



BORDERS HEALTH BOARD

**ANNUAL REPORT AND
ACCOUNTS**

2018/19

Borders Health Board Annual Report and Accounts 2018-19

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PERFORMANCE REPORT

a) OVERVIEW

1. Statement from the Chief Executive

It has been another challenging year but one of significant achievement for NHS Borders, our services and teams, and for individuals. I on behalf of the Board would like to acknowledge the hard work of all the staff throughout the year and thank them for their efforts in delivering excellent health services to the people of the Borders.

There have been a number of senior leadership changes during the last twelve months. I would also like to formally note my thanks for their significant contribution to Mr John Raine whose eight year term as Chair of the Board ended on the 31st March 2019 and to Mrs Jane Davidson, Chief Executive who has worked in NHS Borders since 2010 and retired on the 5th April 2019. Following Jane's retiral I was appointed to NHS Borders as Chief Executive and began the Accountable Officer role on 22nd April 2019. We have also welcomed a number of new appointments to our Board this year. Mrs Fiona Sandford joined us in April 2018 as a Non Executive Director replacing Mr David Davidson at the end of his eight year term, and in November 2018 Mrs N Berry was appointed Interim Director of Nursing, Midwifery and Acute Services following the resignation of Mrs Claire Pearce.

The Board's financial situation has been a key focus during 2018/19. During the summer of 2018 linked to the financial outlook and the Board's requirement for brokerage in 2018/19 to deliver its financial targets the Board was escalated to Level 3 in the NHS Scotland Ladder of Escalation. In November the Board received a letter which welcomed the progress made so far to reduce the financial deficit but the scale of the remaining financial challenge, coupled with planned changes in leadership meant the Board was elevated to Level 4. The national framework is detailed below

NHS Board Performance Escalation Framework

Stage	Description	Response
Stage 1	Steady state "on-plan" and normal reporting	Surveillance through published statistics and scheduled engagement of ARs/MYRs
Stage 2	Some variation from plan; possible delivery risk if no action	Local Recovery Plan – advice and support tailored if necessary. Increased surveillance and monitoring Scottish Government. Scottish Government Directors aware. (SG)
Stage 3	Significant variation from plan; risks materialising; tailored support required	Formal Recovery Plan agreed with Scottish Government. Milestones and responsibilities clear. External expert support. Relevant SG Directors engaged with Chief Executive Officer (CEO) and top team. Director General aware.
Stage 4	Significant risks to delivery, quality, financial performance or safety; senior level external support required	Transformation team reporting to Director General and CEO NHS Scotland.
Stage 5	Organisational structure / configuration unable to deliver effective care.	Ministerial powers of Intervention.

PERFORMANCE REPORT

a) OVERVIEW (continued)

1. Statement from the Chief Executive

Support from the Scottish Government Health and Social Care Directorates Board recovery team has been in place since mid December. They have helped us progress implementation of tried and tested turnaround processes. As a result we continue to

- review and improve our governance structure around turnaround
- work to set up the programme management office and,
- put in place new processes which support these arrangements.

While we welcome the external support we have received we are very clear that the responsibility to develop and implement a financial turnaround plan sits with the Board and this will be a key area of focus over the coming months.

In support of financial turnaround during the course of 2018/19 the Board progressed a number of actions including the following

- Commissioned a review of Partnership Work within NHS Borders aimed at ensuring there is a positive environment for managers and staff side to work together on issues.
- Initiated a series of Values and Leadership Conversations over the last 12 months between the Executive Team and senior clinical leaders and managers in order to support change whilst maintaining safe delivery of patient care.
- Commissioned an external Organisational Development (OD) expert to undertake a diagnostic exercise with senior leaders (the Values and Leadership Group) in order to fully understand local OD needs and issues and to use this as a building block in the design of a tailored OD programme for NHS Borders which will ensure a cohesive and supportive environment and develop an organisational culture ready for change.
- Arranged an external review of its financial plan papers, which was undertaken by the Director of Finance of NHS Lanarkshire in September/October 2018.
- Supported the Scottish Government commissioned External Diagnostic Review to assess barriers to increasing the pace and delivery of the transformation programme, including a review of governance arrangements, clinical engagement, untapped areas for efficiency savings and further opportunities to support a return to balance.

These reports and subsequent actions provide the foundations for financial turnaround.

The Board's performance against the key national waiting times standards has been good although performance against a number of other standards has deteriorated. This is explored in more detail in the performance section of the accounts. There is still a need for further improvement particularly in Child and Adult Mental Health Services where performance has improved since December 2018 but there is still much to do in this area.

In light of a number of national events and reports the Board undertook a development session on "good governance" on 7th December 2018. This will be further progressed in the new financial year.

PERFORMANCE REPORT

a) OVERVIEW (continued)

1. Statement from the Chief Executive

Healthcare Improvement Scotland (HIS) issued a report following an unannounced inspection to the Borders General Hospital from 6th to 8th November 2018, which looked at older peoples' services. Overall this was a good report that highlighted areas of good practice such as the rapid assessment and discharge team; well-coordinated patient mealtimes and pressure ulcer risk assessments being completed for all patients. The report also recognised the improvement work undertaken through the 'Back to Basics' programme since the last inspection in June 2017, with evidence that this has led to improvements. Although we have made good progress since 2017 we recognise that there is more work to be done, particularly in our documentation. To address this we have developed an action plan; trialling spot checks of documentation and further embedding our improvement work to reduce variation. We will learn from this report and we welcome the opportunity to continue to develop our services to make patient care the best it can be within the resources available. Recently Kelso Community Hospital celebrated over 365 days with no developed pressure ulcers, and we look forward to more milestones like this as our 'Zero Hero' pressure ulcer awareness campaign is rolled out across NHS Borders.

This chimes with the Inspectors' feedback that 'training and education has been given a high priority' by the organisation. The forward looking approach of our staff was also praised with the inspection team commenting: 'Senior Charge Nurses spoke really passionately, openly and honestly. They had future thoughts on developing their service and were empowered to make changes.'

I would also like to acknowledge the work progressed during the year to implement Clinical Strategy. As part of our Turnaround Programme we are ensuring any major project is considered against the strategy to ensure it is consistent with this key document. In addition, in revising our governance to support turnaround work we have included in this the need for enhanced clinical and staff engagement, in order to genuinely transform models of service delivery, focused on prevention and early intervention, supported self-care and delivery of care in community settings. NHS Borders has also fully embraced the rollout of Care Opinion over the past few years, a system which allows patients, families and carers to share stories of their experiences of health and social care services enabling us to capture positive feedback and also areas for improvement. During late 2019/20 it is planned to begin the development of a strategic plan this work will be taken forward with our partners and will underpin and ensure further implementation of the clinical strategy as part of our overall 3 year plan.

PERFORMANCE REPORT

a) OVERVIEW (continued)

2. Principal activities and review of the year

NHS Borders was established in 1972 under the National Health Service (Scotland) Act 1972. The National Health Service (Scotland) Act 1978, other law, and Government directions determine the Board's constitution, duties and functions. Health Boards carry out functions on behalf of Scottish Ministers, and are required to follow any regulations or directions that may be made. The Board is responsible for commissioning health care services for the residents of the Scottish Borders, a total population of 118,914 as recorded on the GP Practice List as at 31st March 2019 (2017/18 - 118,484).

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

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

The overall purpose of Borders NHS Board is to:

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

The Role of the Board is to:

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

PERFORMANCE REPORT

a) OVERVIEW (continued)

2. Principal activities and review of the year

The Functions of the Board are to:

- Set the strategic direction of NHS Borders within the overall policies and priorities of the Scottish Parliament and the Scottish Government, define its annual and longer-term objectives and agree plans to achieve them.
- Delegate functions and related resources to the Scottish Borders Health and Social Care Integration Joint Board in line with legislation (Joint Working Act 2014).
- Deliver services as commissioned by the Scottish Borders Health and Social Care Integration Joint Board in line with the agreed Health and Social Care Implementation Strategic Commissioning Plan.
- Approve resource allocation to address local priorities.
- Ensure effective financial stewardship through value for money, financial control and financial planning and strategy.
- Oversee implementation and delivery of the Annual Operational Plan.
- Manage the performance of NHS Borders, including risk management, by monitoring performance against objectives and ensuring corrective action is taken when necessary.
- Appoint, appraise and remunerate senior executives. Be responsible for the recruitment, and authorise the appointment of, consultants as required under the National Health Service (Appointment of Consultants) (Scotland) Regulation 2009.
- Approve governance arrangements for NHS Borders which the Board will discharge including through the Standing Committees of Finance and Resources, Audit, Clinical, Staff, and Public Governance and the Pharmacy Practices Committee.

2018/19 Business Activities

Primary focus for the NHS Borders Board during 2018/19, given the submission of an unbalanced financial plan in April 2018 to the Government Health and Social Care Directorates, has been work to address the financial deficit and the challenges of the organisation. In light of this financial papers are now considered first on the agenda at Board meetings. In addition, a new subcommittee of the Board has been formed, the Finance and Resources Committee, to improve financial governance and the use of the Board's resources. There is a need to ensure that all decisions consider patient safety, the Board's number one corporate objective, impact on our performance targets as well as financial implications.

A significant proportion of the Board Development sessions held in year were utilised for members to robustly discuss and debate the financial outlook, planning assumptions, opportunities for savings and the development of a financial plan.

A focus on financial turnaround will continue at pace during 2019/20.

The statement from the Chief Executive included in this report details a number of non finance related business activities progressed by the organisation during 2018/19.

PERFORMANCE REPORT

a) OVERVIEW (continued)

3. Risk and Uncertainty

The Board's Annual Operational Plan is the contract between NHS Borders and Scottish Government summarises agreed performance and highlights the key risks facing NHS Borders in the delivery of services together with the measures in place to mitigate those risks. The key challenge for the Board is to manage these risks in a way that ensures the delivery of quality clinical services, a high standard of operational performance whilst achieving our financial targets.

The Board was dependent on additional funding, in the form of brokerage, from the Scottish Government Health and Social Care Directorates to achieve its financial targets in 2018/19. The financial challenge we face has developed over a number of years where financial pressures have been greater than the income received and the Board has relied on non recurring measures to deliver financial balance. Recurring reductions in our cost base need to be delivered to return the Board to financial balance and financial sustainability. As part of the NHS Scotland Performance Framework NHS Borders is receiving tailored support in the form of external expertise and scrutiny to support the Board to achieve this. To support the Board to return to financial sustainability it should be noted that the Scottish Government has agreed that the additional brokerage funding received in 2018/19 does not require to be repaid and that further brokerage is also in place for 2019/20 to allow the time required to redesign services.

During the year the Board has encountered, a number of pressures including continued changing population demographics, patient flow across health and social care, advances in technology and medicines, hospital capacity issues and workforce related issues including recruitment and retention of clinical posts in both primary care and hospital settings. The Board has highlighted these matters in the Governance Statement (pg 26-41) and noted that they are likely to continue into the future.

A number of operational pressures continued in 2018/19 principally in acute services linked to patient flow and a consistently high number of delayed discharge occupied bed days. The Board in response to these operational pressures opened additional beds within the main Borders General Hospital. In addition due to workforce pressures the Board incurred a significant level of costs for agency nurses and agency locum medical staff to ensure that services continued to be delivered. UNPAC (unplanned patient out of area activity) and the cost of high cost packages of care for Learning Disability clients were further areas of financial pressure during 2018/19.

The organisation worked hard to mitigate these pressures and utilised its contingency funds and slippage on intended investments, as well as actively seeking slippage from the capital programme, to offset overspending in other areas.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS

1. Key Performance Indicators

The NHS Board measures its progress toward achieving the Scottish Government's 9 national health and wellbeing outcomes and the strategic improvement priority areas identified in the Annual Operational Plan (AOP) using a suite of performance indicators. The AOP gives detailed targets and trends for a number of key performance indicators. The Board also measures its performance against the financial targets set by the Scottish Government Health and Social Care Directorates. Performance against these targets is monitored by the management team and reported to the Board or Strategy and Performance Committee on a monthly basis.

As explained in more detail in the Governance Statement, the NHS Board has a formal system of risk identification and evaluation embedded throughout the organisation which seeks to manage risk and uncertainty. This has identified a number of corporate risks which the Board is currently managing and mitigating to ensure the achievement of the objectives of the AOP.

NHS Borders achieved its financial targets for 2018/19 following the receipt of £10.1m revenue brokerage funding agreed by Scottish Government.

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

2.1 Financial Performance and Position

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

1. Revenue resource limit (RRL)
2. Capital resource limit (CRL)
3. Cash requirement

NHS Boards are expected to contain their net expenditure within these limits, and to report on any variation from the limits as set. The financial statements reported for the Borders Health Board Endowment Funds are excluded from the financial targets set for NHS Borders.

RRL

Scottish Government funding the Board receives to cover all day to day activities, excluding certain Family Health services which are covered centrally by the Scottish Government.

CRL

Covers additions to land and buildings or intangible assets or new equipment with a life greater than 1 year and a value greater than £5k.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

Cash Requirement

A financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

Non Core Revenue Resource Limit provides funding for more technical accounting entries that do not directly trigger a cash payment such as the depreciation or impairment of an asset or the creation of a provision for a future liability.

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

	Limit set by SGHSCD	Actual Outturn	Variance (Deficit)/ Surplus
	£000	£000	£000
Core Revenue Resource Limit	237,771	237,683	88
Non Core Revenue Resource Limit	6,965	6,965	0
Core Capital Resource Limit	4,570	4,549	21
Non Core Capital Resource Limit	0	0	0
Cash Requirement	248,075	248,075	0

Memorandum for In Year Outturn	£000
Brought forward surplus from previous financial year	41
Surplus against in year total Revenue Resource Limit	47
Net surplus against 2018/19 Revenue Resource Limit (RRL) following the receipt of £10.1m revenue brokerage from SGH&SCD	88

At 31st March 2019 the position for the Core Revenue Resource Limit is reporting an in-year £88k surplus following the offset of a total of £10.1m brokerage funding received from the Scottish Government Health and Social Care Directorates. The Core Capital Resource Limit is £21k under spent (surplus).

The memorandum of outturn shows that the £88k surplus was achieved through an in-year surplus, after brokerage, of £47k and £41k carried forward from 2017/18.

In line with NHS Scotland's strategy NHS Borders is required to continuously improve the quality and efficiency of its services. At the start of 2018/19 the Board did not present a balanced financial plan as part of its Annual Operational Plan. As part of the 2018/19 financial plan the Board had a challenging efficiency target of £24.8m. Although £15.2m of efficiency savings were delivered in year, which was a significant achievement, this fell short of the target by £9.6m. In addition the recurring element of £17.6m was not fully achieved with a recurring shortfall of £13.8m being carried forward into 2019/20.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

Annual Accounts Preparation and Consolidation – Endowment Funds

Consolidated within the Annual Accounts are the Borders Health Board Endowment Funds (known as 'The Difference') which have been prepared in accordance with International Accounting Standard (IAS) 27 "Separate Financial Statements".

NHS Borders is the corporate trustee of the 'The Difference' and the charity's objectives are for the benefit of NHS Borders in the advancement of health, through: improvement in the physical and mental health of the Board's population; the prevention, diagnosis and treatment of illness and the provision of services and facilities in connection to the above.

The main financial statements disclose the NHS Borders' financial position alongside that of the group which is the consolidation of NHS Borders and 'The Difference'. The Charity recorded a net movement on funds of (£57k) with income received totalling £936k and expenditure of £994k. The Charity's Report from the Trustees noted a number of projects and initiatives which had been taken forward to deliver the charitable purpose.

Annual Accounts Preparation and Consolidation – Integration Joint Board

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

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements include the outturn results of the delegated functions and set aside budgets from NHS Borders to the Integration Joint Board (IJB) using the equity method of accounting.

Note 24 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

- **Scottish Borders Integration Joint Board**

NHS Borders delegated functions and provided resources for these functions during 2018/19 to the Integration Joint Board, the financial details of which are noted in the following table:

Provision of Resources	2018/19 £'000	2017/18 £'000
Delegated Services	92,488	89,838
Social Care Fund	7,397	7,547
Integrated Care Fund	2,130	2,130
Health Board contribution to financial outturn	5,241	4,230
Scottish Government Ring Fenced Allocations	3,748	1,420
Sub-total Provision of Resources	111,004	105,165
IJB Set Aside Budgets	23,741	21,342
Total Provision of Resources	134,745	126,507

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

- **Scottish Borders Integration Joint Board**

During 2018/19 the IJB approved a direction to NHS Borders to introduce a “Discharge to Assess” policy. The policy was supported by the creation of discharge to assess inpatient facilities at Tweedbank and a Hospital to Home health care support team provision in 5 localities across Scottish Borders. The Integrated Care Fund was utilised to provide these services on a temporary pilot basis. Monitoring of the impact of the pilot will enable evidence on the delivery of the intended objectives to be provided which will support the IJB to progress discussion within the Partnership to permanently commission the Hospital to Home service.

The Board agreed an uplift of 1.5% to the 2017/18 recurring resources provided to the IJB for delegated functions in 2018/19. The number of ring fenced allocations received by the Board in relation to IJB delegated functions increased particularly relating to the Primary Care and Mental Health Improvement Fund. Due to spending plans in year, and the timing of commitments against these ring fenced allocations, the Board has utilised the agreed Partnership Scheme of Integration to enable these ring fenced resources to be carried forward for use in 2019/20.

The Delegated Resources and the Commissioned Services are disclosed within Note 4 – Operating Income and Note 3 – Operating Expenses of the Board’s Annual Report and Accounts 2018/19.

The Scottish Borders Integration Joint Board 2018/19 annual accounts will be available from the Scottish Borders Council website www.scotborders.gov.uk. The IJB recorded a breakeven position for financial year 2018/19 on commissioned services from NHS Borders following a contribution of funding totalling £5.241m.

- **Capital Investment**

The Board approved the following capital investment projects during 2018/19:

- Expenditure of £1m as the continuing commitment to the Board’s multi-year IM&T Road to Digital Programme. The programme will ensure our technical infrastructure, clinical and clinical support service systems and applications are updated, refreshed and fit for purpose.
- Feasibility work (£0.04m) to develop market test information for schemes at West Linton and Earlston Health Centres, where an increase to available accommodation and reconfiguration works will address the requirements as highlighted by the Primary Care Premises review.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

- **Capital Investment**

- Turnkey works and commissioning of the replacement scanning equipment within both the Fluoroscopy and General Radiology Rooms (£0.5m).
- Purchase of a replacement MRI scanner - £1m
- Continuing investment in rolling replacement programmes for NHS Borders estate (£0.2m) and medical equipment (£1.4m). Medical equipment purchased included decontamination sterilisers and autoclaves, ultrasound systems, renal dialysis machines and Emergency Department patient trolleys.
- The replacement programme for radiology equipment (£0.2m) included a Dexa Bone Scanner and Digital Mobile Scanner.

- **Payment Policy**

The Scottish Government is committed to supporting business by paying bills more quickly. The intention is to achieve payment of all undisputed invoices, where possible, within 10 working days, across all public bodies. The Board reports a good level of performance against both the 30 day contractual and the aspirational 10 day payment targets. The performance statistics reported within this section include all invoices paid by the Board, even where those have been subject to dispute.

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

	2018/19	Volumes	2017/18	Volumes
Average period of credit taken	11.5 days		11.5 days	
- Total Number of Invoices paid		46,659		44,152
- Total value of invoices paid		£80.0m		£83.0m
Percentage of invoices paid within 30 days:				
- by volume	91%	42,381	88%	38,905
- by value	90%	£71.8m	87%	£72.6m
Percentage of invoices paid within 10 days:				
- by volume	79%	36,799	80%	35,197
- by value	70%	£55.9m	75%	£62.0m

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

- Provisions and Liabilities**

The following provisions and liabilities are included in the Board's 2018/19 Annual Accounts:

	Page	2018/19	2017/18
Provision for bad and doubtful debts	97	£0.524m	£0.456m
Trade and other payables (payable within 1 yr)	101	£41.064m	£34.363m
Accrual for outstanding Annual Leave	101	£1.944m	£1.802m
Clinical & Medical Legal Claims	102	£1.626m	£1.461m
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	102	£9.571m*	£9.815m*
Pensions and similar obligations	102	£1.410m	£1.514m

* The decrease reported of £0.244m as part of the Board's participation in CNORIS relates to the NHS Borders proportion of the NHS Scotland provision for liability of outstanding Clinical Medical Negligence claims. Full details of the provision held by the Board are reported in note 13 of the accounts (pgs 102-103).

- Counter Fraud Services**

Patient Exemption Checking

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from dental and ophthalmic charges. These checks are targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has extrapolated these results to quantify the level of income potentially lost to NHS Borders due to patient exemption fraud or error. The extrapolated figure reported for 2018/19 totalled £84,056 (2017/18: £97,899). 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 NHS Borders is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of any patient exemption fraud/error occurring.

Proactive Initiatives

Counter Fraud Services continue to support the fraud agenda with the Board through the local Countering Fraud Operational Group (CFOG), which provides a forum for senior managers from across the organisation to discuss, share information and take forward proactive initiatives facilitated by CFS colleagues.

NHS Borders will continue to work with CFS to ensure the maximum possible resource is available for health services in the Borders.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

NHS Borders 2018/19 Annual Operational Plan (AOP) outlined planned performance in relation to a number of key operational targets. The AOP replaced the previous Local Delivery Plan as the primary process for agreeing annual performance targets and trajectories in relation to delivery against national priorities. The focus for 2018/19 was delivery against key waiting time standards as indicators of efficient and effective health care delivery within Boards more generally. As a consequence there has been a focus on performance in these areas as part of the overall performance reporting framework for the Board.

The AOP also placed an emphasis on the requirement for joint planning across the Health and Social Care Partnership to ensure plans outlined are closely aligned to the following objectives of:

- Shifting the balance of care towards community setting.
- Reducing avoidable admission and removing delays.
- Reducing delayed discharges in hospitals.
- Reducing health inequalities.
- Better collaborative workforce planning to underpin planned changes.

NHS Borders Board reviews the performance of the organisation at each Board meeting in relation to these key standards and targets. This is facilitated through the production of monthly performance scorecards in order to monitor progress towards achievement of the standards and performance outlined through the AOP.

The monthly performance scorecard also details actions that services are taking if trajectories are not being delivered. This is considered, scrutinised and challenged by the Board at each meeting. The monthly performance scorecard is reviewed and refreshed at the end of each financial year in line with Annual Operational Plan to ensure that this reflects current national and local priorities.

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PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

2018/19 Performance Scorecard, outlining performance against the Annual Operational Plan targets and local Key Performance Indicators (KPI) as at 31st March 2019

	Measure (KPI)	Period Reported	Target or Standard	Position	Status (RAG)
Annual Operational Plan (KPI's)	Cancer Waiting Times 62 Day Target	Mar 19	95% patients treated following urgent referral with suspicion of cancer within 62 days.	80.8%	Red
	Cancer Waiting Times 31 Day Target	Mar 19	95% of patients treated within 31 days of diagnosis.	100%	Green
	New Outpatients Number Waiting >12 weeks	Mar 19	Zero patients waiting longer than 12 weeks (maximum).	0	Green
	New Inpatients Number Waiting >12 weeks	Mar 19	Zero patients waiting longer than 12 weeks (maximum).	7#	Red
	Treatment Time Guarantee (TTG) Number not treated within 84 days from decision to treat.	Mar 19	Zero patients having waiting longer than 84 days.	179	Red
	Referral to Treatment (RTT) % Treated within 18 weeks of referral.	Mar 19	90% patient to be seen and treated within 18 weeks of referral.	90.8%	Green
	Diagnostics (8 key tests) Number waiting >6 weeks	Mar 19	Zero patients waiting longer than 6 weeks for 8 key diagnostic tests	71	Red
	CAMHS % treated within 18 weeks of referral.	Mar 19	90% patients seen and treated within 18 weeks of referral.	45.8%	Red
	A&E 4 Hour Standard Patients discharged or transferred within 4 hours.	Mar 19	95% of patients seen, discharged or transferred within 4 hours.	96.5%	Green
	Delayed Discharges Patients delayed over 72 hours	Mar 19	Zero patients delayed in hospital for more than 72 hours.	17	Red
Monitor & Maintain – (Other KPI's)	Alcohol Brief Intervention	Mar 19	Meet agreed trajectory for the number of completed interventions (1203)	579	Red
	Quit Smoking	Sept 18	Meet agreed trajectory for the number smoking quits sustained at 12 weeks (66)	60	Red
	Sickness Absence Rates	Mar 19	Maintain overall sickness absence rates below 4%	4.7%	Red
	Psychological Therapies Treated within 18 weeks of referral	Mar 19	90% patients treated within 18 weeks of referral	77.0%	Red
	Drug & Alcohol Treated within 3 weeks of referral	Mar 19	90% of patients treated within 3 weeks of referral.	93.0%	Green
	Supplementary Staffing Monthly Agency spends.	Mar 19	Reduce the amount spent on agency staffing to £zero	£86.1k	Red
Safety	Clostridium Difficile (C-diff) The number of bed days	Qtr to Dec 18	Max 32.0 per 100,000 equivalent occupied bed days.	3.9	Green
	SAB Infections The number of bed days	Qtr to Dec 18	Max 24.0 per 100,000 equivalent occupied bed days.	36.9	Red

#Further information is provided on this target on page 17.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

The performance reported in the above table follows the parameters as detailed in the table below. Performance targets have been set as percentage or numerical targets.

Current Performance Key			
R	Under Performing	Current performance is significantly out with the trajectory set.	Out with the standard by 11% or greater
A	Slightly Below Trajectory	Current performance is moderately out with the trajectory set.	Out with the standard by up to 10%
G	Meeting Trajectory	Current performance matches or exceeds the trajectory set	Overachieves, meets or exceeds the standard, or rounds up to standard

Of the 16 KPI's and 2 safety related indicators routinely reported to the Board, NHS Borders was able to report on average only 4 were at or above the required standard across the year :

- Performance against the cancer waiting times target of treatment within 31 days of diagnosis has been maintained at or above the 95% for the whole of 2018/19 so far. This continues the excellent performance reported against this important standard in previous years by NHS Borders
- Following concerted efforts by the clinical teams, complemented with some additional funding from Scottish Government, we achieved 0 waits over 12 weeks for new outpatient appointments as at the end of March 2019.
- Other than in April 2018, NHS Borders has achieved at least 90% or above against the 4 hour A&E standard, with a performance level of 96.5% in March 2019, the highest reported performance since August 2017.
- NHS Borders has reported performance against the Referral to Treatment guarantee at or above the required standard of 90% for the whole of 2018/19.
- Waiting times for patients referred to drug and alcohol service have been maintained at or above the required target in 90% of cases for the majority of the year. This represents a significant improvement on performance reported in previous years and the Service is to be commended on the progress it has made in this area.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

The main areas where routine performance has been out-with the trajectory are noted below:

- It is disappointing that the target for treatment within 62 days of urgent referral with suspicion of cancer was not consistently met during 2018/19. On 5 occasions performance fell below the required standard of 95%. Access to key diagnostic tests and waits for specialist treatments in our tertiary centre are under review to support delivery of any improvements going forward.
- 12 week waiting times targets for inpatients/day cases treatment have proved challenging to maintain in some areas. NHS Borders has worked hard over the last quarter to minimise waits for patients in all areas and to bring reported performance into line with agreed standards. Although the target was not achieved only 7 patients (# on page 16) waited longer than 12 weeks and 6 of these related to community dental services which going forward will be transferred to community services.
- During March NHS Borders reported 179 patients had waited longer than the 84 days treatment time guarantee to access treatment. 7 patients as at the 31st of March 2019 were waiting longer than 84 days for treatment. This improved position was as a result of investment of resources both to internal clinical teams and for care delivered by external providers. The challenge as always will be maintaining the improvements made as we move into the coming year.
- Waiting times for key diagnostic tests have also shown significant improvement during the final quarter of 2018/19 against the required standard and the Board is working to ensure that this is a position that can be sustained.
- Waiting times for access to Child and Adolescent Mental Health Services have remained well below the required standard of 18 weeks from referral to treatment. The current level of Performance is a particular concern for the service. The service has undertaken a “deep dive” review of current performance and has set an improving trajectory for delivery during 2019/20.
- Delayed discharges remain an ongoing challenge, particularly those requiring the most complex planning, care and support. Efforts to ensure co-ordinated and better discharge planning processes are in place early and that these are supported by appropriate early discharge options for ongoing or transitional assessment, care and support are underway.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

Performance monitoring is in place across the organisation. Performance scorecards are produced monthly for each Clinical Board area and a collated version is reviewed and discussed at the Clinical Executive Operational Group. In addition performance reviews were undertaken with each general management team twice during the year.

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

2.3 Social Matters

NHS Borders supports and maintains a culture within the health systems where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration, covering issues such as training, communications, fairness and consistency, health and safety, whistleblowing and trade union partnership.

The Board has a zero tolerance approach to bribery and its commitment to the Bribery Act 2010 is set out with the NHS Borders Fraud Policy which is an integral element of the Code of Corporate Governance.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.4 Sustainability and Environmental Reporting

In conjunction with Boards across Scotland NHS Borders has been working in partnership with Health Facilities Scotland (HFS) to review (and where necessary revise) the baseline scores from the first iteration of the NHS Scotland Sustainability Assessment Tool (SAT). The SAT provides NHS Boards with a mechanism to assess performance against 16 key areas, linking directly to the United Nations Sustainable Development Goals. The final “scores” will be sent to all NHS Boards in April 2019, after which the SAT will become a self-assessment Tool (with bi-annual peer review from HFS).

Our NHS	Our People	Our Planet
<ul style="list-style-type: none"> - Capital Projects - Active Travel - Transport - Greenspace - Nature & Biodiversity 	<ul style="list-style-type: none"> - Awareness - Welfare - Ethical Issues - Communities - Sustainable Care 	<ul style="list-style-type: none"> - Environmental Management - Procurement - Supply Chain - Waste - Adaptation - Greenhouse Gases

When finalised NHS Borders will discuss and review the report with appropriate stakeholders and produce a “sustainable development action plan” to risk assess and prioritise any gaps.

NHS Borders participates in the Sustainable Scotland Network (SSN) chaired by HFS’s Energy and Sustainability manager. With principal funding from the Scottish Government, the SSN is the national network for public sector sustainability and climate change professionals. It provides an opportunity for public sector decision-makers to engage directly with the Scottish Government and steer climate change policy development and implementation. Working together to deliver innovative, impactful, evidence based action on sustainable development across the public sector.

Throughout 2018 and 2019 NHS Borders continues to monitor its energy consumption, emissions and costs and on an annual basis a report is sent to HFS for inclusion in the annual Property and Asset Management Strategy (PAMS) report and in the annual Public Sector Sustainability Report.

Education and training are crucial factors in achieving effective management of sustainability, initiatives rolled out to date include;

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation’s diverse property portfolio.
- Reducing energy consumption in buildings by reducing unnecessary usage (via “Switch Off” campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring.
- Installation of biomass boilers at Hawick, Kelso and Knoll Community Hospitals, Huntlyburn & Melburn Lodge Mental Health Units and Stow and West-Linton Health Centre sustain the reduction of CO₂ emissions compared to previous year levels and provides fuel security for the sites.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.4 Sustainability and Environmental Reporting

- Replacement of older gas boilers with new energy efficient boilers, updating of controls and regular checks on operating times and temperatures.
- Introduction of LED lighting, both internally and externally on our existing buildings and specifying these along with photovoltaic panels (PV) on refurbishments and new build capital projects.
- Reducing emissions from our vehicle fleet by procuring fuel efficient vehicles and low emission vehicles allied to specific driver training and improved monitoring of the fleet.
- The introduction of carbon life cycle costing to the procurement process for all capital and revenue projects which will assist in assessing the efficiency of equipment and property and the related cost/carbon impact.

The Board has closed its waste incineration plant and now subscribes to the national contract for the collection, treatment, recycling and final disposal of clinical (hazardous) waste. Domestic type waste is collected and delivered to a mixed recycling facility (MRF) where items of waste suitable for recycling are removed from the waste stream and diverted away from landfill.

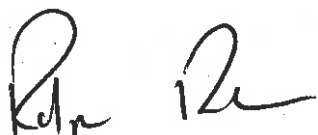
By 2020 the Board is committing to reducing domestic waste by 7% and by the year 2025 this commitment will rise to a 15% reduction against a 2012/13 base year. To assist with this commitment the Board has established a Waste Management Group with stakeholders from all areas to look at areas such as recycling and awareness whilst at the same time provide governance and assurance around the Board's waste management processes.

Looking forward the Board with the support of HFS has commissioned an Energy and Environmental review of the Borders General Hospital campus; results of this survey are scheduled to be published in July 2019. The survey will include mechanical and electrical systems across the site.

During 2019/20 the Board will also embark upon partnership working with HFS to further develop the following areas;

- Climate change adaptation – development of risk assessments for all its main sites
- Biodiversity and green space – identify potential opportunities for green space projects.
- Active travel - identification of opportunities, particularly around sustainable transport and the development of owned fleet and business travel policies.

Signed



Chief Executive and Accountable Officer

27th June 2019

THE ACCOUNTABILITY REPORT

Corporate Governance Report

a) The Directors' Report

Naming Convention

NHS Borders is the common name for Borders Health Board.

Date of Issue

The financial statements were approved and authorised for issue by the Board on 27th June 2019.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General has appointed Audit Scotland to undertake the audit of NHS Borders for the period 2016/17 to 2021/22. Gillian Woolman, Audit Director with Audit Scotland is the appointed Engagement Lead for the audit. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board Membership

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

Non Executive Directors of Health Boards are appointed as elected stakeholders or through a public recruitment process directed by the Scottish Government.

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

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1st April 2018 to 31st March 2019 were as follows:

Non-Executive Members

Mr J Raine, Chair (to 31st March 2019)

Mrs K Hamilton, Interim Chair (from 1st April 2019)

Mr M Dickson

Mrs K Hamilton, (to 31st March 2019)

Dr S Mather

Mr J McLaren

Cllr D Parker

Mrs F Sandford

Mr T Taylor

Mrs A Wilson

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

a) The Directors' Report

Board Membership

Executive Members

Mrs J Davidson, Chief Executive (to 5th April 2019)
Mrs C Gillie, Interim Chief Executive (from 6th April to 21st April 2019)
Mr R Roberts, Chief Executive (from 22nd April 2019)
Mrs C Gillie, Director of Finance, Procurement, Estates & Facilities
Dr T Patterson, Director of Public Health
Mrs C Pearce, Director of Nursing and Midwifery (to 11th November 2018)
Mrs N Berry, Interim Director of Nursing & Midwifery (from 12th November 2018)*
Dr C Sharp, Medical Director
Mrs J Smyth, Director of Strategic Change & Performance*
Mr J Cowie, Director of Workforce*
Mr R McCulloch-Graham, Director of IJB delegated functions*

*Mrs N Berry, Mrs J Smyth, Mr J Cowie and Mr R McCulloch-Graham are not Scottish Government appointed Executive Directors.

The Board members' responsibilities in relation to the accounts are set out in section c) of the Corporate Governance Report. (pg 25).

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 22 (pg 112).

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

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

Directors' Third Party Indemnity Provisions

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

Pension Liabilities

The accounting policy note for pensions is provided in the Accounting Policy Note 1 (pg 78) and disclosure of the costs is shown within Note 19 (pg 107) and the Remuneration Report (pg 42-58).

Remuneration for Non Audit Work

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

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

a) The Directors' Report

Value of Land

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

Public Services Reform (Scotland) Act 2010

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

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

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware they have individually taken all the steps they ought reasonably to have taken as a director to firstly make themselves aware of any relevant audit information, and secondly to establish that the Board's auditors are aware of that information.

Events after the End of the Reporting Period

There have been no events after the end of the Reporting Period.

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 20 (pg 108-110).

Personal data related incidents reported to the Information Commissioner

Two personal data related incidents were reported to the Information Commissioner's (IC) office in 2017/18. The incidents concerned the transfer of patient information which was not anonymised and inappropriate access to patient records. Following independent review of the circumstances of these breaches the IC confirmed no further action was required in the first case and discussions on the second case are ongoing.

One information governance breach has been reported to the IC's office during April 2019. The breach related to inappropriate access to GP Practice patient records.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

b) The Statement of Accountable Officer's responsibilities

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

This designation carries with it, responsibility for:

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

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

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

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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 5th March 2019.

Signed



Chief Executive and Accountable Officer

27 June 2019

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

c) The Statement of Board Member's Responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2019 and of its operating costs for the year then ended. In preparing these accounts the Members' are required to:

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

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

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

Signed



Chair

27 June 2019

Signed



Director of Finance

27 June 2019

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Scope of Responsibility

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

Purpose of Internal Control

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

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

The process within the organisation accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year ended 31 March 2019, and up to the date of approval of the annual report and accounts.

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

Governance Framework

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

The Board

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

Board Strategy & Performance Committee

The Board met on alternate months to the public meeting as a Strategy and Performance Committee to continue to review key business activities including the financial position, update on the efficiency programme and the performance of the organisation.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Standing Committees

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

- Clinical Governance.
- Finance and Resources – a newly created committee which met for the first time in December 2018
- Audit.
- Staff Governance.
- Public Governance.
- Pharmacy Practices Committee.

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

The remit of each standing committees is noted below:

Clinical Governance Committee

The purpose of the Clinical Governance Committee is to assist the NHS Board to deliver its statutory responsibility for the quality of healthcare that it provides. In particular, the committee will seek to provide assurance to the Board that clinical governance controls are in place and effective across NHS Borders, and that the principles of clinical governance are applied to the health improvement activities of the Board. The committee is also remitted to ensure an appropriate approach is in place to deal with clinical risk management and that performance of the management of clinical risk is reviewed.

Finance and Resources Committee

This committee was introduced by the Board in September 2018 in response to the financial challenges faced and the Scottish Government Performance Framework escalation status of the Board. The role of the committee is to keep under review the financial position of the Board to provide assurance that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources and that the arrangements are working effectively.

Audit Committee

The purpose of the Audit Committee is to ensure compliance with the Board's Code of Corporate Governance and give assurance that an effective system of internal control is maintained. The duties of the Audit Committee are in accordance with the Scottish Government Audit Committee Handbook and include assisting the Board to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

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 as detailed by the Staff Governance Standard which forms part of the National Health Service Reform (Scotland) Act 2004. In particular, the committee will seek to ensure that staff governance mechanisms are in place that establish responsibility for performance against the staff governance standard and ensure progress towards achievement of the standard.

Public Governance Committee

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

Pharmacy Practices Committee

The purpose of the Pharmacy Practices Committee is to consider applications for inclusion in the Board's pharmaceutical list, in accordance with the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009. The committee did not meet during 2018/19 as no new applications were submitted.

Corporate Governance

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

- The Board operated to its organisational Vision, Values and Corporate Objectives as set for the 3 year period 2016-19. "Safe patient care is our number one priority" which reflects the Board's commitment to the population it serves and the organisational values by which care will be delivered. The Board has a clear focus to provide patient care that is safe, effective and affordable.
- The Board continues to operate the Patient Safety Programme, which encompasses regular reporting to Board Members on national quality standards and key performance indicators.
- During 2018/19 the Board operated a corporate performance management and reporting framework. This included the ongoing development and review of service/clinical board/clinical executive performance scorecards and 6 monthly performance reviews, ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including Annual Operational Plan standards, are reported to the Board on a regular basis.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

- A board member development programme is in place with monthly sessions concentrated on specific topics selected for their national strategic content, current relevance to the business of NHS Borders, issues concerning local service provision or particular areas of interest from which knowledge and skills can be gained. The provision of such assists the Executives and Non Executive Directors to achieve their strategic and operational roles.
- The standing committees, strategic and operational groups within the organisation are remitted to promote Best Value within NHS Borders thus ensure that all processes within the Board have in-built Best Value elements and aim to achieve:
 - Continuous improvement which will help ensure sustainable economic growth for the people of Scotland whilst maintaining an appropriate balance between quality and cost; and
 - Realising economy, efficiency, effectiveness, and equal opportunities requirements and contributing to the achievement of sustainable development.
- NHS Borders is fully aware that the Duty of Best Value principles are about creating an effective organisational context from which the NHS Borders can deliver its key outcomes. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes, assurance and evidence can be obtained to demonstrate NHS Borders incorporates Best Value principles in everyday business.
- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD). The CoCG includes sections detailing how business is organised, members' code of conduct, standards of business conduct for NHS staff, the counter fraud policy and action plan, reservation of powers and delegation of authority and standing financial instructions. The CoCG details fully the core functions of the Audit Committee and the other standing committees of the Board including the terms of reference which are reviewed and approved on an annual basis. This ensures explicit agreement of the purpose, key functions and delegated remit of each committee.
- The Board maintains strong financial governance through the CoCG which incorporates the Board's standing orders and scheme of delegation. To support the scheme of delegation an authorised signatory database is in place.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued).

d) The Governance Statement

- The office of the Chief Executive manages the distribution process of incoming instruction in matters of law and regulation with Executive Directors taking action as necessary. The external and internal Audit review of policies and procedures, as part of the risk based annual audit plans, give assurance that compliance is achieved.
- NHS Borders 'Whistleblowing Arrangements' policy was signed off by the Area Partnership Forum in June 2017. The policy is available from the NHS Borders staff intranet. This policy replaced the Voicing Concerns policy and should be used to raise concerns where the interest of patients, staff or of NHS Borders is at risk. The NHS Scotland whistleblowing alert and advice services are also referenced for use on the NHS Borders staff intranet. NHS Borders has a Whistleblowing Champion in accordance with government guidance.
- The Board Remuneration Committee is in place to ensure compliance with mandatory guidance for the performance management of staff in the executive cohort. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the executive and senior management cohorts within NHS Borders. Each member of staff covered by executive and senior managers pay arrangements has an annual appraisal the results of which are considered by the Remuneration Committee.
- NHS Borders reviewed partnership working during 2017/18 and progress continued during 2018/19 on the improvement areas agreed. The objective was to establish successful working arrangements, relationships and behaviours which would support the organisation to deliver in partnership new financial and workforce plans.
- As part of its planned review of governance arrangements the Board introduced a new governance committee, the Finance and Resources Committee in 2018/19. In addition the Board has completed a self assessment against the Scottish Government Blueprint for Good Governance Best Practice for NHS Scotland. The output from the self assessment is to be presented to the Strategy and Performance Committee of the Board in May 2019.
- The Director of Finance of NHS Lanarkshire reviewed the Board's financial plan papers during September 2018. The report detailing the review findings was presented to the Finance and Resources Committee which, in summary, provided confidence on the planning assumptions and content of the Board's financial plan. An action plan based on the recommendations is being progressed.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

- NHS Borders ensures it appropriately governs its research activities by referring any research request for independent advice to the South East Scotland Research and Ethics Service (SESR&ES). The SESR&ES consider whether the planned activity adequately protects the dignity, rights, safety and well being of individual research subjects. Outcomes from the research governance process are reported to the Board's Clinical Executive Operational Group.
- Following recommendation by the Board's External Auditors Annual Statements of Assurance have been completed for 2018/19 by all Executive Directors. The statements detail any relevant areas of disclosure from individual portfolios to be included in the Board's governance statement as signed by the Accountable Officer.
- The Scottish Borders Health and Social Care Integration Joint Board (IJB) is responsible for the "functions" which NHS Borders and Scottish Borders Council has delegated to it. The IJB is required to agree a strategic plan and direct the NHS Board and local authority as to how the functions are to be delivered. The IJB is required to have regard to the national health and wellbeing outcomes, the integration delivery principles and the needs of localities within the Scottish Borders region. The IJB is governed by a Board with membership drawn equally from non executive members of the Health Board and councillors from Scottish Borders Council.
- In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements include the outturn results of the delegated functions and set aside budgets from NHS Borders to the Scottish Borders IJB using the equity method of accounting.
- An NHS Borders internal audit review covering the scope of health and social care integration risk management concluded in March 2018 with a classification of low risk. The implementation of the recommendation made by the review was reported to the Board's Audit Committee.
- The Board utilises many forms of communication including staff share updates, the intranet 'Ask the Board' facility, social media and a weekly BGH newsletter; as well as leadership walkrounds by senior managers.
- In accordance with 'IAS 27 – Separate Financial Statements, the Financial Statements' consolidate the Borders Health Board Endowment Fund (known as 'The Difference'). An unqualified audit opinion has been provided from the independently appointed auditors, 'Geoghegans', following the 2018/19 audit of the Endowment Fund financial statements. The audit opinion includes that no significant issues were reported as part of the audit, with a number of recommendations being made which will be considered by the Trustees. This governance statement includes any relevant disclosure in respect of Endowment Funds.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Review of Adequacy and Effectiveness

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

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

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

- The Remuneration Committee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of executive and senior manager pay arrangements;
- The individual clinical boards who hold responsibility for risk management; and
- The Information Governance Committee whose remit is to provide assurance to the Board that guidance and best practice is applied to the way NHS Borders handles information.

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

- Review against guidance from the Scottish Government Health and Social Care Directorate;
- Statements of assurance from the Executive Directors
- Statement of assurance from the governance committees of the Board;
- The role of internal and external audit in providing the Board with assurance;
- Statement on achieving the objectives of Best Value;
- Third party assurance reports;
- Annual fraud report; and
- Report on losses and compensation (SFR18).

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Review of Adequacy and Effectiveness

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

Best Value

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

Risk Assessment

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

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

The risk management strategy, policies and supporting guidelines provide the overall risk management framework for NHS Borders. Operational accountability and responsibility for risk management within the organisation is held by the clinical board governance groups which directly report to the Clinical Executive Operational Group. Scrutiny and assurance arrangements to NHS Borders Board have been strengthened by the receipt of more robust governance reports from the clinical boards as well as support services directorates particularly in relation to high risks.

The Board at the Strategy and Performance Committee on the 6th December 2018 received an update on the strategic risk register, including mitigating actions in place, and future plans to identify additional strategic risks to the organisation.

An audit and review protocol is in place that aims to continually improve the risk register information to ensure it is consistent, accurate and action plans linked to risk are robust. The audit takes place on a bi-annual basis. Risk owners have direct access to audit findings and recommendations with risk activity being reported to the Clinical Executive Operational Group in the risk management report. In June and September 2018 and March 2019 the Audit Committee received an update on the very high risks across the organisation.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Risk Assessment

The Resilience Committee, reporting to the Clinical Executive Operational Group, is remitted to support the Chief Executive in the implementation of their duties in all areas of resilience planning within NHS Borders. The Resilience Committee submitted to the Audit Committee at its June 2018 meeting a 2018/19 work plan to set out how NHS Borders will fulfil its civil contingencies obligation.

The timescale and process of EU withdrawal continues to create uncertainty for NHS Scotland Health Boards. NHS Borders has established Strategic and Operational Groups to provide risk assessment across a number of operational areas of the organisation including business continuity and resilience, workforce, supply of pharmaceutical products and procurement, the Board continues to plan where it can with the limited information available.

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

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

During financial year 2018/19, the information governance annual assurance report demonstrated the in year improvement in the level of compliance with information governance standards through keeping staff well informed of their responsibilities, and providing an effective information governance structure within which to work.

Core business includes the information governance action plan exception reporting, information governance incident reporting, freedom of information, information security, records management and data quality and staff awareness and training as standing agenda items of the Committee.

Information governance breaches reported to the Commissioner in 2017/18 have been progressed in line with Commissioner requirements. One further breach in April 2019 has been reported and the Board will take action as directed by the Commissioner.

Assurance Statement

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

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

During the year ended 31 March 2019 in accordance with its remit, the Board Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2018/19, informed by a variety of sources but in particular the work of internal and external audit and assurances from those responsible for each of the governance streams. The following points were noted as part of this review:

Internal Audit - implementation of recommendations to address identified high risks

Reports produced by internal audit following internal audit reviews together with the progress made to implement the recommendations from the reviews is regularly reported to the Board Audit Committee. The reports note the risk category of the recommendation and the status of implementation. As at 31st March 2019, one high risk recommendation from 2015/16 is reported as outstanding, this recommendation relates to additional training facilities for junior doctors. A training suite has been prioritised as part of the 2019/20 capital programme and work has begun to refurbish existing accommodation within the education centre on the Borders General Hospital site. This work will address the risk identified by the audit review.

All high risk recommendations issued in 2016/17 have been implemented.

In March 2018 an internal audit review identified a number of high risk recommendations relating to business continuity management. A paper was presented to the Audit Committee in September 2018 which provided an update on plans to implement the recommendations, two high risk actions were noted within this paper as outstanding. The update included that software has been identified to address the audit finding regarding the preparation and ongoing maintenance of business continuity arrangements and plans. The second outstanding high risk recommendation is the integration of business continuity and IT disaster recovery. The update of the business impact analysis will review and refine the recovery time objectives for services. The Audit Committee will continue to be updated on the implementation progress of these high risk recommendations.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

2018/19 Internal Audit - Annual Report -

The Chief Internal Auditor Opinion for 2018/19 is noted as 'generally satisfactory with some improvements required'.

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

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

- Our report on Mental Health – Staff and Patient Safety was rated as High Risk overall. Our work highlighted issues with regard to the risk assessment and safety planning process including documentation issues with regard to risk assessment forms, admission checklists, Patient Safety Care Plans and the completion of “Borders Risk Assessment Tool” forms.
- Our report on Medicines Costs (Healthcare at Home) was rated as High Risk overall. Our review identified the need to identify an appropriate Board committee at which medicines homecare matters should be reported and scrutinised. We also identified a need to develop and implement a policy and standard operating procedures for the provision of medicines homecare services.
- Our report on Unscheduled Care – Emergency Patient Flow Management was rated Medium risk overall but contained a High Risk finding. The review identified the need for management to exercise greater scrutiny and approval of changes of status with the TrakCare system from breach to non-breach of the four hour waiting time target.
- Our report on the Information Asset Register was rated Medium risk overall but contained a High Risk finding. The review identified the need for management to strive for improvement on the 42% return rate for Information Asset Owners to have compiled and submitted their Local Information Asset Registers to the central Information Governance Team for review and consolidation into the master Information Asset Register.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

2018/19 Internal Audit - Annual Report (continued) -

- Two ad hoc reviews were requested by Management and completed with an overall rating of Medium. These related to known areas of weakness within the framework of internal control for which a number of improvement actions were identified.
 - Margaret Kerr Unit Donations,
 - Estates and Facilities – Time and Attendance Recording (incl. Overtime)
- Complaint Handling and Staff Recruitment both have overall ratings of Low.

We also draw attention to our high risk findings from the 2017/18 reports on Financial Efficiency Savings and Business Continuity Management noting:

- Financial Efficiency Savings – The Board continues to face significant financial challenges and is currently at Escalation Level 4 in the NHS Scotland Performance Framework. The Board's closing financial gap for 2018/19 is £13.8 million and is being carried forward into 2019/20. In accordance with the approved internal audit plan for 2018/19 no work was planned or undertaken by Internal Audit in this area during the year, but this continues to represent a key risk for the Board.
- Business Continuity Management – 'Continuity2' Business Continuity Management Software has been procured to facilitate business impact analyses (BIA) and the development of business continuity plans. User training commenced during April 2019 and target go-live dates are currently being devised. The software also provides reporting functionality and facilitates System Impact Analysis (SIA) where loss of a system/application identified through the BIA process can be analysed and IT Service Continuity Plans produced. The target date for implementation of these features is June 2019.

Internal Audit Services were provided during 2018/19 by PricewaterhouseCoopers (PWC) LLP. Audit Scotland performed a review on the adequacy of work and compliance with the Public Sector Internal Audit Standards on PWC and reported that PWC were compliant for NHS Borders work.

The PWC annual report confirms that audit work delivered is in accordance with the Public Sector Internal Audit Standards. The standards came into effect from 1 April 2013 and were updated in March 2017.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Financial sustainability

The Board continues to face significant financial challenges and is currently at Escalation Level 4 in the NHS Scotland Performance Framework.

The Board approved, on 4th April 2019, a one year financial plan covering 2019/20 which was unbalanced and which set out the risks and assumptions taken into account in the plan. The financial position has been impacted by £13.8m of recurring savings which were not achieved recurrently in 2018/19 and are therefore carried forward into the new financial year. The 2019/20 plan highlighted the required efficiency target of £21.7m for the year and although a draft efficiency plan has been drawn up detailing an estimate of savings opportunities totalling £12.4m, there remains a significant financial shortfall in 2019/20 of £9.3m. The Board will consider a financial plan update covering the 3 year planning period of 2019/20 to 2021/22 during the autumn of 2019. Working in conjunction with the tailored support in place as part of the NHS Scotland Escalation Framework the Board is taking forward a financial improvement programme to return the organisation to financial balance.

Based on current planning assumptions the Board will require brokerage funding from Scottish Government Health and Social Care Directorate to achieve its financial targets in 2019/20, future year brokerage requirements will be determined in line with the 3 year plan.

2018/19 Annual Operational Plan Standards Performance

Performance against key standards has been detailed in this report (pgs 14-18). The key challenge for the Board is to ensure the continued delivery of quality clinical services and a high standard of operational performance with the finite financial resources it has available. Overall, performance deteriorated during 2018/19; however performance in a number of key areas was good in comparison with other health boards. The Board is regularly updated on performance. It is anticipated that the financial and organisational pressures faced during 2018/19 will continue in the following year.

Safe, Well Performing and Affordable services

The Board remains committed to ensuring it delivers safe, well performing and affordable services across Scottish Borders. The key area of focus in the short term is to return the Board to financial balance. As a part of the overall turnaround programme a financial improvement programme (FIP) has been put in place. The FIP is supported by the appointment of external financial improvement specialists. The Board has reviewed existing governance arrangements, enhanced the support and expertise within the programme management office and is working to develop new projects which will contribute to the financial plan. The programme includes significant clinical engagement to ensure proposals have been impact assessed within the context of providing safe, well performing and affordable services.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

Operational Pressures

The Board encountered a number of operational pressures during 2018/19 including additional high cost packages of care out of area, an increase in unplanned activity with other NHS Boards, the requirement to open unfunded additional beds to offset the impact of delayed discharge occupied bed days and the need to utilise high cost agency staff to fill gaps in rotas.

As part of the financial planning process cost pressures have been reviewed and actions to reduce these agreed however it is unlikely that all pressures will be fully mitigated in 2019/20.

IM&T Infrastructure and Clinical Risk

In 2017/18 and 2018/19 the Board approved significant investment in IM&T to address the risks associated with IT security and resilience as clinical services have an increasing reliance on IT to operationally deliver services. The multi year programme continues to require major investment (estimated at £4m) over the next 2 financial years to secure the full range of outcomes from the programme. Funding to cover the costs of the elements of the programme in future years has yet to be confirmed.

Workforce

Delivery of safe, well performing and affordable services is dependent on having an appropriately skilled and available workforce. NHS Borders workforce plan for 2016-19 was refreshed in 2017 to progress the workforce challenges of our ageing workforce, recruitment and retention of certain types of staff, and the anticipated impact of withdrawal from the European Union. The use of high cost agency staff and locums to address these challenges, although decreasing, has continued to impact on the financial position.

Integration Joint Board (IJB)

2018/19 has seen some, although limited, progress on the implementation of the IJB strategic plan through direction to NHS Borders. Addressing the financial challenge will require significant service redesign and change initiatives will require direction to the health board and the local authority in line with the strategic plan.

Delayed Discharges

Delayed Discharges continued to impact on patient flow and financially during 2018/19. Delivery of the targeted performance is delegated to Scottish Borders IJB. A consistently high level of occupied bed days due to patient delays was reported by the Board and moving into 2019/20 NHS Borders will continue work with the IJB to reduce the impact to patients and the financial pressures resulting from delayed discharges occupied bed days.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

Internal Audit Review – 2018/19 High Risk findings

This section provides the Board's update to the Chief Internal Auditors annual report as detailed on pages 37 and 38 of this Governance Statement. Four audit reviews completed as part of the 2018/19 audit plan have reported either an overall high risk categorisation and/or high risk recommendations. These are detailed below;

- **Mental Health (Staff and Patient Safety) – overall categorisation - High Risk**
This report included one high risk recommendation to strengthen the risk assessment and safety planning process within mental health services. The target date for implementation of this recommendation was set for and achieved in November 2018.
- **Information Asset Register – overall categorisation – Medium Risk**
This review included a high risk recommendation to address the low level of compliance on the requirement to have in place an organisation Information Asset Register as per the General Data Protection Regulation (GDPR) requirements. Implementation of the recommendation was agreed for 31st March 2019, however this was not achieved and the 2018/19 statement of assurance from the Executive Director for Strategic Change and Performance noted this work will be prioritised in June 2019.
- **Medicines Costs (Healthcare at Home) – overall categorisation – High Risk**
A high risk recommendation from this review required an appropriate committee to regularly scrutinise the arrangements for distribution of medicines by an external contractor, a policy and standard operating procedure for healthcare at home medicines be put in place and an annual report on homecare services produced. The recommendations have a targeted implementation date of June 2019 and achievement of this will be reported to the Audit Committee.
- **Unscheduled Care – overall categorisation – Medium Risk**
A high risk recommendation from this review required the clinical management team to review daily the breach timing report, implement an approval process including a rationale for changes made to patient data and to undertake periodic audits of historic changes to ensure controls are being applied on a continual basis. Confirmation has been received that this high risk recommendation has been fully implemented.

Senior management within the organisation has agreed recommendations in relation to all audits undertaken and implementation of all recommendations will be monitored by the Audit Committee at each of its meetings during 2019/20.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

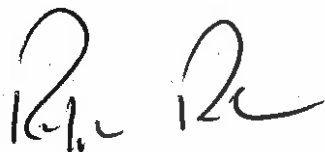
Cyber Essentials

The Board's IM&T Road to Digital Programme included investment to achieve the requirements of the public sector action plan on cyber resilience and network and information security regulations. The 2018/19 statement of assurance from the Director of Strategic Change and Performance noted the Board will meet all cyber essentials requirements by June 2019 following completion of the replacement of devices operating on a non supported platform (Window XP), however work will continue during 2019/20 to complete the action plan and regulation requirements.

Borders Health Campus Development Programme

A strategic assessment on the development of the Borders General Hospital (BGH) Campus was submitted to the Scottish Government Capital Investment Group and the East Region Programme Board during 2018/19. Work has been paused on this development as a result of clinical and managerial resources being redirected to support the workplan of the Financial Improvement Programme. There remains a requirement to take forward the production of a business case on the future development of the Borders healthcare campus.

Signed



Chief Executive and Accountable Officer

27 June 2019

REMUNERATION AND STAFF REPORT

a) Remuneration Report

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

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

Remuneration Committee

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

The purpose of the Committee is to provide assurance to the Board, through the Staff Governance Committee, that appropriate arrangements are in place to ensure that NHS Board meets the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of the Executive Directors and Directors (and any other staff employed under Executive Managers' or Consultants' pay arrangements). The Committee will also review submissions from the Chief Executive for any settlement agreements.

The Remuneration Committee comprised Mr. J Raine, Mrs. K Hamilton, Dr. S Mather, Mr J McLaren (Employee Director) and was chaired by Mr. J Raine. Mrs J Davidson, Mr. J Cowie (Director of Workforce) and Mr. B Salmond (Associate Director of Workforce) 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 line with Policy determined by Scottish Ministers.

Determination of Senior Employees' Remuneration

Remuneration levels are determined by the Remuneration Committee.

Performance Management

The executive and senior manager pay arrangements including performance management arrangements were set out in the Pay and Conditions of Service NHS Circular - PCS (ESM) 2019/1. The PCS requires NHS Boards to submit provisional performance ratings for employees within the executive and senior manager cohort to the National Performance Management Committee on an annual basis for review and approval. 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 standard 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 NHS Circulars.

REMUNERATION AND STAFF REPORT

a) Remuneration Report (continued)

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

Board Members' and Senior Employees' Remuneration Report

The Board Members' and Senior Employees' Remuneration report, shown on the following pages, details Board Members' and Senior Employees' remuneration, in bandings of £2,500 and £5,000. The Board remunerates Non Executive Members in line with the Scottish Government pay terms and conditions. Additional payment can be made to Non Executive members based on a daily rate to reflect additional commitment required to conduct Board business. A number of the Board's Non Executive members are board members of the Integration Joint Board. All payments made to NHS Board members, who are appointed members of the IJB, in relation to the activities of the IJB are excluded from the NHS Remuneration Report. Payments in relation to IJB business activities are reported as part of the 2018/19 IJB Annual Report and Accounts.

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

The IJB senior employees, which are in part charged to the Health Board's accounts through their roles of Chief Officer and the Chief Finance Officer for the Scottish Borders Integration Joint Board (IJB), are not included in the Health Board's Remuneration Report as these employees are reported within the 2018/19 IJB Annual Report and Accounts Remuneration Report.

REMUNERATION AND STAFF REPORT

a) Remuneration Report (continued)

Hutton Fair Pay Review

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

Accordingly within the remuneration report NHS Borders has disclosed the banded total remuneration of the highest paid director, the median remuneration of the staff and the pay multiple (ratio) between the two. The Hutton median pay calculation has been completed following the guidance from Scottish Government which supports consistent reporting across NHS Scotland.

The ratio comparing March 2018 and March 2019 has increased from 6.61 to 7.62 respectively as detailed in the following table;

	2019	2018
Highest Earning Director's Total Remuneration (£'000s) Hutton	210-215	190-195
Median Total Remuneration	£27,893	£29,116
Ratio	7.62	6.61

The increase in ratio is due to the highest earning Director's (Board Medical Director) total remuneration increasing from pay band £190k-£195k to the 2018/19 level of £210k-£215k. The total remuneration paid to Medical Director includes a continuing commitment to clinical caseload within Mental Health Services totalling £24k in 2018/19 (£24k in 2017/18). Additional sessions delivered to support medical staffing vacancy and sickness absence totalled £21k in 2018/19 (£3k in 2017/18). A further factor influencing the ratio is the level of staff turnover experienced by the Board, turnover reported in 2018/19 was 11% (9% in 2017/18). The salary range of NHS Borders employees is recorded as £17k to £215k in 2018/19 (£16k to £195k in 2017/18).

Borders Health Board Annual Report and Accounts 2018-19

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION FOR THE YEAR ENDED 31 MARCH 2019

Remuneration of:	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
Executive Members							
Chief Executive: Mrs J Davidson	120-125	*	*	120-125	42	160-165	
Joint Director of Public Health: Dr T Patterson	170-175	3.2	*	170-175	*	170-175	1&2
Director of Finance, Estates and Procurement: Mrs C Gillie	85-90	*	*	85-90	37	120-125	
Medical Director: Dr C Sharp	210-215	*	*	210-215	*	210-215	3
Nursing & Midwifery Director: Mrs C Pearce (to 11/11/2018)	55-60	1.8	*	60-65	21	80-85	4
Interim Nursing & Midwifery Director: Mrs N Berry (from 12/11/2018)	30-35	*	*	30-35	37	65-70	5
Director of Strategic Change & Performance: Mrs J Smyth	80-85	3.1	*	85-90	32	115-120	
Director of Workforce: Mr J Cowie	55-60	*	*	55-60	*	55-60	6
Non Executive Members							
Chair - Mr J Raine (to 31st March 2019)	30-35	*	*	30-35	*	30-35	
Chair - Mrs K Hamilton (Interim from 1st April 2019)	5-10	*	*	5-10	*	5-10	7
Mr M Dickson	5-10	*	*	5-10	*	5-10	
Dr S Mather	5-10	*	*	5-10	*	5-10	
Councillor D Parker	5-10	*	*	5-10	*	5-10	
Mrs F Sandford	5-10	*	*	5-10	*	5-10	8
Mr T Taylor	5-10	*	*	5-10	*	5-10	8
Mrs A Wilson	5-10	*	*	5-10	*	5-10	9
Employee Director: Mr J McLaren	45-50	*	*	45-50	10	55-60	10
Total		8.1				179	

Borders Health Board Annual Report and Accounts 2018-19

NOTES TO THE 2018/19 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

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

A number of pension benefits calculations for 2018/19 have resulted in negative figures, this is the case where the real increase in the pension benefit is less than the actual pension contributions made by the employee, a negative figure results. Negative figures are presented as zero in this Remuneration Report.

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

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2018-19.

- 1 - The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contribute £50,000 per annum towards the Salary & Pension Contributions costs of the post.
- 2 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016 and as a result did not receive any pension benefit in 2018/19.
- 3 - Dr C Sharp has opted out from the NHS Scotland Pension scheme from 31/12/2018, the EPN380 calculated for Dr Sharp resulted in a negative value as pension contributions were less than the real increase in pension benefit. The EPN has therefore been reported as zero.
- 4 - Mrs C Pearce resigned from the Nursing and Midwifery Director post on 11/11/2018, full year equivalent salary costs for 2018/19 would have been £95k-£100k.
- 5 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 12/11/2018, full year equivalent salary costs for 2018/19 would have been £80k-£85k
- 6 - Mr J Cowie was appointed to the post of Director of Workforce from 14/03/2018. No EPN380 is provided, Mr Cowie is in receipt of his accrued NHS Scotland pension. Mr Cowie did not make any contributions to the NHS Scotland pension scheme in 2018/19.
- 7 - Remuneration Report information detailed for Mrs K Hamilton relates solely to Mrs Hamilton's non executive director role held during 2018/19.
- 8 - NHS Non Executive Director appointed as a Board Member of the Scottish Borders Integration Joint Board (IJB). Remuneration paid to NHS Non Executive Directors in respect of IJB membership has been removed from the NHS Remuneration Report. Full details of the IJB Board Member remuneration is reported in the 2018/19 IJB Annual Report and Accounts available from www.scotborders.gov.uk
- 9 - Mrs Wilson does not receive personal remuneration in relation to this appointment. Mrs Wilson's Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs Wilson to fulfil Non Executive duties.
- 10 - Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for 4 days per week.

Borders Health Board Annual Report and Accounts 2018-19

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2019

	Real increase in pension at age 60 (Bands of £2,500) £'000	Total accrued pension at age 60 at 31 March (Bands of £5,000) £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2018 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2019 £'000	Real increase in CETV in year £'000	Note
Remuneration of:						
Executive Members						
Chief Executive: Mrs J Davidson	2.5-5* 0-2.5#	40-45* 105-110#	778	836	58	1
Joint Director of Public Health: Dr T Patterson	0* 0#	50-55* 160-165#	1318	1317	(1)	2
Director of Finance, Estates and Procurement: Mrs C Gillie	0-2.5* 5-7.5#	35-40* 105-110#	568	650	40	
Medical Director - Dr C Sharp	0-2.5* 2.5-5#	45-50* 135-140#	1015	1059	19	3
Nursing & Midwifery Director: Mrs C Pearce (to 11/11/2018)	0-2.5* 2.5-5#	25-30* 80-85#	512	556	31	4
Interim Nursing & Midwifery Director: Mrs N Berry (from 12/11/2018)	0-2.5* 5-7.5#	30-35* 95-100#	447	535	78	5
Director of Strategic Change & Performance: Mrs J Smyth	0-2.5* 0-2.5#	20-25* 45-50#	292	323	31	6
Director of Workforce: Mr J Cowie	*	*	*	*	*	7
Non Executive Members						
Chair - Mr J Reine (to 31st March 2018)	*	*	*	*	*	
Mrs K Hamilton (Interim from 1st April 2019)	*	*	*	*	*	
Mr M Dickson	*	*	*	*	*	
Dr S Mather	*	*	*	*	*	
Councillor D Parker	*	*	*	*	*	
Mrs F Sandford	*	*	*	*	*	
Mr T Taylor	*	*	*	*	*	
Mrs A Wilson	*	*	*	*	*	
Employee Director: Mr J McLaren	0-2.5* 0-2.5#	10-15* 30-35#	190	206	12	
Total			5150	5482	268	

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

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

NOTES TO THE 2018/19 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 2018/19 can be different from the 'CETV at end of period' reported for 2017/18.

From 1st April 2015 Mrs J Davidson transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the 1 - CARE pension scheme and from Mrs Davidson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

2 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016, CETV relate to the cumulative pension values prior to the opt out date.

3 - Dr C Sharp has opted out from the NHS Scotland Pension scheme from 31/12/2018, CETV figures have been provided for the 12 month period to the date of opt out.

4 - Mrs C Pearce resigned from the Nursing & Midwifery Director post on 11/11/2018, CETV figures relate for the period from 01/04/18 to the date of resignation.

5 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 12/11/2018, CETV figures relate from the date of appointment.

From 1st April 2015 Mrs J Smyth transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the CARE 6 - pension scheme and from Mrs Smyth's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

7 - Mr J Cowie was appointed as Director of Workforce from 14/03/2018, no CETV figures are detailed as this employee is in receipt of accrued pension benefits. Mr Cowie did not make any contributions to the NHS Scotland pension scheme during 2018/19.

Borders Health Board Annual Report and Accounts 2018-19

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2018

	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
Remuneration of:							
Executive Members							
Chief Executive: Mrs J Davidson	115-120	*	*	115-120	67	180-185	
Joint Director of Public Health: Dr T Patterson	165-170	2.8	*	170-175	*	170-175	182
Director of Finance, Estates and Procurement : Mrs C Gillie	80-85	2.8	*	80-85	0	80-85	
Medical Director: Dr C Sharp	190-195	*	*	190-195	0	190-195	
Nursing & Midwifery Director: Mrs C Pearce (from 1st May 2017)	80-85	2.5	*	85-90	0	85-90	3
Interim Nursing & Midwifery Director: Mrs N Berry (April 2017)	*	*	*	*	*	*	4
Director of Strategic Change & Performance: Mrs J Smyth	75-80	2.7	*	80-85	18	100-105	
Non Executive Members							
Chair - Mr J Raine	30-35	*	*	30-35	*	30-35	
Councillor C Bhatia (to 30th April 2017)	0-5	*	*	0-5	*	0-5	
Mr D Davidson	5-10	*	*	5-10	*	5-10	5
Mr M Dickson (from 1st August 2017)	5-10	*	*	5-10	*	5-10	5
Mrs K Hamilton	5-10	*	*	5-10	*	5-10	5
Dr S Mather	5-10	*	*	5-10	*	5-10	
Councillor D Parker (from 14th June 2017)	5-10	*	*	5-10	*	5-10	
Dr D Steele (to 30th April 2017)	0-5	*	*	0-5	*	0-5	5
Mr T Taylor (from 1st August 2017)	5-10	*	*	5-10	*	5-10	5
Mrs A Wilson	5-10	*	*	5-10	*	5-10	6
Employee Director: Mr J McLaren	40-45	*	*	40-45	1	40-45	7
Total		10.8				86	

NOTES TO THE 2017/18 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

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

A number of pension benefits calculations for 2017/18 have resulted in negative figures, this is the case where the real increase in the pension benefit is less than the actual pension contributions made by the employee, a negative figure results. Negative figures are presented as zero in this Remuneration Report.

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

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2017-18.

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

2 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016 and as a result did not receive any pension benefit in 2017/18.

3 - Mrs C Pearce was appointed as Nursing and Midwifery Director from 1st May 2017, full year equivalent salary costs for 2017/18 would have been £90k-£95k. Pension benefit information relates from the date of appointment.

4 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 1st - 30th April 2017, no additional remuneration was received by Mrs Berry for this period and from 1st May 2018 Mrs Berry resumed her duties as Associate Director of Nursing.

NHS Non Executive Director appointed as a Board Member of the Scottish Borders Integration Joint Board (IJB). Remuneration paid to NHS Non Executive Directors in respect of IJB membership has been removed from the NHS Remuneration Report. Full details of the IJB Board Member remuneration is reported in the 2017/18 IJB Annual Report and Accounts available from www.scotborders.gov.uk

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

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

Borders Health Board Annual Report and Accounts 2018-19

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2018

	Real Increase In pension at age 60 (Bands of £2,500) £'000	Total accrued pension at age 60 at 31 March (Bands of £5,000) £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2017 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2018 £'000	Real Increase In CETV in year £'000	Note
Remuneration of:						
Executive Members						
Chief Executive: Mrs J Davidson	2.5-5* 2.5-5#	40-45* 100-105#	650	730	80	1
Joint Director of Public Health: Dr T Patterson	0* 0#	65-70* 195-200#	1516	1513	(3)	2
Director of Finance, Estates and Procurement: Mrs C Gillie	0-2.5* 0-2.5#	30-35* 95-100#	683	702	8	8
Medical Director - Dr C Sharp	0-2.5* 0-2.5#	45-50* 140-145#	1011	1054	19	19
Nursing & Midwifery Director: Mrs C Pearce (from 1st May 2017)	0-2.5* 0-2.5#	25-30* 85-90#	531	548	6	3
Interim Nursing & Midwifery Director: Mrs N Berry (April 2017)	* *	*	*	*	*	4
Director of Strategic Change & Performance: Mrs J Smyth	0-2.5* 2.5-5#	15-20* 45-50#	265	280	26	5
Non Executive Members						
Chair - Mr J Raine	*	*	*	*	*	*
Councillor C Bhatia (to 30th April 2017)	*	*	*	*	*	*
Mr D Davidson	*	*	*	*	*	*
Mr M Dickson (from 1st August 2017)	*	*	*	*	*	*
Mrs K Hamilton	*	*	*	*	*	*
Dr S Mather	*	*	*	*	*	*
Councillor D Parker (from 14th June 2017)	*	*	*	*	*	*
Dr D Steele (to 30th April 2017)	*	*	*	*	*	*
Mr T Taylor (from 1st August 2017)	*	*	*	*	*	*
Mrs A Wilson	*	*	*	*	*	*
Employee Director: Mr J McLaren	0-2.5* 0-2.5#	5-10* 25-30#	168	176	4	4
Total			4824	5013	140	

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

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

NOTES TO THE 2017/18 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 2017/18 can be different from the 'CETV at end of period' reported for 2016/17.

From 1st April 2015 Mrs J Davidson transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the 1 - CARE pension scheme and from Mrs Davidson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

2- Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016, CETV relate to the cumulative pension values prior to the opt out date.

3 - Mrs C Pearce was appointed as Nursing & Midwifery Director from 1st May 2017, CETV figures relate from the date of appointment.

4 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 1st - 30th April 2017, no additional remuneration was received by Mrs Berry for this period and from 1st May 2018 Mrs Berry resumed her duties as Associate Director of Nursing.

5 - From 1st April 2015 Mrs J Smyth transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the CARE pension scheme and from Mrs Smyth's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

REMUNERATION AND STAFF REPORT

a) Remuneration Report (continued)

Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. NHS Borders published data for financial year 2017/18 in July 2018. The following tables detail the amount and cost of facility time in 2018/19.

Number of employees who were relevant union officials during the period of 1st April 2018 to 31 March 2019	Full-time equivalent employee number
30 employees (Adhoc time) 5 employees (Dedicated time)	Not applicable (Adhoc time) 4.6 WTE (Dedicated time)

Percentage of time	Number of representatives
0%	
1% – 50%	30
51% – 99%	
100%	5

Total cost of facility time	£193,581
Total pay bill	£126,277,000
Percentage of the total pay spent on facility time	0.15%

Time spent on paid trade union activities as a percentage of total paid facility time hours	100% of time spent on Trade Union Activities is paid for.
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REMUNERATION AND STAFF REPORT

b) Staff Report

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

a) Staff Numbers and Costs

Total staff costs for the year to 31st March 2019 were £126.314m (2018: £119.340m) an analysis of these costs are detailed below:

	Executive Board £000	Non Executive Members £000	Permanent Staff £000	Inward Secondees £000	Other Staff £000	Outward Secondees £000	2019 Total £000	2018 Total £000
STAFF COSTS								
Salaries and wages	823	87	102,393	0	0	(410)	102,893	96,953
Social security costs	105	4	7,203	0	0	(40)	7,272	6,647
NHS scheme employers' costs	76	0	12,982	0	0	(53)	13,005	12,768
Other employers' pension costs	0	0	0	0	0	0	0	0
Secondees	0	0	0	404	0	0	404	187
Agency staff	0	0	0	0	2,740	0	2,740	2,785
Total	1,004	91	122,578	404	2,740	(503)	126,314	119,340
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:								
							37	0
STAFF NUMBERS								
Whole time equivalent (WTE)	7	8	2590	7	24	(9)	2627	2,754
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:								
							1	0
Included in the total staff number above were disabled staff of:								
							20	20
Included in the total staff numbers above were Special Advisers of:								
							0	0

REMUNERATION AND STAFF REPORT

b) Staff Report (continued)

b) Higher Paid Employees – analysis of employees whose earnings are greater than £70,000

Employees whose remuneration fell within the following ranges	2019 Numbers	2018 Numbers
Clinicians*		
£70,001 to £80,000	14	17
£80,001 to £90,000	15	22
£90,001 to £100,000	17	15
£100,001 to £110,000	19	20
£110,001 to £120,000	14	10
£120,001 to £130,000	7	9
£130,001 to £140,000	5	6
£140,001 to £150,000	9	8
£150,001 to £160,000	7	2
£160,001 to £170,000	2	5
£170,001 to £180,000	2	1
£180,001 to £190,000	0	1
£190,001 to £200,000	-	-
£200,001 and above	-	-
TOTAL	111	116
Other#		
£70,001 to £80,000	7	6
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	-
£180,001 to £190,000	-	-
£190,001 to £200,000	-	-
£200,001 and above	-	-
TOTAL	7	6

The above tables do not include the Board Members (Non executive and Executive Directors) and Senior Managers who have been reported in the Remuneration Report on pages 45-52 of this report.

The definition of the categories used in the above tables is noted as follows

*Clinicians – staff involved in directly providing patient care

#Other – staff not categorised as clinicians.

REMUNERATION AND STAFF REPORT

b) Staff Report (continued)

c) Staff numbers

The following table provides analysis by whole time equivalent and headcount for all staff paid by the Board during 2018/19 and prior year 2017/18. The employee headcount in the table details an individual count for each employee for each post they hold with NHS Borders.

STAFF NUMBERS	WTE 2019 Annual Mean	WTE 2018 Annual Mean	Headcount 2019 Annual Mean	Headcount 2018 Annual Mean
Medical & Dental	261.0	243.4	555	605
Nursing & Midwifery	1169.5	1245.9	2287	2151
Other staff groups	1196.2	1264.7	2326	2151
Board Total Average Staff	2626.7	2753.9	5168	4907
Permanent Staff	2270.7	2427.5	3375	3297
Staff with Short Term Contract	206.3	200.6	481	469
Bank Staff	127.7	115.8	1315	1153
Inward Secondees	7.0	2.4	10	4
Agency Staff*	23.6	20.8	-	-
Outward Secondees	(8.6)	(13.3)	(13)	(16)
Board Total Average Staff	2626.7	2753.9	5168	4907
Disabled Staff (Declared)	16.9	20.2	41	45
Special Advisers		-		-
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	1	-	1	-

*Expenditure incurred on Agency Staff during 2018/19 was reported as £2.740m (2018: £2.785m). Medical Agency staff costs increased in year to £1.103m (2018: £0.967m). Nursing Agency costs decreased in year to a total of £0.956m (2018: £1.238m)

d) Staff Composition

The following table details the total headcount of staff in post by gender as at 31st March. The employee headcount details each employee once and does not recognise if the employee holds more than one post with NHS Borders.

	2019			2018		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	4	7	2	4	6
Non-Executive Directors and Employee Director	7	4	11	7	2	9
Senior Employees (other)	5	6	11	2	2	4
Other	733	3179	3912	797	3527	4324
Total Headcount	748	3193	3941	808	3535	4343

REMUNERATION AND STAFF REPORT

b) Staff Report (continued)

e) Sickness absence data

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

	2019	2018
Sickness Absence Rate	5.4%	5.3%

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

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

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

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

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

g) Exit Packages

No exit packages were agreed in NHS Borders in 2018/19 or 2017/18.

REMUNERATION AND STAFF REPORT

b) Staff Report (continued)

h) Compensation Payments

NHS Borders did not make any compensation payments in financial years 2018/19 or 2017/18.

PARLIAMENTARY ACCOUNTABILITY REPORT

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

Losses and Special Payments

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

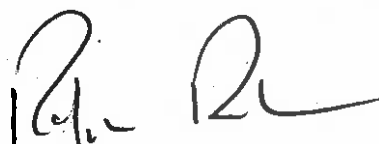
The Board has not approved any write off of losses and special payments during 2018/19 or in the prior year 2017/18 and includes the following nil disclosure for information.

	2018/19 No of cases	£000	2017/18 No of Cases	£000
Claims Abandoned	0	Nil	0	Nil
Stores Losses : deterioration	0	Nil	0	Nil
Damage to buildings and fixtures	0	Nil	0	Nil
Total	0	Nil	0	Nil

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Borders charges for services provided on a full costs basis, wherever applicable. The Parliamentary Accountability Report requires disclosure where fees and charges for services have a full annual cost of £1m or more. NHS Borders notes a nil disclosure for 2018/19 and in the prior year 2017/18 for this section of the report.

Signed



Chief Executive and Accountable Officer

27 June 2019

Borders Health Board Annual Report and Accounts 2018-19

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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Borders Health Board and its group for the year ended 31 March 2019 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Statement of Consolidated Financial Position, the Statement of Consolidated Cashflows, the Statement of Consolidated Changes in Taxpayers' Equity and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board and its group as at 31 March 2019 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 18 July 2016. The period of total uninterrupted appointment is 3 years. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Borders Health Board Annual Report and Accounts 2018-19

Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

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

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Borders Health Board Annual Report and Accounts 2018-19

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
4th Floor, 102 West Port
Edinburgh, EH3 9DN

27 June 2019

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2018 £'000		Note	2019 £'000
119,340	Employee expenditure	3a	126,780
	Other operating expenditure	3b	
29,296	Independent Primary Care Services		30,740
43,723	Drugs and medical supplies		42,242
194,218	Other health care expenditure		209,049
386,577	Gross expenditure for the year		408,811
(145,289)	Less: operating income	4	(153,607)
241,288	Net expenditure for the year		255,204
OTHER COMPREHENSIVE NET EXPENDITURE			
2018 £'000			2019 £'000
(4,071)	Net Gain on revaluation of Property Plant and Equipment		(3,291)
0	Net Gain on revaluation of available for sale financial assets		0
(4,071)	Other Comprehensive Expenditure		(3,291)
237,217	Total Comprehensive Expenditure		251,913

The Notes to the Accounts, numbered 2 to 24, form an integral part of these Accounts.

The presentation of the Consolidated Statement of Comprehensive Net Expenditure has been changed following a review of our financial statements in order to provide information which better reflects the activities of NHS Borders. The comparative information in respect of 2017-18 has been presented above in the new format.

Comparative information in respect of 2017-18 has not been restated.

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2018 £'000		NOTE	2019 £'000	2019 £'000
SUMMARY OF CORE REVENUE RESOURCE OUTTURN				
241,288	Net Operating Costs	SoCNE		255,204
(7,972)	Total Non Core Expenditure (see below)			(6,965)
(10,191)	Family Health Services non-discretionary allocation			(10,735)
173	Donated Assets Income	2a		238
587	Endowment net expenditure			(57)
0	Associates and joint ventures accounted for on an equity basis			0
223,885	Total Core Expenditure			237,683
223,926	Core Revenue Resource Limit			237,771
41	Saving against Core Revenue Resource Limit			88
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN				
0	Capital Grants to / (from) Other Bodies		0	
3,939	Depreciation/Amortisation		4,208	
1,092	Annually Managed Expenditure - Impairments		857	
1,313	Annually Managed Expenditure - Creation of Provisions		(53)	
200	Annually Managed Expenditure - Depreciation of Donated Assets	2a	191	
62	Annually Managed Expenditure - Pension revaluation		7	
1,366	Additional Scottish Government non-core funding		1,755	
7,972	Total Non Core Expenditure			6,965
7,972	Non Core Revenue Resource Limit			6,965
0	Saving/(excess) against Non Core Revenue Resource Limit			0
SUMMARY RESOURCE OUTTURN				
		Resource £'000	Expenditure £'000	Saving /(Excess) £'000
Core		237,771	237,683	88
Non Core		6,965	6,965	0
Total		244,736	244,648	88

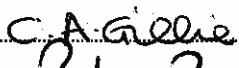
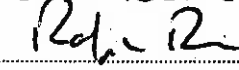
The Notes to the Accounts, numbered 2 to 24, form an integral part of these Accounts.

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Board 2018 £'000	Consolidated 2018 £'000		Note	Board 2019 £'000	Consolidated 2019 £'000
126,895	126,895	Non-current assets:			
1,830	1,830	Property, plant and equipment	7c	129,931	129,931
		Intangible assets	6a	1,571	1,571
0	3,454	Financial assets:			
982	982	Investments	10	0	4,245
<u>129,707</u>	<u>133,161</u>	Trade and other receivables	9	0	0
		Total non-current assets		<u>131,502</u>	<u>135,747</u>
		Current Assets:			
1,189	1,189	Inventories	8	1,287	1,287
0	0	Intangible assets	6b	0	0
6,513	6,539	Financial assets:			
341	2,335	Trade and other receivables	9	6,984	7,041
100	100	Cash and cash equivalents	11	522	1,840
<u>8,143</u>	<u>10,163</u>	Assets classified as held for sale	7b	200	200
		Total current assets		<u>8,993</u>	<u>10,368</u>
<u>137,850</u>	<u>143,324</u>	Total assets		<u>140,495</u>	<u>146,115</u>
(2,364)	(2,364)	Current liabilities			
		Provisions	13a	(4,007)	(4,007)
(34,158)	(34,363)	Financial liabilities:			
<u>(36,522)</u>	<u>(36,727)</u>	Trade and other payables	12	(40,789)	(41,064)
		Total current liabilities		<u>(44,806)</u>	<u>(45,071)</u>
<u>101,328</u>	<u>106,597</u>	Non-current assets (less) net current liabilities		<u>95,689</u>	<u>101,044</u>
(10,426)	(10,426)	Non-current liabilities			
0	0	Provisions	13a	(8,604)	(8,604)
(917)	(917)	Financial liabilities:			
<u>(11,343)</u>	<u>(11,343)</u>	Trade and other payables	12	(827)	(827)
		Total non-current liabilities		<u>(9,431)</u>	<u>(9,431)</u>
<u>89,985</u>	<u>95,254</u>	Assets less liabilities		<u>86,258</u>	<u>91,613</u>
		Taxpayers' Equity			
42,207	42,207	General fund	SOCTE	36,362	36,362
47,778	47,778	Revaluation reserve	SOCTE	49,896	49,896
0	5,269	Fund held on Trust	SOCTE	0	5,355
<u>89,985</u>	<u>95,254</u>	Total taxpayers' equity		<u>86,258</u>	<u>91,613</u>

The financial statements on pages 62 to 66 were approved by the Board on 27th June 2019 and signed on their behalf by


 Director of Finance

 Chief Executive

The Notes to the Accounts, numbered 2 to 24, form an integral part of these Accounts.

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED CASHFLOWS

2018 £'000		Note	2019 £'000	2019 £'000
	Cash flows from operating activities			
(241,288)	Net expenditure	SoC TE	(255,204)	
5,391	Adjustments for non-cash transactions	2	4,983	
340	Add back interest payable recognised in net operating expenditure	2	349	
0	Deduct interest receivable recognised in net operating expenditure	4	0	
0	Investment income		0	
(304)	Movements in working capital	2	6,718	
<u>(235,861)</u>	Net cash outflow from operating activities	28c		<u>(243,174)</u>
	Cash flows from investing activities			
(4,903)	Purchase of property, plant and equipment		(4,495)	
(949)	Purchase of intangible assets		(54)	
(74)	Investment Additions		(916)	
174	Transfer of assets (to)/from other NHS bodies		236	
0	Proceeds of disposal of property, plant and equipment		0	
0	Proceeds of disposal of intangible assets		0	
116	Receipts from sale of investments		268	
0	Interest received		0	
<u>(5,636)</u>	Net cash outflow from investing activities	26c		<u>(4,961)</u>
	Cash flows from financing activities			
242,708	Funding	SoC TE	247,893	
149	Movement in general fund working capital	SoC TE	182	
242,857	Cash drawn down		248,075	
(77)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2c	(86)	
(340)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2b	(349)	
<u>242,440</u>	Net Financing	26c		<u>247,640</u>
943	Net increase/(decrease) in cash and cash equivalents in the period			(495)
<u>1,392</u>	Cash and cash equivalents at the beginning of the year			<u>2,335</u>
<u>2,335</u>	Cash and cash equivalents at the end of the period			<u>1,840</u>
	Reconciliation of net cash flow to movement in net debt / cash			
943	Increase / (decrease) in cash in year	11		(495)
<u>1,392</u>	Net debt / cash at 1 April			<u>2,335</u>
<u>2,335</u>	Net debt / cash at 31 March			<u>1,840</u>

The Notes to the Accounts, numbered 2 to 24, form an integral part of these Accounts

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY

CONSOLIDATED SOCIETE

	Note	General Fund	Revaluation Reserve	Funds Held on Trust	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2018		42,207	47,778	5,269	95,254
Restated balance at 1 April 2018		42,207	47,778	5,269	95,264
Changes in taxpayers' equity for 2018-19					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	3,291	0	3,291
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0		0
Net gain / (loss) on revaluation of investments	10		0	143	143
Impairment of property, plant and equipment	7a		(857)		(857)
Impairment of intangible assets	6		0		0
Revaluation and impairments taken to operating costs	2a		857		857
Release of reserves to the statement of comprehensive net expenditure		0			0
Transfers between reserves		1,173	(1,173)		0
Pension reserve movements		0			0
Transfer of non current assets from other bodies		236			236
Net operating cost for the year	CFS	(255,147)		(57)	(255,204)
Total recognised income and expense for 2018-19		(253,738)	2,118	86	(251,534)
Funding:					
Drawn down	CFS	248,075			248,075
Movement in General Fund Creditor	CFS	(182)			(182)
Balance at 31 March 2019	SOFP	36,362	49,896	5,355	91,613

CONSOLIDATED SOCIETE (PRIOR YEAR)

	Note	General Fund	Revaluation Reserve	Funds Held on Trust	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2017		37,757	47,151	4,738	89,646
Retrospective restatements for changes in accounting policy and material errors	20	0	0	0	0
Restated balance at 1 April 2017		37,757	47,151	4,738	89,646
Changes in taxpayers' equity for 2017-18					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	4,071	0	4,071
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0		0
Net gain / (loss) on revaluation of investments	10		0	(56)	(56)
Impairment of property, plant and equipment	7a		(1,451)		(1,451)
Impairment of intangible assets	6		(31)		(31)
Revaluation and impairments taken to operating costs	2a		1,482		1,482
Release of reserves to the statement of comprehensive net expenditure		0			0
Transfers between reserves		3,444	(3,444)		0
Pension reserve movements		0			0
Transfer of non current assets from other bodies		173			173
Net operating cost for the year	CFS	(241,875)	0	587	(241,288)
Total recognised income and expense for 2017-18		(238,258)	627	531	(237,100)
Funding:					
Drawn down	CFS	242,857	0	0	242,857
Movement in General Fund (creditor) / debtor	CFS	(149)	0	0	(149)
Balance at 31 March 2018	SOFP	42,207	47,778	5,269	95,264

The Notes to the Accounts, numbered 2 to 24, form an integral part of these Accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1. Authority

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

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

Disclosure of new accounting standards

(a) Standards, amendments and interpretations effective in current year

- **IFRS 9 Financial Instruments**
The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected loss impairment model; and a revised approach to hedge accounting. As NHS Borders do not hold any complex financial instruments, the impact has been deemed to be minimal.
- **IFRS 15 Revenue from Contracts with Customers**
The standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.
- **IAS 12 – Income Taxes Recognition of Deferred Tax Assets for Unrealised Losses**
Requirement to recognise deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

(b) Standards, amendments and interpretation early adopted this year

There are no new standard, amendments or interpretation effective for the first time this year.

(c) Standards, amendments and interpretation issued but not adopted this year

The following standards have been issued but are not yet effective until after 2018/19.

1. Authority (continued)

- **IFRS 16 Leases**

Following a recommendation from HM Treasury the application of IFRS 16, the revised standard for lease accounting, has been deferred one year and will now be effective from financial year 2020/21. Implementation of IFRS 16 will require most leased buildings, plant and equipment to be included in the Statement of Financial Position as a "right to use" asset and a corresponding liability. This is a departure from the current accounting standard (IAS 17) which differentiates between an operating lease and a finance lease with the cost of all operating leases charged annually to operating costs. Planning work has been initiated to accurately quantify the impact of adoption of this new standard which is expected to have a material impact on the value of assets and liabilities reported in the Board's Financial Statements. This work involves the establishment of a local lease register to record the key information required by the standard and to support the calculation of the value of the right to use assets and corresponding liability on the Board's Statement of Financial Position. The NHS Scotland Technical Accounting Group (TAG) has also established a national sub group to lead the development of accounting guidance and ensure consistency of application of the standard across NHS Scotland Boards, including the definition of low value and short term lease arrangements. This group will also support the Scottish Government Health Directorates and NHS Boards in the assessment of the potential budgetary impact of adoption of the new standard.

2. Basis of Consolidation

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

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

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

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

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

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

2. Basis of Consolidation (continued)

The IJB will act as principal in their own right. The Board's contributions and subsequent expenditure in delivering services are treated as distinct and separate from the commissioning income that will be received.

Note 24 (pgs 114-116) to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

3. Prior Year Adjustments

No prior year adjustments have been recorded.

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 (RRL) is credited to the general fund.

During 2018/19 the Board received £10.1m brokerage funding from Scottish Government to achieve its revenue financial target. Brokerage is additional funding advanced by Scottish Government and is predicated on the Board working with directed support in line with the Scottish Government Medium Term Health and Social Care Financial Framework to ensure achievement of a financially balanced and sustainable Health and Social care system in the Scottish Borders. Brokerage funding received by NHS Borders in 2018/19 is not required to be repaid.

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.

6. Funding (continued)

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 capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

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

7. Property, plant and equipment

The treatment of capital assets 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. Property, plant and equipment (continued)

7.2 Measurement (continued)

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 that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

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

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

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. A full valuation exercise was completed as at 31st March 2015. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets by applying appropriate valuation methodology available (for example, appropriate indices). 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 valuation 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.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value on existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

7. Property, plant and equipment (continued)

7.2 Measurement (continued)

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

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

Temporary Decreases in Asset Value:

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

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.

In 2017/18 a review of Asset Lives was performed by GVA, property advisor used by NHS Borders, who concluded that no amendments were required to the accounting policy. The Board is compliant with the agreed extended life depreciation policy of Scottish Government.

7. Property, plant and equipment (continued)

7.3 Depreciation (continued)

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

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings (including structure; engineering; and external plant)	8-70 years*
Site Services	10-90 years*
Surfacing	5-90 years*
Moveable engineering plant and equipment and long-life medical equipment	15 years
Furniture and medium-life medical equipment	10 years
Short to Medium Life Medical Equipment	7 years
Mainframe information technology installations	8 years
Vehicles and soft furnishings	5-10 years
Office, information technology, short-life medical and other equipment	5 years

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Software:

Software which is integral to the operation of hardware e.g. an operating system, is

8. Intangible Assets

8.1 Recognition (continued)

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.

8.2 Measurement (continued)

Revaluation and impairment:

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

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

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

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

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.

8. Intangible Assets

8.3 Amortisation (continued)

Amortisation is charged to the operating cost statement on each main class of intangible asset as follows, NHS Borders have noted only amortisation principles where an intangible asset category exists:

- 1) Software licences - Amortised over the shorter term of the licence and their useful economic lives.
- 2) Software - Amortised over their expected useful life

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.

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

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 Statement of Financial Position initially at the current full replacement cost of the asset.

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

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

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

12. Leasing

12.1 Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and 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 minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability using the implicit interest rate. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

12.2 Operating leases

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

12.3 Leases of land and buildings

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

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 Statement of Comprehensive Net Expenditure 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 SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

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

17.1 Short-term Employee Benefits

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

17.2 Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. 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 Statement of Comprehensive Net Expenditure 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 four years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

17. Employee Benefits

17.2 Pension Costs (continued)

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 Statement of Comprehensive Net Expenditure 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 a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS Borders provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim 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.

NHS Borders also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

19. Related Party Transactions

Material related party transactions are disclosed in the Note 22 (pg 112) in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3 (pg 87).

The Scottish Borders Integration Joint Board (IJB) is a legal entity in its own right which was created following the implementation of the Joint Working Public Bodies (Scotland) Act 2014. NHS Borders and the Scottish Borders Council have delegated some of their functions to the IJB and the IJB is wholly responsible for carrying out these functions. NHS Borders has incurred costs of £134.745m for its contribution to the IJB.

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 non-current assets. 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 Statement of Financial Position 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 14 (pg 104) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14 (pg 104), 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

24.1 Financial assets

Business model

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification

When the Board first recognises a financial asset it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

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

This is the default basis for financial assets.

(b) Financial assets held at amortised cost.

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(c) Financial assets at fair value through other comprehensive income.

A financial asset may be at fair value through comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

24. Financial Instruments (continued)

24.1 Financial assets (continued)

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

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 Statement of Comprehensive Net Expenditure.

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 the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective rate to the gross carrying amount of the asset.

(c) Financial assets held at fair value through other comprehensive income

24.2 Financial Liabilities

Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or
- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

24. Financial Instruments (continued)

24.2 Financial Liabilities (continued)

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) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

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 Statement of Financial Position 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 Statement of Comprehensive Net Expenditure.

(b) Amortised costs

Financial liabilities held at amortised costs 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 Note 5 (pg 89) 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 Note 3 (pg 87).

26. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service and balances held in commercial banks. The Board does not hold a bank overdraft facility.

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 Statement of Financial Position 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 Statement of Financial Position 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 23 (pg 113) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual (FReM).

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

29. Key sources of judgement and estimation uncertainty (continued)

makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Accruals: NHS Borders makes judgement, applies estimates and assumptions to the accrual of expenditure and income within the annual accounts. Specifically in areas of holiday pay, pay enhancement and the provision for bad debts. NHS Borders reviews on an annual basis methodology relating to significant accrual balances held. Significant accruals held relate to pay policy and employment contractual terms and conditions, business travel,

carry forward of annual leave and income due for treatment provided as part of the procedure for Road Traffic Accidents (RTA).

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 50% of the full cost of category 2 claims which have been assessed as having a probability of settlement. A change to the level of provision held in relation to category 2 claims was made by NHS Borders in line with guidance from the Scottish Government Technical Advisory Group.

Borders Health Board Annual Report and Accounts 2018-19

STATEMENT OF CONSOLIDATED CASHFLOWS

2. NOTES TO THE CASHFLOW STATEMENT

2a. Consolidated adjustments for non-cash transactions

2018 £'000		Note	2019 £'000
	Expenditure not paid in cash		
3,660	Depreciation	7a	3,838
222	Amortisation	6	313
200	Depreciation of donated assets	7a	191
1,451	Impairments on PPE charged to SoCNE		857
31	Impairments on intangibles assets charged to SoCNE	8	0
(173)	Funding of Donated Assets	7a	(236)
<u>5,391</u>	Total expenditure not paid in cash	CFS	<u>4,963</u>

2b. Interest payable recognised in operating expenditure

2018 £'000		Note	2019 £'000
	Interest payable		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
0	PFI Finance lease charges allocated in the year		0
340	Other Finance lease charges allocated in the year		349
0	Provision - Unwinding of discount		0
<u>340</u>	Net interest payable	CFS	<u>349</u>

2c. Consolidated movements in working capital

2018 Net movement £'000		Note	Opening balances £'000	Closing balances £'000	2019 Net movement £'000
	INVENTORIES				
(118)	Balance Sheet	8	1,189	1,287	
<u>(118)</u>	Net decrease / (increase)				<u>(98)</u>
	TRADE AND OTHER RECEIVABLES				
(154)	Due within one year	9	6,539	7,041	
(225)	Due after more than one year	9	982	0	
<u>(379)</u>	Net decrease / (increase)		<u>7,521.0</u>	<u>7,041</u>	<u>480</u>
	TRADE AND OTHER PAYABLES				
(912)	Due within one year	12	34,363	41,064	
(83)	Due after more than one year	12	917	827	
(149)	Less: General Fund creditor included in above	12	(338)	(520)	
77	Less: lease and PFI creditors included in above	12	(989)	(883)	
<u>(1,067)</u>	Net decrease / (increase)		<u>33,973</u>	<u>40,488</u>	<u>6,515</u>
	PROVISIONS				
1,260	Statement of Financial Position	13a	12,790	12,811	
0	Transfer from provision to General Fund		0	0	
<u>1,260</u>	Net decrease / (increase)		<u>12,790</u>	<u>12,811</u>	<u>(179)</u>
<u>(304)</u>	Net movement (decrease) / increase	CFS			<u>6,718</u>

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NOTES TO THE ACCOUNTS

3. OPERATING EXPENSES

3a. Employee expenditure

2018 Total £'000		Note	2019 Board £'000	2019 Consolidated £'000
27,874	Medical and Dental		29,292	29,292
50,123	Nursing		53,629	53,629
41,343	Other Staff		43,859	43,859
119,340	Total	SoCNE	126,780	126,780

Further detail and analysis of employee expenditure can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3b. Other operating expenditure

2018 £'000		Note	2019 Board £'000	2019 Consolidated £'000
Independent Primary Care Services				
17,926	General Medical Services		18,555	18,555
3,971	Pharmaceutical Services		4,388	4,388
5,689	General Dental Services		6,011	6,011
1,710	General Ophthalmic Services		1,786	1,786
29,296	Total independent primary care services		30,740	30,740
Drugs and medical supplies				
24,388	Prescribed drugs Primary Care		23,514	23,514
11,566	Prescribed drugs Secondary Care		11,303	11,303
7,769	Medical Supplies		7,425	7,425
43,723	Total drugs and medical supplies		42,242	42,242
Other health care expenditure				
126,507	Contribution to Integration Joint Boards		134,745	134,745
31,323	Goods and services from other NHSScotland bodies		35,881	35,881
742	Goods and services from other UK NHS bodies		817	817
3,044	Goods and services from private providers		4,309	4,309
354	Goods and services from voluntary organisations		379	379
2,653	Resource Transfer		2,629	2,629
0	Loss on disposal of assets		0	0
28,807	Other operating expenses ⁽¹⁾		29,173	29,173
123	External Auditor's remuneration - statutory audit fee		123	123
665	Endowment Fund expenditure		0	993
194,218	Total other health care expenditure		208,056	209,049
267,237	Total Other Operating Expenditure	SoCNE	281,038	282,031

⁽¹⁾ Prior year figure included Health Centre Offset (£1.1m) which were charged to the Director of Nursing. The charge is made to Director of Finance. Both charge areas are categorised to Support Service & Central Costs within the Board's segmental reporting therefore no impact to this note.

NOTES TO THE ACCOUNTS

4. OPERATING INCOME

	2018		Board	Consolidated
	£'000	Note	2019	2019
			£'000	£'000
Income from Scottish Government	0		0	0
Income from other NHS Scotland bodies	7,462		5,820	5,820
Income from NHS non-Scottish bodies	2,702		2,499	2,499
Income from private patients	1		3	3
Income for services commissioned by Integration Joint Board	126,507		134,745	134,745
Patient charges for primary care	1,454		1,279	1,279
Donations	0		0	0
Profit on disposal of assets	0		0	0
Contributions in respect of clinical and medical negligence claims	0		0	0
Interest received	0		0	0
Non NHS:				
Overseas patients (non-reciprocal)	14		10	10
Non-patient care income schemes	0		0	0
Endowment Fund Income	1,252		0	936
Other	5,897		8,315	8,315
	145,289		152,671	153,607

NOTES TO THE ACCOUNTS

5. SEGMENTAL INFORMATION

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

2018-19					
Clinical Executive £'000	Family Health Services £'000	Commissioning Central & Support of Healthcare £'000	Costs £'000	The Difference £'000	Total £'000
190,578	14,939	28,641	20,989	57	255,204
Net operating cost 2018-19					
2017-18					
Clinical Executive £'000	Family Health Services £'000	Commissioning Central & Support of Healthcare £'000	Costs £'000	The Difference £'000	Total £'000
145,252	52,152	25,873	18,598	(587)	241,288
Net operating cost 2017-18					

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NOTES TO THE ACCOUNTS

6. INTANGIBLE ASSETS - CONSOLIDATED

Cost or Valuation	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
As at 1st April 2018		352	2,702	17	3,071
Additions		0	54	0	54
Completions		0	0	0	0
Impairment charges		0	0	0	0
At 31st March 2019		352	2,756	17	3,125
Amortisation					
As at 1st April 2018		322	919	0	1,241
Provided during the year		13	300	0	313
Transfers		0	0	0	0
At 31st March 2019		335	1,219	0	1,554
Net Book Value at 1st April 2018		30	1,783	17	1,830
Net Book Value at 31st March 2019	SoFP	17	1,537	17	1,571

INTANGIBLE ASSETS - BOARD

Cost or Valuation	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
As at 1st April 2018		352	2,702	17	3,071
Additions		0	54	0	54
Completions		0	0	0	0
Impairment charges		0	0	0	0
At 31st March 2019		352	2,756	17	3,125
Amortisation					
As at 1st April 2018		322	919	0	1,241
Provided during the year		13	300	0	313
Transfers		0	0	0	0
At 31st March 2019		335	1,219	0	1,554
Net Book Value at 1st April 2018		30	1,783	17	1,830
Net Book Value at 31st March 2019	SoFP	17	1,537	17	1,571

INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

Cost or Valuation	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
As at 1st April 2017		352	1,719	82	2,153
Additions		0	932	17	949
Completions		0	51	(51)	0
Impairment charges		0	0	(31)	(31)
At 31st March 2018		352	2,702	17	3,071
Amortisation					
As at 1st April 2017		308	711	0	1,019
Provided during the year		14	208	0	222
Transfers		0	0	0	0
At 31st March 2018		322	919	0	1,241
Net Book Value at 1st April 2017		44	1,008	82	1,134
Net Book Value at 31st March 2018	SoFP	30	1,783	17	1,830

INTANGIBLE ASSETS - BOARD PRIOR YEAR

Cost or Valuation	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
As at 1st April 2017		352	1,719	82	2,153
Additions		0	932	17	949
Completions		0	51	(51)	0
Impairment charges		0	0	(31)	(31)
At 31st March 2018		352	2,702	17	3,071
Amortisation					
As at 1st April 2017		308	711	0	1,019
Provided during the year		14	208	0	222
Transfers		0	0	0	0
At 31st March 2018		322	919	0	1,241
Net Book Value at 1st April 2017		44	1,008	82	1,134
Net Book Value at 31st March 2018	SoFP	30	1,783	17	1,830

Borders Health Board Annual Report and Accounts 2018-19

NOTES TO THE ACCOUNTS

7a. PROPERTY, PLANT AND EQUIPEMENT - CONSOLIDATED

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
Cost or Valuation		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2018		4,530	128,426	1,715	24,282	6,816	862	221	166,852
Additions - purchased		0	0	57	2,010	997	0	1,431	4,495
Additions - donated		0	0	0	75	0	0	161	236
Completions		0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale		0	(100)	0	0	0	0	0	(100)
Revaluations		0	3,610	0	0	0	0	0	3,610
Impairment charges		(160)	(806)	0	0	0	0	0	(966)
Disposals - purchased		0	0	(13)	(2,491)	(447)	0	0	(2,951)
Disposals - donated		0	0	0	(253)	0	0	0	(253)
At 31st March 2019		4,370	131,130	1,759	23,623	7,366	862	1,813	170,923
Depreciation									
As at 1st April 2018		0	14,354	1,541	18,940	4,321	801	0	39,957
Provided during the year - purchased		0	2,632	63	743	373	27	0	3,838
Provided during the year - donated		0	127	0	63	0	1	0	191
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	319	0	0	0	0	0	319
Impairment charges		0	(109)	0	0	0	0	0	(109)
Disposals - purchased		0	0	(13)	(2,491)	(447)	0	0	(2,951)
Disposals - donated		0	0	0	(253)	0	0	0	(253)
At 31st March 2019		0	17,323	1,591	17,002	4,247	829	0	40,992
Net Book Value at 1st April 2018		4,530	114,072	174	5,342	2,495	61	221	126,895
Net Book Value at 31st March 2019	SoFP	4,370	113,807	168	6,621	3,119	33	1,813	129,931
Open Market value of Land in Land and Dwellings included above		4,370							
Asset financing:									
Owned - purchased		4,360	107,118	168	6,354	3,119	30	1,565	122,714
Owned - donated		10	6,014	0	267	0	3	248	6,542
Finance Lease		0	675	0	0	0	0	0	675
Net Book Value at 31st March 2019	SoFP	4,370	113,807	168	6,621	3,119	33	1,813	129,931

7a. PROPERTY, PLANT AND EQUIPEMENT - BOARD

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
Cost or Valuation		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2018		4,530	128,426	1,715	24,282	6,816	862	221	166,852
Additions - purchased		0	0	57	2,010	997	0	1,431	4,495
Additions - donated		0	0	0	75	0	0	161	236
Completions		0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale		0	(100)	0	0	0	0	0	(100)
Revaluations		0	3,610	0	0	0	0	0	3,610
Impairment charges		(160)	(806)	0	0	0	0	0	(966)
Disposals - purchased		0	0	(13)	(2,491)	(447)	0	0	(2,951)
Disposals - donated		0	0	0	(253)	0	0	0	(253)
At 31st March 2019		4,370	131,130	1,759	23,623	7,366	862	1,813	170,923
Depreciation									
As at 1st April 2018		0	14,354	1,541	18,940	4,321	801	0	39,957
Provided during the year - purchased		0	2,632	63	743	373	27	0	3,838
Provided during the year - donated		0	127	0	63	0	1	0	191
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	319	0	0	0	0	0	319
Impairment charges		0	(109)	0	0	0	0	0	(109)
Disposals - purchased		0	0	(13)	(2,491)	(447)	0	0	(2,951)
Disposals - donated		0	0	0	(253)	0	0	0	(253)
At 31st March 2019		0	17,323	1,591	17,002	4,247	829	0	40,992
Net Book Value at 1st April 2018		4,530	114,072	174	5,342	2,495	61	221	126,895
Net Book Value at 31st March 2019	SoFP	4,370	113,807	168	6,621	3,119	33	1,813	129,931
Open Market value of Land in Land and Dwellings included above		4,370							
Asset financing:									
Owned - purchased		4,360	107,118	168	6,354	3,119	30	1,565	122,714
Owned - donated		10	6,014	0	267	0	3	248	6,542
Finance Lease		0	675	0	0	0	0	0	675
Net Book Value at 31st March 2019	SoFP	4,370	113,807	168	6,621	3,119	33	1,813	129,931

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NOTES TO THE ACCOUNTS

7a. PROPERTY, PLANT AND EQUIPMENT - PRIOR YEAR CONSOLIDATED

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Assets Under Fittings Construction	Total
Cost or Valuation		£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2017		4,533	120,351	1,702	22,020	4,606	862	158,849
Additions - purchased		0	20	13	1,529	2,210	0	4,903
Additions - donated		0	0	0	86	0	0	173
Completions		0	4,769	0	647	0	0	0
Revaluations		0	4,378	0	0	0	0	4,378
Impairment charges		(3)	(1,092)	0	0	0	0	(1,451)
Disposals - purchased		0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0
At 31st March 2018		4,530	128,426	1,715	24,282	6,816	862	166,852
Depreciation								
As at 1st April 2017		0	11,311	1,471	18,102	4,132	774	35,790
Provided during the year - purchased		0	2,614	70	760	189	27	3,660
Provided during the year - donated		0	122	0	78	0	0	200
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0
Revaluations		0	307	0	0	0	0	307
Impairment charges		0	0	0	0	0	0	0
Disposals - purchased		0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0
At 31st March 2018		0	14,354	1,541	18,940	4,321	801	39,957
Net Book Value at 1st April 2017		4,533	109,040	231	3,918	474	88	123,059
Net Book Value at 31st March 2018	SoFP	4,530	114,072	174	5,342	2,495	81	126,895
Open Market value of Land in Land and Dwellings Included above		4,530						
Asset financing:								
Owned - purchased		4,520	107,345	174	5,087	2,495	57	119,812
Owned - donated		10	5,966	0	255	0	4	6,322
Finance Lease		0	761	0	0	0	0	761
Net Book Value at 31st March 2018	SoFP	4,530	114,072	174	5,342	2,495	81	126,895

7a. PROPERTY, PLANT AND EQUIPMENT - PRIOR YEAR BOARD

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Assets Under Fittings Construction	Total
Cost or Valuation		£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2017		4,533	120,351	1,702	22,020	4,606	862	158,849
Additions - purchased		0	20	13	1,529	2,210	0	4,903
Additions - donated		0	0	0	86	0	0	173
Completions		0	4,769	0	647	0	0	0
Revaluations		0	4,378	0	0	0	0	4,378
Impairment charges		(3)	(1,092)	0	0	0	0	(1,451)
Disposals - purchased		0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0
At 31st March 2018		4,530	128,426	1,715	24,282	6,816	862	166,852
Depreciation								
As at 1st April 2017		0	11,311	1,471	18,102	4,132	774	35,790
Provided during the year - purchased		0	2,614	70	760	189	27	3,660
Provided during the year - donated		0	122	0	78	0	0	200
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0
Revaluations		0	307	0	0	0	0	307
Impairment charges		0	0	0	0	0	0	0
Disposals - purchased		0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0
At 31st March 2018		0	14,354	1,541	18,940	4,321	801	39,957
Net Book Value at 1st April 2017		4,533	109,040	231	3,918	474	88	123,059
Net Book Value at 31st March 2018	SoFP	4,530	114,072	174	5,342	2,495	81	126,895
Open Market value of Land in Land and Dwellings Included above		4,530						
Asset financing:								
Owned - purchased		4,520	107,345	174	5,087	2,495	57	119,812
Owned - donated		10	5,966	0	255	0	4	6,322
Finance Lease		0	761	0	0	0	0	761
Net Book Value at 31st March 2018	SoFP	4,530	114,072	174	5,342	2,495	81	126,895

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NOTES TO THE ACCOUNTS

7b. ASSETS HELD FOR SALE

The following assets related to NHS Borders have been presented as held for sale following approval for sale by the management of the Board. The completed date of sale of Crumhaugh House, Hawick and Orchard Park, St Boswell is expected to be within the 12 months from 31st March 2019.

No assets were disposed of in Financial Year 2018/19.

ASSETS HELD FOR SALE - CONSOLIDATED

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2018	100	100
Transfers (to)/from property, plant and equipment	100	100
Gains or losses recognised on remeasurement of non-current assets	0	0
Disposals of non-current assets held for sale	0	0
At 31 March 2019	SoFP 200	200

ASSETS HELD FOR SALE - BOARD

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2018	100	100
Transfers (to)/from property, plant and equipment	100	100
Gains or losses recognised on remeasurement of non-current assets	0	0
Disposals of non-current assets held for sale	0	0
At 31 March 2019	SoFP 200	200

ASSETS HELD FOR SALE (PRIOR YEAR) - CONSOLIDATED

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2017	100	100
Transfers (to)/from property, plant and equipment	0	0
Gains or losses recognised on remeasurement of non-current assets	0	0
Disposals of non-current assets held for sale	0	0
At 31 March 2018	SoFP 100	100

ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2017	100	100
Transfers (to)/from property, plant and equipment	0	0
Gains or losses recognised on remeasurement of non-current assets	0	0
Disposals of non-current assets held for sale	0	0
At 31 March 2018	SoFP 100	100

Board	Consolidated		Board	Consolidated
2018	2018		2019	2019
£'000	£'000		£'000	£'000
Net book value of property, plant and equipment at 31 March				
120,573	120,573	Purchased	123,389	123,389
6,322	6,322	Donated	6,542	6,542
126,895	126,895	Total	129,931	129,931

	Total value of assets held under:		
761	Finance Leases	761	675
761		761	675
<hr/>			
	Total depreciation charged in respect of assets held under:		
1,552	Finance Leases	1,552	1,466
1,552		1,552	1,466
<hr/>			

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

The net impact of applying the indexation 3% was an increase in value of £3.291m over Property Assets (Owned and Donated), the indexation sum of £3.291m was transacted to the Board's revaluation reserve.

NOTES TO THE ACCOUNTS

7d. ANALYSIS OF CAPITAL EXPENDITURE

Board	Consolidated		Board	Consolidated
2018	2018		2019	2019
£'000	£'000		£'000	£'000
		Expenditure		
949	949	Acquisition of intangible assets	54	54
4,903	4,903	Acquisition of property, plant and equipment	4,495	4,495
173	173	Donated asset additions	236	236
6,025	6,025	Gross Capital Expenditure	4,785	4,785

Note

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Income

0	0	Value of disposal of non-current assets held for sale	0	0
173	173	Donated asset income	236	236
173	173	Capital Income	236	236
5,852	5,852	Net Capital Expenditure	4,549	4,549

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SUMMARY OF CAPITAL RESOURCE OUTTURN

5,852	5,852	Core capital expenditure included above	4,549	4,549
5,859	5,859	Core Capital Resource Limit	4,570	4,570
7	7	Saving/(excess) against Total Capital Resource Limit	21	21

NOTES TO THE ACCOUNTS

8. INVENTORIES

	Board 2018 £'000	Consolidated 2018 £'000		Board 2019 £'000	Consolidated 2019 £'000
	1,189	1,189	Finished goods	1,287	1,287
	1,189	1,189	Total inventories	1,287	1,287
			SoFP		

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NOTES TO THE ACCOUNTS

9. TRADE AND OTHER RECEIVABLES

Board 2018 £'000	Consolidated 2018 £'000		Note	Board 2019 £'000	Consolidated 2019 £'000
		Receivables due within one year			
		NHS Scotland			
(5)	(5)	Scottish Government Health & Social Care Directorate		0	0
1,682	1,682	Boards	SFR 30.0	791	791
1,677	1,677	Total NHSScotland Receivables		791	791
350	350	NHS Non-Scottish bodies		516	516
0	0	General Fund receivables		0	0
64	64	VAT recoverable	SFR 30.1	209	209
2,734	2,734	Prepayments		2,582	2,582
12	12	Accrued income		13	13
838	864	Other receivables		1,035	1,092
129	129	Reimbursement of provisions		1,163	1,163
709	709	Other public sector bodies		675	675
6,513	6,539	Total Receivables due within one year	SoFP	6,984	7,041
		Receivables due after more than one year			
		NHS Scotland			
982	982	Reimbursement of Provisions		0	0
982	982	Total Receivables due after more than one year	SoFP	0	0
7,495	7,521	TOTAL RECEIVABLES		6,984	7,041
456	456	The total receivables figure above includes a provision for impairments of:		524	524
		WGA Classification			
1,682	1,682	NHS Scotland		791	791
64	64	Central Government bodies		209	209
849	849	Whole of Government bodies		559	559
350	350	Balances with NHS bodies in England and Wales		516	516
4,550	4,576	Balances with bodies external to Government		4,909	4,966
7,495	7,521	Total		6,984	7,041
2018 £'000	2018 £'000			2019 £'000	2019 £'000
		Movements on the provision for impairment of receivables are as follows:-			
328	328	At 1 April		456	456
128	128	Provision for impairment		68	68
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		0	0
456	456	At 31 March		524	524

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NOTES TO THE ACCOUNTS

As of 31 March 2019, receivables with a carrying value of £1.1m (2018: £1.2m) were impaired and provided for. The amount of the provision was £0.5m (2018: £0.4m). The ageing of these receivables is as follows:

Board 2018 £'000	Consolidated 2018 £'000		Board 2019 £'000	Consolidated 2019 £'000
19	19	3 to 6 months past due	35	35
437	437	Over 6 months past due	489	489
<u>456</u>	<u>456</u>		<u>524</u>	<u>524</u>

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

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2019, receivables with a carrying value of £1.6m (2018: £2.5m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Board 2018 £'000	Consolidated 2018 £'000		Board 2019 £'000	Consolidated 2019 £'000
920	920	Up to 3 months past due	1,033	1,033
18	18	3 to 6 months past due	125	125
1,617	1,617	Over 6 months past due	467	467
<u>2,555</u>	<u>2,555</u>		<u>1,625</u>	<u>1,625</u>

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

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

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

Receivables that are neither past due nor impaired are shown by their credit risk below:

Board 2018 £'000	Consolidated 2018 £'000		Board 2019 £'000	Consolidated 2019 £'000
7,495	7,521	Pounds	6,984	7,041
<u>7,495</u>	<u>7,521</u>		<u>6,984</u>	<u>7,041</u>

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

The fair value of long term other receivables is £nil (2017-18: £0.9m). The Board does not hold long term receivables.

The effective interest rate on non-current other receivables is 0% (2017-18: 0%). Pension liabilities are discounted at 0.29% (2017-18: 0.1%).

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NOTES TO THE ACCOUNTS

10. INVESTMENTS

Board 2018 £000	Consolidated 2018 £'000		Note	Board 2019 £'000	Consolidated 2019 £'000
0	3,553	At 1 April		0	3,454
0	74	Additions	CFS	0	916
0	(116)	Disposals		0	(268)
0	0	Impairment recognised in SOCNE	2	0	0
0	(57)	Revaluation (deficit)/surplus transferred to equity	SoCTE	0	143
0	3,454	At 31 March		0	4,245
0	0	Current	SoFP	0	0
0	3,454	Non-current	SoFP	0	4,245
0	3,454	At 31 March		0	4,245
0	0	The carrying value includes an impairment provision of		0	0

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NOTES TO THE ACCOUNTS

11. CASH AND CASH EQUIVALENTS

	Note	2019 £'000	2018 £'000
Balance at 1 April		2,335	1,392
Net charge in cash and cash equivalent balances	CFS	(495)	943
Balance at 31 March	SoFP	1,840	2,335
Overdrafts		0	0
Total Cash - Cash Flow Statement		1,840	2,335

The following balances at 31 March were held at

Government Banking Service	298	249
Commercial banks and cash in hand	224	92
Overdrafts	0	0
Short term investments	0	0
Endowment cash	1,318	1,994
Balance at 31 March	1,840	2,335

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NOTES TO THE ACCOUNTS

12. TRADE AND OTHER PAYABLES

Board 2018 £'000	Consolidated 2018 £'000		Note	Board 2019 £'000	Consolidated 2019 £'000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
4,002	4,002	Boards	SFR 30.0	3,956	3,956
4,002	4,002	Total NHSScotland Payables		3,956	3,956
		NHS Non-Scottish bodies	SFR 30.2	0	0
338	338	Amounts payable to General Fund		520	520
6,648	6,648	FHS practitioners		6,433	6,433
621	621	Trade payables		343	343
10,428	10,428	Accruals		15,814	15,814
1,076	1,076	Payments received on account		1,223	1,223
87	87	Net obligations under finance leases	17	88	88
2,379	2,379	Income tax and social security		2,374	2,374
1,722	1,722	Superannuation		1,757	1,757
1,802	1,802	Holiday pay accrual		1,944	1,944
4,832	4,832	Other public sector bodies		6,042	6,042
223	428	Other payables		305	570
34,158	34,363	Total Payables due within one year	SoFP	40,799	41,064
		Payables due after more than one year			
		NHS Scotland			
89	89	Net obligations under finance leases due within 2 years	17	91	91
279	279	Net obligations under finance leases due after 2 years but within 5 years	17	287	287
514	514	Net obligations under finance leases due after 5 years	17	417	417
35	35	Other payables		32	32
917	917	Total Payables due after more than one year	SoFP	827	827
35,075	35,280	TOTAL PAYABLES		41,626	41,891
		WGA Classification			
4,002	4,002	NHS Scotland		3,956	3,956
2,379	2,379	Central Government bodies		2,374	2,374
2,342	2,342	Whole of Government bodies		127	127
0	0	Balances with NHS bodies in England and Wales		0	0
26,352	26,557	Balances with bodies external to Government		35,169	35,434
35,075	35,280	Total		41,626	41,891
Board 2018 £'000	Consolidated 2018 £'000			Board 2019 £'000	Consolidated 2019 £'000
969	969	Borrowings included above comprise:			
969	969	Finance Leases		883	883
				883	883
		The carrying amount and fair value of the non-current borrowings are as follows			
882	882	Finance Leases		795	795
882	882			795	795
		The fair value of the non-current borrowings are as follows			
981	981	Finance Leases		875	875
981	981			875	875
		The carrying amount of payables approximates their fair value			
		The carrying amount of payables are denominated in the following currencies:			
35,075	35,280	Pounds		41,626	41,891
35,075	35,280			41,626	41,891

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NOTES TO THE ACCOUNTS

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2019 TOTAL	
Note	£'000	£'000	£'000	£'000	£'000	
At 1 April 2018	1,514	1,461	9,815	0	12,790	
Arising during the year	10	609	2,365	13	2,997	
Utilised during the year	(114)	(444)	(676)	(9)	(1,243)	
Unwinding of discount	0	0	(32)	0	(32)	
Reversed unutilised	0	0	(1,901)	0	(1,901)	
At 31 March 2019	2	1,410	1,626	9,571	4	12,611

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Borders are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows to 31 March 2019

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non-endowment) £'000	2019 TOTAL £'000
Payable in one year	113	1,626	2,264	4	4,007
Payable between 2 - 5 years	450	0	6,502	0	7,052
Payable between 6 - 10 years	555	0	654	0	1,209
Thereafter	292	0	51	0	343
Total as at 31 March 2019	1,410	1,626	9,571	4	12,611

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

Note	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non-endowment) £'000	2018 TOTAL £'000
At 1 April 2017	1,553	1,374	8,581	12	11,530
Arising during the year	76	300	2,827	0	3,203
Utilised during the year	(115)	(213)	(515)	(12)	(855)
Unwinding of discount	0	0	(53)	0	(53)
Reversed unutilised	0	0	(1,035)	0	(1,035)
At 31 March 2018	1,514	1,461	9,815	0	12,790

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Borders are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows - to 31 March 2018

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non-endowment) £'000	2018 TOTAL £'000
Payable in one year	114	165	2,085	0	2,364
Payable between 2 - 5 years	453	1,298	7,690	0	9,439
Payable between 6 - 10 years	563	0	0	0	563
Thereafter	384	0	40	0	424
At 31 March 2018	1,514	1,461	9,815	0	12,790

NOTES TO THE ACCOUNTS

13b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

	2018 £'000	Note	2019 £'000
1,268 Provision recognising individual claims against the NHS Board as at 31 March		13a	1,630
(1,111) Associated CNORIS receivables at 31 March		9	(1,163)
9,815 Provision recognising the NHS Board's liability from participating in the scheme at 31 March		13a	9,571
9,972 Net Total Provision relating to CNORIS at 31 March			10,038

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

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

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

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

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

NOTES TO THE ACCOUNTS

14. CONTINGENT LIABILITIES

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

2018 £'000	Nature	Note	2019 £'000
375	Clinical and medical compensation payments		20,635
20	Employer's liability		273
395	TOTAL CONTINGENT LIABILITIES		20,908
CONTINGENT ASSETS			
115	Clinical and medical compensation payments		20,240
0	Employer's liability		88
115	TOTAL CONTINGENT ASSETS		20,328

15. EVENTS AFTER THE END OF THE REPORTING YEAR

There are no events after the reporting period.

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NOTES TO THE ACCOUNTS

16. COMMITMENTS

The Board has the following capital commitments which have not been provided for in the accounts

2018	Contracted	2019
£'000		£'000
100	BGH Campus Development	75
240	Project Management	240
20	Risk Mitigation - Inpatient	0
360	Total	315
	Authorised but not Contracted	
1,100	Primary Care Premises	491
300	Rolling Replacement Programmes	300
335	Medical Equipment	50
950	Statutory compliance and backlog maintenance property expenditure	550
100	Project Management & Feasibility Assessments	100
1,351	Uncommitted - Clinical Strategy	126
512	Radiology Replacement	0
2,036	IM&T Road to Digital Programme (to be confirmed)	1,000
0	Winter/Elective Facility (to be confirmed)	200
100	Uncommitted - Dependent on Sale Proceeds	0
6,784	Total	2,817
7,144	Total Capital Commitments	3,132

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NOTES TO THE ACCOUNTS

17. COMMITMENTS UNDER LEASES

Operating Leases

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

2018 £'000		Note	2019 £'000
	Obligations under operating leases comprise		
	Land		
54	Not later than one year		55
55	Later than one year, not later than 2 years		56
173	Later than two years, not later than five years		178
319	Later than five years		258
	Buildings		
0	Not later than one year		0
	Other		
421	Not later than one year		337
251	Later than one year, not later than 2 years		188
98	Later than two years, not later than five years		51
0	Later than five years		0
	Amounts charged to Operating Costs in the year were		
591	Hire of equipment (including vehicles)		524
368	Other operating leases		377
959	Total		901

Finance Leases

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

2018 £'000		Note	2019 £'000
	Obligations under finance leases comprise		
	Buildings		
427	Rentals due within one year		438
438	Rentals due between one and two years (inclusive)		449
1,381	Rentals due between two and five years (inclusive)		1,415
2,541	Rentals due after five years		2,058
4,787			4,360
(3,818)	Less interest element		(3,477)
969		12	883

18. COMMITMENTS UNDER PFI CONTRACTS

NHS Borders does not hold any commitments under PFI Contracts.

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NOTES TO THE ACCOUNTS

19. PENSION COSTS

NHS Borders participates in the NHS Superannuation Scheme (Scotland). The Scheme is an unfunded statutory public services pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31st March 2012. The next valuation will be at 31st March 2016 and this will set contribution rates from 1st April 2019. The scheme has no liability for other obligations to the multi-employer scheme.

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

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

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Borders is unable to identify its share of the underlying assets and liabilities of the scheme. NHS Borders has no liability for other member board obligations.

The employer contribution rate for the period from 1 April 2015 was 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

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

The total employer contributions received for the NHS Scotland scheme in the year to 31 March 2018 were £768.7 million (see note 3 in the scheme accounts). Contributions collected in the year to 31 March 2019 will be published in October 2019.

NHS Borders level of participation in the scheme is 1.69% based on the proportion of employer contributions paid in 2017/18

Description of schemes

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2018-19 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

National Employment Savings Trust (NEST)

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st March 2013	1%	1%	2%
1st October 2018	3%	2%	5%
1st October 2019	5%	3%	8%

Pension members can choose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.

NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

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

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

	2019 £'000	2018 £'000
Pension cost charge for the year	13,005	12,774
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Statement of Financial Position	1,410	1,514

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NOTES TO THE ACCOUNTS

Note 20 FINANCIAL INSTRUMENTS

20a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED

		Financial assets at fair value through OCI	Total
		2018 £000	2019 £000
AS AT 31 MARCH 2019	NOTE		
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,296	2,296
Cash and cash equivalents	11	1,840	1,840
		<u>4,136</u>	<u>4,136</u>

BOARD

		Financial assets at fair value through OCI	Total
		2018 £000	2019 £000
AS AT 31 MARCH 2019	NOTE		
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,239	2,239
Cash and cash equivalents	11	522	522
		<u>2,761</u>	<u>2,761</u>

CONSOLIDATED (Prior Year)

		Financial assets at fair value through OCI	Total
		2018 £000	2018 £000
At 31 March 2018	NOTE		
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,935	1,935
Cash and cash equivalents	11	2,335	2,335
		<u>4,270</u>	<u>4,270</u>

BOARD (Prior Year)

		Financial assets at fair value through OCI	Total
		2018 £000	2018 £000
At 31 March 2018	NOTE		
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,909	1,909
Cash and cash equivalents	11	341	341
		<u>2,250</u>	<u>2,250</u>

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NOTES TO THE ACCOUNTS

20. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED

		Financial liabilities at amortised cost	Total
AS AT 31 MARCH 2019	NOTE	2019 £000	2019 £000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	883	883
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	32,921	32,921
		<u>33,804</u>	<u>33,804</u>

BOARD

		Financial liabilities at amortised cost	Total
AS AT 31 MARCH 2019	NOTE	2019 £000	2019 £000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	883	883
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	32,656	32,656
		<u>33,539</u>	<u>33,539</u>

CONSOLIDATED (Prior Year)

		Financial liabilities at amortised cost	Total
At 31 March 2018	NOTE	2018 £000	2018 £000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	969	969
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	26,173	26,173
		<u>27,142</u>	<u>27,142</u>

BOARD (Prior Year)

		Financial liabilities at amortised cost	Total
At 31 March 2018	NOTE	2018 £000	2018 £000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	969	969
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	25,968	25,968
		<u>26,937</u>	<u>26,937</u>

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NOTES TO THE ACCOUNTS

20. FINANCIAL INSTRUMENTS, cont.

20b. 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.

a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual 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 31st March 2019				
Finance Lease Liabilities	89	91	287	417
Trade and other payables excluding statutory liabilities	32,623	3	9	20
Total	32,712	94	296	437
	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31st March 2018				
Finance Lease Liabilities	87	89	279	514
Trade and other payables excluding statutory liabilities	25,833	3	9	23
Total	26,020	92	288	537

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) Cashflow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

iii) Price Risk

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

d) Fair Value Estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques based on future projected cash flows.

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.

NOTES TO THE ACCOUNTS

21. DERIVATIVE FINANCIAL INSTRUMENTS (Consolidated and Board)

2018 £'000		2019 £'000
	Assets	
	Forward foreign currency contract	
0	Balance at 1 April	0
0	Additions	0
0	Repayments and disposals	0
0	Revaluation	0
<u>0</u>	Balance at 31 March	<u>0</u>
	Liabilities	
	Forward foreign currency contract	
0	Balance at 1 April	0
0	Additions	0
0	Repayments and disposals	0
0	Revaluation	0
<u>0</u>	Balance at 31 March	<u>0</u>
<u>0</u>	Gain / loss recognised in SoCNE	<u>0</u>
<u>0</u>	The notional principal amounts of the outstanding forward exchange contracts at 31 March were:	<u>0</u>

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NOTES TO THE ACCOUNTS

22. RELATED PARTY TRANSACTIONS

Scottish Government

NHS Borders is a child of the Scottish Government Health & Social Care Directorate (SGHSCD). The SGHSCD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Directorate and the other entities for which the directorate is regarded as the parent directorate. In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Customs & Excise; Scottish Borders Council; and various NHS Bodies in England and Wales. In addition the Board operates in partnership with the Scottish Borders Integration Joint Board and the Local Authority Scottish Borders Council in line with the agreed Scheme of Integration and to support the outcomes of the Strategic Commissioning Plan.

Borders Health Board Endowment Fund

The Health Board is a corporate Trustee of charitable endowment funds of £5.355m as at 31st March 2019. (2018: £5.269m) as per these consolidated Group Accounts.

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

The following secondment charges were incurred by the Endowment Fund during 2018/19:

Fundraising Manager	1.0wte (Part Year)	£17,958
Fundraising Support Officer	1.0wte	£30,439
Evelyn Sutherland Nurse	0.6wte	£29,533
Palliative Care Medical Consultant	Sessional	£5,280
Palliative Care Nurse Consultant	0.6wte	£34,177
Palliative Care Quality Improvement	1.0wte	£42,186
Palliative Care End of Life Facilitator	0.9wte	£42,674
Palliative Care Healthcare Support	0.7wte (Part Year)	£12,355
Palliative Care Project Officer	1.5wte (Part Year)	£27,614
Volunteer Coordinator	0.8wte	£22,680

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

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

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

Within the register of Interests it is noted that the Chief Executive, Mrs J Davidson, holds an appointment as a Non Executive Board Member with NHS National Services Scotland during 2018/19.

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NOTES TO THE ACCOUNTS

23. THIRD PARTY ASSETS

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

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

	2018	Gross Inflows	Gross Outflows	2019
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	67	62	(118)	10
Total Monetary Assets	67	62	(118)	10

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NOTES TO THE ACCOUNTS

24a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group		Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2018		2019	2019	2019	2019
£'000	Note	£'000	£'000	£'000	£'000
	Total Income and expenditure				
119,340	Employee expenditure 3	126,780	0	0	126,780
	Other operating expenditure 3				
29,296	Independent Primary Care Services	30,740	0	0	30,740
43,723	Drugs and medical supplies	42,242	0	0	42,242
194,218	Other health care expenditure	73,311	993	134,745	209,049
386,577	Gross expenditure for the year	273,073	993	134,745	408,811
(145,289)	Less: operating income 4	(17,926)	(938)	(134,745)	(153,607)
0	Associates and joint ventures accounted for on an equity basis	0			0
241,288	Net Expenditure	255,147	57	0	255,204

Associates and joint ventures accounted for on an equity basis discloses the Board's share of the partnership with the Scottish Borders Integration Joint Board (IJB) which reports a breakeven financial outcome on delegated resources during 2018/19.

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NOTES TO THE ACCOUNTS

24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated		Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2018		2019	2019	2019	2019
£'000		£'000	£'000	£'000	£'000
	Non-current assets:				
126,895	Property, plant and equipment	129,931	0	0	129,931
1,830	Intangible assets	1,571	0	0	1,571
	Financial assets:				
3,454	Investments	0	4,245	0	4,245
982	Trade and other receivables	0	0	0	0
<u>133,161</u>	Total non-current assets	<u>131,502</u>	<u>4,245</u>	<u>0</u>	<u>135,747</u>
	Current Assets:				
1,189	Inventories	1,287	0	0	1,287
	Financial assets:				
6,539	Trade and other receivables	6,984	57	0	7,041
2,335	Cash and cash equivalents	522	1,318	0	1,840
100	Assets classified as held for sale	200	0	0	200
<u>10,163</u>	Total current assets	<u>8,993</u>	<u>1,375</u>	<u>0</u>	<u>10,368</u>
<u>143,324</u>	Total assets	<u>140,495</u>	<u>5,620</u>	<u>0</u>	<u>146,115</u>
	Current liabilities				
(2,364)	Provisions	(4,007)	0	0	(4,007)
	Financial liabilities:				
(34,363)	Trade and other payables	(40,799)	(265)	0	(41,064)
<u>(36,727)</u>	Total current liabilities	<u>(44,806)</u>	<u>(265)</u>	<u>0</u>	<u>(45,071)</u>
<u>106,597</u>	Non-current assets (less) net current liabilities	<u>95,689</u>	<u>5,355</u>	<u>0</u>	<u>101,044</u>
	Non-current liabilities				
(10,426)	Provisions	(8,604)	0	0	(8,604)
	Financial liabilities:				
(917)	Trade and other payables	(827)	0	0	(827)
<u>(11,343)</u>	Total non-current liabilities	<u>(9,431)</u>	<u>0</u>	<u>0</u>	<u>(9,431)</u>
<u>95,254</u>	Assets less liabilities	<u>86,258</u>	<u>5,355</u>	<u>0</u>	<u>91,613</u>
	Taxpayers' Equity				
42,207	General fund	36,362	0	0	36,362
47,778	Revaluation reserve	49,896	0	0	49,896
5,269	Fund held on Trust	0	5,355	0	5,355
<u>95,254</u>	Total taxpayers' equity	<u>86,258</u>	<u>5,355</u>	<u>0</u>	<u>91,613</u>

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NOTES TO THE ACCOUNTS

24c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board 2018 £'000	Endowment 2018 £'000	Consolidated 2018 £000		Board 2019 £'000	Endowment 2019 £'000	Consolidated 2019 £000
(241,875)	587	(241,288)	Cash flows from operating activities			
5,391	0	5,391	Net operating cost	(255,147)	(57)	(255,204)
340	0	340	Adjustments for non-cash transactions	2 4,963	0	4,963
0	0	0	Add back: interest payable recognised in net operating expenditure	2 349	0	349
0	0	0	Deduct interest receivable recognised in net operating expenditure	4 0	0	0
0	0	0	Investment income	0	0	0
(469)	165	(304)	Movement in working capital	2 6,689	29	6,718
(236,813)	208	(236,605)	Net cash outflow from operating activities	(243,146)	(28)	(243,174)
(4,903)	0	(4,903)	Cash flows from investing activities			
(949)	0	(949)	Purchase of property, plant and equipment	(4,495)	0	(4,495)
0	(74)	(74)	Purchase of intangible assets	(54)	0	(54)
174	0	174	Investment Additions	0	(916)	(916)
0	0	0	Transfer of assets (to)/from other NHS bodies	236	0	236
0	0	0	Proceeds of disposal of property, plant and equipment	0	0	0
0	0	0	Proceeds of disposal of intangible assets	0	0	0
0	116	116	Receipts from sale of investments	0	268	268
0	0	0	Interest received	0	0	0
(5,678)	42	(5,636)	Net cash outflow from investing activities	(4,313)	(648)	(4,961)
242,708	0	242,708	Cash flows from financing activities			
149	0	149	Funding	247,893	0	247,893
242,857	0	242,857	Movement in general fund working capital	182	0	182
(77)	0	(77)	Cash drawn down	248,075	0	248,075
(340)	0	(340)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(86)	0	(86)
242,440	0	242,440	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2 0	0	0
149	794	943	Net Financing	247,989	0	247,989
182	1,200	1,382	Net increase/(decrease) in cash and cash equivalents in the period	181	(678)	(495)
341	1,994	2,335	Cash and cash equivalents at the beginning of the year	341	1,994	2,335
			Cash and cash equivalents at the end of the period	11 522	1,318	1,840
149	794	943	Reconciliation of net cash flow to movement in net debt / cash			
182	1,200	1,382	Increase / (decrease) in cash in year	181	(678)	(495)
341	1,994	2,335	Net debt / cash at 1 April	341	1,994	2,335
			Net debt / cash at 31 March	522	1,318	1,840



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 (FReM) 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