted to Scottish Government in March 2017 included a commitment of capital resources to the replacement of Theatre Ventilation Plant during 2017/18. The Board's Strategy and Performance Committee on the 4th May 2017 agreed to postpone the planned replacement of the ventilation system in 4 of its 5 theatres and to put in place annual inspections and the collation of performance data to monitor the situation and highlight any change ensuring appropriate action is taken if required. Note 21 which details the Board's Capital Plan for 2017/18 has therefore been amended to include the identified resource (£2.085m) as uncommitted pending further discussion by the Board relating to progressing other capital priorities.

Cyber Attack on Friday 12th May - The corporate risk recorded by the Board in relation to IM&T infrastructure was further reinforced with the impact of the international cyber attack which took place on the 12th May 2017. Three sites across NHS Borders were affected as well as one key file server however the attack was quickly contained to these areas. Virus software and patches were put in place and although there was disruption to services across the organisation no patient or non patient data was compromised. The Board continues to be presented with updates on the development of the business case for investment in IM&T across the organisation.

BORDERS HEALTH BOARD
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Corporate Governance Report (continued)

a) The Directors' Report

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 26 (pg 104-106).

Personal data related incidents

No personal data related incidents were reported to the information commissioner's office in 2016/17.

BORDERS HEALTH BOARD
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Corporate Governance Report (continued)

b) The Statement of Accountable Officer's responsibilities

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish Executive has appointed me as Accountable Officer of 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's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- Prepare the accounts on a going concern basis.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable.

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 1st January 2015.

Signed



29th June 2017

Chief Executive and Accountable Officer

BORDERS HEALTH BOARD
ANNUAL REPORT AND ACCOUNTS 2016/2017

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Corporate Governance Report (continued)

c) The Statement of Board Member's Responsibilities

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 2017 and of its operating costs for the year then ended. In preparing these accounts the Members' 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; and
- 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 Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Signed



29th June 2017

Chair

Signed



29th June 2017

Director of Finance

BORDERS HEALTH BOARD

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Corporate Governance Report (continued)

d) The 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 2017, and up to the date of approval of the annual report and accounts.

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

Governance Framework

The Accountable Officer is supported to discharge her responsibilities by the existence of the following governance framework

The Board

The Board met in public bi-monthly during the year to progress the business of the NHS Board.

Board Strategy & Performance Committee

The Board meets on alternate months to the public meeting as a Strategy & Performance Committee to continue to review key business activities including the financial position and the performance scorecard of the organisation.

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Corporate Governance Report (continued)

d) The Governance Statement

Standing Committees

The NHS Board is supported by a number of standing committees which are directly accountable to it:

- Clinical Governance
- Audit
- Staff Governance
- Public Governance
- Research Ethics
- Pharmacy Practices Committee

Minutes of each of the standing committees are noted by the full NHS Board.

The remit of each standing committees is noted below:

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 clinical governance controls are in place and effective across NHS Borders, and that the principles of clinical governance are applied to the health improvement activities of the Board.

Audit Committee

The purpose of the Audit Committee is to ensure compliance to the Board's Code of Corporate Governance and give assurance that an effective system of internal control is maintained. The duties of the Audit Committee are in accordance with the Scottish Government Audit Committee Handbook and include Internal Audit, External Audit and Annual Reports and Accounts.

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.

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.

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Corporate Governance Report (continued)

d) The Governance Statement

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.

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. The Committee did not meet during 2016/17 as no new applications were submitted.

Corporate Governance

Corporate Governance arrangements in place within the Board to support the Accountable Officer are detailed below:

- The Board operated to its organisational Vision, Values and Corporate Objectives as set for the 3 year period 2016-19. "Safe patient care is our number one priority" which reflects the Board's commitment to the population it serves and the organisational values by which care will be delivered. The Board has a 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 standards and key performance indicators.
- During 2016/17 the Board operated a corporate performance management and reporting framework. This included the ongoing development and review of Service/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 Local Delivery Plan standards, are reported to the Board on a regular basis.
- The standing committees of the Board refresh Terms of Reference on an annual basis as part of the update to the Board Code of Corporate Governance. This ensures explicit agreement of the purpose, core functions and delegated remit of each committee.
- The Board Member development programme is in place for the all members of the Board with 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 strengthens the Executives and Non Executive Directors to achieve their strategic and operational roles.

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Corporate Governance Report (continued)

d) The Governance Statement

- The standing committees, strategic and operational groups within the organisation are remitted to promote Best Value within NHS Borders thus ensure that all processes within the Board 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, and 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. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes assurance and evidence can be held demonstrating 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 and presented for approval to the Health Board on an annual basis. A detailed report presenting recommended changes to the Code specifically linked to the creation of the Scottish Borders Health and Social Care Integrated Joint Board as a legal entity with effect from 1st April 2016 was presented to the Board in February 2016. Further discussion took place in the early part of 2016/17 with the revised CoCG approved by the Board on the 27th October 2016.
- 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.

BORDERS HEALTH BOARD

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Corporate Governance Report (continued)

d) The Governance Statement

- 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 should be used to raise concerns where the interest of patients, staff or of NHS Borders is at risk. The Policy can be accessed via the Staff Intranet. NHS Borders received recommendations from Scottish Government linked to a national review of this area and as a result the Board produced a revised draft policy which has been issued for consultation before an updated policy is agreed early in 2017/18.
- 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.
- NHS Borders works in partnership to deliver, and continuously improve, the services it provides. The Areas Partnership Forum and Local Clinical Board Partnership Forums provide opportunity for management and staff side representatives to discuss, comment and agree organisational business.
- The Scottish Borders Health and Social Care Integration Joint Board (IJB) became a fully functioning legal entity on 1st April 2016. The IJB is supported by the Local Authority and NHS Board Joint Staff Forum, working within the agreed Scheme of Integration to jointly deliver the outcomes detailed in the Scottish Borders Strategic Commissioning Plan
- With effect from April 2016 NHS Borders provided resources to the IJB to undertake the functions delegated to it by the Health Board as set out in the Scheme of Integration. During its first year the IJB has delivered financial balance as well as the formation of the Locality Working Groups across the five localities in the Borders and the co-productive development of Locality Plans; the implementation of Community Hubs which puts communities and the people who live in them at the heart of improving access to health and social care; and the pilot development of the Buurtzorg model of nursing care which will deliver a collaborative and integrated approach to community based health and social care services.

BORDERS HEALTH BOARD

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Corporate Governance Report (continued)

d) The Governance Statement

- In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of the Scottish Borders IJB using the equity method of accounting.
- Assurance of process undertaken to set up the IJB has been given by Scottish Borders Council internal auditor. In addition during 2016/17 an audit of the health and social care integration financial and performance reporting and controls was undertaken as part of NHS Borders internal audit plan. The resultant report noted a classification of ‘Low Risk’ and included 3 findings made to strengthen the system and processes of internal control which are in place.
- The Board utilises many forms of communication including a monthly Corporate and Team Brief, Staff Share updates and the Intranet ‘Ask the Board’ facility; as well as leadership walkrounds by senior managers.
- In accordance with ‘IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the Borders Health Board Endowment Fund (known as ‘The Difference’). An unqualified audit opinion has been provided from the independently appointed auditors ‘Geoghegans’ following the 2016/17 audit of the Endowment Fund Financial Statements. The audit opinion includes that no significant issues were reported as part of the audit, with a number of recommendations being made which will be considered by the Trustees. This Governance Statement includes any relevant disclosure in respect of Endowment Funds.

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.

BORDERS HEALTH BOARD
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Corporate Governance Report (continued)

d) The Governance Statement

The control mechanisms are overseen and evaluated by the NHS Board, its standing committees (as detailed in this Governance Statement) 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;
- Clinical Board responsibility for Risk Management; and
- 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 achieving the objectives of Best Value;
- Third Party Assurance Reports;
- Annual Fraud Report; and
- Report on Losses and Compensation (SFR18)

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 as the Board's Accountable Officer 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 Scottish Public Finance Manual (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.

BORDERS HEALTH BOARD

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Corporate Governance Report (continued)

d) The Governance Statement

Risk Assessment

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

The Risk Management Strategy, policies and supporting guidelines provide the overall risk management framework for NHS Borders. The Board Risk Management arrangements were revised in 2015/16 with the operational accountability and responsibility structure being amended to reflect the clinical board governance groups directly reporting to the Clinical Executive Operational Group. Scrutiny and assurance arrangements to NHS Borders Board have been strengthened by the receipt of more robust governance reports from the Clinical Boards as well as Support Services Directorate particularly in relation to high risks.

The Board at the Strategy and Performance Committee on the 1st September 2016 received an update on the strategic risk register, including mitigating actions in place, and future plans to identify additional strategic risks to the organisation

An Audit and Review Protocol is in place that aims to continually improve the risk register information to ensure it is consistent, accurate and action plans linked to risk are robust. The audit will take place on a bi-annual basis. Risk owners have direct access to audit findings and recommendations with risk activity being reported to the Clinical Executive Operational Group in the Risk Management Report. In September 2016 and April 2017 the Audit Committee received an update on the very high risks across the organisation.

The Resilience Committee, reporting to the Clinical Executive Operational Group, is remitted to support the Chief Executive in the implementation of their duties in all areas of Resilience Planning within NHS Borders. The Resilience Committee submitted to the Audit Committee at its June 2016 meeting a 2016/17 work plan to set out how NHS Borders will fulfil its civil contingencies obligation. The Resilience Committee received assurance letters as part of its own governance process from the Borders General Hospital, Primary and Community Services and Mental Health Clinical Boards.

The Datix Risk Management system is utilised by the Board for healthcare risk management, incident reporting and adverse events reviews.

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.

During financial year 2016/17, the Information Governance Annual Assurance Report demonstrates that NHS Borders continues to embed the elements of information governance in the way business is conducted.

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Corporate Governance Report (continued)

d) The Governance Statement

Risk Assessment

Core business includes the Information Governance Action Plan exception reporting, Information Governance Incident Reporting, Freedom of Information, Information Security, Records Management and Data Quality and Staff Awareness and Training as standing agenda items of the Committee. The report noted that there had been no breach of information governance reported to the Commissioner by the Board in 2016/17.

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.

Disclosures

During the year ended 31 March 2017 in accordance with its remit, the Board Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2016/17, informed by a variety of sources but in particular the work of internal and external audit and assurances from those responsible for each of the governance streams. The following points were noted as part of this review:

2015/16 and 2016/17 Internal Audit - Implementation of recommendations to address identified high risks

Reports produced by Internal Audit following Internal Audit Reviews together with the progress made to implement the recommendations from the reviews is regularly reported to the Board Audit Committee. The reports note the risk category of the recommendation and the status of implementation. As at 31st March 2017, high risk recommendations reported from 2015/16 audit reviews have been progressed and implemented with 2 recommendations reported as outstanding, the first relating to staff training & development which is identified for completion within timeline of September 2017. The second 2015/16 outstanding recommendation relates to the Training of Junior Medical Staff review, in particular facilities being available to hold simulation training sessions. This recommendation is in progress with accommodation identified and being utilised however to maximise the benefit of this training approach additional accommodation is being sourced.

Senior Officers have also confirmed implementation of the 2016/17 high risk recommendation relating to the Agency and Locum Staff Review.

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Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

2016/17 Internal Audit - Annual Report

The Chief Internal Auditor Opinion for 2016/17 is noted as 'generally satisfactory with some improvements required'.

The Annual Report noted that Governance, risk management and control in relation to business critical areas are generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

Some improvements are required in those areas to enhance the effectiveness of the framework of governance, risk management and control.

The Chief Internal Auditor notes that the opinion is based on all audits undertaken during the year and detailed the key factors that contributed to the opinion given as summarised below:-

- One of the internal reports resulted in an overall rating of high risk. This was for the review of the Use of Agency and Locum Staff, which was undertaken for the first time in 2016/17. The rating of the report is indicative of the significance of the findings and the potential risks that these pose to NHS Borders. The report contained the only high risk finding during the year.
- Two of the twelve reviews completed were given an overall rating of medium, as follows:
 - Staff Disciplinary and Grievance, and
 - Risk Management

These reviews represent key areas for the Board in respect of the framework of governance, risk and control.

The opinion report notes where the audit team were able to identify areas of good practice with these being detailed within the final reports presented to the Audit Committee. The Auditor's report also noted a number of reports (8) where the overall risk rating was reported as low including Procurement, Waiting Times Management and Reporting and Health and Social Care Financial and Performance Reporting.

Senior Management within the organisation has agreed recommendations in relation to all audits undertaken and implementation of all recommendations will be monitored by the Audit Committee at each of its meetings during 2017/18.

BORDERS HEALTH BOARD
ANNUAL REPORT AND ACCOUNTS 2016/2017

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

2016/17 Local Delivery Plan Standards Performance

Strong performance against standards remains a key priority across all areas of NHS Borders. The key challenge for the Board is to ensure the continued delivery of quality clinical services and a high standard of operational performance whilst achieving financial targets. Performance against standards has been varied over 2016/17 (details provided on pages 14 to 16 of this report). The Board is regularly updated on progress made and actions taken to achieve the required standards. The financial and organisational pressures the organisation faced during 2016/17 did adversely impact on the delivery of a number of performance standards in the later part of the financial year.

2017/18 Financial Risk

The Board is facing a significant financial challenge in 2017/18 compounded by an element of recurring savings (£4.9m) which was not achieved recurrently in 2016/17 and will be carried forward into the new financial year. This is an increase in the level of recurring savings target which was unmet in 2015/16 (£1.7m).

The Board approved a 2017/18 financial plan, which was unbalanced on 6th April 2017 which set out in full the risks and assumptions taken into account by the plan. The 2017/18 plan projected a £3.8m shortfall with a number of high risk issues identified. The Board also received an outline indication of the size of financial challenge it is likely to face in the next three years. In light of the financial outlook and changing landscape both locally and nationally the Board has set up a transformation programme which will look to deliver financial sustainability and redesign services over the next few years. The Board is continuing to work with Scottish Government and the Integration Joint Board to support delivery of financial targets over that period.

IM&T Infrastructure and Clinical Risk

The Board Corporate Risk Register records the ageing and vulnerable IM&T infrastructure as high risk specifically with the increasing dependence of operational service delivery on key clinical systems. Plans are being progressed to make recommendation to the Board on actions and investment required to mitigate this risk. In addition a full report on the cyber attack experienced by the Board on the 12th May 2017 was presented to the June 2017 Audit Committee. The report will include the circumstances of the attack, the impact to the organisation and any required actions agreed and being progressed to address the issues reported.

Workforce

Delivery of the Board's services is dependent on having an appropriately skilled and available workforce. The Board continues to experience a risk in some services and specialities in terms of recruitment and the demographic profile of staff. The use of high cost agency staff to cover shortfalls is impacting adversely on the financial position.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

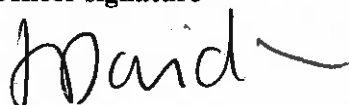
Integration Joint Board

The Board recognise the many opportunities Health and Social Care integration can bring to improve planning, service delivery and health and well being outcomes. However the creation of the Integration Joint Board does add complexity to the commissioning and delivery of health and social care functions in the Scottish Borders.

Delayed Discharges

The challenge linked to Delayed Discharges has impacted the Health Board, both from a patient flow and financial perspective across the health system. The creation of the Integration Joint Board which will work across health and social care boundaries is expected to remove a number of existing barriers.

Accountable Officer signature

A handwritten signature in black ink that reads "Jane Davidson". The signature is written in a cursive style with a long horizontal flourish at the end.

Jane Davidson,
Chief Executive and Accountable Officer
29 June 2017

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

a) Remuneration Report

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

All figures in the Remuneration and Staff Report are subject to audit.

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. K Hamilton, Dr. D Steele, Mr J McLaren (Employee Director) and was chaired by Mr. J Raine. Mrs J Davidson, Mrs J Smyth (Director of Workforce and Planning) 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.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

a) Remuneration Report

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

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 Employees' remuneration, in bandings of £2,500 and £5,000. The Board remunerates Non Executive Director in line with the Scottish Government Pay Terms and Conditions. Additional payment can be made to Non Executive Directors based on a daily rate to reflect additional commitment required to conduct Board business.

Changes to the Financial Reporting Manual (FReM) from reporting period 2013/14 required that a single remuneration figure be provided for Board Members and Senior Employees listed within the Remuneration Report. In addition separation of the details of remuneration from the details of pension values, in line with the Employee Pension Notice 380, has also been included for the current and previous year's figures.

The Senior Employees, which are in part charged to the Health Boards accounts through their roles of Chief Officer and the Chief Finance Officer for the Scottish Borders Integration Joint Board (IJB), are not included in the Health Board's Remuneration Report as these employees are reported within the 2016/17 IJB Annual Accounts Remuneration Report.

Hutton Fair Pay Review

The Hutton Fair Pay Review required that 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 completed following the guidance from Scottish Government which supports consistent reporting across NHS Scotland.

The ratio comparing March 2016 and March 2017 has reduced from 6.19 to 6.14 respectively. In 2016/17 the Board's Medical Director is the highest earning Director (2015/16 highest earning Director was the Interim Director of Public Health).

The salary range of NHS Borders employees is recorded as £16k to £176k in 2016/17 (£16k to £179k in 2015/16).

	2016/17	2015/16
Highest Earning Director's Total Remuneration (£'000s) Hutton	175-180	175-180
Median Total Remuneration	£28,908	£28,671
Ratio	6.14	6.19

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2017

	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
Remuneration of:							
Executive Members							
Chief Executive: Mrs J Davidson	110-115	*	*	110-115	28	140-145	
Interim Joint Director of Public Health: Dr T Patterson	165-170	2.7	*	165-170	*	165-170	1&2
Director of Finance: Mrs C Gillie	75-80	2.9	*	80-85	5	85-90	
Medical Director: Dr A Murray (to 13th February 2017)	150-155	*	*	150-155	99	250-255	3
Medical Director: Dr C Sharp (from 14th February 2017)	20-25	*	*	20-25	25	45-50	4
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	90-95	*	*	90-95	6	95-100	
Workforce & Planning Director: Mrs J Smyth	75-80	2.5	*	75-80	21	100-105	
Non Executive Members							
Chair - Mr J Raine	30-35	*	*	30-35	*	30-35	
Mrs P Alexander	5-10	*	*	5-10	*	5-10	
Mrs C Bhatia	5-10	*	*	5-10	*	5-10	
Mr D Davidson	10-15	*	*	10-15	*	10-15	
Mrs K Hamilton	5-10	*	*	5-10	*	5-10	
Dr S Mather	5-10	*	*	5-10	*	5-10	
Mrs K McNicoll (to 2nd August 2016)	0-5	*	*	0-5	*	0-5	5
Dr D Steele	5-10	*	*	5-10	*	5-10	
Mrs A Wilson (from 1st August 2016)	0-5	*	*	0-5	*	0-5	6
Employee Director: Mr J McLaren	40-45	*	*	40-45	5	45-50	7
Total			8.1			0.0	

NOTES TO THE 2016/17 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

**In accordance with the Financial Reporting Manual (FRM) and the Companies Act, NHS Borders has detailed 'pension benefits' within its Remuneration Report. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The Board Members and Senior Employees Remuneration Report details all ministerial appointments made to the Board of NHS Borders and includes where interim arrangements have been made in year to cover the Executive Director portfolio during periods of recruitment.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2016-17.

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

2 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016 and as a result did not receive any pension benefit in 2016/17.

Dr A Murray left NHS Borders employment on 13th February 2017. Full year equivalent salary costs for 2016/17 are £175k-£180k.

3 - Pension benefit information relates for the year to the date of termination.

Dr C Sharp was appointed as Medical Director from 14th February 2017, full year equivalent salary costs for 2016/17 would have been £195k-£200k.

4 - Pension benefit information relates from the date of appointment.

Mrs McNicoll does not receive personal remuneration in relation to this appointment, Mrs McNicoll's Clinical Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.

Mrs Wilson does not receive personal remuneration in relation to this appointment, Mrs Wilson's Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs Wilson to fulfil Non Executive duties.

Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for 4 days per week.

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2017

	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2016 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2017 £'000	Real increase in CETV in year £'000	Note
Remuneration of:						
Executive Members						
Chief Executive: Mrs J Davidson	0-2.5* 0-2.5#	35-40* 90-95#	586	630	44	1
Interim Joint Director of Public Health: Dr T Patterson	0* 0#	65-70* 195-200#	1439	1472	33	2
Director of Finance: Mrs C Gillie	0-2.5* 0-2.5#	30-35* 90-95#	610	641	20	
Medical Director: Dr A Murray (to 13th February 2017)	5-7.5* 7.5-10#	50-55* 145-150#	866	958	112	3
Medical Director - Dr C Sharp (from 14th February 2017)	7.5-10* 22.5-25#	40-45* 125-130#	701	861	160	4
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	0-2.5* 0-2.5#	35-40* 110-115#	720	756	24	
Workforce & Planning Director: Mrs J Smyth	0-2.5* 0-2.5#	15-20* 40-45#	225	249	24	5
Non Executive Members						
Chair - Mr J Raine	*	*	*	*	*	
Mrs P Alexander	*	*	*	*	*	
Mrs C Bhatia	*	*	*	*	*	
Mr D Davidson	*	*	*	*	*	
Mrs K Hamilton	*	*	*	*	*	
Dr S Mather	*	*	*	*	*	
Mrs K McNicoll (to 2nd August 2016)	*	*	*	*	*	
Dr D Steele	*	*	*	*	*	
Mrs A Wilson (from 1st August 2016)	*	*	*	*	*	
Employee Director: Mr J McLaren	0-2.5* 0-2.5#	5-10* 25-30#	151	162	8	6
Total			5318	5739	425	

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

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

NOTES TO THE 2016/17 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 2016/17 can be different from the 'CETV at end of period' reported for 2015/16.

From 1st April 2015 Mrs J Davidson transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme.

- 1 - Pension benefits from the CARE pension scheme and from Mrs Davidson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.
- 2- Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016, CETV relate to the cumulative pension values prior to the opt out date.
- 3 - Dr A Murray left NHS Borders employment from 13th February 2017, CETV figures relate to the date of termination.
- 4 - Dr C Sharp was appointed as Medical Director from 14th February 2017, CETV figures relate from the date of appointment.
- 5 - From 1st April 2015 Mrs J Smyth transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the CARE pension scheme and from Mrs Smyth's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2016

	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
Remuneration of:							
Executive Members							
Chief Executive: Mrs J Davidson	110-115	*	*	110-115	27	140-145	
Joint Director of Public Health: Dr E Bajjal (to 30th April 2015)	10-15	2.2	*	15-20	10	25-30	1
Interim Joint Director of Public Health: Dr T Patterson (from 1st May 2015)	150-155	*	*	150-155	5	155-160	2
Director of Finance: Mrs C Gillie	80-85	2.5	*	80-85	78	160-165	3
Medical Director: Dr S MacDonald (to 31st December 2015)	115-120	*	*	115-120	*	115-120	4
Interim Medical Director: Dr C Sharp (from 1st January 2016)	40-45	*	*	40-45	*	40-45	5
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	90-95	*	*	90-95	138	230-235	6
Workforce & Planning Director: Mrs J Smyth	75-80	2.4	*	75-80	17	95-100	
Non Executive Members							
Chair - Mr J Raine	25-30	*	*	25-30	*	25-30	
Mrs P Alexander	5-10	*	*	5-10	*	5-10	
Mrs C Bhatia	5-10	*	*	5-10	*	5-10	
Mr D Davidson	5-10	*	*	5-10	*	5-10	
Mrs K Hamilton	5-10	*	*	5-10	*	5-10	
Dr S Mather	5-10	*	*	5-10	*	5-10	
Mrs K McNicoll	5-10	*	*	5-10	*	5-10	7
Dr D Steele	5-10	*	*	5-10	*	5-10	
Employee Director: Mr J McLaren	40-45	*	*	40-45	7	50-55	8
Total			7.1			0.0	

NOTES TO THE 2015/16 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

**In accordance with the Financial Reporting Manual (FReM) and the Companies Act, NHS Borders has detailed 'pension benefits' within its Remuneration Report. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The Board Members and Senior Employees Remuneration Report details all ministerial appointments made to the Board of NHS Borders and includes where interim arrangements have been made in year to cover the Executive Director portfolio during periods of recruitment.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2015-16.

1 - Dr E Bajjal retired from the post of Joint Director of Public Health on 30th April 2015, pension benefits information is given for the period up to the date of retirement.

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 contribute £50,000 per annum towards the Salary & Pension Contributions costs of the post.

3 - Mrs C Gillie assumed additional responsibilities during 2015/16 and holds the Executive Director portfolio of Finance, Procurement and Estates & Facilities. Mrs Gillie received salary incremental credit in relation to the increased portfolio responsibilities which results in the pension benefit increase noted in this report.

4 - Dr S MacDonald retired from post of Medical Director on 31st December 2015, pension benefits information is not given as Dr MacDonald holds 2 pension funds from her service as an Independent General Practitioner and her role with NHS Borders.

5 - Dr C Sharp was appointed as Interim Medical Director for the period 1st January 2016 - 31st March 2016, pension benefit information relates to this period.

6 - Mrs E Rodger assumed additional responsibilities during 2015/16 and holds the Executive Director portfolio of Nursing, Midwifery and Acute Services. Mrs Rodger received a salary regrading in relation to the increased portfolio responsibilities which results in the pension benefit increase noted in this report.

7 - Mrs McNicoll does not receive personal remuneration in relation to this appointment. Mrs McNicoll's Clinical Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.

8 - Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for 4 days per week.

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2016

	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2015 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2016 £'000	Real increase in CETV in year £'000	Note
Remuneration of:						
Executive Members						
Chief Executive: Mrs J Davidson	0-2.5* 0#	25-30* 70-75#	423	448	25	1
Joint Director of Public Health: Dr E Bajjal (to 30th April 2015)	0-2.5* 0-2.5#	60-65* 185-190#	1360	1411	50	2
Interim Joint Director of Public Health: Dr T Patterson (from 1st May 2015)	0-2.5* 2.5-5#	50-55* 155-160#	1082	1134	35	3
Director of Finance: Mrs C Gillie	2.5-5* 10-12.5#	30-35* 90-95#	507	597	80	
Medical Director: Dr S MacDonald (to 31st December 2015)	*	*	*	*	*	4
Interim Medical Director - Dr C Sharp (from 1st January 2016)	0-2.5* 0-2.5#	30-35* 100-105#	667	687	15	5
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	5.0-7.5* 17.5-20#	35-40* 105-110#	566	712	133	
Workforce & Planning Director: Mrs J Smyth	0-2.5* 0#	10-15* 35-40#	182	192	9	
Non Executive Members						
Chair - Mr J Raine	*	*	*	*	*	
Mrs P Alexander	*	*	*	*	*	
Mrs C Bhatia	*	*	*	*	*	
Mr D Davidson	*	*	*	*	*	
Mrs K Hamilton	*	*	*	*	*	
Dr S Mather	*	*	*	*	*	
Mrs K McNicol	*	*	*	*	*	
Dr D Steele	*	*	*	*	*	
Employee Director: Mr J McLaren	0-2.5* 0-2.5#	5-10* 20-25#	133	145	8	
Total			4920	5326	355	

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

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

NOTES TO THE 2015/16 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 2015/16 can be different from the 'CETV at end of period' reported for 2014/15.

From 1st April 2015 Mrs J Davidson transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme.

- 1 - Pension benefits from the CARE pension scheme and from Mrs Davidson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.
- 2 - Dr T Patterson was appointed as Interim Director of Public Health from 1st May 2015, CETV figures relate from this date.
- 3 - Dr E Baijal retired from the post of Joint Director of Public Health on 30th April 2015, CETV figures have been calculated up to the date of retirement.
- 4 - Dr S MacDonald retired from post of Medical Director on 31st December 2015, pension fund information is not given as Dr MacDonald has 2 separate pension funds relating to her service as an Independent General Practitioner and her role with NHS Borders.
- 5 - Dr C Sharp was appointed as Interim Medical Director for the period 1st January 2016 - 31st March 2016, CETV figures relate to this period.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report

The following tables and supporting narrative have been included to provide further analysis and definition to the staff cost figures and whole time equivalent/staff in post numbers which have been included in the Board's Annual Report and Accounts.

a) Staff Numbers and Costs

Total staff costs for the year to 31st March 2017 were £120.373m (2016: £114.020m) an analysis of these costs are detailed below:

	Executive Board £000	Non Executive Members £000	Permanent Staff £000	Inward Secondees £000	Other Staff £000	Outward Secondees £000	2017 Total £000	2016 Total £000
STAFF COSTS								
Salaries and wages	705	93	93,123			(377)	93,544	91,316
Social security costs	90	4	9,033			(43)	9,085	6,549
NHS scheme employers' costs	81	0	12,597			(50)	12,628	12,314
Other employers' pension costs	0	0	0				0	0
Inward secondees	0	0	0	50			50	133
Agency staff	0	0	0	0	5,067		5,067	3,708
Compensation for loss of office/early retirement	876	97	114,754	50	5,067	(470)	120,373	114,020
Pensions to former Board Members							0	0
Total	876	97	114,754	50	5,067	(470)	120,373	114,020
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							65	71
STAFF NUMBERS								
Whole time equivalent (WTE)	7	8	2,697	1	37	(9)	2,742	2,674
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							2	1
Included in the total staff number above were disabled staff of:							16	16
Included in the total staff numbers above were Special Advisers of:							0	0

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (cont)

b) Higher Paid Employees – analysis of employees whose earnings are greater than £50,000

Employees whose remuneration fell within the following ranges	2017 Numbers	2016 Numbers
Clinicians		
£50,001 to £60,000	60	52
£60,001 to £70,000	27	26
£70,001 to £80,000	16	14
£80,001 to £90,000	11	13
£90,001 to £100,000	17	16
£100,001 to £110,000	17	14
£110,001 to £120,000	11	10
£120,001 to £130,000	7	13
£130,001 to £140,000	5	5
£140,001 to £150,000	5	7
£150,001 to £160,000	7	6
£160,001 to £170,000	4	4
£170,001 to £180,000	4	0
£180,001 to £190,000	0	1
£190,001 to £200,000	0	0
£200,001 and above	0	0
Other		
£50,001 to £60,000	8	8
£60,001 to £70,000	8	5
£70,001 to £80,000	3	4
£80,001 to £90,000	0	1
£90,001 to £100,000	0	0
£100,001 to £110,000	0	0
£110,001 to £120,000	0	0
£120,001 to £130,000	0	0
£130,001 to £140,000	0	0
£140,001 to £150,000	0	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (Cont)

c) Remuneration Report - analysis of Board Members and those Senior Employees who hold executive posts by band

The following table provides analysis by total earnings banding for all Board Members and Senior Employees who hold executive posts as disclosed on the Remuneration Report (pgs 39-46).

TABLE 1 – TOTAL EARNINGS

Total Earnings (in bands of £5,000)	2017 Total Headcount	2016 Total Headcount
165-170	1	-
150-155	1	1
115-120	-	1
110-115	1	1
90-95	1	1
80-85	1	1
75-80	1	1
40-45	1	2
30-35	1	-
25-30	-	1
20-25	1	-
15-20	-	1
10-15	1	-
5-10	5	7
0-5	2	-
Total	17	17

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (cont)

d) Remuneration Report - analysis of Board Members and those Senior Employees who hold executive posts by band

The following table provides analysis by total remuneration bandings for all Board Members and Senior Employees who hold executive posts as disclosed on the Remuneration Report (pgs 39-46).

TABLE 2 – TOTAL REMUNERATION

Total Remuneration (in bands of £5,000)	2017 Total Headcount	2016 Total Headcount
250-255	1	-
230-235	-	1
165-170	1	-
160-165	-	1
155-160	-	1
140-145	1	1
115-120	-	1
100-105	1	-
95-100	1	1
85-90	1	-
50-55	-	1
45-50	2	-
40-45	-	1
30-35	1	-
25-30	-	2
10-15	1	-
5-10	5	7
0-5	2	-
Total	17	17

e) Remuneration Report - analysis of Board Members and Senior Employees who hold executive posts by band (cont)

Table 2 above relates to total remuneration as required by the Financial Reporting Manual (FRM) and the Companies Act. Total remuneration includes details of 'pension benefits' as defined by the Treasury Employee Pension Note 380. Total earnings detailed in the Remuneration Report are those paid in the year with total remuneration being the notional sum inclusive of the EPN 380 pension benefit calculation. The total remuneration calculation aims to bring public bodies in line with other industries in disclosing an assessment of cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (Cont)

f) Staff numbers

The following table provides analysis by whole time equivalent and headcount for all staff paid by the Board during 2016/17 and prior year 2015/16.

STAFF NUMBERS	WTE 2017 Annual Mean	WTE 2016 Annual Mean	Headcount 2017 Annual Mean	Headcount 2016 Annual Mean
Administration Costs (Note 6)	27.8	26.8	33	31
Hospital & Community Services (Note 3)	2633.9	2566.5	4490	4433
Non Clinical Services (Note 7)	80.0	81.1	105	116
Board Total Average Staff	2741.7	2674.4	4628	4580
Permanent Staff	2429.4	2378.1	3234	3219
Staff with Short Term Contract	184.9	185.7	443	471
Bank Staff	97.19	93.5	959	908
Inward Secondees	1.5	2.5	4	5
Agency Staff	37.2	28.2	-	-
Outward Secondees	(8.5)	(13.6)	(12)	(20)
Board Total Average Staff	2741.7	2674.4	4628	4580
Disabled Staff (Declared)	15.8	16.3	28	25
Special Advisers	-	-	-	-
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	1.3	0.8	2	2

g) Staff Composition

The following table details the total headcount of staff in post by gender.

	2017			2016		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	4	7	1	5	6
Non-Executive Directors and Employee Director	4	6	10	4	5	9
Senior Employees (Remuneration Report)	1	0	1	2	0	2
Senior Employees (other)	5	7	12	4	6	10
Other	938	3656	4594	829	3724	4553
Total Headcount	951	3673	4624	840	3740	4580

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (Cont)

h) Sickness absence data

NHS Borders recorded the following sickness absence rate across all staff.

	2017	2016
Sickness Absence Rate	4.9%	4.4%

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

All health boards across NHS Scotland are required to comply with the three aims of the Public Sector General Duty, Equality Act (2010) and (Specific Duties) (Scotland) Regulations 2012, outlined below. The implementation of these legal duties will be monitored by the Equality and Human Rights Commission in Scotland.

The purpose of the Public Sector General Equality Duty is to ensure that all public bodies, including health boards, mainstream equality into their day to day business by proactively advancing equality, encouraging good community relations and addressing discrimination. The current duty requires equality to be considered in relation to key health board functions including the development of internal and external policies, decision making processes, procurement, workforce support, service delivery and improving outcomes for patients/service users.

The Board operates in line with the agreed Human Resources (HR) Policy entitled 'Equal Opportunities' which in a broader context sets out the Board's commitment to equality of opportunity. The Policy notes the requirements of management and staff in this area and specifically notes that:

- NHS Borders must demonstrate, through application of the policy that they are working within the current legal framework to recruit, develop and retain a workforce that is able to deliver high quality services that are fair, accessible, appropriate and responsive to the needs of the local community.
- NHS Borders is committed to ensuring the elimination of all forms of discrimination on the basis of age, culture, disability, employment status, ethnic origin, faith, gender, gender reassignment, HIV status, marital status, nationality, offending record, political affiliation or trade union membership, race, religion, sexual orientation or social background.

j) Exit Packages

NHS Borders agreed one exit package in 2016/17 in the range of £10k - £25k. No exit packages were agreed in Financial Year 2015/16.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/2017

REMUNERATION AND STAFF REPORT

b) Staff Report (Cont)

k) Compensation Payments

NHS Borders did not make any compensation payments to former senior managers in Financial Years 2016/17 or 2015/16.

Signed



29th June 2017

Chief Executive and Accountable Officer

BORDERS HEALTH BOARD
ANNUAL REPORT AND ACCOUNTS 2016/17

INDEPENDENT AUDITOR'S REPORT

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

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice 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.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Borders Health Board and its group for the year ended 31 March 2017 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Consolidated Balance Sheet, the Statement of Consolidated Cashflows, the Statement of Consolidated Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of affairs of the board and its group as at 31 March 2017 and of the net expenditure 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 2016/17 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

BORDERS HEALTH BOARD

ANNUAL REPORT AND ACCOUNTS 2016/17

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures 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 circumstances of the board and its group 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.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

BORDERS HEALTH BOARD
ANNUAL REPORT AND ACCOUNTS 2016/17

INDEPENDENT AUDITOR'S REPORT (continued)

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit

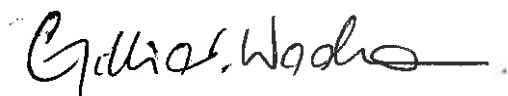
- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.



Gillian Woolman MA FCA CPFA
Assistant Director (Audit Services)
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

29 June 2017

NHS BORDERS

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2017

2016 £'000		Note	2017 £'000	2017 £'000
	Clinical Services Costs			
184,953	Hospital and Community	4	311,716	
13,908	Less: Hospital and Community Income	8	136,883	
<u>171,045</u>				174,833
54,304	Family Health	5	57,548	
1,515	Less: Family Health Income	8	1,573	
<u>52,789</u>				<u>55,975</u>
223,834	Total Clinical Services Costs			230,808
1,851	Administration Costs	6	1,838	
<u>1,851</u>				1,838
541	Other Non Clinical Services	7	9,915	
2,223	Less: Other Operating Income	8	1,970	
<u>(1,682)</u>				<u>7,945</u>
224,003	Net Operating Costs			240,591

OTHER COMPREHENSIVE NET EXPENDITURE

2016 £'000		2017 £'000
(3,795)	Net (gain)/loss on revaluation of Property Plant and Equipment	(4,061)
133	Net (gain)/loss on revaluation of available for sales financial assets	0
<u>(3,662)</u>	Other Comprehensive Expenditure	<u>(4,061)</u>
220,341	Total Comprehensive Expenditure	236,530

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

NHS BORDERS

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2017

2016 £'000	SUMMARY OF CORE REVENUE RESOURCE OUTTURN	2017 £'000	2017 £'000
	224,003 Net Operating Costs		240,591
	(3,968) Total Non Core Expenditure (see below)		(10,516)
	(10,235) FHS Non Discretionary Allocation		(10,061)
	53 Donated Assets Income		234
	298 Endowment Net Operating Costs		268
	210,151 Total Core Expenditure		220,516
	210,241 Core Revenue Resource Limit		220,580
	90 Saving/(excess) against Core Revenue Resource Limit		64

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN			
	0 Capital Grants to/(from) Other Bodies	0	
	3,534 Depreciation/Amortisation	3,695	
	(866) Annually Managed Expenditure - Impairments	631	
	1,081 Annually Managed Expenditure - Creation of Provisions	5,973	
	219 Annually Managed Expenditure - Depreciation of Donated Assets	217	
	3,968 Total Non Core Expenditure		10,516
	3,968 Non Core Revenue Resource Limit		10,516
	0 Saving/(excess) against Non Core Revenue Resource Limit		0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	220,580	220,516	64
Non Core	10,516	10,516	0
Total	231,096	231,032	64



NHS BORDERS

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2017

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
117,424	117,424	Property, plant and equipment	11	123,059	123,059
1,288	1,288	Intangible assets	10	1,134	1,134
		Financial assets:			
3,027	0	Available for sale financial assets	14	3,553	0
813	813	Trade and other receivables	13	757	757
<u>122,552</u>	<u>119,525</u>	Total non-current assets		<u>128,503</u>	<u>124,950</u>
		Current Assets:			
1,105	1,105	Inventories	12	1,071	1,071
		Financial assets:			
8,346	8,330	Trade and other receivables	13	6,385	6,365
1,300	270	Cash and cash equivalents	15	1,392	192
100	100	Assets classified as held for sale	11c	100	100
<u>10,851</u>	<u>9,805</u>	Total current assets		<u>8,948</u>	<u>7,728</u>
<u>133,403</u>	<u>129,330</u>	Total assets		<u>137,451</u>	<u>132,678</u>
		Current liabilities			
(1,663)	(1,663)	Provisions	17	(3,086)	(3,086)
		Financial liabilities:			
(35,434)	(35,246)	Trade and other payables	16	(35,372)	(35,240)
<u>(37,097)</u>	<u>(36,909)</u>	Total current liabilities		<u>(38,458)</u>	<u>(38,326)</u>
<u>96,306</u>	<u>92,421</u>	Non-current assets plus/less net current assets/liabilities		<u>98,993</u>	<u>94,352</u>
		Non-current liabilities			
(4,647)	(4,647)	Provisions	17	(8,444)	(8,444)
		Financial liabilities:			
(1,079)	(1,079)	Trade and other payables	16	(1,000)	(1,000)
<u>(5,726)</u>	<u>(5,726)</u>	Total non-current liabilities		<u>(9,444)</u>	<u>(9,444)</u>
<u>90,580</u>	<u>86,695</u>	Assets less liabilities		<u>89,549</u>	<u>84,908</u>
		Taxpayers' Equity			
42,600	42,600	General fund	SOCTE	37,757	37,757
44,095	44,095	Revaluation reserve	SOCTE	47,151	47,151
3,885	0	Fund held on Trust	SOCTE	4,641	0
<u>90,580</u>	<u>86,695</u>	Total taxpayers' equity		<u>89,549</u>	<u>84,908</u>

Adopted by the Board on 29 June 2017

 Director of Finance
 Chief Executive

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

NHS BORDERS
STATEMENT OF CONSOLIDATED CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2017

2016 £'000		Note	2017 £'000	2017 £'000
	Cash flows from operating activities			
(224,003)	Net operating cost		(240,591)	
2,607	Adjustments for non-cash transactions		3,607	
4,537	(Increase) / decrease in trade and other receivables		2,017	
10	(Increase) / decrease in inventories		34	
5,154	Increase / (decrease) in trade and other payables		17	
(3,598)	Increase / (decrease) in provisions		5,220	
<u>(214,293)</u>	Net cash outflow from operating activities	28		<u>(229,696)</u>
	Cash flows from investing activities			
(1,778)	Purchase of property, plant and equipment		(4,996)	
(871)	Purchase of intangible assets		(31)	
(205)	Investment Additions		(367)	
(0)	Transfer of assets to/(from) other NHS bodies		234	
507	Proceeds of disposal of property, plant and equipment		(0)	
233	Receipts from sale of investments		329	
<u>(2,114)</u>	Net cash outflow from investing activities	29		<u>(4,831)</u>
	Cash flows from financing activities			
216,826	Funding		234,777	
(58)	Movement in general fund working capital		(81)	
216,768	Cash drawn down		234,696	
(77)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(77)	
<u>216,691</u>	Net Financing	29		<u>234,619</u>
284	Net Increase / (decrease) in cash and cash equivalents in the period			92
<u>1,016</u>	Cash and cash equivalents at the beginning of the period			<u>1,300</u>
<u>1,300</u>	Cash and cash equivalents at the end of the period			<u>1,392</u>
	Reconciliation of net cash flow to movement in net debt/cash			
284	Increase/(decrease) in cash in year			92
1,016	Net debt/cash at 1 April			1,300
<u>1,300</u>	Net debt/cash at 31 March			<u>1,392</u>

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

NHS BORDERS

STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED SOCIETY

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2016		42,600	44,095	3,885	90,580
Restated balance at 1 April 2017		42,600	44,095	3,885	90,580
Changes in taxpayers' equity for 2015-16					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		4,061		4,061
Net gain/(loss) on revaluation of available for sale financial assets	14			488	488
Impairment of property, plant and equipment	11				0
Revaluation & Impairments taken to operating costs	3				0
Transfers between reserves		1,005	(1,005)		0
Transfer of non current assets form other bodies		234			234
Net operating cost for the year		(240,859)		268	(240,591)
Total recognised Income and expense for 2016-17		(239,620)	3,056	756	(235,808)
Funding:					
Drawn down		234,696			234,696
Movement in General Fund (Creditor) / Debtor	cfs	81			81
Balance at 31 March 2017	BS	37,757	47,151	4,641	89,549

CONSOLIDATED SOCIETY (PRIOR YEAR)

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2015		49,152	41,067	3,720	93,939
Prior year adjustments for changes in accounting policy and material errors	25	0	0	0	0
Restated balance at 1 April 2016		49,152	41,067	3,720	93,939
Changes in taxpayers' equity for 2015-16					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		3,953		3,953
Net gain / (loss) on revaluation / Indexation of intangible assets	10			(133)	(133)
Net gain/(loss) on revaluation of available for sale financial assets	14		0		0
Impairment of property, plant and equipment	11		864		864
Revaluation & impairments taken to operating costs	3		(866)		(866)
Transfers between reserves		923	(923)		0
Net operating cost for the year		(224,301)		298	(224,003)
Total recognised income and expense for 2015-16		(223,378)	3,028	165	(220,185)
Funding:					
Drawn down		216,768			216,768
Movement in General Fund (Creditor) / Debtor		58			58
Balance at 31 March 2016	BS	42,600	44,095	3,885	90,580

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

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 30 of this Accounting Policies note.

2. Basis of Consolidation

In accordance with IAS 27 – Separate Financial Statements, the Financial Statements consolidate the Borders Health Board Endowment Fund known as "The Difference". Borders Health Board is a corporate trustee of "The Difference" Endowment Fund.

NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

"The Difference" is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of IJBs using the equity method of accounting.

2. Basis of Consolidation (continued)

Note 29 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

NHS Borders operated in a shadow partnership arrangement with the Scottish Borders Integration Joint Board in 2015/16 thereby comparator information is not given.

3. Prior Year Adjustments

The prior year comparative figures have been restated to reflect within Note 22 Lease Obligations the buildings element of the lease agreement with Eildon Housing Association for the Borders General Hospital Residences. This restatement has no impact to the 2015/16 Statement of Consolidated Comprehensive Net Expenditure (SOCNE).

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. Disclosure of new accounting standards

The following new standards, amendments and interpretations are of relevance to the Board and became effective in 2016/17:

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations: Change in methods of disposal (amendment);
- IAS 1 – Disclosure Initiative (amendment);
- IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation (amendment);

The impact on the financial statements as a result of the above is expected to be minimal.

The following standards have been issued but are not yet effective

- IFRS 9 – Financial instruments (new);
- IFRS 10 and IAS 28 – Sale or contribution of Assets between an investor and its associates or joint (amendment);
- IFRS 14 – Regulatory Deferral Accounts (new);
- IFRS 15 – Revenue from Contracts with Customers (IAS 18 replacement – revenue recognition);
- IFRS 16 – Leases (IAS 17 replacement);

6. Disclosure of new accounting standards (continued)

- IFRS 17 Insurance Contracts (new).
- IAS 7 - Disclosure Initiative (issued in January 2016) (amendment); and
- IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016) (amendment).

IFRS 16 will be effective from financial year 2020/21 and will require most leased buildings, plant and equipment to be included as an asset with a corresponding liability on the Balance Sheet. Otherwise the impact on the financial statements as a result of the above is expected to be minimal.

7. Funding

Most of the expenditure of the Health Board 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 (RRL) 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 Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

8. 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.

8.1 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.

8.2 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. A full valuation exercise was completed as at 31st March 2015. 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.

8.2 Measurement (continued)

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets by applying appropriate price indices issued by SGHSCD. 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. 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 Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment:

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

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

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

8.3 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.

8.3 Depreciation (continued)

- 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

*Asset Lives for buildings, site services and surfacing are advised to the Board by the Property Advisor.

9. Intangible Assets

9.1 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.

9.1 Recognition (continued)

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.

9.2 Measurement

Valuation:

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

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

Revaluation and impairment:

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

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

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

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'.

9.3 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.

9.3 Amortisation

Amortisation is charged on a straight line basis.

The following asset lives have been used:

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

10. 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;

10. Non-current assets held for sale (continued)

- 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.

11. 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.

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

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

13. Leasing

13.1 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.

13.1 Finance leases (continued)

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance cost. The annual finance cost is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability using the implicit interest rate. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

13.2 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.

13.3 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.

14. Impairment of non-financial assets

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

15. General Fund Receivables and Payables

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

16. 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.

17. 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.

18. Employee Benefits

18.1 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.

18.2 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 is published by the Scottish Public Pensions Agency and is available on their website.

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

19. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold 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.

20. Related Party Transactions

Material related party transactions are disclosed in the Note 26 (Pg 107) 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 80).

21. 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.

22. Provisions

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

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in Note 19 (Pg 99) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 19 (Pg 99), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

23. Contingencies (continued)

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

24. Corresponding Amounts

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

25. Financial Instruments

25.1 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.

25. Financial Instruments (continued)

25.1 Financial assets

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.

25.1 Financial assets

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.

25.2 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.

25.2 Financial Liabilities (continued)

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.

26. Segmental reporting

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

Operating segments are unlikely to directly relate to the analysis of expenditure shown in notes 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.

27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service and balances held in commercial banks. The Board does not hold a bank overdraft facility. During 2016/17 NHS Borders utilised the Government Banking Service Contract provided by Royal Bank of Scotland Group, funds held in these accounts should not be classed as commercial bank balances.

28. 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.

28. Foreign exchange (continued)

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

29. Third party assets

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

However, they are disclosed in Note 28 (Pg 109) to the accounts in accordance with the requirements of the Financial Reporting Manual (FReM).

30. Key sources of judgement and estimation uncertainty

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

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

Accruals: NHS Borders makes judgement, applies estimates and assumptions to the accrual of expenditure and income within the annual accounts. Specifically in areas of holiday pay, pay enhancement and the provision for bad debts.

Equal Pay Claims: NHS Borders settled all outstanding Equal Pay Claims during 2016/17. No further provision is held in the Board's accounts. The total amount of payment made was £3,407, in relation to 7 claims.

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.

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

2. STAFF COSTS

Total staff costs for the year to 31 March 2017 were £120.373m (2016: £114.020m). Further details and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3. OTHER OPERATING COSTS

2016 £'000		Note	2017 £'000
	Expenditure Not Paid In Cash		
3,464	Depreciation	11	3,439
70	Amortisation	10	185
219	Depreciation Donated Assets	11b	217
(896)	Reversal of Impairments on PPE charged to SOCNE	11a	0
30	Loss on remeasurement of non-current assets held for resale	11c	0
(53)	Funding Of Donated Assets	11b	(234)
(227)	Loss/(Profit) on disposal of property, plant and equipment		0
0	Creation of Provisions		0
<u>2,607</u>	Total Expenditure Not Paid In Cash	CFS	<u>3,607</u>
	Statutory Audit		
173	External auditor's remuneration and expenses		129

The External Auditor did not undertake any non-audit work for the Board during the financial year 2016-17

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2016 £'000	BY PROVIDER	Note	2017 £'000
146,698	Treatment in Board area of NHSScotland Patients		150,057
31,156	Other NHSScotland Bodies		30,496
1,003	Health Bodies outside Scotland		833
3,211	Private sector		3,695
	Community Care		
2,603	Resource Transfer		2,629
	Contribution of Health Board to Integration Joint Board		123,398
167	Contributions to Voluntary Bodies and Charities		333
<u>184,838</u>	Total NHSScotland Patients		<u>311,441</u>
<u>115</u>	Treatment of UK residents based outside Scotland		<u>275</u>
<u>184,953</u>	Total Hospital & Community Health Service	SOCNE	<u>311,716</u>

5. FAMILY HEALTH SERVICE EXPENDITURE

2015 £'000		Note	Unified Budget £'000	Non Disc £'000	2017 £'000
16,758	Primary Medical Services		17,207		17,207
27,062	Pharmaceutical Services		25,715	4,007	29,722
8,841	General Dental Services		3,262	5,603	8,865
<u>1,643</u>	General Ophthalmic Services		<u>59</u>	<u>1,695</u>	<u>1,754</u>
<u>54,304</u>	Total	SOCNE	<u>46,243</u>	<u>11,305</u>	<u>57,548</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

6. ADMINISTRATION COSTS

2016 £'000		Note	2017 £'000
884	Board members' remuneration	2 (a)	973
71	Administration of Board Meetings and Committees		76
353	Corporate Governance and Statutory Reporting		313
270	Health Planning, Commissioning and Performance Reporting		277
78	Treasury Management and Financial Planning		74
86	Communications		84
109	Other		41
<u>1,851</u>	Total administration costs	SOCNE	<u>1,838</u>

7. OTHER NON CLINICAL SERVICES

2016 £'000		Note	2017 £'000
(3,556)	Compensation payments - Clinical		5,154
0	Compensation payments - Other		(7)
(42)	Pension enhancement & redundancy		73
394	Patients' travel attending hospitals		368
729	Health Promotion		799
1,792	Public Health		1,863
0	Public Health Medicine Trainees		31
70	Emergency Planning		64
54	Post Graduate Medical Education		91
0	Loss on disposal of non-current assets		0
532	Endowment Expenditure		722
568	Other		757
<u>541</u>	Total Other Non Clinical Services	SOCNE	<u>9,915</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

8. OPERATING INCOME

2016 £'000		Note	2017 £'000
	Hospital and Community Health Services Income		
	NHSScotland Bodies		
7,954	Boards		8,000
3,005	NHS Non-Scottish Bodies		2,090
	Non NHS		
3	Private Patients		2
164	Compensation Income		200
2,782	Other Hospital and Community Health Services income		3,193
	Income for services commissioned by Integration Joint Board		<u>123,398</u>
<u>13,908</u>	Total Hospital and Community Health Services Income	SOCNE	<u>136,883</u>
	Family Health Service Income		
280	Unified		329
	Non Discretionary		
1,234	General Dental Services		1,244
1	General Ophthalmic Services		0
<u>1,515</u>	Total Family Health Services Income	SOCNE	<u>1,573</u>
	Other Operating Income		
222	Profit/(Loss) on disposal of non current assets		0
53	Donated Asset Additions		234
830	Endowment Income		990
1,118	Other		<u>746</u>
<u>2,223</u>	Total Other Operating Income	SOCNE	<u>1,970</u>
<u>17,646</u>	Total Income		<u>140,426</u>
<u>7,954</u>	Of the above, the amount derived from NHS bodies is		<u>8,000</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

9. ANALYSIS OF CAPITAL EXPENDITURE

2016 £'000		Note	2017 £'000
	EXPENDITURE		
871	Acquisition of Intangible Assets	10	31
1,778	Acquisition of Property, plant and equipment	11a	4,996
53	Donated Asset Additions	11b	234
<u>2,702</u>	Gross Capital Expenditure		<u>5,261</u>
	INCOME		
280	Value of disposal of Non-Current Assets held for sale	11c	0
53	Donated Asset Income		234
<u>333</u>	Capital Income		<u>234</u>
<u>2,369</u>	Net Capital Expenditure		<u>5,027</u>

SUMMARY OF CAPITAL RESOURCE OUTFURN

2,369	Core capital expenditure included above	5,027
<u>2,375</u>	Core Capital Resource Limit	<u>5,034</u>
<u>6</u>	Saving/(excess) against Core Capital Resource Limit	<u>7</u>
2,369	Total Capital Expenditure	5,027
<u>2,375</u>	Total Capital Resource Limit	<u>5,034</u>
<u>6</u>	Saving/(excess) against Total Capital Resource Limit	<u>7</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

10. INTANGIBLE ASSETS - CONSOLIDATED

Note	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2016	352	1,688	82	2,122
Additions	0	31	0	31
Transfers	0	0	0	0
At 31st March 2017	352	1,719	82	2,153
Amortisation				
As at 1st April 2016	295	539	0	834
Provided during the year	13	172	0	185
Transfers	0	0	0	0
At 31st March 2017	308	711	0	1,019
Net Book Value at 1st April 2016	57	1,149	82	1,288
Net Book Value at 31 March 2017	44	1,008	82	1,134

INTANGIBLE ASSETS - BOARD

	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2016	352	1,688	82	2,122
Additions	0	31	0	31
Transfers	0	0	0	0
At 31st March 2017	352	1,719	82	2,153
Amortisation				
As at 1st April 2016	295	539	0	834
Provided during the year	13	172	0	185
Transfers	0	0	0	0
At 31st March 2017	308	711	0	1,019
Net Book Value at 1st April 2015	57	1,149	82	1,288
Net Book Value at 31 March 2016	44	1,008	82	1,134

INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

	Software Licences	Information technology - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2015	576	221	51	848
Additions	0	871	0	871
Transfers	(224)	596	31	403
At 31st March 2016	352	1,688	82	2,122
Amortisation				
As at 1st April 2015	209	172	0	381
Provided during the year	13	57	0	70
Transfers	73	310	0	383
At 31st March 2016	295	539	0	834
Net Book Value at 1st April 2015	367	49	51	467
Net Book Value at 31 March 2016	57	1,149	82	1,288

INTANGIBLE ASSETS - BOARD PRIOR YEAR

	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2015	576	221	51	848
Additions	0	871	0	871
Transfers	(224)	596	31	403
At 31st March 2016	352	1,688	82	2,122
Amortisation				
As at 1st April 2015	209	172	0	381
Provided during the year	13	57	0	70
Transfers	73	310	0	383
At 31st March 2016	295	539	0	834
Net Book Value at 1st April 2015	367	49	51	467
Net Book Value at 31 March 2016	57	1,149	82	1,288

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

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

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2016	4,523	110,009	1,651	18,079	4,236	857	847	140,202
Additions	0	145	51	502	370	0	3,928	4,996
Transfers	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluation	0	3,850	0	0	0	0	0	3,850
Impairment Reversal	0	0	0	0	0	0	0	0
Disposals	0	0	0	979	0	0	0	979
At 31 March 2017	4,523	114,004	1,702	19,560	4,606	857	4,775	150,027
Depreciation								
At 1 April 2016	0	8,419	1,403	14,121	3,984	742	0	28,669
Provided during the year	0	2,403	68	789	148	31	0	3,439
Transfers	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Disposals	0	0	0	979	0	0	0	979
At 31 March 2017	0	10,822	1,471	15,889	4,132	773	0	33,087
Net book value at 1 April 2016	4,523	101,590	248	3,958	252	115	847	111,533
Net book value at 31 March 2017	BS 4,523	103,182	231	3,671	474	84	4,775	116,940
Open Market Value of Land In Land and Dwellings Included Above	4,523							
Asset financing:								
Owned	4,523	102,349	231	3,671	474	84	4,775	116,107
Finance leased	0	833	0	0	0	0	0	833
Net Book Value at 31 March 2017	4,523	103,182	231	3,671	474	84	4,775	116,940

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

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2016	4,523	110,009	1,651	18,079	4,236	857	847	140,202
Additions	0	145	51	502	370	0	3,928	4,996
Completions	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Revaluation	0	3,850	0	0	0	0	0	3,850
Impairment Reversal	0	0	0	0	0	0	0	0
Disposals	0	0	0	979	0	0	0	979
At 31 March 2017	4,523	114,004	1,702	19,560	4,606	857	4,775	150,027
Depreciation								
At 1 April 2016	0	8,419	1,403	14,121	3,984	742	0	28,669
Provided during the year	0	2,403	68	789	148	31	0	3,439
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
Disposals	0	0	0	979	0	0	0	979
At 31 March 2017	0	10,822	1,471	15,889	4,132	773	0	33,087
Net book value at 1 April 2016	4,523	101,590	248	3,958	252	115	847	111,533
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Asset financing:								
Owned	4,523	102,349	231	3,671	474	84	4,775	116,107
Finance leased	0	833	0	0	0	0	0	833
Net Book Value at 31 March 2017	4,523	103,182	231	3,671	474	84	4,775	116,940

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - PRIOR YEAR CONSOLIDATED

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2015	4,882	105,100	1,549	17,413	4,300	842	257	134,343
Additions	0	434	50	722	12	0	560	1,778
Transfers	(494)	59	52	(56)	(76)	15	30	(470)
Transfers (to)/from non-current assets held for sale	(25)	(70)	0	0	0	0	0	(95)
Revaluation	0	3,752	0	0	0	0	0	3,752
Impairment Reversal	160	734	0	0	0	0	0	894
At 31 March 2016	4,523	110,009	1,651	18,079	4,236	857	847	140,202
Depreciation								
At 1 April 2015	0	6,345	1,321	13,275	3,777	662	0	25,380
Provided during the year	0	2,303	63	798	259	41	0	3,464
Transfers	0	(229)	19	48	(52)	39	0	(175)
At 31 March 2016	0	8,419	1,403	14,121	3,984	742	0	28,669
Net book value at 1 April 2015	4,882	98,755	228	4,138	523	180	257	108,963
Net book value at 31 March 2016	BS 4,523	101,590	248	3,958	252	115	847	111,533
Open Market Value of Land in Land and Dwellings Included Above	4,882							
Asset financing:								
Owned	4,523	100,673	248	3,958	252	115	847	110,616
Finance leased	0	917	0	0	0	0	0	917
Net Book Value at 31 March 2016	4,523	101,590	248	3,958	252	115	847	111,533

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - PRIOR YEAR BOARD

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2015	4,882	105,100	1,549	17,413	4,300	842	257	134,343
Additions	0	434	50	722	12	0	560	1,778
Transfers	(494)	59	52	(56)	(76)	15	30	(470)
Transfers (to)/from non-current assets held for sale	(25)	(70)	0	0	0	0	0	(95)
Revaluation	0	3,752	0	0	0	0	0	3,752
Impairment Reversal	160	734	0	0	0	0	0	894
At 31 March 2016	4,523	110,009	1,651	18,079	4,236	857	847	140,202
Depreciation								
At 1 April 2015	0	6,345	1,321	13,275	3,777	662	0	25,380
Provided during the year	0	2,303	63	798	259	41	0	3,464
Transfers	0	(229)	19	48	(52)	39	0	(175)
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0
At 31 March 2016	0	8,419	1,403	14,121	3,984	742	0	28,669
Net book value at 1 April 2015	4,882	98,755	228	4,138	523	180	257	108,963
Net book value at 31 March 2016	BS 4,523	101,590	248	3,958	252	115	847	111,533
Open Market Value of Land in Land and Dwellings Included Above	4,882							
Asset financing:								
Owned	4,523	100,673	248	3,958	252	115	847	110,616
Finance leased	0	917	0	0	0	0	0	917
Net Book Value at 31 March 2016	4,523	101,590	248	3,958	252	115	847	111,533

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

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

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2016		10	5,923	2,322	5	8,260
Additions		0	213	21	0	234
Transfers		0	0	0	0	0
Revaluation		0	211	0	0	211
Disposals		0	0	117	0	117
At 31 March 2017		10	6,347	2,460	5	8,822
Depreciation						
At 1 April 2016		0	373	1,996	0	2,369
Provided during the year		0	116	100	1	217
Transfers		0	0	0	0	0
Disposals		0	0	117	0	117
At 31 March 2017		0	489	2,213	1	2,703
Net book value at 1 April 2016		10	5,550	326	5	5,891
Net book value at 31 March 2017	BS	10	5,858	247	4	6,119
		10				
Open Market Value of Land In Land and Dwellings Included Above						
Asset financing:						
Owned		10	5,858	247	4	6,119
Net Book Value at 31 March 2017		10	5,858	247	4	6,119

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

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2016		10	5,923	2,322	5	8,260
Additions		0	213	21	0	234
Transfers		0	0	0	0	0
Revaluation		0	211	0	0	211
Disposals		0	0	117	0	117
At 31 March 2017		10	6,347	2,460	5	8,822
Depreciation						
At 1 April 2016		0	373	1,996	0	2,369
Provided during the year		0	116	100	1	217
Transfers		0	0	0	0	0
Disposals		0	0	117	0	117
At 31 March 2017		0	489	2,213	1	2,703
Net book value at 1 April 2016		10	5,550	326	5	5,891
Net book value at 31 March 2017	BS	10	5,858	247	4	6,119
		10				
Open Market Value of Land In Land and Dwellings Included Above						
Asset financing:						
Owned		10	5,858	247	4	6,119
Net Book Value at 31 March 2017		10	5,858	247	4	6,119

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR CONSOLIDATED

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2015		10	5,457	2,241	5	7,713
Additions		0	0	53	0	53
Transfers		0	265	28	0	293
Revaluation		0	201	0	0	201
At 31 March 2016		10	5,923	2,322	5	8,260
Depreciation						
At 1 April 2015		0	263	1,869	0	2,132
Provided during the year		0	110	109	0	219
Transfers		0	0	18	0	18
At 31 March 2016		0	373	1,996	0	2,369
Net book value at 1 April 2015		10	5,194	372	5	5,581
Net book value at 31 March 2016	BS	10	5,550	326	5	5,891
Open Market Value of Land in Land and Dwellings Included Above		10				
Asset financing:						
Owned		10	5,550	326	5	5,891
Net Book Value at 31 March 2016		10	5,550	326	5	5,891

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR BOARD

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
		£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2015		10	5,457	2,241	5	7,713
Additions		0	0	53	0	53
Transfers		0	265	28	0	293
Revaluation		0	201	0	0	201
At 31 March 2016		10	5,923	2,322	5	8,260
Depreciation						
At 1 April 2015		0	263	1,869	0	2,132
Provided during the year		0	110	108	0	218
Transfers		0	0	19	0	19
At 31 March 2016		0	373	1,996	0	2,369
Net book value at 1 April 2015		10	5,194	372	5	5,581
Net book value at 31 March 2016	BS	10	5,550	326	5	5,891
Open Market Value of Land in Land and Dwellings Included Above		10				
Asset financing:						
Owned		10	5,550	326	5	5,891
Net Book Value at 31 March 2016		10	5,550	326	5	5,891

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

11 (c). ASSETS HELD FOR SALE

The following asset related to NHS Borders has been presented as held for sale following approval for sale by the management of the Board. The completed date for sale of the asset is expected to be within the 12 months from 31st March 2017, Orchard Park, St Boswells.

No assets were disposed of in Financial Year 2016/17.

ASSETS HELD FOR SALE - CONSOLIDATED

Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2016	100	100
Transfers (to)/from property, plant and equipment	11a 0	0
Gain or losses recognised on remeasurement of non-current assets held for sale	0	0
Disposals for non-current assets held for sale	0	0
As at 31 March 2017	BS 100	100

ASSETS HELD FOR SALE - BOARD

Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2016	100	100
Transfers (to)/from property, plant and equipment	11a 0	0
Transfers (to)/from intangible assets	10 0	0
Gain or losses recognised on remeasurement of non-current assets held for sale	0	0
Disposals for non-current assets held for sale	0	0
As at 31 March 2017	BS 100	100

ASSETS HELD FOR SALE (PRIOR YEAR) - CONSOLIDATED

Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2015	315	315
Transfers (to)/from property, plant and equipment	11a 95	95
Gain or losses recognised on remeasurement of non-current assets held for sale	(30)	(30)
Disposals for non-current assets held for sale	(280)	(280)
As at 31 March 2016	BS 100	100

ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD

Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2015	315	315
Transfers (to)/from property, plant and equipment	11a 95	95
Gain or losses recognised on remeasurement of non-current assets held for sale	(30)	(30)
Disposals for non-current assets held for sale	(280)	(280)
As at 31 March 2016	BS 100	100

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
Net book value of property, plant and equipment at 31 March					
111,533	111,533	Purchased	11a	116,940	116,940
5,891	5,891	Donated	11b	6,119	6,119
117,424	117,424	Total	B S	123,059	123,059
Total value of assets held under:					
917	917	Finance Leases		833	833
917	917			833	833
Total depreciation charged in respect of assets held under:					
1,596	1,596	Finance leases		1,475	1,475
1,596	1,596			1,475	1,475

Indexation has been applied to the Property assets as advised to the Board by an independent valuer, GVA James Barr. The level of indexation applied reflects a blended rate between BCIS details for cost and tender pricing together with wider market trends. Land has been noted as not being impacted by any significant change in market conditions and therefore no indexation has been applied to Land Assets. Property is held at fair value (market value or discounted replacement cost where appropriate).

The net impact of applying the indexation 4% was an increase in value of £4.061m over Property Assets (Owned and Donated), the indexation sum of £4.061m was transacted to the Board's revaluation reserve.

12. INVENTORIES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
1,105	1,105	Finished Goods		1,071	1,071
1,105	1,105	Total Inventories	B S	1,071	1,071

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

13. TRADE AND OTHER RECEIVABLES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		Receivables due within one year			
		NHSScotland			
87	87	SGHSCD		571	571
2,639	2,639	Boards		1,524	1,524
2,726	2,726	Total NHSScotland Receivables		2,095	2,095
223	223	NHS Non-Scottish Bodies		231	231
0	0	General Fund Receivable		0	0
425	425	VAT recoverable		150	150
2,005	2,005	Prepayments		2,082	2,082
133	133	Accrued Income		61	61
688	672	Other Receivables		661	641
267	267	Reimbursement of provisions		317	317
1,879	1,879	Other Public Sector Bodies		788	788
0	0	Endowment Account Receivables		0	0
8,346	8,330	Total Receivables due within one year	B S	6,385	6,365
		Receivables due after more than one year			
		NHSScotland			
813	813	Reimbursement of Provisions		757	757
813	813	Total Receivables due after more than one year	B S	757	757
9,159	9,143	TOTAL RECEIVABLES		7,142	7,122
267	267	The total receivables figure above includes a provision for Impairments of :		328	328
		WGA Classification			
2,639	2,639	NHSScotland		1,524	1,524
425	425	Central Government Bodies		150	150
997	997	Whole of Government Bodies		709	709
223	223	Balances with NHS Bodies In England and Wales		231	231
4,875	4,859	Balances with bodies external to Government		4,528	4,508
9,159	9,143	Total		7,142	7,122
2016	2016			2017	2017
£'000	£'000	Movements on the provision for impairment of receivables are as follows:		£'000	£'000
255	255	At 1 April		267	267
12	12	Provision for impairment		61	61
0	0	Receivables written off during the year as uncollectible		0	0
0	0	Unused amounts reversed		0	0
267	267	At 31 March		328	328

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FOR THE YEAR ENDED 31 MARCH 2017

Consolidated 2016 £'000	Board 2016 £'000	As of 31 March 2017, receivables with a carrying value of £478,752 (2016: £456,859) were impaired and provided for. The amount of the provision was £327,840 (2016: £266,814). The ageing of these receivables is as follows:	Consolidated 2017 £'000	Board 2017 £'000
23	23	3 to 6 months past due	17	17
244	244	Over 6 months past due	311	311
<u>267</u>	<u>267</u>		<u>328</u>	<u>328</u>

The receivables assessed as individually impaired were mainly English, Welsh and Irish NHS Trusts/ Health Authorities, other Health Bodies, overseas patients, research companies and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2017, receivables with a carrying value of £2,752,758 (2016: £3,723,453) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated 2016 £'000	Board 2016 £'000	Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2017, receivables with a carrying value of £2,752,758 (2016: £3,723,453) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:	Consolidated 2017 £'000	Board 2017 £'000
2,424	2,424	Up to 3 months past due	1,335	1,335
130	130	3 to 6 months past due	77	77
1,169	1,169	Over 6 months past due	1,341	1,341
<u>3,723</u>	<u>3,723</u>		<u>2,753</u>	<u>2,753</u>

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, Local Authorities and Universities and there is no history of default from these customers recently.

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

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

Consolidated 2016 £'000	Board 2016 £'000	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. The carrying amount of receivables are denominated in the following currencies:	Consolidated 2017 £'000	Board 2017 £'000
9,159	9,143	Pounds	7,142	7,122
<u>9,159</u>	<u>9,143</u>		<u>7,142</u>	<u>7,122</u>

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

The fair value of long term other receivables is £767,000 (2015-16: £813,000).

The effective interest rate on non-current other receivables is 0% (2015-16: 0%). Pension liabilities are discounted at 0.24% (2015-16: 1.37%).

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14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
3,187	0	At 1 April		3,027	0
206	0	Additions		367	0
(233)	0	Disposals		(329)	0
0	0	Impairment recognised in SOCNE	3	0	0
(133)	0	Revaluation surplus/(deficit) transferred to equity		488	0
<u>3,027</u>	<u>0</u>	At 31 March		<u>3,553</u>	<u>0</u>
0	0	Current	BS	0	0
3,027	0	Non-current	BS	3,553	0
<u>3,027</u>	<u>0</u>	At 31 March		<u>3,553</u>	<u>0</u>
<u>0</u>	<u>0</u>	The carrying value includes an impairment provision of		<u>0</u>	<u>0</u>

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FOR THE YEAR ENDED 31 MARCH 2017

15. CASH AND CASH EQUIVALENTS

	Note	At 01 April 2016 £'000	Cash Flow £'000	At 31 March 2017 £'000
Government Banking Service account balance		270	(228)	42
Cash at bank and in hand			150	150
Endowment Cash		1,030	170	1,200
Total cash and cash equivalents - balance sheet	B S	1,300	92	1,392
Total cash - cash flow statement		1,300	92	1,392
		CFS		CFS
CASH AND CASH EQUIVALENTS - PRIOR YEAR				
	Note	At 01 April 2015 £'000	Cash Flow £'000	At 31 March 2016 £'000
Government Banking Service account balance		328	(58)	270
Cash at bank and in hand		0	0	0
Endowment Cash		688	342	1,030
Total cash and cash equivalents - balance sheet	B S	1,016	284	1,300
Total cash - cash flow statement		1,016	284	1,300
		CFS		CFS

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

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

16. TRADE AND OTHER PAYABLES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		Payables due within one year			
		NHSScotland			
6,135	6,135	Boards		4,423	4,423
6,135	6,135	Total NHSScotland Payables		4,423	4,423
0	0	NHS Non-Scottish Bodies		0	0
270	270	Amounts Payable to General Fund		189	189
5,163	5,163	FHS Practitioners		6,570	6,570
2,381	2,381	Trade Payables		1,916	1,916
11,424	11,424	Accruals		9,891	9,891
1,064	1,064	Payments received on account		960	960
85	85	Net obligations under Finance Leases	22	84	84
2,029	2,029	Income tax and social security		2,343	2,343
1,693	1,693	Superannuation		1,728	1,728
2,133	2,133	Holiday Pay Accrual		2,083	2,083
2,297	2,297	Other Public Sector Bodies		4,711	4,711
760	572	Other payables		474	342
0	0	Endowment Account Payables		0	0
35,434	35,246	Total Payables due within one year	B S	35,372	35,240
		Payables due after more than one year			
		NHSScotland			
84	84	Net obligations under Finance Leases due within 2 years	22	86	86
264	264	Net obligations under Finance Leases due after 2 years but within 5 years	22	270	270
690	690	Net obligations under Finance Leases due after 5 years	22	606	606
41	41	Other payables		38	38
1,079	1,079	Total Payables due after more than one year	B S	1,000	1,000
36,513	36,325	Total Payables		36,372	36,240
		WGA Classification			
6,135	6,135	NHSScotland		4,423	4,423
2,029	2,029	Central Government Bodies		2,343	2,343
2,147	2,147	Whole of Government Bodies		3,110	3,110
0	0	Balances with NHS Bodies in England and Wales		0	0
26,202	26,014	Balances with bodies external to Government		26,496	26,364
36,513	36,325	Total		36,372	36,240
		Borrowings included above comprise:			
1,123	1,123	Finance Leases		1,046	1,046
1,123	1,123			1,046	1,046
		The carrying amount of the non-current borrowings are as follows			
1,038	1,038	Finance Leases		962	962
1,038	1,038			962	962
		The fair value of the non-current borrowings are as follows			
1,115	1,115	Finance Leases		1,038	1,038
1,115	1,115			1,038	1,038
		The carrying amount of short term payables approximates their fair value.			
		The carrying amount of payables are denominated in the following currencies:			
36,513	36,325	Pounds		36,372	36,240

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17. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2017 Total £'000	Note
At 1 April 2016	1,480	1,010	3,801	19	6,310	
Arising during the year	188	744	6,145	0	7,077	
Utilised during the year	(115)	(305)	(382)	(7)	(809)	
Unwinding of discount	0	0	(6)		(6)	
Reversed unutilised	0	(75)	(967)	0	(1,042)	
At 31 March 2017	1,553	1,374	8,591	12	11,530	

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board 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 to 31 March 2017

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2017 Total £'000	Note
Payable in one year	114	377	2,583	12	3,086	B S
Payable between 2 - 5 years	451	997	5,633		7,081	
Payable between 6 - 10 years	556	0	270		826	
Thereafter	432	0	105		537	B S
Total as at 31 March 2016	1,553	1,374	8,591	12	11,530	

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2016 Total £'000	Note
At 1 April 2015	1,522	5,362	3,004	20	9,908	
Arising during the year	74	1,243	1,182	42	2,541	
Utilised during the year	(116)	(854)	(358)	(33)	(1,361)	
Unwinding of discount	0	0	(7)		(7)	
Reversed unutilised	0	(4,741)	(20)	(10)	(4,771)	
At 31 March 2016	1,480	1,010	3,801	19	6,310	

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board 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 - to 31 March 2016

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2016 Total £'000	Note
Payable in one year	116	409	1,118	20	1,663	B S
Payable between 2 - 5 years	448	601	1,493		2,542	
Payable between 6 - 10 years	523	0	139		662	
Thereafter	393	0	1,051	(1)	1,443	B S
At 31 March 2016	1,480	1,010	3,801	19	6,310	

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FOR THE YEAR ENDED 31 MARCH 2017

17b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2016 £'000	Note	2017 £'000
1,032 Provision recognising individual claims against the NHS Board as at 31 March	17	1,386
(1,080) Associated CNORIS receivable at 31 March	13	(1,074)
3,801 Provision recognising the NHS Board's liability from participating in the scheme at 31 March	17	8,591
3,753 Net Total Provision relating to CNORIS at 31 March		8,903

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: <https://clo.scot.nhs.uk/our-services/cnoris.aspx>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

18. MOVEMENT ON WORKING CAPITAL BALANCES

2016 Net Movement £'000		Note	2016 Opening Balances £'000	2017 Closing Balances £'000	2017 Net Movement £'000
	INVENTORIES				
10	Balance Sheet	12	1,105	1,071	
10	Net Decrease/(Increase)				34
	TRADE AND OTHER RECEIVABLES				
1,442	Due within one year	13	8,330	6,365	
3,074	Due after more than one year	13	813	757	
			9,143	7,122	
			9,143	7,122	
4,516	Net Decrease/(Increase)				2,021
	TRADE AND OTHER PAYABLES				
6,117	Due within one year	16	35,246	35,240	
(93)	Due after more than one year	16	1,079	1,000	
	Less: Property, Plant & Equipment (Capital) included in above		0	0	
58	Less: General Fund Creditor included in above	16	(270)	(189)	
			(1,123)	(1,046)	
77	Less: Lease and PFI Creditors included in above	16	34,932	35,005	
6,159	Net (Decrease)/Increase				73
	PROVISIONS				
(3,598)	Balance Sheet	17	6,310	11,530	
(3,598)	Net (Decrease)/Increase				5,220
7,087	NET MOVEMENT (Decrease)/Increase	CFS			7,348

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FOR THE YEAR ENDED 31 MARCH 2017

19. CONTINGENT LIABILITIES

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

2016 Value £'000	Nature	2017 Value £'000
813	Clinical and medical compensation payments	797
28	Employer's liability	48
<u>841</u>	TOTAL CONTINGENT LIABILITIES	<u>845</u>
	CONTINGENT ASSETS	
625	Clinical and medical compensation payments	495
0	Employer's liability	0
<u>625</u>		<u>495</u>

20. EVENTS AFTER THE END OF THE REPORTING YEAR

There are no post balance sheet events after the reporting period.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

21. COMMITMENTS

The Board has the following Capital Commitments which have not been included in the accounts

2016 Total		2017 Total
£'000		£'000
	Contracted	
191	Melburn Lodge - Dementia Strategy	0
2,125	Roxburgh Street Replacement Surgery	86
1,500	Primary Care	1,271
<u>3,816</u>	Total	<u>1,357</u>
	Authorised but not Contracted	
255	Rolling Replacement Programmes	298
110	Medical Equipment Replacement Programme	149
450	Statutory compliance and backlog maintenance property expenditure	350
550	Clinical Strategy	0
340	Project Management & Feasibility Assessments	260
201	Uncommitted	2,085
1,485	Theatre Ventilation	0
0	GP Orders Comms	0
0	Radiology Replacement	241
0	IM&T Infrastructure	950
0	Uncommitted - Dependent on Sales Proceeds	100
<u>3,391</u>	Total	<u>4,433</u>
<u>7,207</u>	Total Capital Commitments	<u>5,790</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

22. COMMITMENTS UNDER LEASES

Operating Leases

Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.

2016 £'000		Note	2017 £'000
	Obligations under operating leases comprise:		
	Land		
51	Not later than one year		52
52	Later than one year, not later than 2 years		54
165	Later than two year, not later than five years		169
436	Later than five years		378
	Buildings		
0	Not later than one year		0
	Other		
520	Not later than one year		418
313	Later than one year, not later than 2 years		232
115	Later than two year, not later than five years		57
0	Later than five years		0
	Amounts charged to Operating Costs in the year were:		
680	Hire of equipment (including vehicles)		604
380	Other operating leases		358
1,060	Total		962

Finance Leases

Total future minimum lease payments under finance leases are given in the table below for the each of the following periods.

2016 £'000		Note	2017 £'000
	Obligations under Finance leases comprise:		
	Buildings		
407	Rentals due within one year	16	417
417	Rentals due between one and two years (inclusive)	16	427
1,314	Rentals due between two and five years (inclusive)	16	1,347
3,473	Rentals due after five years	16	3,013
5,611			5,204
(4,488)	Less interest element		(4,158)
1,123			1,046

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23. PENSION COSTS

NHS Borders participates in the NHS Superannuation Scheme (Scotland). The Scheme is an unfunded statutory public services pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31st March 2012. The next valuation will be at 31st March 2016 and this will set contribution rates from 1st April 2019.

The scheme is an unfunded multi-employer defined benefit scheme.

NHS Borders has no liability for other employers obligations to the multi-employer scheme.

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

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

The employer contribution rate for the year 2016/17 was 14.9% of pensionable pay. While the employers rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1st April 2015. This contribution is included in the 14.9% employers contribution rate.

The total employers contributions received for the NHS Scotland scheme in the year to 31st March 2016 were £739.2 million (see note 3 of the scheme accounts). Contributions collected in the year to 31st March 2017 will be published in November 2017.

NHS Borders level of participation in the scheme is 1.66% based on the proportion of employer contributions paid in 2015/16.

Description of schemes

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2016-17 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

	2017	2016
	£'000	£'000
Pension cost charge for the year	12,629	12,314
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Balance Sheet	1,553	1,480

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24. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

There have been no prior year adjustments in this years Accounts

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FOR THE YEAR ENDED 31 MARCH 2017

25. FINANCIAL INSTRUMENTS

a) FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED	Note	Loans and Receivables 2017 £'000	Total 2017 £'000
At 31 March 2017			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	1,741	1,741
Cash and cash equivalents	15	1,392	1,392
		3,133	3,133
 BOARD			
At 31 March 2017			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	1,721	1,721
Cash and cash equivalents	15	192	192
		1,913	1,913
 CONSOLIDATED (Prior Year)			
At 31 March 2016			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,923	2,923
Cash and cash equivalents	15	1,300	1,300
		4,223	4,223
 BOARD (Prior Year)			
At 31 March 2016			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,907	2,907
Cash and cash equivalents	15	270	270
		3,177	3,177

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FOR THE YEAR ENDED 31 MARCH 2017

25. FINANCIAL INSTRUMENTS

a) FINANCIAL INSTRUMENTS BY CATEGORY

Financial Liabilities

CONSOLIDATED		Other financial liabilities	Total
At 31 March 2017		2017	2017
Liabilities per balance sheet		£'000	£'000
	Note		
Finance lease liabilities	16	1,046	1,046
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	26,794	26,794
		27,840	27,840
BOARD		Other financial liabilities	Total
At 31 March 2017		2017	2017
Liabilities per balance sheet			
Finance lease liabilities	16	1,046	1,046
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	26,700	26,700
		27,746	27,746
CONSOLIDATED (Prior Year)		Other financial liabilities	Total
At 31 March 2016		2016	2016
Liabilities per balance sheet			
Finance lease liabilities	16	1,123	1,123
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	25,533	25,533
		26,656	26,656
BOARD (Prior Year)		Other financial liabilities	Total
At 31 March 2016		2016	2016
Liabilities per balance sheet			
Finance lease liabilities	16	1,123	1,123
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	25,345	25,345
		26,468	26,468

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FOR THE YEAR ENDED 31 MARCH 2017

25. FINANCIAL INSTRUMENTS, cont.

b) FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

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

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

a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31st March 2017				
Finance lease liabilities	84	86	270	606
Trade and other payables excluding statutory liabilities	26,662	3	9	26
Total	26,746	89	279	632

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31st March 2016				
Finance lease liabilities	85	84	264	690
Trade and other payables excluding statutory liabilities	26,510	6	9	26
Total	26,595	90	273	716

c) Market Risk

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

i) Cash flow and fair value Interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

iii) Price risk

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

d) FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. (Provide details of the technique used).

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.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

26. RELATED PARTY TRANSACTIONS

Scottish Government

NHS Borders is a child of Scottish Government Health & Social Care Directorate (SGHSCD). The SGHSCD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Directorate and with other entities for which the directorate is regarded at the parent directorate. 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. In addition the Board operates in partnership with the Scottish Borders Integration Joint Board and the Local Authority Scottish Borders Council in line with the agreed Scheme of Integration and to support the outcomes of the Strategic Commissioning Plan.

Borders Health Board Endowment Fund

The Health Board is the corporate trustee of charitable endowment funds of £4.641m as at 31st March 2017. (2016: £3.885m) as per these consolidated Group Accounts.

The Endowment Fund is supported in delivery of designated projects through secondment arrangements with NHS Borders staff.

The following secondment charges were incurred by the Endowment Fund during 2016/17;

Fundraising Manager	1.0 wte	£38,089
Fundraising Support Officer	1.0 wte (Part Year)	£23,130
Evelyn Sutherland Nurse	0.7 wte (Part Year)	£6,521
Palliative Care Nurse Consultant	0.6 wte (Part Year)	£3,084
Palliative Care Band 5 Nursing	2.0 wte (Part Year)	£15,533
Volunteer Coordinator	1.0 wte	£32,773

The financial transactions of the Endowment Fund are recorded through, and reported from, the NHS Scotland National Finance System. Financial transactions between NHS Borders and the Endowment Fund are appropriately authorised and monitored.

Value Added Tax (VAT) relief is secured on financial transactions of the Endowment Fund under Group 15, Schedule 8 V.A.T. Act 1994 on all eligible purchases of medical equipment provided entirely by charity or from voluntary contributions.

Board members key managers or related parties

The Board records the interests of Board members, employees and other related parties in line with the requirements of the Board's Code of Corporate Governance. No transactions have been incurred as related party transactions with any of the organisations noted in the Register of Interests.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

27. SEGMENTAL INFORMATION

Segmental Analysis provided is in line with the Board Reporting Structure and in the form reported to internal Management.

	2016-17				The Difference £'000	2015 £'000
	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000		
Net operating cost 2016/17	142,357	51,017	27,635	19,850	(268)	240,591
	2015-16				The Difference £'000	2014 £'000
	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000		
Net operating cost 2015/16	132,678	49,195	26,714	15,714	(298)	224,003

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

28. THIRD PARTY ASSETS

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

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

	2016	Gross Inflows	Gross Outflows	2017
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	76	131	(137)	70
Total Monetary Assets	76	131	(137)	70

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

29a. STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

Group		Board	Endowments	Associates and joint ventures - Borders IJB	Consolidated
		2017 £'000	2017 £'000	2017 £'000	2017 £'000
	Clinical Services Costs				
184,953	Hospital and Community	188,318		123,398	311,716
13,908	Less: Hospital and Community Income	13,485		123,398	136,883
171,045		174,833	0	0	174,833
54,304	Family Health	57,548			57,548
1,515	Less: Family Health Income	1,573			1,573
52,789		55,975	0	0	55,975
223,834	Total Clinical Services Costs	230,808	0	0	230,808
1,851	Administration Costs	1,838			1,838
0	Less: Administration Income	0			0
1,851		1,838	0	0	1,838
541	Other Non Clinical Services	9,193	722		9,915
2,223	Less: Other Operating Income	980	990		1,970
(1,682)		8,213	(268)	0	7,945
0	Associates and joint ventures accounted for on an equity basis	0	0	0	0
224,003	Net Operating Costs	240,859	(268)	0	240,591

Associates and joint ventures accounted for on an equity basis discloses the Board's share of the partnership with the Scottish Borders Integration Joint Board (IJB) which reports a breakeven financial outturn on delegated resources during 2016/17

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

29b. CONSOLIDATED GROUP BALANCE SHEET

Group			Board	Endowment	Associates and Joint ventures - Borders IJB	Consolidated
2016		Note	2017	2017	2017	2017
£'000			£'000	£'000	£'000	£'000
	Non-current assets:					
117,424	Property, plant and equipment	11	123,059			123,059
1,288	Intangible assets	10	1,134			1,134
	Financial assets:					0
3,027	Available for sale financial assets	14		3,553		3,553
813	Trade and other receivables	13	757			757
<u>122,552</u>	Total non-current assets		<u>124,950</u>	<u>3,553</u>	<u>0</u>	<u>128,503</u>
	Current Assets:					
1,105	Inventories	12	1,071			1,071
	Financial assets:					
8,346	Trade and other receivables	13	6,365	20		6,385
1,300	Cash and cash equivalents	15	192	1,200		1,392
100	Assets classified as held for sale	11c	100			100
<u>10,851</u>	Total current assets		<u>7,728</u>	<u>1,220</u>	<u>0</u>	<u>8,948</u>
<u>133,403</u>	Total assets		<u>132,678</u>	<u>4,773</u>	<u>0</u>	<u>137,451</u>
	Current liabilities					
(1,653)	Provisions	17	(3,086)			(3,086)
	Financial liabilities:					
(35,434)	Trade and other payables	16	(35,240)	(132)		(35,372)
<u>(37,097)</u>	Total current liabilities		<u>(38,326)</u>	<u>(132)</u>	<u>0</u>	<u>(38,458)</u>
<u>96,306</u>	Non-current assets plus/less net current assets/liabilities		<u>94,352</u>	<u>4,641</u>	<u>0</u>	<u>98,993</u>
	Non-current liabilities					
(4,647)	Provisions	17	(8,444)			(8,444)
	Financial liabilities:					
(1,079)	Trade and other payables	16	(1,000)			(1,000)
<u>(5,726)</u>	Total non-current liabilities		<u>(9,444)</u>	<u>0</u>	<u>0</u>	<u>(9,444)</u>
<u>90,580</u>	Assets less liabilities		<u>84,908</u>	<u>4,641</u>	<u>0</u>	<u>89,549</u>
	Taxpayers' Equity					
42,600	General fund	SOCTE	37,757	0		37,757
44,095	Revaluation reserve	SOCTE	47,151	0		47,151
3,885	Funds Held on Trust	SOCTE	0	4,641		4,641
<u>90,580</u>	Total taxpayers' equity		<u>84,908</u>	<u>4,641</u>	<u>0</u>	<u>89,549</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2017

29c. CONSOLIDATED STATEMENT OF CASHFLOWS


Board 2016 £'000	Endowment 2016 £'000	Consolidated 2016 £'000		Board 2017 £'000	Endowment 2017 £'000	Consolidated 2017 £'000
			Cash flows from operating activities			
(224,301)	298	(224,003)	Net operating cost	(240,859)	268	(240,591)
2,607	0	2,607	Adjustments for non-cash transactions	3,607	0	3,607
4,516	21	4,537	(increase) / decrease in trade and other receivables	2,021	(4)	2,017
10	0	10	(increase) / decrease in inventories	34	0	34
6,159	(5)	6,154	Increase / (decrease) in trade and other payables	73	(56)	17
(3,598)	0	(3,598)	Increase / (decrease) in provisions	5,220	0	5,220
(214,607)	314	(214,293)	Net cash outflow from operating activities	(229,904)	208	(229,696)
			Cash flows from investing activities			
(1,778)	0	(1,778)	Purchase of property, plant and equipment	(4,996)		(4,996)
			Transfer of assets (to)/from other NHS Bodies	234		234
(871)	0	(871)	Purchase of intangible assets	(31)		(31)
0	(205)	(205)	Investment Additions		(367)	(367)
507	0	507	Proceeds of disposal of property, plant and equipment			0
0	233	233	Receipts from sale of investments		329	329
(2,142)	28	(2,114)	Net cash outflow from investing activities	(4,793)	(38)	(4,831)
			Cash flows from financing activities			
216,826	0	216,826	Funding	234,777		234,777
(58)	0	(58)	Movement in general fund working capital	(81)		(81)
216,768	0	216,768	Cash drawn down	234,696	0	234,696
			Capital element of payments in respect of finance leases and on-balance sheet PFI contracts			
(77)	0	(77)		(77)	0	(77)
216,691	0	216,691	Net Financing	234,619	0	234,619
(58)	342	284	Net increase / (decrease) in cash and cash equivalents in the period	(78)	170	92
328	688	1,016	Cash and cash equivalents at the beginning of the period	270	1,030	1,300
270	1,030	1,300	Cash and cash equivalents at the end of the period	192	1,200	1,392
			Reconciliation of net cash flow to movement in net debt/cash			
(58)	342	284	Increase/(decrease) in cash in year	(78)	170	92
328	688	1,016	Net debt/cash at 1 April	270	1,030	1,300
270	1,030	1,300	Net debt/cash at 31 March	192	1,200	1,392



Borders Health Board

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.


Signed by the authority of the Scottish Ministers

Dated 10/2/2006