

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2011

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2011

1. Naming convention

NHS Borders is the common name for Borders Health Board.

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

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

3. Date of issue

The financial statements were approved and authorised for issue by the Board on 30 June 2011.

4. Accounting convention

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

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

5. Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2006/2007 to 2010/11 the Auditor General has appointed PricewaterhouseCoopers LLP to undertake the audit of NHS Borders. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

6. Board membership

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

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

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1st April 2010 to 31st March 2011 were as follows:

Non-Executive Members

Mrs M Wilson, Chair

Mrs E Cameron, Non-Executive Director

Mrs P Alexander, Non-Executive Director

Mrs C Duthie, Non-Executive Director

Mrs J Edey, Non-Executive Director

Mr D Davidson, Non-Executive Director

Mr A Lucas, Non-Executive Director

Cllr A Scott, Non-Executive Director

Dr D Steele, Non-Executive Director

Mr V Summers, Non-Executive Director (to 31 October 2010)

Mr J Hammond, Non-Executive Director (from 1 November 2010)

Executive Members

Mr C Campbell, Chief Executive
Dr E Baijal, Director of Public Health
Dr W Cameron, Medical Director
Mrs L Hamilton-Welsh, Director of Workforce (to 31 August 2010)
Mrs J Davidson, Director of Finance (to 31 October 2010)
Mrs J Davidson, Acting Chief Operating Officer (from 1 November 2010)
Mrs C Gillie, Acting Director of Finance (from 1 November 2010)
Mr R Roberts, Chief Operating Officer (to 31 October 2010)
Mr R Roberts, Director of Workforce (from 1 November 2010 to 9 January 2011)
Mrs S Wright, Director of Nursing and Midwifery

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

7. Board members' and senior managers' interests

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health board as required by IAS 24 are disclosed in Note 29.

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

8. Directors third party indemnity provisions

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

9. Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 22 and the remuneration report.

10. Remuneration for non audit work

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

11. Value of Land

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

12. Public Services Reform (Scotland) Act 2010

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

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

13. Payment policy

The Scottish Government is committed to supporting business during the current economic climate by paying bills more quickly. The intention is to achieve payment of all undisputed invoices, where possible, within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

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

	2010/11	2009/10
Average period of credit taken	11 days	13 days
Percentage of invoices by volume paid within 30 days	92%	92%
Percentage of invoices by value paid within 30 days	81%	89%
Percentage of invoices by volume paid within 10 days	70%	67%
Percentage of invoices by value paid within 10 days	56%	60%

14. Corporate governance

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

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

Clinical Governance Committee

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

The membership of the Clinical Governance Committee comprised Mrs. C Duthie, Dr D Steele (from February 2011), Mr D Davidson (from November 2010), Mr. V Summers, and Mr. A Lucas who chaired the committee. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2010/11.

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

Audit Committee

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

The Audit Committee comprised Mrs. J Edey, Mr. A Lucas, and Dr. D Steele and was chaired by Mrs. J Edey. The Committee was supported by a number of stakeholders, including non-executive directors, internal audit and external audit, who were in attendance at the meetings during 2010/11.

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

Staff Governance Committee

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

The membership of the Staff Governance Committee comprised Mrs. E Cameron, Mr D Davidson (from 1 April 2010), Mrs. P Alexander (from 1 April 2010), Mr. A Lucas and Dr. D Steele. The Committee is chaired by Mrs. E Cameron. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2010/11.

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

Public Governance Committee

The purpose of the Public Governance Committee is to ensure that the NHS Board discharges its legal obligation to involve, engage and consult patients, the public and communities in the planning and development of services and in the decision making process about the future pattern of services provided. The membership of the Public Governance Committee comprised Mrs. C Duthie, Dr. D Steele, Mrs. E Cameron, Mrs A Scobie, Mr. John Hammond, Ms Clare Malster, Ms. Meg Roper, Ms. Fiona Morrison, Mr. A Leitch, Mrs. G Jardine, Mrs. J Naylor and Ms. Jenny Miller and was chaired by Mrs. C Duthie. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2010/11.

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

Community and Health Care Partnership (CHCP)

The purpose of the Community and Health Care Partnership is to ensure that the partnership agreement delivers the objectives of the CHCP Strategic Plan by monitoring governance arrangements, plan progress, commission and redesign of jointly delivered services, to hold Joint Boards to account and drive forward health improvement. NHS Borders is a member of the Borders Community Health and Care Partnership. The Health Borders theme within New Ways is addressed mainly by the Borders CHCP, which includes NHS Borders, Scottish Borders Council's Education & Lifelong Learning and Social Work Departments, and the wider community and voluntary sector.

Core membership of the CHCP for the period 1 April 2010 to 31st March 2011 was:

NHS Borders

NHS Borders Chief Executive

- Mr C Campbell

Chair NHS Borders

- Mrs. M Wilson

NHS Non-Executive Directors.

- Mrs. J Edey
- Mrs P Alexander
- Mr V. Summers (to 31 October 2010)
- Mr. J Hammond (from 1 November 2010)

Chair Joint Staff Forum

- Mrs. E Frame

Chair of Public Partnership Forum

- Mr. A Leitch

Scottish Borders Council

Local Councillors Executive members

- Cllr. D Parker
- Cllr. S Scott (Chair)
- Cllr. C Bahtia
- Cllr. D Raw
- Cllr. A Nicol

Chair Joint Staff Forum

- Mrs. B Harrison

The Committee was supported by a number of stakeholders from NHS Borders and Scottish Borders Council who were in attendance at the meetings during 2010/11.

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

Ethics Committee

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. During 2010/11, the Committee met on one occasion, on 28 April 2010. The membership of the Committee comprised Mrs. J Edey (Chair), Mrs. R Anderson, Mrs A Mackie, Mr S Scott, Mrs M. Simpson and Mrs. A Purvis.

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

15. Disclosure of information to auditors

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

16. Human resources

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

17. Events after the end of the reporting period

There are no post balance sheet events.

18. Financial instruments

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

19. Approval and signing of the directors' report

The Accounting Officer authorised these financial statements for issue on 30 June 2011.

Signed

30 June 2011

Chief Executive

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2011

OPERATING AND FINANCIAL REVIEW

1. Principal activities and review of the year

The NHS Board was established in 1974 under the National Health Service (Scotland) Act 1974 and is responsible for providing health care services for the residents of the Scottish Borders, a total population of 116,240 (GP Practice List – January 2010)

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

The role of the NHS Board is to:

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

The functions of the NHS Board comprise:

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

During 2010/11 a review of meeting arrangements within the organisation has led to a more streamlined and focused structure being established and which clarified the decision making process within NHS Borders. In essence, the Clinical Executive meets on a monthly basis and acts as the Operational Group for NHS Borders and the Strategy Group meetings monthly to focus on key strategic decisions.

The Vision, Values and Corporate Objectives of NHS Borders were refreshed during 2010/11 and were formally approved by the Board at its meeting on 21 June 2010. Patient Safety is the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.

NHS Borders introduced a 3-year Strategic Change Programme (SCP) in 2008. The programme was in response to continued challenges relating to increased activity, a tighter financial climate, sustainability issues, challenges set out in Better Health, Better Care Action Plan¹, and in order to implement further the strategic goals set out in Getting Fit for the Future². The Programme was introduced and managed as a programme with component projects and leads in order to ensure a coherent, coordinated approach to the work required.

In April 2010, it was recognised that the work within the SCP had embedded successfully within services across the organisation, and so the next phase of work was mainstreamed from the programme into the Operational Group / Strategy Group remits with delivery by Clinical Boards. In September 2010, the Clinical Executive Strategy Group recognised that this work, along with the in-year efficiency projects form part of NHS Borders' Clinical Strategy.

¹ Scottish Government, 2007

² NHS Borders, 2006

A key element of the Board's plan to achieve a financial breakeven outturn in 2010/11 was its cost efficiency savings plan.

This plan at a minimum was required to generate £7.9m of funds, of which a minimum of £6.3m should be recurrent. In developing its financial plan for 2010/11, the Board set an efficiency plan level that:-

- enabled the Board to achieve a balanced outturn;
- met the requirement to achieve a 2% recurring reduction in costs against its revenue allocation as part of the Scottish Government Efficiency Savings Initiative; and
- put plans in place to create the momentum necessary to ease the passage of future year's financial challenges

A structured governance framework has been developed across the whole programme. The framework provides an adequate structure to support the delivery of projects, including project approval, roles and responsibilities, project methodology and reporting timetables.

Efficiency savings are key targets for each project. Each month, the Efficiency Board reviews progress against efficiency targets and follows up with projects where progress has slipped. In addition, Clinical Boards and the Clinical Executive Strategy Group monitor the progress of projects using information from the Efficiency Board.

The 2010/11 target of £7.9m has been overachieved with a level of £9.1m efficiency savings delivered in-year. This outturn position was attained by a higher than planned level of non recurring savings. On an on-going basis, once projects that started part way through the year have been fully implemented, the £6.3m recurring target will be fully achieved.

While funds have been allocated from the capital budget to support the development and implementation of specific projects, any significant reduction in future capital funding from the Scottish Government is likely to impact on successful delivery of the projects, including targets and timescales. To help mitigate this risk, project leads and the Finance Directorate are exploring alternative options including other sources of funding.

2. Financial Performance and Position

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

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

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

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

	Limit as set by SGHD £'000 (1)	Actual Outturn £'000 (2)	Variance (Over)/Under £'000 (3)
1 Core Revenue Resource Limit	182,854	182,794	60
Non Core Revenue Resource Limit	5,208	5,206	2
2 Core Capital Resource Limit	5,739	5,734	5
Non Core Capital Resource Limit	0	0	0
3 Cash Requirement	199,000	198,629	371

MEMORANDUM FOR IN YEAR OUTTURN

£'000

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

471

533

Provision for bad and doubtful debts

Debtors are stated net of a provision for doubtful debts of £67,697 (2009/2010: £68,734).

Outstanding Liabilities

'Trade and other payables' due within one year have increased from £31.6m in 2009/2010 to £34.8m in 2010/11. This reflects a purely timing difference in relation to receipt of allocations, income and the payment of invoices.

'Trade and other payables' due within one year as reported at 31st March 2011 include a provision of £1.909m (2009/10: £1.871m) with respect to an accrual for holiday pay.

Legal Obligations

The Board has provided for £3.530m clinical and medical negligence compensation claims (2009/10: £6.737m) and £1.414m pension obligations (2009/10: £2.080m) at 31st March 2011.

Sickness Absence

During the year ended 31st March 2011, the NHS Borders average sickness absence rate was 4.07% (2009/10: 4.48%).

Information Governance

The number of information governance breaches of data protection/information security reported through the NHS Borders Incident Reporting system is 53 for 2010/11 (2009/10: 57). All incidents were investigated and appropriate action taken.

Patient Exemption Checking

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

3. Performance against Key Non-Financial Targets

In December 2005 the Scottish Executive issued guidance to Boards requiring them to submit Local Delivery Plans (LDP's), which set targets for specified indicators of performance in four key areas; these are known as the HEAT targets, and cover Health improvement, Efficiency, Access and Treatment. The HEAT Targets for 2010/11 were as follows:-

Health Improvement
<ul style="list-style-type: none">• Achieve agreed completion rates for child healthy weight intervention programme by 2010/11
<ul style="list-style-type: none">• Achieve agreed number of screenings using the setting-appropriate screening tool and appropriate alcohol brief intervention, in line with SIGN 74 guidelines by 2010/11
<ul style="list-style-type: none">• Reduce suicide rate between 2002 and 2013 by 20%, supported by 50% of key frontline staff in mental health and substance misuse services, primary care, and accident and emergency being educated and trained in using suicide assessment tools/ suicide prevention training programmes by 2010
<ul style="list-style-type: none">• Through smoking cessation services, support 8% of each NHS Board's smoking population in successfully quitting (at one month post quit) over the period 2008/09 – 2010/11
<ul style="list-style-type: none">• Increase the proportion of newborn children exclusively breastfed at 6-8 weeks from 26.6% in 2006/07 to 33.3% in 2010/11

<ul style="list-style-type: none"> • Achieve agreed number of inequalities targeted cardiovascular health checks during 2009/10
<ul style="list-style-type: none"> • At least 60% of 3 and 4 year olds in each SIMD to have fluoride varnishing twice a year by March 2014
<p>Efficiency & Governance</p>
<ul style="list-style-type: none"> • NHS Boards to deliver agreed improved efficiencies for first outpatient attendance DNA, non-routine inpatient average length of stay, review to new outpatient attendance ratio and same-day surgery by March 2011 and pre-operative stay by March 2013
<ul style="list-style-type: none"> • NHS Boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement
<ul style="list-style-type: none"> • NHS Boards to meet their cash efficiency target
<ul style="list-style-type: none"> • To increase the percentage of new GP outpatient referrals into consultant led secondary care services that are managed electronically to 90% from December 2010
<ul style="list-style-type: none"> • NHS Scotland to reduce CO₂ emissions for oil, gas, butane and propane usage based on a national average year-on-year reduction of 3% each year to 2015-16.
<ul style="list-style-type: none"> • NHS Boards to ensure that all staff on <i>Agenda for Change</i> permanent contracts take part in an annual review against a KSF post outline. Information on levels of competence and identified training needs must be made available through Boards recording summary information from at least 80% of development reviews on e-ksf by end March 2011.
<p>Access</p>
<ul style="list-style-type: none"> • Provide 48 hour access or advance booking to an appropriate member of the GP Practice Team by 2010/11
<ul style="list-style-type: none"> • From the quarter ending December 2011, 95% of all patients diagnosed with cancer to begin treatment within 31 days of decision to treat, and 95% of those referred urgently with a suspicion of cancer to begin treatment within 62 days of receipt of referral.
<ul style="list-style-type: none"> • Deliver 18 weeks referral to treatment from 31 December 2011. No patient will wait longer than 12 weeks from referral to a first outpatient appointment from 31 March 2010. No patient will wait longer than 9 weeks from being placed on a waiting list to admission for an inpatient or day case procedure from 31 March 2011.
<ul style="list-style-type: none"> • By March 2013, 90% of clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery. By December 2010, 90% of clients referred to drug treatment will receive a date for assessment that falls within 4 weeks of referral received and 90% of clients will receive a date for treatment that falls within 4 weeks of their care plan being agreed
<ul style="list-style-type: none"> • By March 2013 no one will wait longer than 26 weeks from referral to treatment for specialist CAMHS services. • During 2010/11 the Scottish Government will work with NHS Boards to develop an access target for psychological therapies for inclusion in HEAT in 2011/12.
<p>Treatment</p>
<ul style="list-style-type: none"> • To achieve agreed reductions in the rates of hospital admissions and bed days of patients with primary diagnosis of COPD, Asthma, Diabetes or CHD, from 2006/7 to 2010/11
<ul style="list-style-type: none"> • Increase the level of older people with complex care needs receiving care at home
<ul style="list-style-type: none"> • Each NHS Board will achieve agreed improvements in the early diagnosis and management of patients with dementia by March 2011
<ul style="list-style-type: none"> • To support shifting the balance of care, NHS Boards will achieve agreed reductions in the rates of attendance at A&E
<ul style="list-style-type: none"> • To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% nationally by 31 March 2010 and to achieve a further reduction in cases of 15% by 31 March 2011; to reduce the rate of Clostridium difficile infections in patients aged 65 and over at least by 30% by 31 March 2011
<ul style="list-style-type: none"> • By 2010/11, NHS Boards will reduce the emergency inpatient bed days for people aged 65 and over, by 10%, compared with 2004/05

As part of the Local Delivery Plan submission to the Scottish Government, the NHS Board is committed to achieving targets and also details a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks. A summary of progress against a sample of key targets as at March 2011 is provided below. Further information on performance against targets can be found as part of the NHS Board papers, specifically the HEAT Performance Scorecard, available on the NHS Borders website <http://www.nhsborders.org.uk>

Target 2010/11	Achieve agreed number of screenings using the setting-appropriate screening tool and appropriate alcohol brief intervention, in line with SIGN 74 guidelines by 2010/11
Performance	There continued to be strong performance against this target during 2010/11. The March 2011 target of 3,210 interventions was achieved in October 2010. The number of interventions recorded at the end of March 2011 was 3,629, therefore an over achievement of 419 above the total target.
Target 2010/11	Through smoking cessation services, support 8% of the Board's smoking population in successfully quitting
Performance	This target measures the total number of the smoking population who have quit for a period of a month or longer following input from the Smoking Cessation Service. The March 2011 target of 1,600 smokers who have quit has been over achieved during 2010/11 with a total of 1,811 non smokers which is 2,111 over target.
Target 2010/11	Treatment with 31 days of decision to treat for all patients diagnosed with Cancer should be 95%, Treatment within 62 days for urgent referrals on suspicion of cancer should be 95%
Performance	Performance against the 31 day target continued positively throughout 2010/11, during March 2011 this target was achieved giving a total of 100% The 62 day target has also been successfully delivered during 2010/11; however performance slightly decreased with a position of 92.9% as at March 2011.
Target 2010/11	4-Hour waiting Target for Accidents and Emergencies should be 98%
Performance	Performance levels have varied during the course of 2010/11; however there have been a number of months that performance has exceeded the target of 98%. Current performance at the end of March 2011 was slightly below trajectory target by 1% to give a total of 97%
Target 2010/11	To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% by 2010 and to achieve a further 15% by 31 March 2011; to reduce the rate of Clostridium Difficile infections in patients aged 65 and over by at least 30% by March 2011
Performance	With regards to SAB, current performance is significantly below trajectory target by 21% giving a total of 36% compared to the target level of 15%. However, performance with regards to Clostridium Difficile is more positive and is above target level by 7% to give a total of 23% compared to 30%

During 2010/11 the Board improved and successfully embedded a more rigorous corporate performance management and reporting framework. This included the development of Clinical Board / Clinical Executive performance scorecards and quarterly performance reviews, ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including HEAT targets, are reported to the Board on a regular basis.

4. Sustainability and Environmental Reporting

In conjunction with the Carbon Trust, the Board has produced a Carbon Management Plan (CMP) aimed at addressing a reduction in our carbon impact substantially by 2016. The Board currently has an annual energy spend of almost £2.5m and a carbon footprint of 12,318 tonnes of CO₂. In meeting proposed targets, NHS Borders will save £1.8m and avoid emissions of 7,396 tonnes of CO₂ in total over the 8 year period.

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

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation's diverse property portfolio;
- Reducing energy consumption in buildings by reducing unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring;
- 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; and
- The introduction of carbon life cycle costing to the procurement process for all capital and revenue projects which will assist in assessing the efficiency of equipment and property and the related cost/carbon impact.

During 2010/11, a number of energy efficiency projects have been undertaken in-line with the CMP, as detailed below:

- An energy saving internal and external light replacement programme across NHS Borders' estate;
- An energy efficient plate heat exchanger has been installed for domestic hot water;
- A heat recovery unit has been installed in the Laundry at Borders General Hospital (BGH);
- A boiler replacement programme has continued for NHS Borders' community properties;
- Doorway air curtains have been fitted to buildings to reduce heat loss;
- The building management system has been optimised to reduce running times and temperatures;
- Variable speed drives have been fitted to cold water booster pumps to reduce usage;

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 for inclusion in the NHS Scotland Annual Environmental Report.

Signed

30 June 2011

Chief Executive

REMUNERATION REPORT

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

Remuneration 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 Directorate.

The Remuneration Committee comprised Mrs M Wilson, Mrs J Edey, Mrs C Duthie, Mr Adrian Lucas and was chaired by Mrs M Wilson. Mr C Campbell and Mrs L Hamilton-Welsh (to 31 August 2010) are in attendance at the Committee meetings.

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

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

Determination of senior employee's remuneration

Remuneration levels are determined by the Remuneration Committee.

Performance Measurement

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

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

Board Members and Senior Employees Remuneration Report

The Board Members and Senior Employees Remuneration report, shown on the following pages, details Board Members' and Senior Employee's remuneration, in bandings of £2,500 and £5,000 as required. These bandings include any backdated salary payments made, and Board contributions made in respect of national insurance and pension.

FOR THE YEAR ENDED 31 MARCH 2011

	Salary & Employers Pension Contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2011 £'000	Real increase in CETV in year £'000	Benefits in kind £'000	Performance Related Bonus (bands of £5,000)	Footnote
Remuneration of:									
Executive Members									
Chief Executive: Mr C Campbell	145-150	*	*	*	*	*	*		1
Director of Public Health: Dr E Baijal	205-210	0-2.5	52.5-55	1033	1121	15	1.2		
Director of Finance: Mrs J Davidson (to 30 October 2010)	65-70	*	*	*	*	*	0.0		
Director of Finance: Mrs C Gillie (from 1 November 2010)	30-35	0-2.5	17.5-20	325	354	6	1.0		
Medical Director: Dr W Cameron	195-200	2.5-5	60-62.5	1172	1305	52	0.2		
Chief Operating Officer: Mr R Roberts (to 31 October 2010)	55-60	*	*	*	*	*			2
Chief Operating Officer: Mrs J Davidson (from 01 November 2010)	45-50	0-2.5	20-22.5	290	330	16	0.0		
Nursing Director: Mrs S Wright	95-100	2.5-5	27.5-30	432	510	48	0.0		
Director of Workforce: Mrs L Hamilton Welsh (to 31 August 2010)	25-30	*	*	*	*	*	0.0		2
Director of Workforce: Mr R Roberts (from 1 November 2010 to 9 January 2011)	15-20	*	*	*	*	*	0.1		2
Non Executive Members									
Chair - Mrs M Wilson	30-35	0 - 0	0 - 0	0	0	0	2.6		2
Mr D Davidson	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mrs C Duthie	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mrs J Edey	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mr A Lucas	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mr A Scott	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mrs D Steele	5-10	0 - 0	0 - 0	0	0	0	0.0		
Mr V Summers (to 31 October 2010)	0-5	0 - 0	0 - 0	0	0	0	0.0		
Mr J Hammond (from 1 November 2010)	0-5								
Mrs P Alexander	5-10	0 - 0	0 - 0	0	0	0	0.0		
Employee Director :Mrs E Cameron	50-55	0 - 0	0 - 0	0	0	0	2.4		3
Other Senior Employees									
Former Director of Finance: Mr R Kemp (to 8 April 2010)	0-5	*	*	*	*	*	*		2
Total				3252	3620	137	7.5		

1 - This Executive Member transferred from another NHS body and their pension information is unavailable for publication at this time

It should be noted that this individual did not withhold their consent to disclose this information

* Mr C Campbell

2 - Mrs L Hamilton Welsh left the organisation on 31 August 2010

Mr R Roberts has left the organisation on 9th January 2011

Mr R Kemp retired from the organisation on 8 April 2010

Mrs M Wilson left the organisation on 31 March 2011

3 - Mrs E Cameron is employed by the Board as Employee Director for one session per week

FOR THE YEAR ENDED 31 MARCH 2010

	Salary & Employers Pension Contributions (Bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2009 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Real increase in CETV in year £'000	Benefits in kind £'000	Footnote
Remuneration of:								
Executive Members								
Chief Executive: Mr C Campbell (from 1 January 2010)	30-35	*	*	*	*	*	0.0	1
Chief Executive: Mr J Glennie (to 31 December 2009)	115-120	0-2.5	57.5-60	1412	1434	-5	3.1	4
Director of Public Health: Dr E Baijal (from 13 July 2009)	130-135	2.5-5	47.5-50	897	1020	68	0.0	
Acting of Director of Public Health: Dr A Mordue (to 12 July 2009)	35-40	*	*	*	*	*	0.0	
Director of Finance: Mrs J Davidson (from 1 January 2010)	25-30	0-2.5	17.5-20	260	287	5	0.0	
Director of Finance: Mr R Kemp (to 31 December 2009)	90-95	7.5-10	37.5-40	619	835	171	1.9	4
Medical Director: Dr W Cameron	165-170	0-2.5	55-57.5	1091	1157	1	2.5	
Director of Corporate Performance and Management: Mr R Pearson (to 31 March 2010)	90-95	0-2.5	15-17.5	220	229	11	3.1	5
Chief Operating Officer: Mr R Roberts	95-100	0-2.5	20-22.5	297	342	20	1.7	
Nursing Director: Mrs S Wright (from 1 January 2010)	20-25	2.5-5	22.5-25	360	427	42	0.0	
Nursing Director: Mrs L Smith (to 31 January 2010)	x	x	x	x	x	x	x	2
Director of Workforce: Mrs L Hamilton Welsh	80-85	*	*	*	*	*	0.0	1
Non Executive Members								
Chair - Mrs M Wilson	30-35	0 - 0	0 - 0	0	0	0	2.8	
Mrs J Croall (to 31 March 2010)	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs C Duthie	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs J Edey	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr A Lucas	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr A Scott	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs D Steele (from 1 May 2009)	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mr V Summers	5-10	0 - 0	0 - 0	0	0	0	0.0	
Mrs A Ferahi (to 31 January 2010)	0-5	0 - 0	0 - 0	0	0	0	0.0	
Employee Director :Mrs E Cameron	45-50	0 - 0	0 - 0	0	0	0	1.7	3
Other Senior Employees								
Former Chief Executive: Mr J Glennie (to 31 March 2010)	30-35	*	*	*	*	*	*	4
Former Director of Finance: Mr R Kemp (to 8 April 2010)	25-30	*	*	*	*	*	*	4
Former Director of Nursing: Mrs H Maughan (to 13 May 2009)	70-75	x	x	x	x	x	x	4
Total				5156	5731	313	16.8	

1 - These Executive Members transferred from other NHS bodies and their pension information is unavailable for publication at this time

It should be noted that these individuals did not withhold their consent to disclose this information

* Mr C Campbell

* Mrs L Hamilton-Welsh

2 - Under the provisions of the Data Protection Act, the former Director has not given their permission to disclose their individual remuneration details nor are they included within the overall totals

3 - Mrs E Cameron is employed by the Board as Employee Director for one session per week

4 - Mrs H Maughan received a compensation payment of £33,147 for loss of office

Mr J Glennie retired from the organisation on 31 March 2010

Mr R Kemp retired from the organisation on 8 April 2010

5 Mr R Pearson is on secondment to the Scottish Government from 1 April 2010

Signed

30 June 2011

Chief Executive

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS 2010/2011

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

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

This designation carries with it, responsibility for:

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter to me of the 3rd April 2003.

Signed

30 June 2011

Chief Executive

BORDERS HEALTH BOARD

ANNUAL ACCOUNTS 2010/2011

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

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2011, and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

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

Signed

30 June 2011

Chair

Signed

30 June 2011

Director of Finance

BORDERS HEALTH BOARD
ANNUAL ACCOUNTS 2010/11

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

In terms of enabling me to discharge my responsibilities as Accountable Officer, the following arrangements and processes were in place throughout the financial year:

- a Board which meets regularly to consider the plans and strategic direction of the organisation, and consists of both executive and non executive members;
- single system governance and management arrangements with clear supporting lines of accountability and an agreed scheme of delegation and standing orders;
- the consideration by the Board of periodic reports from the chairs of the standing committees of staff governance, clinical governance, audit, public governance and community health and care partnership concerning any significant matters on governance and internal controls;
- a Risk Management Board responsible for monitoring specific risks, ensuring control measures are in place and measuring the completeness of the risk register. The escalation and management of risk is set out in the Risk Management Strategy and Policy.
- a strong focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically, taking into consideration equal opportunities and sustainable development requirements.

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

Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers in the SPFM and supplementary NHS guidance and has been in place for the year ended 31 March 2011, and up to the date of approval of the annual report and accounts.

Risk and Control Framework

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

NHS Borders has in place a Risk Management Strategy; this strategy includes having a Risk Management Board (RMB), which is responsible for developing a single system of risk management for NHS Borders, and overseeing the development and maintenance of strategy and infrastructure. It monitors implementation of associated plans to co-ordinate the management of risk across the NHS Board using a consistent methodology and set of standards. All national performance reports issued by Audit Scotland are reviewed by the RMB to ensure that local action plans are developed to implement improvements. The RMB provides regular reports to

the NHS Borders Audit Committee, which as a standing committee of the Board, has responsibility for the oversight of risk management systems and processes.

The key components of the Board's risk management arrangements are the Risk Management Strategy, the Risk Register Policy and the Corporate Risk Register. The Corporate Risk Register summarises the main risks identified across the organisation and the processes by which these risks were managed.

During February 2011, the Board's Strategic Risk Register was refreshed and updated with progress against agreed actions. These risks will be reviewed by the Board during a development session which will be facilitated by Pricewaterhouse Coopers (PwC). This session will take place by the end of September 2011.

In March 2011, the Board invested in the Datix Risk Management system which includes patient safety healthcare software for healthcare risk management, incident reporting software and adverse events. The Datix system was launched on 1 April 2011 and is currently being rolled out to users.

There are also a number of training programmes which are available to all NHS Borders' staff with respect to the management of risk, including:

- Risk assessment training;
- Risk management training;
- Risk register training;
- Hazardous substance training;
- General safety awareness; and
- Visual display unit equipment risks.

The Board also provides practical training sessions, including a range of moving and handling training for staff primarily involved in patient handling, as well as training for staff that may be exposed to violence and aggression.

Over the last twelve months, there has continued to be progress in the area of Information Governance. A number of information security improvements were implemented including the use of encrypted USB memory sticks and the deployment of encryption software on all laptops.

In addition to eLearning and Induction presentations, the Information Governance Team delivered 38 face to face Training and Awareness presentations to a total of 435 attendees. The organisation continues to be monitored in terms of Information Governance Standards using the Information Governance Toolkit developed by NHS Quality Improvement Scotland. The toolkit provides supporting information to enable a continuous review and strengthening of its governance, risk management and compliance arrangements.

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.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March and up to the signing of the accounts, the organisation has introduced the following improvements:

- The Vision, Values and Corporate Objectives of NHS Borders were refreshed and formally approved by the Board at its meeting on 21 June 2010. Patient Safety is the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.
- The Board introduced a Patient Safety Programme in April 2010, which encompasses regular reporting at Board level on national quality indicators and key performance indicators.
- In response to the Healthcare Environment Inspectorate (HEI) visit in March 2010, the Board developed a robust action plan to resolve the issues which were identified. During 2010/11, a prioritised programme of improvements was undertaken. HEI made an announced visit to the Board on the 14th December 2010 and recognised in its report of 7th February 2011 that the Board has made significant progress in this area.

- The Board also strengthened its Financial Governance Framework during 2010/11, following the receipt of audit reports in 2009/10 which highlighted a number of areas requiring improvement. A Combined Code of Corporate Governance has been created; this process encompassed a review of the Board's Standing Orders and Scheme of Delegation. The Code was approved by the Board in February 2011 and has been disseminated throughout the organisation. In addition, an authorised signatory database has been implemented in-line with the Scheme of Delegation.
- During financial year 2010/11, NHS Borders had a framework in place to support the delivery of the Best Value duty within the Board, ensuring that resources were used efficiently, effectively and economically. The framework also ensured that equal opportunity and sustainable development requirements were taken into consideration. A number of departments formally reviewed their systems and processes in line with the principles of lean methodology, supported by the NHS Borders Improvement and Support Team (BIST).
- The Scottish Government Health Directorate (SGHD) issued revised Best Value guidance on 23rd March 2011, which is aimed at ensuring a more consistent approach in embedding the Duty of Best Value principles in the way the Board conducts its operations. NHS Borders will implement the revised principles in 2011/12 to ensure that all processes have a robust in-built Best Value framework.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- Statements of Assurance from the core governance committees of the NHS Board; and
- comments made by the external auditors in their management letters and other reports.

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

- the Remuneration Subcommittee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of Executive and Senior Manager Pay arrangements;
- the Risk Management Board
- the Information Governance Committee

I have been advised in my review of the effectiveness of the system of internal control that plans to address weaknesses and ensure continuous improvement of the system are in place.

Highlighted in the Statement on Internal Control for 2009/10 for NHS Borders were actions required to improve the control environment. Detailed below are updates on these actions:

The planned rollout of the Scottish Standard Time System (SSTS) has progressed during 2010/11, with 61% of activity previously recorded on hard copy timesheets now processed through SSTS. This has increased the assurance of compliance to Terms and Conditions of Employment for NHS Borders staff. In addition, by limiting the reliance on timesheets, SSTS assists in the elimination of fraudulent pay claims. It is anticipated that all timesheet activity will be transferred to the system by August 2011 and SSTS will be implemented in other services by March 2012.

Work has progressed on the formulation of a Property and Asset Management strategy for the Board, which identifies the property requirements of NHS Borders and is connected and consistent with service strategies. In September 2010, SGHD issued CEL 35 (2010) Policy for Property & Asset Management in NHS Scotland. As required by the CEL, NHS Borders has developed and submitted a draft Property & Asset Management Strategy to SGHD for review. Once endorsed by SGHD, the Property & Asset Management Strategy will be presented to NHS Borders' Audit Committee and approved by the Board

Disclosures

During the year ended 31 March 2011, there were no significant control weaknesses or failure to achieve the standards set out in the guidance on the Statement on Internal Control.

C Campbell
Chief Executive and Accountable Officer
30 June 2011

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

We have audited the financial statements of Borders Health Board for the year ended 31 March 2011 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Balance Sheet, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable in law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

Opinion on other prescribed matters

In our opinion:

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

PricewaterhouseCoopers LLP
Appointed Auditors
Glasgow
30 June 2011

NHS BORDERS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31 MARCH 2011

2010 £'000		Note	£'000	£'000
	Clinical Services Costs			
160,497	Hospital and Community	<u>4</u>	166,666	
<u>14,517</u>	Less: Hospital and Community Income	<u>8</u>	<u>14,532</u>	
<u>145,980</u>				152,134
48,161	Family Health	<u>5</u>	48,775	
<u>2,703</u>	Less: Family Health Income	<u>8</u>	<u>1,668</u>	
<u>45,458</u>				<u>47,107</u>
<u>191,438</u>	Total Clinical Services Costs			199,241
2,283	Administration Costs	<u>6</u>	1,947	
<u>0</u>	Less: Administration Income	<u>8</u>	<u>0</u>	
<u>2,283</u>				1,947
2,811	Other Non Clinical Services	<u>7</u>	2,242	
<u>1,679</u>	Less: Other Operating Income	<u>8</u>	<u>4,046</u>	
<u>1,132</u>				<u>(1,804)</u>
<u>194,853</u>	Net Operating Costs			<u>199,384</u>

OTHER COMPREHENSIVE NET EXPENDITURE

2010 £'000		£'000
56	Net (gain)/loss on revaluation of Property Plant and Equipment	(251)
<u>56</u>	Other Comprehensive Expenditure	<u>(251)</u>
<u>194,909</u>	Total Comprehensive Expenditure	<u>199,133</u>

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

NHS BORDERS

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

FOR THE YEAR ENDED 31 MARCH 2011

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	£'000
Net Operating Costs	199,384
Total Non Core Expenditure (see below)	(5,206)
FHS Non Discretionary Allocation	(11,384)
Total Core Expenditure	182,794
Core Revenue Resource Limit	182,854
Saving/(excess) against Core Revenue Resource Limit	<u>60</u>

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN		
Capital Grants to / (from) Other Bodies	483	
Depreciation/Amortisation	4,243	
Annually Managed Expenditure - Impairments	480	
Total Non Core Expenditure	<u>5,206</u>	
Non Core Revenue Resource Limit		5,208
Saving/(excess) against Non Core Revenue Resource Limit		<u>2</u>

SUMMARY RESOURCE OUTTURN	Resource	Expenditure	Saving/(Excess)
	£'000	£'000	£'000
Core	182,854	182,794	60
Non Core	5,208	5,206	2
Total	<u>188,062</u>	<u>188,000</u>	<u>62</u>

NHS BORDERS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2011

2010 £'000		Note	£'000	£'000
	Cash flows from operating activities			
(194,853)	Net operating cost	SOONE	(199,384)	
4,421	Adjustments for non-cash transactions	<u>3</u>	4,568	
(1,242)	(Increase) / decrease in trade and other receivables	<u>17</u>	1,771	
(101)	(Increase) / decrease in inventories	<u>17</u>	(142)	
3,251	Increase / (decrease) in trade and other payables	<u>17</u>	3,265	
(276)	Increase / (decrease) in provisions	<u>17</u>	(3,852)	
<u>(188,800)</u>	Net cash outflow from operating activities			<u>(193,774)</u>
	Cash flows from investing activities			
(5,832)	Purchase of property, plant and equipment		(5,342)	
(180)	Purchase of intangible assets		(189)	
77	Proceeds of disposal of property, plant and equipment		228	
<u>(5,935)</u>	Net cash outflow from investing activities			<u>(5,303)</u>
	Cash flows from financing activities			
194,818	Funding	SOCTE	199,153	
1,136	Movement in general fund working capital	SOCTE	(524)	
195,954	Cash drawn down		198,629	
(83)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(76)	
<u>195,871</u>	Net Financing		<u>198,553</u>	
1,136	Net Increase / (decrease) in cash and cash equivalents in the period			(524)
447	Cash and cash equivalents at the beginning of the period			1,583
<u>1,583</u>	Cash and cash equivalents at the end of the period			<u>1,059</u>
	Reconciliation of net cash flow to movement in net debt/cash			
1,136	Increase/(decrease) in cash in year			(524)
447	Net debt/cash at 1 April	<u>14</u>		1,583
<u>1,583</u>	Net debt/cash at 31 March	<u>14</u>		<u>1,059</u>

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

NHS BORDERS

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2011

2009 £'000	2010 £'000		Note	£'000	£'000
		Non-current assets:			
104,670	105,289	Property, plant and equipment	<u>11a+11b</u>	106,204	
123	232	Intangible assets	<u>10</u>	363	
6,497	6,515	Trade and other receivables	<u>13</u>	3,661	
111,290	112,036	Total non-current assets			110,228
		Current Assets:			
810	911	Inventories	<u>12</u>	1,053	
		Financial assets:			
4,955	6,179	Trade and other receivables	<u>13</u>	7,262	
447	1,583	Cash and cash equivalents	<u>14</u>	1,059	
284	224	Assets classified as held for sale	<u>11c</u>	359	
6,496	8,897	Total current assets			9,733
117,786	120,933	Total assets			119,961
		Current liabilities			
(1,198)	(471)	Provisions	<u>16</u>	(506)	
		Financial liabilities:			
(27,976)	(31,595)	Trade and other payables	<u>15</u>	(34,769)	
(29,174)	(32,066)	Total current liabilities			(35,275)
88,612	88,867	Non-current assets plus/less net current assets/liabilities			84,686
		Non-current liabilities			
(8,099)	(8,550)	Provisions	<u>16</u>	(4,663)	
		Financial liabilities:			
(1,694)	(1,616)	Trade and other payables	<u>15</u>	(1,538)	
(9,793)	(10,166)	Total non-current liabilities			(6,201)
78,819	78,701	Assets less liabilities			78,485
		Taxpayers' Equity			
42,151	42,161	General fund	SOCTE		41,692
34,088	34,029	Revaluation reserve	SOCTE		34,333
2,580	2,511	Donated asset reserve	SOCTE		2,460
78,819	78,701	Total taxpayers' equity			78,485

Adopted by the Board on 30 June 2011

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 CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Note	General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Total Reserves £'000
Balance at 31 March 2010		42,161	34,029	2,511	78,701
Prior year adjustments for changes in accounting policy and material errors	<u>24</u>	0	0	0	0
Restated balance at 1 April 2010		42,161	34,029	2,511	78,701
Changes in taxpayers' equity for 2010/11					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	<u>11</u>	0	251	0	251
Impairment of property, plant and equipment	<u>11</u>	0	(480)	0	(480)
Receipt of donated assets	<u>11b</u>	0	0	112	112
Revaluation & impairments taken to operating costs	<u>3</u>	0	325	0	325
Release of reserves to the statement of comprehensive net expenditure	<u>11b</u>	0	0	(164)	(164)
Transfers between reserves		(209)	208	1	0
Capital Charges		(29)	0	0	(29)
Net operating cost for the year		(199,384)	0	0	(199,384)
Total recognised income and expense for 2010/11		(199,622)	304	(51)	(199,369)
Funding:					
Drawn down		198,629	0	0	198,629
Movement in General Fund (Creditor) / Debtor		524	0	0	524
Balance at 31 March 2011	<u>B5</u>	41,692	34,333	2,460	78,485

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

	Note	General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserve £'000	Total Reserves £'000
Balance at 31 March 2009		45,479	32,785	2,580	80,844
Prior year adjustments for changes in accounting policy and material errors		(3,328)	1,303	0	(2,025)
Restated balance at 1 April 2009		42,151	34,088	2,580	78,819
Changes in taxpayers' equity for 2009/10					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	<u>11</u>	0	167	(223)	(56)
Receipt of donated assets		0	0	221	221
Revaluation & impairments taken to operating costs	<u>3</u>	0	42	0	42
Release of reserves to the statement of comprehensive net expenditure		0	0	(290)	(290)
Transfers between reserves		45	(268)	223	0
Net operating cost for the year		(194,853)	0	0	(194,853)
Total recognised income and expense for 2009/10		(194,808)	(59)	(69)	(194,936)
Funding:					
Drawn down		195,954	0	0	195,954
Movement in General Fund (Creditor) / Debtor		(1,136)	0	0	(1,136)
Balance at 31 March 2010	<u>B5</u>	42,161	34,029	2,511	78,701

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 (FRoM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

2. Basis of Consolidation

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

3. Prior Year Adjustments

As indicated in Chapter 11 of the 2010-11 FRoM the financial regime of health bodies has been amended to remove the Cost of Capital as from 1st April 2010. This is considered to be a voluntary change in accounting policy for which the following disclosure is required:

- nature (change in NHS financial regime removing Cost of Capital charge.)
- reasons (properly reflect revised costs under current financial regime.)
- Quantification (the cost of capital charge of £2.581m for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement and Statement of Changes in Taxpayers Equity together with Notes 3, 4, and 6.

4. Going Concern

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

5. Accounting Convention

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

6. Funding

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

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

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

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

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

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

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

7.2 Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

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

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

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

7.3 Depreciation

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

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

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

- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings (including structure; engineering; and external plant)	8-50 years
Site Services	10-45 years
Surfacing	5-23 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

During 2010/11, NHS Greater Glasgow and Clyde led a project on behalf of NHS Scotland which considered aspects of the transition to IFRS, specifically the requirements of IAS 16 Property, Plant & Equipment, and the depreciation policy for building assets and the assessment of their useful lives. Following the completion of this work, NHS Borders adopted the recommended methodology whereby the pattern of depreciation faithfully reflects the economic consumption of the asset, as per IAS 16 requirements. The impact of this revised methodology was a reduction of £497k to operating costs in 2010/11.

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Software:

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

Software licences:

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

8.2 Measurement

Valuation:

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

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

Revaluation and impairment:

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

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

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

8.3 Amortisation

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

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

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

Amortisation is charged on a straight line basis.

The following asset lives have been used:

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

9. Non-current assets held for sale

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:

- management are committed to a plan to sell the asset;
- an active programme has begun to find a buyer and complete the sale;
- the asset is being actively marketed at a reasonable price;
- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

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

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

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The value of donated assets is credited to the Donated Asset Reserve. Where a donation covers only part of the total cost of the asset concerned, only that part element is included in the Donated Asset Reserve.

The accounting treatment, including the method of valuation, follows the rules in the [NHS Capital Accounting Manual](#). Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement. Similarly, any impairment on donated assets charged to the operating cost statement is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the General Reserve.

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

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

12. Leasing

Finance leases

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

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

Operating leases

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

Leases of land and buildings

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

13. Impairment of non-financial assets

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

14. General Fund Receivables and Payables

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

15. Inventories

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

16. Losses and Special Payments

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

17. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the operating cost statement represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is

assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

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

18. Clinical and Medical Negligence Costs

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

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

19. Related Party Transactions

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

20. Value Added Tax

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

21. Provisions

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

22. Contingencies

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

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

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

23. Corresponding Amounts

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

24. Financial Instruments

Financial assets

Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

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

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

Financial Liabilities

Classification

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

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

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

(b) Other financial liabilities

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

Recognition and measurement

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

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

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

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

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

(b) Other financial liabilities

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

25. Segmental reporting

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

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

26. Cash and cash equivalents

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

27. Foreign exchange

The functional and presentational currencies of the Board are sterling.

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

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

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

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

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

28. Third party assets

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

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

29. Key sources of judgement and estimation uncertainty

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

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

Equal Pay Claims: NHS Borders has received 34 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. NHS Borders has used the advice from the NHS Scotland Central Legal Office and Equal Pay Unit. It is not practicable to attempt to make any estimate of financial liability at this stage because the lack of information available would mean that any such estimate would be likely to be misleading.

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

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

2. (a) STAFF NUMBERS AND COSTS

2010 £'000		Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £000s	Other Staff £'000	Outward Secondees £'000	Total £'000
STAFF COSTS								
85,072	Salaries and wages	727	102	85,702	0	0	(407)	86,124
6,161	Social security costs	80	6	6,291	0	0	(42)	6,335
10,367	NHS scheme employers' costs	95	0	10,612	0	0	(52)	10,655
0	Other employers' pension costs	0	0	0	0	0	0	0
4	Inward secondees	0	0	0	3	0	0	3
1,559	Agency staff	0	0	0	0	1,572	0	1,572
103,163		902	108	102,605	3	1,572	(501)	104,689
94	Compensation for loss of office or early retirement	0	0	43	0	0		43
0	Pensions to former board members					0		0
103,257	TOTAL	902	108	102,648	3	1,572	(501)	104,732

379 Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 206

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
32.0	Administration Costs	29.2
2689.9	Hospital and Community Services	2551.9
86.4	Non Clinical Services	80.1
0.0	Inward Secondees	0.0
50.6	Agency staff	54.5
(6.5)	Outward Secondees	(5.2)
2,852.4	Board Total Average Staff	2,710.6
0.0	Disabled staff	0.0

5.5 The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to expenditure was: 3.3

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

2010 Number		Number
	Other employees whose remuneration fell within the following ranges:	
	Clinicians	
32	£50,001 to £60,000	45
21	£60,001 to £70,000	18
22	£70,001 to £80,000	19
16	£80,001 to £90,000	17
8	£90,001 to £100,000	6
6	£100,001 to £110,000	13
7	£110,001 to £120,000	11
13	£120,001 to £130,000	9
2	£130,001 to £140,000	4
13	£140,001 to £150,000	4
8	£150,000 to £160,000	8
4	£160,001 to £170,000	2
1	£170,001 to £180,000	2
0	£180,001 to £190,000	0
0	£190,001 to £200,000	0
1	£200,001 and above	1
	Other	
10	£50,001 to £60,000	10
10	£60,001 to £70,000	9
1	£70,001 to £ 80,000	1
1	£80,001 to £ 90,000	0

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

3. OTHER OPERATING COSTS

2010 £'000		Note	£'000
	Expenditure Not Paid In Cash		
4,325	Depreciation	<u>11</u>	4,214
71	Amortisation	<u>10</u>	58
84	Impairments on property, plant & equipment charged to SOCNE	<u>11</u>	480
(42)	Revaluation gains on property, plant & equipment charged to SOCNE	<u>11</u>	(155)
(2)	Loss/(Profit) on disposal of property, plant and equipment		0
0	Capital Charges		(29)
(15)	Gain on remeasurement of non-current assets held for sale		0
4,421	Total Expenditure Not Paid In Cash	<u>CFS</u>	4,568
	Statutory Audit		
210	External auditor's remuneration and expenses		214

The External Auditor did not undertake any non-audit work for the Board during the financial year 2010-11

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2010 £'000	BY PROVIDER	£'000
131,719	Treatment in Board area of NHSScotland Patients	136,386
20,595	Other NHSScotland Bodies	21,002
1,140	Health Bodies outside Scotland	1,200
82	Primary care bodies	89
3,151	Private sector	4,207
	Community Care	
2,626	Resource Transfer	2,621
871	Contributions to Voluntary Bodies and Charities	767
<u>160,184</u>	Total NHSScotland Patients	<u>166,272</u>
313	Treatment of UK residents based outside Scotland	394
<u>160,497</u>	Total Hospital & Community Health Service	<u>SOCNE 166,666</u>

5. FAMILY HEALTH SERVICE EXPENDITURE

2010 £'000		Unified Budget £'000	Non Disc £'000	Total £'000
15,478	Primary Medical Services	15,678	0	15,678
24,038	Pharmaceutical Services	20,436	3,836	24,272
7,176	General Dental Services	50	7,331	7,381
<u>1,469</u>	General Ophthalmic Services	<u>12</u>	<u>1,432</u>	<u>1,444</u>
<u>48,161</u>	Total	<u>SOCNE 36,176</u>	<u>12,599</u>	<u>48,775</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

6. ADMINISTRATION COSTS

2010 £'000			£'000
1,219	Board members' remuneration	<u>Note 2 (a)</u>	1,010
81	Administration of Board Meetings and Committees		72
375	Corporate Governance and Statutory Reporting		387
291	Health Planning, Commissioning and Performance Reporting		325
41	Treasury Management and Financial Planning		42
40	Public Relations		44
236	Other		67
<u>2,283</u>	Total administration costs	<u>SOCNE</u>	<u>1,947</u>

7. OTHER NON CLINICAL SERVICES

2010 £'000			£'000
31	Closed hospital charges		2
191	Compensation payments - Clinical		(353)
(593)	Compensation payments - Other		20
12	Pension enhancement & redundancy		(666)
353	Patients' Travel Attending Hospitals		503
680	Health Promotion		747
1,491	Public Health		1,363
42	Emergency Planning		20
67	Post Graduate Medical Education		69
537	Other		537
<u>2,811</u>	Total Other Non Clinical Services	<u>SOCNE</u>	<u>2,242</u>

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

8. OPERATING INCOME

2010 £'000		£'000
	HCH Income	
	NHSScotland Bodies	
6,680	Boards	7,348
3,662	NHS Non-Scottish Bodies	3,769
	Non NHS	
51	Private Patients	26
347	Compensation Income	9
<u>3,777</u>	Other HCH income	<u>3,380</u>
<u>14,517</u>	Total HCH Income	<u>SOCNE 14,532</u>
	FHS Income	
1,664	Unified	453
	Non Discretionary	
1,038	General Dental Services	1,214
<u>1</u>	General Ophthalmic Services	<u>1</u>
<u>2,703</u>	Total FHS Income	<u>SOCNE 1,668</u>
	Other Operating Income	
2	Profit on disposal of non current assets	1
290	Transfer from Donated Asset Reserve in respect of Depreciation	164
<u>1,387</u>	Other	<u>3,881</u>
<u>1,679</u>	Total Other Operating Income	<u>SOCNE 4,046</u>
<u>18,899</u>	Total Income	<u>20,246</u>
<u>6,680</u>	Of the above, the amount derived from NHS Bodies is	<u>7,348</u>

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

9. ANALYSIS OF CAPITAL EXPENDITURE

2010 £'000		Note	£'000
	EXPENDITURE		
180	Acquisition of Intangible Assets	<u>10</u>	189
5,069	Acquisition of Property, plant and equipment	<u>11</u>	5,773
221	Donated Asset Additions	<u>11b</u>	112
(221)	Release from donated asset reserve	<u>SOCTE</u>	(112)
507	Capital Grants to / (from) Other Bodies		0
(2)	(Profit) / Loss on disposal of non-current assets		0
<u>5,754</u>	Gross Capital Expenditure		<u>5,962</u>
	INCOME		
0	Net book value of disposal of Property, plant and equipment	<u>11a</u>	3
75	Value of disposal of Non-Current Assets held for sale	<u>11c</u>	225
<u>75</u>	Capital Income		<u>228</u>
<u>5,679</u>	Net Capital Expenditure		<u>5,734</u>
	Core capital expenditure included above		5,734
	Core Capital Resource Limit		<u>5,739</u>
	Saving/(excess) against Core Capital Resource Limit		<u>5</u>
	Non Core capital expenditure included above		0
	Non Core Capital Resource Limit		<u>0</u>
	Saving/(excess) against Non Core Capital Resource Limit		<u>0</u>
5,679	Total Capital Expenditure		5,734
5,690	Total Capital Resource Limit		5,739
<u>11</u>	Saving/(excess) against Total Capital Resource Limit		<u>5</u>

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

10. INTANGIBLE ASSETS

	Software Licences £'000	Information technology - software £'000	Total £'000
Cost or Valuation:			
As at 1st April 2010	208	150	358
Additions	135	54	189
At 31st March 2011	343	204	547
Amortisation			
As at 1st April 2010	81	45	126
Provided during the year	33	25	58
At 31st March 2011	114	70	184
Net Book Value at 1st April 2010	127	105	232
Net Book Value at 31 March 2011	229	134	363

BS

INTANGIBLE ASSETS - PRIOR YEAR

	Software Licences £'000	Information technology - software £'000	Total £'000
Cost or Valuation:			
As at 1st April 2009	93	85	178
Additions	115	65	180
At 31st March 2010	208	150	358
Amortisation			
As at 1st April 2009	29	26	55
Provided during the year	52	19	71
At 31st March 2010	81	45	126
Net Book Value at 1st April 2009	64	59	123
Net Book Value at 31 March 2010	127	105	232

BS

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation								
At 1 April 2010	4,497	92,631	1,225	12,151	2,948	696	846	114,994
Additions	0	995	75	1,141	782	146	2,634	5,773
Completions	0	364	0	0	101	0	(465)	0
Transfers (to)/from non-current assets held for sale	(360)	0	0	0	0	0	0	(360)
Revaluation	88	83	0	3	0	0	0	174
Impairment Charge	0	(480)	0	0	0	0	0	(480)
Disposals	0	0	(30)	(94)	0	0	0	(124)
At 31 March 2011	4,225	93,593	1,270	13,201	3,831	842	3,015	119,977
Depreciation								
At 1 April 2010	3	972	963	8,150	1,541	364	0	11,993
Provided during the year	0	2,525	59	1,165	424	41	0	4,214
Revaluation	(3)	(74)	0	0	0	0	0	(77)
Disposals	0	0	(30)	(91)	0	0	0	(121)
At 31 March 2011	0	3,423	992	9,224	1,965	405	0	16,009
Net Book Value at 1 April 2010	4,494	91,659	262	4,001	1,407	332	846	103,001
Net Book Value at 31 March 2011	4,225	90,170	278	3,977	1,866	437	3,015	103,968
Open Market Value of Land Included Above	4,225	0						
Asset financing:								
Owned	4,225	88,838	278	3,977	1,866	437	3,015	102,636
Finance leased	0	1,332	0	0	0	0	0	1,332
Net Book Value at 31 March 2011	4,225	90,170	278	3,977	1,866	437	3,015	103,968

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation								
At 1 April 2009	4,409	94,374	1,136	11,284	3,038	676	1,495	116,412
Additions	0	2,704	55	880	651	20	759	5,069
Completions	0	1,408	0	0	0	0	(1,408)	0
Revaluation	88	(5,855)	42	0	0	0	0	(5,725)
Disposals	0	0	(8)	(13)	(741)	0	0	(762)
At 31 March 2010	4,497	92,631	1,225	12,151	2,948	696	846	114,994
Depreciation								
At 1 April 2009	3	3,844	893	7,322	1,937	323	0	14,322
Provided during the year	0	3,020	78	841	345	41	0	4,325
Revaluation	0	(5,892)	0	0	0	0	0	(5,892)
Disposals	0	0	(8)	(13)	(741)	0	0	(762)
At 31 March 2010	3	972	963	8,150	1,541	364	0	11,993
Net book value at 1 April 2009	4,406	90,530	243	3,962	1,101	353	1,495	102,090
Net book value at 31 March 2010	4,494	91,659	262	4,001	1,407	332	846	103,001
Open Market Value of Land Included Above	4,494	0						
Asset financing:								
Owned	4,494	90,261	262	3,999	1,407	332	846	101,601
Finance leased	0	1,398	0	2	0	0	0	1,400
Net Book Value at 31 March 2010	4,494	91,659	262	4,001	1,407	332	846	103,001

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2010	2,030	1,639	0	3,669
Additions	0	29	83	112
At 31 March 2011	2,030	1,668	83	3,781
Depreciation				
At 1 April 2010	113	1,268	0	1,381
Provided during the year	36	128	0	164
At 31 March 2011	149	1,396	0	1,545
Net book value at 1 April 2010	1,917	371	0	2,288
Net book value at 31 March 2011	1,881	272	83	2,236
	BS			
Open Market Value of Land Included Above	0			
Asset financing:				
Owned	1,881	272	83	2,236
Net Book Value at 31 March 2011	1,881	272	83	2,236

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

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2009	2,199	1,578	5	3,782
Additions	141	80	0	221
Completions	5	0	(5)	0
Revaluation	(315)	0	0	(315)
Disposals	0	(19)	0	(19)
At 31 March 2010	2,030	1,639	0	3,669
Depreciation				
At 1 April 2009	155	1,047	0	1,202
Provided during the year	50	240	0	290
Revaluation	(92)	0	0	(92)
Disposals	0	(19)	0	(19)
At 31 March 2010	113	1,268	0	1,381
Net book value at 1 April 2009	2,044	531	5	2,580
Net book value at 31 March 2010	1,917	371	0	2,288
	BS			
Open Market Value of Land Included Above	0			
Asset financing:				
Owned	1,917	371	0	2,288
Net Book Value at 31 March 2010	1,917	371	0	2,288

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

11 (c). ASSETS HELD FOR SALE

The following assets related to NHS Borders has been presented as held for sale following the approval for sale by management of the Board. The completion date for sale of assets is expected to be within the 6 months from 31 March 2011:

- * 6 Whitefield Court, St Boswells
- * 21 The Crofts, Ayton
- * Princes St, Hawick

During the year ended 31 March 2011, the Board completed the sale of Jedburgh Cottage Hospital

		Property, Plant & Equipment	Total
		£'000	£'000
At 1 April 2010		224	224
Transfers (to)/from property, plant and equipment	<u>11a</u>	360	360
Disposals for non-current assets held for sale		(225)	(225)
As at 31 March 2011	<u>BS</u>	359	359

		Property, Plant & Equipment	Total
		£'000	£'000
At 1 April 2009		284	284
Gain or losses recognised on remeasurement of non-current assets held for sale		15	15
Disposals for non-current assets held for sale		(75)	(75)
As at 31 March 2010	<u>BS</u>	224	224

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

2010			£'000
£'000			£'000
	Net book value of property, plant and equipment at 31 March		
103,001	Purchased	<u>11a</u>	103,968
2,288	Donated	<u>11b</u>	<u>2,236</u>
105,289	Total	<u>BS</u>	106,204
	Net book value related to land valued at open market value at 31 March		<u>0</u>
48			
	Net book value related to buildings valued at open market value at 31 March		<u>0</u>
198			
	Total value of assets held under:		
1,400	Finance Leases		<u>1,332</u>
	Total depreciation charged in respect of assets held under:		
1,135	Finance leases		<u>1,214</u>

Land and buildings were fully revalued by James Barr at 31 March 2010 on the basis of fair value (market value or depreciated replacement cost where appropriate). For 2010/11, land, buildings and other tangible fixed assets were revalued on the basis of indices at 31 March 2011, where zero indexation factors were applied. Borders General Hospital and Greenlaw Health Centre were revalued by James Barr at 31 March 2011 in-line with the completion of capital works during 2010/11. Three properties were classified as held for sale during 2010/11 and were measured at the lower of their carrying value and fair value

The net impact was an increase in value of £0.103m (2009/10: £(0.056m)), of which £0m (2009/10: £(0.014m)) was credited/charged to the revaluation reserve and £0.103m (2009/10: £(0.042m)) charged to the operating cost statement.

12. INVENTORIES

2009	2010		£'000
£'000	£'000		£'000
810	911	Finished Goods	<u>1,053</u>
810	911	Total Inventories	<u>BS</u> 1,053

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

13. TRADE AND OTHER RECEIVABLES

2009 £'000	2010 £'000		Note	£'000
		Receivables due within one year		
		NHSScotland		
278	231	SGHD		84
1,334	1,600	Boards		886
1,612	1,831	Total NHSScotland Receivables		970
71	1,204	NHS Non-Scottish Bodies		1,785
93	161	VAT recoverable		180
1,183	1,195	Prepayments		855
1,663	1,320	Other Receivables		3,054
333	468	Other Public Sector Bodies		418
4,955	6,179	Total Receivables due within one year	<u>BS</u>	7,262
		Receivables due after more than one year		
		NHSScotland		
6,497	6,515	Reimbursement of Provisions		3,661
6,497	6,515	Total Receivables due after more than one year	<u>BS</u>	3,661
11,452	12,694	TOTAL RECEIVABLES		10,923
57	69	The total receivables figure above includes a provision for impairments of :		68

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

2009/10 £'000		2010/11 £'000
57	At 1 April	69
22	Provision for impairment	7
<u>(10)</u>	Receivables written off during the year as uncollectible	<u>(8)</u>
69	At 31 March	68

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

13. TRADE AND OTHER RECEIVABLES (continued)

	As of 31 March 2011, receivables with a carrying value of £361,265.15 (2010: £439,781) were impaired and provided for. The amount of the provision was £67,697 (2010: £68,734). The aging of these receivables is as follows:	
2010		£'000
3	3 to 6 months past due	9
<u>66</u>	Over 6 months past due	<u>59</u>
<u>69</u>		<u>68</u>

The receivables assessed as individually impaired were mainly outstanding claims under the NHS Injury Cost Recovery Scheme.

	Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2011, receivables with a carrying value of £884,487.97 (2010: £227,249) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:	
2010		£'000
111	Up to 3 months past due	694
14	3 to 6 months past due	164
<u>102</u>	Over 6 months past due	<u>27</u>
<u>227</u>		<u>885</u>

The receivables assessed as past due but not impaired were mainly for inter-NHS trading and balances on agreed instalment schedules and there is no history of default from these customers recently. Total amount of £884k of receivables not impaired, includes a total amount of £693k with the Scottish Borders Council.

Concentration of credit risk is limited due to trading being principally limited to other NHS Scotland Boards and other Public Sector Bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivable.

The credit quality of receivables that are neither past due nor impaired is not assessed by reference to external credit ratings as the debtor base is mainly other NHS Scotland bodies or private individuals.

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.

2010	The carrying amount of receivables are denominated in the following currencies:	
£'000		£'000
<u>12,694</u>	Pounds	<u>10,923</u>
<u>12,694</u>		<u>10,923</u>

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

The fair value of long term other receivables is £3,666,000 (2009/10: £6,515,000)

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

14. CASH AND CASH EQUIVALENTS

	Note	At 01/04/10 £'000	Cash Flow £'000	At 31/03/11 £'000
Government Banking Service account balance		1,575	(525)	1,050
Cash at bank and in hand		8	1	9
Total cash and cash equivalents - balance sheet	<u>BS</u>	1,583	(524)	1,059
Total cash - cash flow statement		1,583	(524)	1,059
		<u>CFS</u>		<u>CFS</u>

	Note	At 01/04/09 £'000	Cash Flow £'000	At 31/03/10 £'000
PGO account balance		405	1,170	1,575
Cash at bank and in hand		42	(34)	8
Total cash and cash equivalents - balance sheet	<u>BS</u>	447	1,136	1,583
Total cash - cash flow statement		447	1,136	1,583
		<u>CFS</u>		<u>CFS</u>

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

15. TRADE AND OTHER PAYABLES

2009 £'000	2010 £'000		Note	£'000
		Payables due within one year		
		NHSScotland		
3,305	7,147	Boards		8,002
3,305	7,147	Total NHSScotland Payables		8,002
6	66	NHS Non-Scottish Bodies		16
447	1,583	General Fund Payable		1,059
5,779	6,192	FHS Practitioners		6,926
948	1,278	Trade Payables		1,782
9,123	6,558	Accruals		7,925
0	505	Deferred income		257
1,016	986	Payments received on account		1,018
83	75	Net obligations under Finance Leases	21	74
2,014	2,189	Income tax and social security		2,169
1,233	1,319	Superannuation		1,322
511	516	Other payables		1,148
1,804	1,871	Other Significant Payables [Holiday Pay Accruals]		1,909
1,707	1,310	Other Significant Payables [Other Public Sector Bodies]		1,162
27,976	31,595	Total Payables due within one year	BS	34,769
		Payables due after more than one year		
304	309	Net obligations under Finance Leases due within 5 years	21	317
1,326	1,246	Net obligations under Finance Leases due after 5 years	21	1,163
64	61	Other [Prepayment of Charges]		58
1,694	1,616	Total Payables due after more than one year	BS	1,538
29,670	33,211	TOTAL PAYABLES		36,307
	2010			
	£'000	Borrowings included above comprise:		£'000
	1,630	Finance Leases		1,554
	1,630			1,554
	2010	The carrying amount and fair value of the non-current borrowings are as follows		Carrying Amount
	£'000	Carrying amount		£'000
	1,555	Finance Leases		1,480
	1,555			1,480
	Fair value			Fair value
	£'000	Fair value		£'000
	1,555	Finance Leases		1,480
	1,555			1,480
	2010	The carrying amount of payables approximates their fair value.		
	£'000	The carrying amount of payables are denominated in the following currencies:		£'000
	33,211	Pounds		36,307
	33,211			36,307

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

16. PROVISIONS

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	2010-11 Total £'000	
At 1 April 2010	2,080	6,737	204	9,021	
Arising during the year	(255)	177	72	(6)	
Utilised during the year	(411)	(337)	(45)	(793)	
Unwinding of discount	0	0	0	0	
Reversed unutilised	0	(3,047)	(6)	(3,053)	
At 31 March 2011	1,414	3,530	225	5,169	<u>BS</u>

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

Analysis of expected timing of discounted flows

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	2010-11 Total £'000	
Current	121	160	225	506	<u>BS</u>
Non-current	1,293	3,370	0	4,663	<u>BS</u>
At 31 March 2011	1,414	3,530	225	5,169	

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

16. PROVISIONS (continued)

PROVISIONS - PRIOR YEAR	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	2009-10 Total £'000	
At 1 April 2009	2,068	6,433	796	9,297	
Arising during the year	137	574	79	790	
Utilised during the year	(125)	(161)	(559)	(845)	
Unwinding of discount	0	0	0	0	
Reversed unutilised	0	(109)	(112)	(221)	
At 31 March 2010	2,080	6,737	204	9,021	<u>BS</u>

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

Analysis of expected timing of discounted flows

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
Current	125	166	180	471	<u>BS</u>
Non-current	1,955	6,571	24	8,550	<u>BS</u>
At 31 March 2010	2,080	6,737	204	9,021	

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000	
Current	217	266	715	1,198	<u>BS</u>
Non-current	1,851	6,167	81	8,099	<u>BS</u>
At 31 March 2009	2,068	6,433	796	9,297	

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.9% in real terms.

Clinical & Medical

The provision is based on a review of all outstanding and potential claims for clinical and medical negligence for which the Board may be liable. The provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders. Claims assessed as 'Category 3' are deemed most likely and are provided for in full, those in 'Category 2' are assessed on an individual basis and those in 'Category 1' as nil. All 'Category 2' claims at 31 March 2011 have been individually assessed and provided for in full. The period in which claims are likely to be settled is gauged on a case by case basis.

Other

The main element of this provision is in relation to potential future staff departures. Separate provision has also been made based on a review of all outstanding and potential non-clinical staff claims using information from the Central Legal Office.

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

17. MOVEMENT ON WORKING CAPITAL BALANCES

2010 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
	INVENTORIES				
(101)	Balance Sheet	12	911	1,053	
(101)	Net Decrease/(Increase)				(142)
	TRADE AND OTHER RECEIVABLES				
(1,224)	Due within one year	13	6,179	7,262	
(18)	Due after more than one year	13	6,515	3,661	
			12,694	10,923	
(1,242)	Net Decrease/(Increase)				1,771
	TRADE AND OTHER PAYABLES				
3,619	Due within one year	15	31,595	34,769	
(78)	Due after more than one year	15	1,616	1,538	
763	Less: Property, Plant & Equipment (Capital) included in above		(745)	(1,176)	
(1,136)	Less: General Fund Creditor included in above	15	(1,583)	(1,059)	
83	Less: Lease and PFI Creditors included in above	15	(1,630)	(1,554)	
			29,253	32,518	
3,251	Net Decrease/(Increase)				3,265
	PROVISIONS				
(276)	Balance Sheet	16	9,021	5,169	
(276)	Net (Decrease)/Increase				(3,852)
1,632	NET MOVEMENT (Decrease)/Increase	CFS			1,042

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

18. CONTINGENT LIABILITIES

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

2010	Nature	Value
£'000		£'000
95	Clinical and medical compensation payments	235
0	Employer's liability	25
0	Legal Claims for Equal Pay Disputes	0

NHS Borders has received 16 claims under the Equal pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangement.

The basis of claims is as follows:

- .•The claimant's job has been rated as being of equivalent to that of their comparator using a valid Job Evaluation Study, and/or is of equal value to that of their comparator.
- .•Their comparator is currently paid or has been paid more than them.
- .•They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years).

Claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have.

The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position.

They continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available.

On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that is not possible to quantify.

95 TOTAL CONTINGENT LIABILITIES	260
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19. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no post balance sheet events after the reporting period

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

20. COMMITMENTS

2010	Capital Commitments	Property, plant and equipment:	Total
£'000	The Board has the following Capital Commitments which have not been included for in the accounts	£'000	£'000
	Contracted		
1,500	Borders General Hospital Renal Development	44	44
0	Health Centre Modernisation	2,080	2,080
0	Cauldshiels Reconfiguration	69	69
1,500	Total	2,193	2,193
	Authorised but not Contracted		
1,283	Rolling Replacement Programmes	350	350
1,200	Health Centre Modernisation	0	0
190	Other Building Work	0	0
541	Medical Equipment	141	141
100	Joint Schemes	0	0
600	Primary Care Modernisation Programme	0	0
1,037	Integrated Health Strategy	3,273	3,273
4,951	Total	3,764	3,764

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

21. COMMITMENTS UNDER LEASES

2010	Operating Leases	
£'000	Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods.	£'000
	Obligations under operating leases comprise:	
	Land	
54	Not later than one year	55
225	Later than one year, not later than five years	221
762	Later than five years	708
	Buildings	
48	Not later than one year	49
181	Later than one year, not later than five years	142
46	Later than five years	20
	Other	
223	Not later than one year	487
451	Later than one year, not later than five years	442
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
788	Hire of equipment (including vehicles)	790
101	Other operating leases	64
<u>889</u>	Total	<u>854</u>
	Finance Leases	
	Total future minimum lease payments under finance leases are given the in the table below for the each of the following periods.	
	Obligations under Finance leases comprise:	
	Buildings	
351	Rentals due within one year	<u>15</u> 359
1,493	Rentals due between two and five years (inclusive)	<u>15</u> 1,530
6,008	Rentals due after five years	<u>15</u> 5,611
<u>7,852</u>		<u>7,500</u>
<u>(6,224)</u>	Less interest element	<u>(5,946)</u>
<u>1,628</u>		<u>1,554</u>
	Other	
5	Rentals due within one year	<u>15</u> 0
0	Rentals due between two and five years (inclusive)	<u>15</u> 0
0	Rentals due after five years	<u>15</u> 0
<u>5</u>		<u>0</u>
<u>(3)</u>	Less interest element	<u>0</u>
<u>2</u>		<u>0</u>

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

22. PENSION COSTS

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

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

For 2010-11, normal employer contributions of £10,655,000 were payable to the SPPA (prior year £10,367,000) at the rate of 13.5% (2009-10: 13.5%) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £411,000 (prior year £125,000 arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provisions/Liabilities/Pre-payments amounting to £1,414,000 are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

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

Existing scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. On 22 June 2010 (for public sector schemes) and 8 July 2010 (for private sector schemes), the government announced changes to the measure of price inflation for the purposes of determining the statutory minimum rates of increases to pensions in payment and revaluation in deferment. In future, statutory up-rating orders will be based on CPI (consumer price index) instead of RPI (retail price index), this change is effective from 1 April 2011.

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

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

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions and allowances are index linked to protect their value.

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

	2010/11	2009/10
Pension cost charge for the year	10,655	10,367
Additional Costs arising from early retirement	411	125
Provisions/Liabilities/Pre-payments included in the Balance Sheet	1,414	2,080

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

23. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Prior year adjustments which have been recognised in these Accounts are:

		Dr. £000	Cr. £000
Adjustment 1	Removal of Cost of Capital Charge 2009/10		
	Operating Cost Statement		2,581
	Adjustment for Non-Cash Transactions	2,581	

As indicated in Chapter 11 of the 2010-11 FReM the financial regime of health bodies has been amended to remove the Cost of Capital as from 1st April 2010. This is considered to be a voluntary change in accounting policy for which the following disclosure is required:

- nature (change in NHS financial regime removing Cost of Capital charge.)
- reasons (properly reflect revised costs under current financial regime.)
- quantification (the cost of capital charge of £2.581m for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement and Statement of Changes in Taxpayers Equity together with Notes 3, 4, and 6.

**NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011**

24. RESTATED SOCNE

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
Clinical Services Costs			
Hospital and Community	163,078	(2,581)	160,497
Less: Hospital and Community Income	14,517	0	14,517
	148,561	(2,581)	145,980
Family Health Services	48,161	0	48,161
Less: Family Health Services Income	2,703	0	2,703
	45,458	0	45,458
Total Clinical Services Costs	194,019	(2,581)	191,438
Administration Costs	2,283	0	2,283
Less: Administration Income	0	0	0
	2,283	0	2,283
Other Non Clinical Services	2,811	0	2,811
Less: Other Operating Income	1,679	0	1,679
	1,132	0	1,132
Net Operating Costs	197,434	(2,581)	194,853

**NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011**

24. RESTATED BALANCE SHEET

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
Non-current assets			
Property, plant and equipment	105,289	0	105,289
Intangible assets	232	0	232
Trade and other receivables	6,515	0	6,515
	<u>112,036</u>	<u>0</u>	<u>112,036</u>
CURRENT ASSETS			
Inventories	911	0	911
Trade and other receivables	6,179	0	6,179
Cash and cash equivalents	1,583	0	1,583
Assets classified as held for sale	224	0	224
	<u>8,897</u>	<u>0</u>	<u>8,897</u>
TOTAL ASSETS	120,933	0	120,933
CURRENT LIABILITIES			
Provisions	(471)	0	(471)
Financial liabilities:			
Trade and other payables	(31,595)	0	(31,595)
TOTAL CURRENT LIABILITIES	(32,066)	0	(32,066)
NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES	88,867	0	88,867
Non-current liabilities			
Provisions	(8,550)	0	(8,550)
Financial liabilities:			
Trade and other payables	(1,616)	0	(1,616)
Total non-current liabilities	(10,166)	0	(10,166)
Assets less liabilities	78,701	0	78,701
TAXPAYERS' EQUITY			
General Fund	42,161	0	42,161
Revaluation Reserve	34,029	0	34,029
Donated Asset Reserve	2,511	0	2,511
	<u>78,701</u>	<u>0</u>	<u>78,701</u>

**NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011**

24. RESTATED CASH FLOW STATEMENT

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
Cash flows from operating activities			
Net operating cost	(197,434)	2,581	(194,853)
Adjustments for non-cash transactions	7,002	(2,581)	4,421
(Increase) / decrease in trade and other receivables	(1,242)	0	(1,242)
(Increase) / decrease in inventories	(101)	0	(101)
Increase / (decrease) in trade and other payables	3,251	0	3,251
Increase / (decrease) in provisions	(276)	0	(276)
Net cash outflow from operating activities	(188,800)	0	(188,800)
Cash flows from investing activities			
Purchase of property, plant and equipment	(5,832)	0	(5,832)
Purchase of intangible assets	(180)	0	(180)
Proceeds of disposal of intangible assets	77	0	77
Net cash outflow from investing activities	(5,935)	0	(5,935)
Cash flows from financing activities			
Funding	194,818	0	194,818
Movement in general fund working capital	1,136	0	1,136
Interest element of finance leases and on-balance sheet PFI/PPP contracts	(83)	0	(83)
Net Financing	195,871	0	195,871
Net Increase / (decrease) in cash and cash equivalents in the period	1,136	0	1,136
Cash and cash equivalents at the beginning of the period	447	0	447
Cash and cash equivalents at the end of the period	1,583	0	1,583
Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year	1,136	0	1,136
Net debt/cash at 1 April	447	0	447
Net debt/cash at 31 March	1,583	0	1,583

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

25. FINANCIAL INSTRUMENTS

a FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

	Note	Loans and Receivables £'000	Total £'000
AT 31 MARCH 2011			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	5,257	5,257
Cash and cash equivalents	<u>14</u>	1,059	1,059
		<hr/>	<hr/>
		6,316	6,316

	Note	Loans and Receivables £'000	Total £'000
AT 31 MARCH 2010			
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	2,992	2,992
Cash and cash equivalents	<u>14</u>	1,583	1,583
		<hr/>	<hr/>
		4,575	4,575

Financial Liabilities

	Note	Other financial liabilities £'000	Total £'000
AT 31 MARCH 2011			
Liabilities per balance sheet			
Finance lease liabilities	<u>15</u>	1,554	1,554
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<u>15</u>	22,945	22,945
		<hr/>	<hr/>
		24,499	24,499

	Note	Other financial liabilities £'000	Total £'000
AT 31 MARCH 2010			
Liabilities per balance sheet			
Finance lease liabilities	<u>15</u>	1,630	1,630
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<u>15</u>	21,028	24,139
		<hr/>	<hr/>
		22,658	25,769

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

25. FINANCIAL INSTRUMENTS (continued)

b FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

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

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

The Board has written credit control procedures.

a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

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

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
AT 31 MARCH 2011				
Finance lease liabilities	74	77	241	1,162
Trade and other payables excluding statutory liabilities	21,202	3	9	43
Total	21,276	80	250	1,205

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
AT 31 MARCH 2010				
Finance lease liabilities	75	73	237	1,245
Trade and other payables excluding statutory liabilities	20,363	3	9	46
Total	20,438	76	246	1,291

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

25. FINANCIAL INSTRUMENTS (continued)

c) Market Risk

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign exchange rates.

iii) Price risk

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

c FAIR VALUE ESTIMATION

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

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

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

26. RELATED PARTY TRANSACTIONS

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

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

The Health Board is the corporate trustee of charitable endowment funds of £2.984m as at 31 March 2011 (2010: £2.641m)

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

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

27. SEGMENT INFORMATION

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

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

The operating segments of the Board are as follows:

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

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

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

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

Note	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2011 £'000
Net operating cost *	110,185	46,100	24,783	18,316	199,384
Reconciliation to Monthly Monitoring Return (March 2011)					
Increase in expenditure accruals with other healthcare providers	(5)				(5)
Decrease in CNORIS debtor reimbursement accrual	(5)				(5)
Decrease in trade and other payable accruals	4				4
Reduction in impairments				(50)	(50)
Reduction in performance bonus pay accrual				1	1
Reclassification of income from disposal of ultrasound scanner				3	3
Utilisation of payment received in advance				3	3
	110,179	46,100	24,783	18,273	199,335

SEGMENT INFORMATION - PRIOR YEAR

Note	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	2010 £'000
Net operating cost *	109,525	44,703	23,633	19,675	197,536
Reconciliation to Monthly Monitoring Return (March 2010)					
Reduction in the cost of capital				62	62
Increase in the provision for bad debts				(19)	(19)
Reduction in expenditure accruals with other healthcare providers			46		46
Increase in provisions				(65)	(65)
Gain in remeasurement of Asset Held for Sale				15	15
	109,525	44,703	23,679	19,668	197,575

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

28. THIRD PARTY ASSETS

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

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

	2010	Gross Inflows	Gross Outflows	2011
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	104	152	(155)	101
Total Monetary Assets	104	152	(155)	101

NHS BORDERS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

29. EXIT PACKAGES

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	5	5
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	2	2
£50,000 - £100,000	0	0	0
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
>£200,000	0	0	0
Total number exit packages by type	0	7	7
Total resource cost (£'000)	0	87	87

EXIT PACKAGES - PRIOR YEAR 2009-10

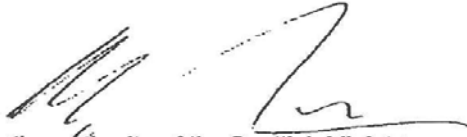
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	2	2
£50,000 - £100,000	0	0	0
£100,000- £150,000	0	0	0
£150,000- £200,000	0	0	0
>£200,000	0	0	0
Total number exit packages by type	0	3	3
Total resource cost (£'000)	0	95	95



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