



BORDERS HEALTH BOARD

**ANNUAL REPORT AND
ACCOUNTS**

2019/20

Borders Health Board Annual Report and Accounts 2019-20**SCHEDULE OF CONTENTS**

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PERFORMANCE REPORT

a) OVERVIEW

1. Statement from the Chief Executive

This was always going to be a challenging year for NHS Borders as we worked to address the unsustainable financial position the Board was facing. In the event at the end of the year the Board also faced the most significant health crisis in the history of the NHS as a result of the Covid-19 pandemic.

I will make further comment on our initial Covid-19 response below but in the 11 months before we were directly impacted by the pandemic I believe we saw significant progress and achievements. On behalf of the Board I would therefore like to acknowledge the hard work of all the staff throughout the year and thank them for their efforts in providing excellent health services to the people of the Borders. On a personal note I have also particularly appreciated the warm welcome I have received since I began my role on 22nd April 2019.

I am delighted that Karen Hamilton was formally appointed as NHS Borders Chair in July 2019. Karen has been a Non-Executive Director for six years and spent four months in the role of Interim Chair. She brings enthusiasm and commitment to the role, as well as her 25 years experience of working in the health and care sector. In August 2019 Stephen Mather was appointed as the Vice Chair of the Board and on 26th July 2019 Mrs Nicky Berry was formally invited to serve on the Board as the Director of Nursing, Midwifery and Acute Services after being in the role on an interim basis. Our Director of Finance Mrs Carol Gillie and Director of Workforce Mr John Cowie will both retire on 31st March 2020, with their successors joining us in April 2020 and I would like to thank them both for their work on behalf of the Board.

The Board's financial position has had to be one of the main areas of focus during 2019/20. The turnaround programme we developed in response to being escalated on the Government's Board escalation framework has been a significant piece of work and I am proud of the response from everyone in the organisation. The ideas, efforts and commitment in the face of continued pressure and change are valued and are making a difference. We have successfully made a good level of recurrent savings this year which represents a positive change in how we are doing things; however we still have significant work to do to achieve financial balance over the next three years and this has, of course, now also been affected by the impact of the Covid-19 pandemic.

In support of financial turnaround during the course of 2019/20 the Board progressed a number of actions including:

- The introduction of a comprehensive governance and programme management framework.
- Creation and embedding of a programme management office (PMO).
- Grip and Control of our expenditure and performance has been revitalised and given a change of focus together with the redevelopment of our supporting reporting mechanism.
- A revised vacancy control process is now in place, although further work will be required to provide the information that will evidence workforce and service efficiency.

PERFORMANCE REPORT

a) OVERVIEW (continued)

1. Statement from the Chief Executive

- A slowdown in spend due to an increased awareness of the financial position, supported by an effective communications and engagement programme.
- Investment in additional clinical leadership to support the turnaround programme.
- Extensive involvement of the area partnership members in the development and management of the programme.

However it is important to emphasise that improving on financial sustainability is only a means to support our overall priority of improving the local population's health and delivering safe and effective health services. I am therefore pleased that we have continued to deliver against a range of national performance targets as outlined in the Performance against Key Non-Financial Targets section 2.2. Whilst our performance compares favourably with other health and care systems there are areas we know we need to work on to further improve our performance.

NHS Borders continues to face challenges with Delayed Discharges, which continues to impact on patient flow within the Borders General Hospital and our four Community Hospitals. The key reasons for delay experienced relate to the following issues:

- Care at home – we continue to be challenged with the availability of care in particular rural parts of the Borders.
- Choices of care home placements and availability, and total capacity in Care Homes in Borders, particularly for more complex cases.
- Reluctance of patients to transfer from hospital to step down facilities.
- A number of complex cases with a significant length of stay.

However December's figures were the best reported for 3 years and indicate a concerted effort on the part of the Health & Social Care Partnership to improve performance. The following actions are continuing to improve performance:

- Daily Dynamic Discharge continues to ensure timely discharge.
- New Patient discharge advice leaflet.
- Interim Hub referral process being further developed and use of STRATA (a web-based application that uniquely facilitates patient centred coordinated care across an entire health and social care economy) pursued.
- Home First Model continuing.
- Discharge and Transfer Policy signed off and for implementation.
- Whole system winter planning - initiatives include introduction of the Discharge Hub and associated referral process.

After a challenging period where we were not able to offer Child and Adolescent Mental Health Services (CAMHS) appointments as quickly as we would have liked to, we are now pleased to have exceeded the Scottish Government's 90 percent target for six consecutive months (November 2019 data). During 2019/20 we were also successful in recruiting new staff to Child and Adolescent Mental Health Services (CAMHS), which

PERFORMANCE REPORT

a) OVERVIEW (continued)

1. Statement from the Chief Executive

has had a hugely positive impact on our waiting times. We will continue to focus on this area, working closely with social care colleagues to provide a diverse and rounded service for children and young people in the Borders.

NHS Borders Community Hospitals received an announced inspection from Healthcare Improvement Scotland (HIS) between 21 – 23 May 2019 which looked at our compliance with Healthcare Improvement Scotland *Healthcare Associated Infection (HAI) Standards* (February 2015). This was the first inspection of our Community Hospitals against these *standards*, focusing on:

- Standard 2: Education to support the prevention and control of infection.
- Standard 6: Infection prevention and control policies, procedures and guidance.
- Standard 8: Decontamination.

We were pleased to receive helpful feedback from the announced ‘*safe and clean*’ inspection. Overall the report was positive and highlighted good compliance with infection control training and precautions. The inspectors noted the good level of knowledge and understanding that staff had on the range of components that underpin these standards including good compliance with the use of personal protective equipment (PPE), sharps bins, linen and transmission based precautions that should be taken when caring for patients in isolation. The report also recognised the good standard of cleaning and the cleanliness of wards, bathrooms and equipment. Patient feedback to inspectors also supported this with statements recorded ‘*The staff are extremely careful with cleanliness*’ and ‘*I feel that the hospital is generally safe and very clean.*’ The report identified a few areas where minor improvements could be made, such as the repair to the fabric of our buildings including scrapes in walls and damaged doors, to allow effective cleaning. Drawing their inspection to a close the HIS team said their visit had ‘*been a delight*’ and that our staff ‘*take pride in their community*’.

The introduction of a Senior Leadership Group (SLG) development programme ‘Project Rise’ was launched to support senior leaders within the organisation to address some of the challenges we face within recovery and transformation of services.

This development programme has focused on supporting the SLG on three levels:

- Personal leadership.
- Leadership of teams.
- Collective leadership as the SLG in wider health & care system.

The programme aims to support leaders who are at the forefront of change whilst challenging their behaviours, to support the transformation programme and the overall Organisational Development needs of the service

Having made significant progress by the start of 2020, in the last 2 months of the financial year, NHS Borders has then had to implement our initial response to the Covid 19 pandemic. As we are now all only too aware this has been the greatest challenge the

PERFORMANCE REPORT

a) OVERVIEW (continued)

1. Statement from the Chief Executive

NHS has seen since its inception.

Within just a few weeks, we transformed our usual services and expanded intensive care to meet the growing, urgent need created by the global pandemic. Our staff worked incredibly hard in very difficult circumstances, taking on new roles and working in unfamiliar areas while managing risks to their own health and worrying about family and friends. We therefore also had to be very focussed on ensuring our staff have been well supported both practically and emotionally and I can only express how hugely grateful I am to all our staff for the professional and compassionate way in which they have responded.

It is clear that the Covid-19 pandemic will fundamentally impact on the future provision of our services and in particular the period that will be covered by our 2020/21 annual accounts and so I will no doubt return to this in more detail next year. However we do recognise that there will be more Covid-19 challenges to come including not only the likelihood of further spikes or waves of infection but also our longer term response to addressing the significant impact of Covid-19 on the health, economic and social fabric of our communities, as well as the way in which we can and should deliver our services.

Looking ahead, beyond the immediate response and recovery from Covid-19 we recognise that NHS Borders continues to face a range of significant challenges if we are to develop long term sustainable solutions for our local population. However we are committed to doing everything we can to provide high quality, person centred, safe and value for money services and while doing this working closely with our patients, carers, staff and communities.

Finally in conclusion can I say once again how immensely proud I am of the achievements and the way in which our staff have responded over the last year, not least in dealing with the Covid-19 pandemic, but also to pay tribute and to say thank you to the people of the Borders for your support, encouragement and the positive way in which you have also responded to the significant sacrifices you have had to make over the past months. It is truly appreciated.

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 119,458 as recorded on the GP Practice List as at 31st March 2020 (2018/19 - 118,914).

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.

2019/20 Business Activities

NHS Borders Board remains at Stage Four of the Scottish Government Performance Escalation Framework and work to address the Board's financial deficit continued to be an area of significant focus in 2019/20. The Board increased the level of resources deployed to support its Turnaround Programme, including the development of a Project Management Office, and this has resulted in an increase in the level of recurring savings delivered against previous years.

During 2019/20 the Board continued to develop its longer term strategy, identifying a series of *Statements of Intent* aligned to the Board's Clinical Strategy; through the publication of a revised Workforce Plan; and by consulting with its staff on a new set of Organisational Objectives. Board Development sessions held in year were utilised for members to influence the development of these areas, and to seek assurance and provide oversight to the ongoing business of financial turnaround.

Implementation of national, regional and local strategic priorities continued throughout 2019/20, with investment in Primary Care through the Primary Care Improvement Plan, and implementation of the directions of the Integrated Joint Board in relation to Mental Health services including the redesign of inpatient facilities and increased community resource.

PERFORMANCE REPORT

a) OVERVIEW (continued)

The Board continues to implement its Road to Digital programme, with notable achievements in year including the rapid implementation of MS Teams in response to the social distancing requirements arising from the Covid-19 pandemic.

The statement from the Chief Executive included in this report details a number of non finance related business activities progressed by the organisation during 2019/20.

3. Risk and Uncertainty

The Board's Annual Operational Plan is the contract between NHS Borders and Scottish Government and summarises agreed performance, highlighting 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 2019/20. The financial challenge we continue to 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 Escalation Framework, NHS Borders received tailored support in 2019/20 in the form of external expertise and scrutiny to support the Board to achieve this, including the establishment of its Turnaround Programme. The Board's three year financial plan for 2020/21 to 2022/23 highlights a continued requirement for brokerage in the next two years. Scottish Government have indicated that brokerage required to support financial balance in 2019/20 and thereafter will be subject to repayment, with terms to be agreed with the Board as part of ongoing financial planning discussions.

As highlighted in last year's report, the Board continues to experience a number of demand-led pressures impacting on its cost base. These include 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.

A number of operational pressures continued in 2019/20 principally in acute services linked to patient flow and a consistently high number of delayed discharge occupied bed days. In response, bed capacity has continued to be flexed in response to operational pressures, however actions implemented in year have meant that the bed base was restored to normal operational limits for much of 2019/20. The ongoing challenge of workforce recruitment and retention means that the Board has continued to utilise agency staff to ensure continuity of service delivery, although increased controls on nursing establishments have resulted in a decrease in the costs incurred in this area. In addition, a further financial pressure was experienced in 2019/20 as a result of changes to employer's superannuation contributions.

The organisation worked hard to mitigate these pressures and utilised its contingency funds and slippage on intended investments, to offset overspending in other areas. As a

PERFORMANCE REPORT

a) OVERVIEW (continued)

result NHS Borders was able to reduce its brokerage requirement from £9.3m to £8.3m in 2019/20. The impact of the Covid-19 pandemic upon financial performance in 2019/20 has been offset by an additional non-recurrent allocation provided by Scottish Government.

Looking forward, the development of the Board's local mobilisation plan (LMP) and Remobilisation plans in response to the Covid-19 pandemic present a significant and ongoing challenge to existing financial plans. In addition increased expenditure to support enhanced public health and infection control measures and the review of portfolio allocations at Scottish Government introduces a level of uncertainty over the Board's ongoing level of funding. Delivery of non-financial performance over the next twelve months is likely to significantly impacted by the availability of additional resources, as well as the requirement to reprioritise existing resource. This reprioritisation of resource extends to the programme infrastructure in place to support financial turnaround and it is likely that there will be a material impact on the timescales for delivery of savings plans.

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 2019/20 following the receipt of £8.3m revenue brokerage funding agreed by Scottish Government.

NHS Borders performance against key financial and non financial targets is detailed in the 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

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

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.

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 £000	Actual Outturn £000	Variance (Deficit)/ Surplus £000
Core Revenue Resource Limit	247,184	246,958	226
Non Core Revenue Resource Limit	7,798	7,798	0
Total	254,982	254,756	226
Core Capital Resource Limit	2,388	2,523	(135)
Non Core Capital Resource Limit	139	0	139
Total Capital Resource Limit	2,527	2,523	4
Cash Requirement	258,647	258,647	0

Memorandum for In Year Outturn	£000
Core revenue Resource Variance (Deficit)/Surplus in 2019-20	226
Financial flexibility: funding banked with/(provided by) Scottish Government	(8,300)
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	(8,074)
Percentage of RRL	3.3%

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

A 2019/20 financial plan was submitted to Scottish Government by NHS Borders on 2nd April 2019 and subsequently approved on 17th June 2019. The plan brings focus to financial year 2019/20 with the 3 year plan submitted in August. The Board have indicated that the in-year tolerance for overspends will be exceeded, and the Board is still at Stage Four on the NHS Board Performance Escalation Framework.

As a result, the outturn position reported in the Summary of Resource Outturn was delivered with additional funding of £8.3 million from the Scottish Government. Without this additional support, the Board's final outturn would have been an overspend of £8.1m (equivalent to 3.3% of the Revenue Resource Limit).

At 31st March 2020 the position for the Core Revenue Resource Limit is reporting an in-year £226k surplus following the offset of a total of £8.3m brokerage funding received from the Scottish Government Health and Social Care Directorates. The Core Capital Resource Limit is breakeven.

The Board approved, on 2nd April 2020, a one year financial plan covering 2020/21 which was unbalanced and which set out the risks and assumptions taken into account in the plan and noted the indicative financial plan for 2021/22 and 2022/23.

NHS Borders delivered £7.1m of efficiencies during 2019/20. In addition £1.1m of new unforeseen cost pressures have been identified during the year (principally linked to the increased costs of employers' superannuation) which means a £13.1m deficit will be carried forward into 2020/21. This is a reduction from the £19.1m opening recurring deficit at start of 2019/20.

The additional costs the organisation is facing exceeds the level of additional funding available resulting in a financial shortfall in 2020/21. Taking into account the opening deficit which was carried forward from 2019/20 together with the new in year shortfall in 2020/21, the organisation is facing a total financial gap in 2020/21 of £18.1m of which £1.5m is non recurring.

To address the financial gap in 2020/21, an efficiency plan had been developed with the support of the externally sourced Financial Turnaround Team which was in place from March 2019 to December 2019.

Based on the assumptions and estimates in the financial plan NHS Borders will end the financial year 2020/21 with a financial shortfall of £7.9m and will require brokerage to deliver its financial targets. The financial plan was submitted as part of the Annual Operational Plan to Scottish Government Health and Social Care Directorate (SGHSCD) on the 10th March 2020 and we await confirmation that this level of brokerage funding will be available. The brokerage requirement for 2020/21 is a further reduction from 2019/20 level of funding requested (£9.3m) at the start of the financial year and the actual funding received (£8.3m), although this is subject to the impact of Covid-19.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

The emergence of Covid-19 has compounded the challenges faced as increased pressure has been applied to resources and NHS Borders has had to ensure additional capacity is made available. The full impact on the Board's financial performance will only be understood following the completion of the Quarter One review. For NHS Borders, the issue of financial resources available to deliver the plan is particularly critical given that the Board remains on Stage Four of the Performance Escalation Framework. We would emphasize that, in common with our peer NHS Boards, work on delivering financial savings has been materially impacted as clinical and managerial focus and project resource is directed towards pandemic response and remobilization planning.

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 £48k with income received totaling £736k and expenditure of £688k. 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.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

Scottish Borders Integration Joint Board

NHS Borders delegated functions and provided resources for these functions during 2019/20 to the Integration Joint Board, the financial details of which are noted in the following table:

Provision of Resources	2019/20 £'000	2018/19 £'000
Delegated Services	96,505	92,488
Social Care Fund	7,397	7,397
Integrated Care Fund	2,130	2,130
Health Board contribution to financial outturn	6,255	5,241
Scottish Government Ring Fenced Allocations	3,108	3,748
Sub-total Provision of Resources	115,395	111,004
IJB Set Aside Budgets	25,378	23,741
Total Provision of Resources	140,773	134,745

During 2019/20 the IJB approved a direction to NHS Borders to implement a redesign of dementia inpatient services, reducing the number of inpatient beds from 26 to 12 and reinvesting in community services, enhancing the care of dementia patients in the community and facilitating the reduction in specialist inpatient beds. This redesign was implemented in line with the timescales agreed and will be reviewed against expected outcomes during 2020/21.

The Board agreed an uplift of 2.4% to the 2018/19 recurring resources provided to the IJB for delegated functions in 2019/20. In addition, ring fenced allocations received by the Board in relation to IJB delegated functions increased above the level available in 2018/19, particularly relating to the Primary Care 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 elements of these ring fenced resources to be carried forward for use in 2020/21.

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 2019/20.

The Scottish Borders Integration Joint Board 2019/20 annual accounts will be available from the Scottish Borders Council website www.scotborders.gov.uk. The IJB recorded a breakeven position for financial year 2019/20 on commissioned services from NHS Borders following an additional contribution of funding totalling £6.255m.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

Capital Investment

The Board's capital programme in 2019/20 was largely directed towards ongoing programmes of work which extend beyond March 2020. A number of planned investments were delayed as a result of multiple factors, most notably the onset of the Covid-19 pandemic. Assets held as Assets Under Construction relating to Earlston Health Centre Project and East/West Brig Business Case development had no work taken forward in 2019/20 and were written off to the value of £100k. Projects delayed included the planned installation of a replacement MRI Scanner, as well as progress towards the Borders Health Campus development. Disruption to ongoing works, in particular building works on Primary Care premises, occurred as a result of issues related to site access and contractor furlough arrangements towards the end of the year, and as such a number of projects remain as works in progress.

The Board continued with its multi-year Information Management & Technology (IM&T) Road to Digital Programme throughout 2019/20. This included significant progress towards improved infrastructure resilience, including the development of a new server facility (to be completed in 2020/21) and migration of Microsoft operating systems from XP to Windows 7. In response to Covid-19 rapid improvement work was undertaken in March to increase capacity for remote working, including upgrade to firewalls and purchase of additional mobile IT hardware (laptops, etc).

Work to implement the recommendations of the Primary Care Premises Review advanced in year, with work on both Eyemouth and Knolls health centres largely completed by March 2020. The improvement works on West Linton Health Centre is in progress, however this was paused as a result of Covid-19 and is expected to complete in 2020/21.

Additional Ophthalmology equipment was purchased in order to support the development of a regional Ophthalmology service in partnership with NHS Lothian.

A number of other projects were completed in year, including the upgrade of sterilisation facilities at BGH campus.

Investment continued in the Board's rolling programmes for buildings maintenance and equipment replacement, with work progressing on boiler upgrades and minor works across the estate.

At March 2020 there was c. £662k slippage on capital planning commitments as a result of delays described above. It is anticipated that this funding will be made available in 2020/21 to enable completion of planned investments on a revised timeline.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

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:

	2019/20	Volumes	2018/19	Volumes
Average period of credit taken	11 days		12 days	
- Total Number of Invoices paid		41,537		46,659
- Total value of invoices paid		£75.5m		£80.0m
Percentage of invoices paid within 30 days:				
- by volume	92%	38,211	91%	42,381
- by value	89%	£68.3m	90%	£71.8m
Percentage of invoices paid within 10 days:				
- by volume	82%	34,142	79%	36,799
- by value	81%	£62.2m	70%	£55.9m

Provisions and Liabilities

The following provisions and liabilities are included in the Board's 2019/20 Annual Accounts:

	Page	2019/20	2018/19
Provision for bad and doubtful debts	103	£0.595m	£0.524m
Trade and other payables (payable within 1 yr)	106	£49.757m	£41.064m
Accrual for outstanding Annual Leave	106	£1.973m	£1.944m
Clinical & Medical Legal Claims	107	£1.316m	£1.626m
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	107	£10.973m	£9.571m
Pensions and similar obligations	107	£1.439m	£1.410m

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.1 Financial Performance and Position

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 2019/20 totalled £32,535 (2018/19: £28,189 restated from £84,056). 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 including specific work with the Pharmacy Department Senior Management Team to collate and analyse information being reporting across a number of payment areas including the Minor Ailments Scheme.

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 2020/21 Annual Operational Plan (AOP) is intended to demonstrate the plans the Board has in place to continue to deliver safe and accessible treatment and care and fully deliver Ministerial priorities. AOPs are coming into their third year and longer term planning is now a focus with production moving into a three year rolling reporting cycle as of 2020/21. The plan will continue to represent the agreement that sets out how NHS Borders will deliver the Cabinet Secretary's priorities on waiting times improvement, investment in mental health, service transformation and contribute to the delivery of greater progress and pace in the integration of Health and Social Care.

The AOP places emphasis on:

- Outcomes- with clear milestones identified over the plan period.
- Workforce.
- Increased emphasis on Population Health- including prevention and supporting self-management.
- Inclusion of a dedicated Digital Health & Care Plan.

NHS Borders has structured its AOP to clearly articulate our strategic direction, key areas of focus and operational activities.

Boards are also expected to clearly set out in their AOP how their activities are expected to contribute to:

- Delivering the Medium Term Financial Framework, published in October 2018
- The relevant health and social care commitments contained in 'Protecting Scotland's Future: The Government's Programme for Scotland 2019-20'.
- Scottish Government's National Performance Framework.

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 which are issued to each individual Business Unit in order to monitor progress towards achievement of the standards and performance outlined through the AOP including local KPIs.

The paper which accompanies the monthly Performance Scorecard to the Board focuses on the Annual Operational Plan performance measures that have been out with the 10% tolerance for 3 consecutive months. This includes narrative and detailed 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 the Annual Operational Plan to ensure that this reflects current national and local priorities.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

2019/20 Performance Scorecard, outlining performance against the Annual Operational Plan targets and local Key Performance Indicators (KPI) as at 31st March 2020

	Measure (KPI)	Period Reported	Target or Standard	Position	Status (RAG)
Annual Operational Plan (KPI's)	<u>Cancer Waiting Times</u> 62 Day Target	Mar 2020	95% patients treated following urgent referral with suspicion of cancer within 62 days.	95.0%	Green
	<u>Cancer Waiting Times</u> 31 Day Target	Mar 2020	95% of patients treated within 31 days of diagnosis.	100%	Green
	<u>New Outpatients</u> Number Waiting >12 weeks	Mar 2020	Zero patients waiting longer than 12 weeks (maximum).	287	Red
	<u>New Inpatients</u> Number Waiting >12 weeks	Mar 2020	Zero patients waiting longer than 12 weeks (maximum).	191	Red
	<u>Treatment Time Guarantee (TTG)</u> Number not treated within 84 days from decision to treat.	Mar 2020	Zero patients having waiting longer than 84 days.	62	Red
	<u>Referral to Treatment (RTT)</u> % Treated within 18 weeks of referral.	Mar 2020	90% patient to be seen and treated within 18 weeks of referral.	90.0%	Green
	<u>Diagnostics (8 key tests)</u> Number waiting >6 weeks	Mar 2020	Zero patients waiting longer than 6 weeks for 8 key diagnostic tests	64	Red
	<u>CAMHS</u> % treated within 18 weeks of referral.	Mar 2020	90% patients seen and treated within 18 weeks of referral.	84.2%	Amber
	<u>A&E 4 Hour Standard</u> Patients discharged or transferred within 4 hours.	Mar 2020	95% of patients seen, discharged or transferred within 4 hours.	85.5%	Amber
	<u>Delayed Discharges</u> Patients delayed over 72 hours	Mar 2020	Zero patients delayed in hospital for more than 72 hours.	16	Red
Monitor & Maintain – Other KPI's)	<u>Sickness Absence Rates</u>	Mar 2020	Maintain overall sickness absence rates below 4%	4.8%	Red
	<u>Psychological Therapies</u> % treated within 18 weeks of referral	Mar 2020	90% patients treated within 18 weeks of referral	94.0%	Green
	<u>Drug & Alcohol</u> Treated within 3 weeks of referral	Mar 2020	90% of patients treated within 3 weeks of referral.	93.0%	Green
Safety	<u>Clostridium Difficile (C-diff)</u> The number of bed days	Qtr ended Dec 2018	Max 32.0 per 100,000 equivalent occupied bed days.	3.9	Green
	<u>SAB Infections</u> The number of bed days	Qtr ended Dec 2018	Max 24.0 per 100,000 equivalent occupied bed days.	36.9	Red

¹ The year ending December 2018 is the most recent data relating to the standard. From July 2019, the data is no longer available in its historic format, using the old denominators, as previously reported on Scotland Performs: NHS Scotland. Accordingly, this LDP Standard is currently under review.

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 13 KPI's and 2 safety related indicators routinely reported to the Board, NHS Borders was able to report on average only 5 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 standard of 95% for the whole of 2019/20. With the exception of October 2019 (97.1%) every month reported 100% performance. This continues the excellent performance reported against this important standard in previous years by NHS Borders.
- NHS Borders has reported performance against the Referral to Treatment guarantee at or above the required standard of 90% for the whole of 2019/20, with the exception of November 2019 when performance was 86.5%.
- 18 weeks referral to treatment for specialist Child and Adolescent Mental Health Services has shown a significant improvement in 2019/20 with 7 of the 12 months achieving the 90% standard and 3 months being within 2.5% of the standard. This continues to represent significant improvements on performance reported in previous years and the Service is to be commended on the progress it has made in this area.
- Waiting times for patients referred to drug and alcohol service have been maintained at or above the required target in 90% of cases for 11 months in 2019/20.

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 2019/20. On 6 occasions (50% of reported performance) performance fell below the required standard of 95%. This unfortunately is consistent with the previous year.
- 12 week waiting times targets for both outpatients and inpatients/daycases treatment have proved challenging to maintain in some areas. In particular there have been challenges in outpatients for Dermatology, Oral Surgery & Orthopaedics.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.2 Performance against Key Non-Financial Targets

- In March NHS Borders reported 62 patients waited longer than the 84 days treatment time guarantee to access treatment. While this is disappointing it is an improvement from 2019 at 179. The challenge as always will be maintaining the improvements made as we move into the coming year, especially with the impact of Covid-19.
- Waiting times for key diagnostic tests have shown improvement during the final quarter of 2019/20 against the required standard. Undoubtedly the number of patients waiting over 6 weeks is predicted to significantly increase with the impact of Covid-19.
- NHS Borders was able to meet the 4 hour A&E standard of 95% on only one occasion during 2019/20. There were key developments and activities to support the 4 hour A&E standard that remained ongoing until the point of initiation of our Covid-19 Mobilisation plan; Daily Dynamic Discharge programme at BGH, 7-day Site and Capacity Team, Discharge Lounge utilisation project, Continuation of Hospital to Home service for central Borders, Process improvement work at BGH, Seven Day AHP Rapid Assessment and Discharge Service (RAD)
- Delayed discharges remain an ongoing challenge, particularly those requiring the most complex planning, care and support. Since the 18th March there has been sustained effort to reduce Delayed Discharges to as close to zero as possible to urgently free up bed space to support the planning for Covid-19.

Due to the priorities within the financial turnaround programme, performance reviews with each Clinical Board were postponed during 2019/20; these were planned to have been reinstated for 2020/21 onwards however responding to Covid-19 has postponed this to later in the year.

The Boards 'Managing our Performance' 2019/20 Report gives full details on performance against targets including the Board's Annual Operational Plan, locally agreed targets and enables comparison with NHS Scotland average performance, the report is 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

NHS Borders continues to work in partnership with Health Facilities Scotland (HFS) to review (and where necessary revise) the baseline scores within the national NHSScotland Sustainability Assessment Tool (SAT). The SAT provides NHS Boards with a mechanism to assess performance against 16 key areas, linking directly to the UN Sustainable Development Goals.

Our NHS	Our People	Our Planet
- Capital Projects - Active Travel - Transport - Greenspace - Nature & Biodiversity	- Awareness - Welfare - Ethical Issues - Communities - Sustainable Care	- Environmental Management - Procurement - Supply Chain - Waste - Adaptation - Greenhouse Gases

Unfortunately the 2019-20 self-assessment was delayed due to the Covid-19 pandemic, however it was completed in June and we are awaiting the results. The assessment will help inform the 2020 NHS Borders Sustainability Strategy which is being led by the Director of Finance.

NHS Borders participates in the Sustainable Scotland Network (SSN) chaired by HFS's Energy & 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 a senior-level, trusted space 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.

Over the last 12 months 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.

The Board has a number of key sustainable priorities including climate change, travel and transport, waste and facilities management plus education and training.

Initiatives rolled out to date include;

- In line with the Scottish Government's ambition to remove the need for petrol and diesel cars and vans by 2032 NHS Borders have taken advantage of Transport Scotland's Switched on Fleets Grant Scheme and has secured initial funding for five Ultra Low Emission Vehicles (ULEV's) - 3 vans and two cars. This demonstrates NHSB's commitment to the wider sustainability agenda by reducing carbon emissions, improving air quality and supports our plans to have a greener vehicle fleet.

PERFORMANCE REPORT

b) PERFORMANCE ANALYSIS (continued)

2.4 Sustainability and Environmental Reporting

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation's diverse property portfolio.
- Reducing energy consumption in buildings by reducing unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring.
- Installation of biomass boilers at Hawick, Kelso and Knoll Community Hospitals, Huntlyburn & Melburn Lodge Mental Health Units and Stow and West Linton Health Centre continues to assist in reducing CO₂ emissions and providing fuel security for the sites.
- Replacement of older gas boiler burners with new energy efficient burners, updating of controls and improved analysis of consumption and efficiency.
- Continued roll-out of LED lighting across the estate.
- 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 and is in the process of de-commissioning 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. This work is done in partnership with Borders Council.

The Board with the support of HFS has commissioned an Energy & Environmental review of the Borders General campus, results of this survey have been published and bids have been made via the capital funding prioritization group to support the proposed developments.

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.

PERFORMANCE REPORT

c) PERFORMANCE ANALYSIS (continued)

2.4 Sustainability and Environmental Reporting

- Covid-19 – social, economic and environmental impact. Development of green recovery plans in partnership with the Sustainable Scotland Network and other public bodies such as Scottish Water and SEPA. Revision of the Scottish Government Climate Change Plan.

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

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032 while national reports can be found at the following resource:

<https://sustainablesotlandnetwork.org/reports>

Signed

Ralph Roberts

Chief Executive and Accountable Officer

23 October 2020

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 22nd October 2020.

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 2019 to 31st March 2020 were as follows:

Non-Executive Members

Mrs K Hamilton, Chair (interim chair, then appointed chair from 15th July 2019)

Mr M Dickson

Ms S Lam (from 1st February 2020)

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 30th April 2019)

Mr R Roberts, Chief Executive (from 22nd April 2019)

Mrs C Gillie, Director of Finance, Procurement, Estates & Facilities (to 13th April 2020), interim Chief Executive (for the period 6th April – 21st April 2020)

Mr A Bone, Director of Finance, Procurement, Estates & Facilities (from 14th April 2020)

Dr T Patterson, Director of Public Health

Mrs N Berry, Director of Nursing & Midwifery (was interim now permanent from 26th July 2019)

Dr C Sharp, Medical Director (to 11th September 2020)

Dr L McCallum, Medical Director (from 1st September 2020)

Mrs J Smyth, Director of Strategic Change & Performance*

Mr J Cowie, Director of Workforce (to 31st March 2020)*

Mr A Carter, Director of Workforce (from 14th April 2020)

Mr R McCulloch-Graham, Director of IJB delegated functions*

*Mrs J Smyth, Mr J Cowie, Mr Andrew Carter 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 29).

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 117).

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.scot.nhs.uk/corporate-information/about-the-board/board-member-register-of-interests>.

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.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

a) The Directors' Report

Pension Liabilities

The accounting policy note for pensions is provided in the Accounting Policy Note 1 (pg 84) and disclosure of the costs is shown within Note 19 (pg 112) and the Remuneration Report (pg 48-64).

Remuneration for Non Audit Work

No non audit work has been undertaken by Audit Scotland on behalf of the NHS Board.

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.scot.nhs.uk/corporate-information/about-the-board/public-services-reform-\(scotland\)-act-2010](http://www.nhsborders.scot.nhs.uk/corporate-information/about-the-board/public-services-reform-(scotland)-act-2010).

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

Following the declaration of Covid-19 as a worldwide pandemic the Board implemented emergency planning arrangements during March 2020, overseen and guided via local and national operational, tactical and strategic response structures. In line with guidance from the Scottish Government, the Board agreed revised governance arrangements for the duration of the Covid-19 response and recovery 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 113-115).

ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

a) The Directors' Report

Personal data related incidents reported to the Information Commissioner

Information governance breaches reported to the Commissioner in 2019/20 have been progressed in line with Commissioner requirements. One breach in April 2019 was included in last year's report and in January 2020 a personal data incident was reported and the Board will take action as directed by the Commissioner.

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.
- 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.

ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

b) The Statement of Accountable Officer's responsibilities

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 15th July 2020.

Signed

Ralph Roberts

Chief Executive and Accountable Officer

23 October 2020

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

c) The Statement of Board Members' 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 2020 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.
- 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

Karen Hamilton

Chair

23 October 2020

Signed

Andrew Bone

Director of Finance

23 October 2020

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 2020, 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 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, updates 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 Committee
- 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 to the Board's Code of Corporate Governance and give assurance that an effective system of internal control is maintained. The duties of the Audit Committee are in accordance with the Scottish Government Audit Committee Handbook and include 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. The committee also provides assurance that the board complies with its public equality duties.

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 2019/20 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 2019/20 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

- The Board approved the NHS Borders Organisational Purpose, Objective, Priorities and Values 2020–2023. The organisation wishes to reduce health inequalities and improve the health of our local population; provide high quality, person centred services that are safe, effective, sustainable and affordable; promote excellence in the organisational behaviour and always act with pride, humility and kindness.
- 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.
 - 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

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

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 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.
- The Board completed its first annual self assessment against the Scottish Government Blueprint for Good Governance Best Practice for NHS Scotland in 2019, the outcome of which was a learning plan. The output from the self assessment was presented to the Strategy and Performance Committee of the Board in May 2019 with an update to the Board development session on November. Due to the impact of Covid-19, the Scottish Government have delayed the survey for 2019/20.

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 2019/20 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.
- 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 2019/20 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.
- 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.
- 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.

Review of Adequacy and Effectiveness

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.
- Statements of assurance from the governance committees of the Board.
- The role of internal and external audit in providing the Board with assurance.
- A statement on achieving the objectives of Best Value.
- Third party assurance reports.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

- Annual fraud report; and
- Report on losses and compensation (SFR18).

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

Best Value

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

Risk Assessment

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

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.

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 September and March 2020 the Audit Committee received an update on the very high risks across the organisation. In December the Risk Management annual report was shared with the Audit Committee and also in March the Internal Audit Risk Management Report and Risk Management Policy was presented.

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 its 2019/20 self assessment against NHS Scotland Resilience standards to the Scottish Government Health Resilience Unit in July 2020, setting 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 2019/20, 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.

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 system of internal control and 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 2020 in accordance with its remit, the Board Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2019/20, 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:

There are no outstanding high risk recommendation from previous internal Audit Reports.

2019/20 Internal Audit – Implementation of recommendations to address identified high risks

The 2019/20 Internal Audit Reviews have raised two “high” rated risks in relation to risk reporting arrangements not performing as expected and the Corporate Risk Register being inaccurate and incomplete because the risk management process is not being followed by staff.

2019/20 Internal Audit - Annual Report

The Chief Internal Auditor Opinion for 2019/20 is noted as 'reasonable assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control'.

The Annual Report noted that in the areas examined, the risk management activities and controls were on the whole suitably designed to achieve the risk management objectives required by management. These activities and controls were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved. Of the 8 reviews performed in 2019/20, 1 ‘Significant Assurance’ and 7 ‘Partial Assurance’ reports were issued. Twenty nine recommendations were raised of which 2 were classified as high risk and both were in relation to Risk Management arrangements within NHS Borders. Actions are in progress to address the weaknesses identified during the reviews.

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 Governance Structures was rated as High Risk overall, providing partial assurance with improvement required. We identified the risk management process was not performing as expected, attendance at sub-committee meetings was poor, the board were not receiving timely information from its sub-committees, there was a high degree of duplication in responsibilities, reporting

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

2019/20 Internal Audit - Annual Report (continued)

and scrutiny across the sub-committees, and the Code of Corporate Governance required an update.

- Our report on Risk Management was rated as High Risk overall, providing partial assurance with improvement required. We identified that the Risk Management process responsibilities were not being adhered to, the corporate risk register was incomplete and a significant number of risks were passed their review date, there is lack of formal risk management training, and the key performance indicators set by the organisation in 2015/16 have yet to be achieved.
- Our report on Governance – Blueprint Action Plan was rated as a Medium risk overall, providing partial assurance with improvement required. Our review considered the progress made by the Board in implementing the Blue print for Good Governance action plan. We identified that updates of the action plan are not provided regularly, cover all actions or include a measure to track progress.
- Our report on Engagement and Ongoing Transformation was rated Low Risk overall, providing significant assurance with some improvement required. We identified that the Financial Turnaround Programme governance structure documentation, documented roles and responsibilities for the Business Units and workstreams, and action trackers for committees and steering groups could be further strengthened. In addition, a new Communications and Engagement Plan is required and engagement of business units with the programme needs to be improved.
- Our report Information Governance – GDPR was rated Medium Risk overall, providing partial assurance with improvement required. We identified that information governance training pass rates could be improved along with implementing a process for continued compliance, actions from the Information Asset Register internal audit undertaken by PwC in March 2019 had yet to be implemented, and recurring data incidents that may lead to breaches should be addressed to minimise future occurrence.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

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2019/20 Internal Audit - Annual Report (continued) -

- Our report Financial Controls – Budget Setting Arrangements was rated Medium Risk overall, providing partial assurance with improvement required. We identified that agendas and minutes for budget holder meetings were not sufficiently detailed, there is minimal room for flexibility of the budgets due to financial pressures making it difficult to obtain approval for any flexibility, training for staff could be improved, and the budget holder listing needs updated.
- Our report Duty of Candour was rated Medium Risk overall, providing partial assurance with improvement required. We identified that staff have not received basic training on the Duty, formal feedback had not been gathered to allow the organisation to carry out a lessons learnt exercise, process documentation could be improved to make it clearer for users, documentation for adverse events reviews could be strengthened and that a greater focus needs to be placed on events that trigger Duty of Candour.
- Our report Public Involvement and Engagement was rated Medium Risk overall, providing partial assurance with improvement required. We identified that process documentation for coordinating public engagement required updating, a new Public Involvement and Community Engagement Strategy needs to be created along with measures for monitoring performance, and that resources for public engagement may not be sufficient to support future engagements.

Internal Audit Services were provided during 2019/20 by Grant Thornton UK LLP. The Grant Thornton annual report confirms that audit work delivered is in accordance with the Public Sector Internal Audit Standards.

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 2020/21. The specific “high” rated risks relating to risk reporting arrangements and the Corporate Risk Register are being given priority focus with an update provided on Risk Management recently presented to the Board’s Audit Committee and confirmation from the Executive Team that a review of the Strategic Risk Register is planned for completion during the 3rd quarter 2020/21.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

Covid -19 Pandemic

The year ended with the outbreak of the Covid-19 pandemic, which required us to significantly change our clinical and business operating models to meet the challenges it presented. Covid-19 is a high consequence infectious disease spreading worldwide, which has put the NHS under unprecedented pressure since the beginning of March 2020, presenting it with major safety, demand, capacity, staffing and financial challenges. For 2019/20, and for at least the first four months of 2020/21, all costs incurred to manage Covid-19 have been or are expected to be underwritten by the Scottish Government (SG). The financial position includes allocations of £552k in respect of Covid-related expenditure. Costs in relation to the Board's Covid-19 response for April 2020 have been submitted to Scottish Government as part of the Local Mobilisation Plan (LMP). Updates to the LMP will be completed on a monthly basis as part of the agreed timeline between the Board and SG colleagues.

A Covid-19 Recovery Plan Group has been established to address the level of planning required to safely remobilise services in line with the phases as set out in *Remobilise, Recover, Redesign: The Framework for NHS Scotland* was published at the end of May 2020 and sets out how health boards will safely and incrementally prioritise the resumption of some paused services, while maintaining Covid-19 capacity and resilience.

Financial Sustainability

The Board remains at Stage Four of the NHS Scotland Performance Escalation Framework in relation to its financial performance. The financial plan approved by the board in April 2020 highlighted a requirement for efficiency savings beyond the level currently identified over the three year planning cycle to March 2023. Progress towards identification and delivery of these savings plans is likely to be impacted by the Covid-19 pandemic and this impact continues to be assessed. The delivery of statutory financial targets continues to be reported as high risk within the board's risk register. The financial plan for 2020/21 is discussed further within the board's performance report.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

The emergence of Covid-19 has compounded the challenges faced as increased pressure has been applied to resources and NHS Borders has had to ensure additional capacity is made available. The full impact on the board's financial performance will only be understood following the completion of the Quarter One review. For NHS Borders, the issue of financial resources available to deliver the plan is particularly critical given that the board remains on Stage Four of the Performance Escalation Framework. We would emphasise that, in common with our peer NHS Boards, work on delivering financial savings has been materially impacted as clinical and managerial focus and project resource is directed towards pandemic response and remobilisation planning.

2019/20 Annual Operational Plan Standards Performance

Strong performance against standards remains a key priority across all areas of NHS Borders. The challenge for the Board is to ensure the continued delivery of quality clinical services and a high standard of operational performance, along with the finite financial resources it has available and within the context of a Financial Turnaround Programme. Overall, performance improved during 2019/20; performance in a number of key areas was good in comparison with other health boards. The Board is regularly updated on performance throughout the year, and more recently throughout the pandemic. The financial and organisational pressures faced during 2019/20 will continue in the coming year, especially in response to Covid-19 and the challenges it has presented.

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 2019/20 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 2020/21.

Information Management & Technology (IM&T) Infrastructure and Clinical Risk

Since 2017 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 programme suffered some slippage in 2019/20 due to lack of capacity and pressures in slippage of national programmes. Additionally the end of the financial year saw a redirection of effort to support the Covid response in March 2020. This meant IT teams supporting reconfiguration of services within Border General Hospital and starting an accelerated programme to implement “near me” video consulting and Microsoft teams collaborative tools. We did manage to continue with preparations for the creation of the resilient facility and for the Trak T2018 upgrade, both key risks to the infrastructure. The multi-year programme continues to require major investment (estimated at £2.5m) 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 2019-22 will be refreshed shortly 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.

Impact of Brexit

NHS Borders has identified the Director for Workforce as the Executive lead for the EU withdrawal group. The Board has also established a Brexit Planning Strategy Group (a Scottish Borders Council (SBC) representative has attended this group) and a Brexit Planning Operational Group to develop a coordinated NHS response. NHS representatives also attend the SBC Brexit Planning Group to enhance coordination of planning across the Borders.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

Risk mitigation measures are in place at UK Government, Scottish Government and local NHS Borders level with regard to availability and supply of medicines, procurement and availability of other essential supplies and the availability of workforce.

The position at 31 March 2020 can be summarised as follows:

Workforce

- The Cabinet Secretary for Health and Sport wrote directly to all EU/EEA staff working in the health and social care sectors in Scotland on 20 December 2018 to reassure these citizens.
- An NHS in Scotland nationality survey was undertaken in December 2018 and 57 EU citizens are currently employed by NHS Borders, and have been offered support in applying for continuation of residency status post Brexit.
- NHS Borders are also funding Citizen's Advice Scotland to deliver an advice and support service for those affected by the UK Government's EU Settlement Scheme.

Medicines

- UK Government has requested the pharmaceutical industry to increase stock within the UK for those medicines with an EU touchpoint to provide an additional six weeks of stock over normal. Where this is not possible for a small number of medicines UK Government have instigated other mitigation e.g. approached other manufacturers to make up the shortfall.
- UK Government has laid legislation to allow more flexibility / discretion should shortages arise to allow community pharmacists to amend prescriptions within strict national protocols.

Procurement

- An NHS Scotland triage service will be setup by National Procurement to provide a route into the UK Department of Health's National Supply Disruption Response centre if all supply options have been followed and exhausted. This will enable NHS Scotland to request access to alternative supply routes which have been setup by the UK Government.
- The UK Department of Health has secured warehouse facilities to hold stock of about 30% of the key supply lines used in the Scottish health service.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

- The National Distribution Centre (hosted by NHS National Services Scotland) are progressing a phased purchase of a c75% of the remaining items not held at a UK level. The phased increase in stocks held within its National Distribution Centre will be between 4 and 8 weeks of stock based on historical demands.

Integration Joint Board (IJB)

2019/20 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 2019/20. The key reasons for delay experienced by patients are currently being influenced by challenges relating to the following issues:

- Care at home – we continue to be challenged with regards to a lack of available care in particular rural parts of the Borders.
- Choices of care home placements and availability, and total capacity in Care Homes in Scottish Borders, particularly for more complex cases.
- Refusal of patients to transfer from hospital to step down facilities.
- A number of complex cases with a significant length of stay.

That said December's figures are the best reported for 3 years and indicate a concerted effort on the part of the Health & Social Care Partnership to improve performance.

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. Slippage within the programme has meant that Cyber Essentials has not yet been achieved. While Windows XP has been predominantly removed from the estate, there is ongoing use of Windows 7 which is unsupported. The project to move to Windows 10 has been delayed and the focus has moved to Office 365. The new European Network Information Systems directive has become the focus of our compliance activities covering a much broader view of IT security. It is unlikely we will fully meet this directive or Cyber Essentials until application dependencies for Office 2007 can be removed from the estate. This is dependent on third party suppliers updating their products to work with Office 365. At this stage we have no clear indication of when that may be possible but can assure that as far as possible all security mitigations are in place.

THE ACCOUNTABILITY REPORT

Corporate Governance Report (continued)

d) The Governance Statement

Disclosures

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 deferred until 2020/21 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.

Practitioner Services – Service Audit 2019/20

The 2019/20 service audit reports for Practitioner Services and National IT services prepared by independent auditors for NHS National Services Scotland (NSS) resulted in qualified opinions.

A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed. Considering the content of the reports in detail therefore, the Board has accepted the assurances provided by the NSS Audit Committee, that the findings were consistent with the prior year and that each point raised within the reports will be addressed as part of its continuous improvement programme of work.

In line with Scottish Government payment verification protocols, NHS NSS Practitioner Services staff review payments to independent family health services practitioners, undertake a programme of practice visits in collaboration with NHS Board staff, and, where appropriate, carry out follow up action in response to those visits. Quarterly data packs including financial and trend data are provided by NHS NSS Practitioner Services to the board in respect of each of the four payment streams (medical, dental, ophthalmic and pharmacy) and these form the basis of local verification activity.

The Board's Audit Committee were presented with a report which detailed the 2019/20 Review of the Board's Governance Framework which included the NSS Service Audit reports and the recommendations made to the NSS Audit Committee.

The Board Finance Director will arrange regular updates on progress against the agreed management action plan from NSS during 2020/21.

Signed
Ralph Roberts

Chief Executive and Accountable Officer

23 October 2020

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 sub committee, 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 Borders 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 comprises of Mrs K Hamilton, Dr. S Mather, Mrs F Sandford, Mr J McLaren (Employee Director) and is chaired by Mrs K Hamilton. Mr R Roberts, 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 and PCS (ESM) 2019/20. 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 bands of £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 2019/20 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 2019/20 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 2019 and March 2020 has decreased from 7.62 to 7.28 respectively as detailed in the following table;

	2020	2019
Highest Earning Director's Total Remuneration (£'000s) Hutton	210-215	210-215
Median Total Remuneration	£29,194	£27,893
Ratio	7.28	7.62

The decrease in ratio is linked to the highest earning Director's (Board Medical Director) total remuneration reflecting no increase in salary this year. This is due to last years remuneration including additional sessions which were worked to support medical and sickness vacancies. The Medical Director's salary level reflects the seniority and length of consultant grade service of the postholder. The Agenda for Change staff have continued to receive pay increases linked to year two of the agreed AFC pay deal and therefore the median reflects this increase in remuneration. The salary range of NHS Borders employees is recorded as £17k to £215k in 2019/20 (£17k to £215k in 2018/19).

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2020

	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 (to 30th April 2019)	10-15	*	*	10-15	0	10-15	1
Chief Executive: Mr R Roberts (from 22nd April 2019)	110-115	*	*	110-115	1	110-115	2
Joint Director of Public Health: Dr T Patterson	170-175	3.1	*	175-180	*	175-180	3&4
Director of Finance , Estates and Procurement : Mrs C Gillie	90-95	*	*	90-95	38	125-130	5
Medical Director: Dr C Sharp	210-215	*	*	210-215	*	210-215	6
Nursing & Midwifery Director: Mrs N Berry	85-90	*	*	85-90	39	125-130	7
Director of Stategic Change & Performance: Mrs J Smyth	85-90	3.2		90-95	33	120-125	
Director of Workforce: Mr J Cowie	65-70	*	*	65-70	*	65-70	8
Non Executive Members							
Chair - Mrs K Hamilton	30-35	*	*	30-35	*	30-35	9
Mr M Dickson	5-10	*	*	5-10	*	5-10	10
Ms S Lam (from 1st February 2020)	0-5	*	*	0-5	*	0-5	
Dr S Mather	5-10	*	*	5-10	*	5-10	10
Councillor D Parker	5-10	*	*	5-10	*	5-10	
Mrs F Sandford	5-10	*	*	5-10	*	5-10	
Mr T Taylor	5-10	*	*	5-10	*	5-10	
Mrs A Wilson	5-10	*	*	5-10	*	5-10	11
Employee Director :Mr J McLaren	45-50	*	*	45-50	19	65-70	12
Total		6.3			130		

NOTES TO THE 2019/20 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 2019/20 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 2019/20.

- 1 - Mrs J Davidson retired from the post of Chief Executive on 30th April 2019. Full year equivalent salary costs for 2019/20 are £125k-£130k.
- 2 - Mr R Roberts was appointed as Chief Executive on 22nd April 2019. Full year equivalent salary costs for 2019/20 are £120k-£125k.
- 3 - 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.
- 4 - 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 2019/20. Mr Patterson receives annual inflation increases from the NHS Scotland Pension Scheme.
- 5 - Mrs C Gillie was interim Chief Executive during April 2019.
- 6 - Dr C Sharp has opted out from the NHS Scotland Pension scheme from 31/12/2018 therefore an EPN has not been calculated. During 2019/20 Dr Sharp claimed a payment totalling £7.8k under the NHS Scotland Staff Pension Policy for employees (NHS Circular: PCS(PP) 2019/1) to recycle Pension Scheme Contributions from their employers.
- 7 - Following a period as interim Nursing and Midwifery Director (from October 2018), Mrs N Berry was appointed to the post of Nursing and Midwifery Director from 26th July 2020.
- 8 - 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 2019/20.
- 9 - Mrs K Hamilton was appointed to the Board Chair on 1st April 2019, full year remuneration is provided.
- 10 - 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 2019/20 IJB Annual Report and Accounts available from www.scotborders.gov.uk
- 11 - 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.
- 12 - Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for 4 days per week.

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2020

	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 2019 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2020 £'000	Real increase in CETV in year £'000	Note
Remuneration of:						
Executive Members						
Chief Executive: Mrs J Davidson (to 30th April 2019)	0* 0#	40-45* 100-105#	850	840	(10)	1
Chief Executive: Mr R Roberts (from 22nd April 2019)	0-2.5* 0-2.5#	40-45* 120-125#	819	853	34	2
Joint Director of Public Health: Dr T Patterson	0-2.5* 0-2.5#	65-70* 205-210#	1657	1663	6	3
Director of Finance , Estates and Procurement : Mrs C Gillie	0-2.5* 5-7.5#	35-40* 115-120#	827	896	57	4
Medical Director - Dr C Sharp	0* 0#	55-60* 175-180#	1373	1404	23	5
Nursing & Midwifery Director: Mrs N Berry	0-2.5* 5-7.5#	30-35* 100-105#	680	743	51	6
Director of Statagic Change & Performance: Mrs J Smyth	0-2.5* 0-2.5#	20-25* 45-50#	329	363	34	7
Director of Workforce: Mr J Cowie	*	*	*	*	*	8
Non Executive Members						
Mrs K Hamilton (from 1st April 2019)	*	*	*	*	*	
Mr M Dickson	*	*	*	*	*	
Ms S Lam (from 1st February 2020)	*	*	*	*	*	
Dr S Mather	*	*	*	*	*	
Councillor D Parker	*	*	*	*	*	
Mrs F Sandford	*	*	*	*	*	
Mr T Taylor	*	*	*	*	*	
Mrs A Wilson	*	*	*	*	*	
Employee Director :Mr J McLaren	0-2.5* 2.5-5#	10-15* 30-35#	210	236	22	
Total			6745	6998	217	

* 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 2019/20 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 2019/20 can be different from the 'CETV at end of period' reported for 2018/19.

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. Mrs Davidson retired from the post of Chief Executive on 30th April 2019.

From 1st April 2015 Mr R Roberts transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the CARE
2 - pension scheme and from Mr R Robert's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits. Mr Roberts was appointed to the post of Chief Executive on 22nd April 2019. Mr Robert's real increase in CETV for the full year 2019/20 is £36k

3 - 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.

4 - Mrs C Gillie was interim Chief Executive during April 2019.

5 - 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.

6 - Following a period as interim Nursing and Midwifery Director (from October 2018), Mrs N Berry was appointed to the post of Nursing and Midwifery Director from 26th July 2020. CETV figures relate for the full financial year 2019/20

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
7 - 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.

8 - 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 2019/20.

Borders Health Board Annual Report and Accounts 2019-20

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2019

	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	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 11th November 2018)	55-60	1.8	*	60-65	21	80-85	4
Interim Nursing & Midwifery Director: Mrs N Berry (from 12th November 2018)	30-35	*	*	30-35	37	65-70	5
Director of Stategic 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	8
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		

NOTES TO THE 2018/19 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 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 31st December 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 11th November 2018, full year equivalent salary costs for 2018/19 are £95k-100k.
- 5 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 12th November 2018, full year equivalent salary costs for 2018/19 are £80k-£85k
- 6 - Mr J Cowie was appointed to the post of Director of Workforce from 14th March 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.

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#	598	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 11th November 2018)	0-2.5* 2.5-5#	25-30* 80-85#	512	556	31	4
Interim Nursing & Midwifery Director: Mrs N Berry (from 12th November 2018)	0-2.5* 5-7.5#	30-35* 95-100#	447	535	78	5
Director of Statagic 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 Raine (to 31st March 2019)	*	*	*	*	*	
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 31st December 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 11th November 2018, CETV figures relate for the period from 01/04/18 to the the date of resignation.

 - 5 - Mrs N Berry was appointed as Interim Nursing and Midwifery Director from 12th November 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 14th March 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.

REMUNERATION AND STAFF REPORT**a) Remuneration Report (continued)****Trade Union Regulations**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require public sector employers to publish information relating to facility time taken by union representatives within their organisation. The reporting period runs from 1 April to 31 March and reports require to be published by 31 July each year. Detailed below is the relevant information for NHS Borders for the period 2019/20.

The facility time data organisations are required to collate and publish under the new regulations is shown below.

<i>Number of employees who were relevant union officials during the relevant period</i>	WTE employee number
- 29 - Ad hoc time	Not applicable (ad hoc time)
- 6 – dedicated time*	4.64 (relates to those with dedicated time only)*

<i>Percentage of time</i>	Number of representatives
0%	-
1-50%	29
51-99%	-
100%	6

<i>Total cost of facility time</i>	£ 202,970
<i>Total pay bill</i>	£133,587,000
<i>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</i>	0.15%

<i>Time spent on paid TU activities as a percentage of total paid facility time hours</i>	100% - all time spent on trade union activity is paid for any trade union representative
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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 2020 were £133.587m (2019: £126.314m). An analysis of these costs is detailed below:

	Executive Board £000	Non Executive Members £000	Permanent Staff £000	Inward Secondees £000	Other Staff £000	Outward Secondees £000	2020 Total £000	2019 Total £000
STAFF COSTS								
Salaries and wages	843	90	103,073	0	0	(422)	103,584	101,281*
Social security costs	108	4	9,038	0	0	(50)	9,100	8,884*
NHS scheme employers' costs	84	0	18,578	0	0	(55)	18,607	13,005
Other employers' pension costs	0	0	0	0	0	0	0	0
Secondees	0	0	0	248	0	0	248	404
Agency staff	0	0	0	0	2,048	0	2,048	2,740
Total	1,035	94	130,689	248	2,048	(527)	133,587	126,314
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							104	37
STAFF NUMBERS								
Whole time equivalent (WTE)	7	7	2,767	4	16	(6)	2,795	2,627
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							2	1
Included in the total staff number above were disabled staff of:							17	20
Included in the total staff numbers above were Special Advisers of:							0	0

* The 2018/19 social security costs have been adjusted due to a prior year error in the designation of costs between Pay and Employers' costs. This has resulted in social security costs increasing by £1.612m and salaries and wages decreasing by the same amount.

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	2020 Numbers	2019 Numbers
Clinicians*		
£70,001 to £80,000	17	14
£80,001 to £90,000	16	15
£90,001 to £100,000	18	17
£100,001 to £110,000	18	19
£110,001 to £120,000	14	14
£120,001 to £130,000	13	7
£130,001 to £140,000	4	5
£140,001 to £150,000	8	9
£150,001 to £160,000	4	7
£160,001 to £170,000	5	2
£170,001 to £180,000	1	2
£180,001 to £190,000	1	0
£190,001 to £200,000	1	-
£200,001 and above	-	-
TOTAL	120	111
Other#		
£70,001 to £80,000	6	7
£80,001 to £90,000	1	-
£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	7

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 51-58 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 2019/20 and prior year 2018/19. The employee headcount in the table details an individual count for each employee for each post they hold with NHS Borders.

STAFF NUMBERS	WTE 2020 Annual Mean	WTE 2019 Annual Mean	Headcount 2020 Annual Mean	Headcount 2019 Annual Mean
Medical & Dental	253.9	261.0	521	555
Nursing & Midwifery	1252.5	1169.5	2198	2287
Other staff groups	1288.4	1196.2	2271	2326
Board Total Average Staff	2794.8	2626.7	4990	5168
Permanent Staff	2451.1	2270.7	3302	3375
Staff with Short Term Contract	211.0	206.3	415	481
Bank Staff	119.2	127.7	1277	1315
Inward Secondees	3.5	7.0	6	10
Agency Staff*	16.3	23.6	-	-
Outward Secondees	(6.4)	(8.6)	(10)	(13)
Board Total Average Staff	2794.7	2626.7	4990	5168
Disabled Staff (Declared)	17.1	16.9	31	41
Special Advisers				
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	2	1	2	1

* Due to the significant scrutiny of the use of agency staff as part of the Financial Turnaround Grip and Control work a reduction in the cost of Agency staff was reported for 2019/20. Expenditure incurred on Agency Staff during 2019/20 was reported as £2.048m (2018/19: £2.740m). Medical Agency staff costs decreased in year to £0.786m (2018/19: £1.103m). Nursing Agency costs decreased in year to a total of £0.782m (2018/19: £0.956m).

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.

	2020			2019		
	Male	Female	Total	Male	Female	Total
Executive Directors	4	3	7	3	4	7
Non-Executive Directors and Employee Director	5	3	8	7	4	11
Senior Employees (other)	2	6	8	5	6	11
Other	818	3469	4287	733	3179	3912
Total Headcount	829	3481	4310	748	3193	3941

REMUNERATION AND STAFF REPORT

b) Staff Report (continued)

e) Sickness absence data

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

	2020	2019
Sickness Absence Rate	5.0%	5.4%

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 2019/20 and none in the previous year.

REMUNERATION AND STAFF REPORT**b) Staff Report (continued)****h) Compensation Payments**

NHS Borders did not make any compensation payments in financial years 2019/20 or 2018/19.

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 2019/20 or in the prior year 2018/19 and includes the following nil disclosure for information.

	2019/20		2018/19	
	No of cases	£000	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 2019/20 and in the prior year 2018/19 for this section of the report.

Signed *Ralph Roberts*

Chief Executive and Accountable Officer

23 October 2020

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 2020 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 Cash Flows, the Statement of Consolidated Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 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 2019/20 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 for 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 4 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.

Emphasis of matter: valuation of land and buildings

I draw attention to section 29 of Note 1: Accounting Policies in the financial statements, 'key sources of judgement and estimation uncertainty'. This describes the effects of a material uncertainty, caused by Covid-19, declared in the valuation report of land and buildings. My opinion is not modified in respect of this matter.

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.

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.

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

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

23 October 2020

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2019		2020
£'000	Note	£'000
126,780	Employee expenditure	134,010
	Other operating expenditure	
30,740	Independent Primary Care Services	32,518
42,242	Drugs and medical supplies	42,588
209,049	Other health care expenditure	215,731
<u>408,811</u>	Gross expenditure for the year	<u>424,847</u>
(153,607)	Less: operating income	4 (158,510)
<u>255,204</u>	Net expenditure for the year	<u>266,337</u>

OTHER COMPREHENSIVE NET EXPENDITURE

2019		2020
£'000		£'000
(3,291)	Net Gain on revaluation of Property Plant and Equipment	(2,083)
0	Net Gain on revaluation of available for sale financial assets	0
<u>(3,291)</u>	Other Comprehensive Expenditure	<u>(2,083)</u>
<u>251,913</u>	Total Comprehensive Expenditure	<u>264,254</u>

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

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2019 £'000	2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN	NOTE	2020 £'000	2020 £'000
255,204	Net Operating Costs	SoCNE		266,337
(6,965)	Total Non Core Expenditure (see below)			(7,798)
(10,735)	Family Health Services non-discretionary allocation			(11,707)
236	Donated Assets Income	2b		77
(57)	Endowment net expenditure			49
0	Associates and joint ventures accounted for on an equity basis			0
237,683	Total Core Expenditure			246,958
<u>237,771</u>	Core Revenue Resource Limit			<u>247,184</u>
88	Saving against Core Revenue Resource Limit			226

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

0	Capital Grants to / (from) Other Bodies		0	
4,208	Depreciation/Amortisation		4,541	
857	Annually Managed Expenditure - Impairments		0	
(53)	Annually Managed Expenditure - Creation of Provisions		1,503	
191	Annually Managed Expenditure - Depreciation of Donated Assets	2b	199	
7	Annually Managed Expenditure - Pension valuation		145	
1,755	Additional Scottish Government non-core funding		1,410	
0	IFRS PFI expenditure		0	
6,965	Total Non Core Expenditure			7,798
<u>6,965</u>	Non Core Revenue Resource Limit			<u>7,798</u>
0	Saving/(excess) against Non Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving /(Excess) £'000
Core	247,184	246,958	226
Non Core	7,798	7,798	0
Total	254,982	254,756	226

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

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Board 2019 £000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
129,931	129,931	Non-current assets:			
1,571	1,571	Property, plant and equipment	7c	130,334	130,334
		Intangible assets	6a	1,274	1,274
0	4,245	Financial assets:			
0	0	Investments	10	0	4,127
		Trade and other receivables	9	0	0
131,502	135,747	Total non-current assets		131,608	135,735
		Current Assets:			
1,287	1,287	Inventories	8	1,516	1,516
0	0	Intangible assets	6b	0	0
6,984	7,041	Financial assets:			
522	1,840	Trade and other receivables	9	8,215	8,265
200	200	Cash and cash equivalents	11	1,433	2,207
8,993	10,368	Assets classified as held for sale	7b	100	100
		Total current assets		11,264	12,088
140,495	146,115	Total assets		142,872	147,823
(4,007)	(4,007)	Current liabilities			
(40,799)	(41,064)	Provisions	13a	(2,519)	(2,519)
(44,806)	(45,071)	Financial liabilities:			
		Trade and other payables	12	(49,567)	(49,757)
95,689	101,044	Total current liabilities		(52,086)	(52,276)
		Non-current assets (less) net current liabilities		90,786	95,547
(8,604)	(8,604)	Non-current liabilities			
(827)	(827)	Provisions	13a	(11,216)	(11,216)
(9,431)	(9,431)	Financial liabilities:			
86,258	91,613	Trade and other payables	12	(786)	(786)
		Total non-current liabilities		(12,002)	(12,002)
		Assets less liabilities		78,784	83,545
36,362	36,362	Taxpayers' Equity			
49,896	49,896	General fund	SOCTE	28,058	28,058
0	5,355	Revaluation reserve	SOCTE	50,726	50,726
86,258	91,613	Fund held on Trust	SOCTE	0	4,761
		Total taxpayers' equity		78,784	83,545

The financial statements on pages 68 to 72 were approved by the Board on 23 October 2020 and signed

..... Andrew Bone Director of Finance

..... Ralph Roberts Chief Executive

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

STATEMENT OF CONSOLIDATED CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2020

2019 £'000		Note	2020 £'000	2020 £'000
Cash flows from operating activities				
(255,204)	Net expenditure	SoCTE	(266,337)	
4,963	Adjustments for non-cash transactions	2b	4,707	
349	Add back: interest payable recognised in net operating expenditure	2b	351	
0	Deduct interest receivable recognised in net operating expenditure	4	0	
0	Investment income		0	
6,718	Movements in working capital	2b	6,394	
(243,174)	Net cash outflow from operating activities	24c	(254,885)	
Cash flows from investing activities				
(4,495)	Purchase of property, plant and equipment		(2,497)	
(54)	Purchase of intangible assets		(26)	
(916)	Investment Additions	10	(813)	
236	Transfer of assets (to)/from other NHS bodies		(71)	
0	Proceeds of disposal of property, plant and equipment		102	
0	Proceeds of disposal of intangible assets		0	
268	Receipts from sale of investments		288	
0	Interest received		0	
(4,961)	Net cash outflow from investing activities	24c	(3,017)	
Cash flows from financing activities				
247,893	Funding	SoCTE	256,691	
182	Movement in general fund working capital	SoCTE	1,956	
248,075	Cash drawn down		258,647	
(86)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2b	(27)	
(349)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2b	(351)	
247,640	Net Financing	24c	258,269	
(495)	Net increase/(decrease) in cash and cash equivalents in the period		367	
2,335	Cash and cash equivalents at the beginning of the year		1,840	
1,840	Cash and cash equivalents at the end of the period		2,207	
Reconciliation of net cash flow to movement in net debt / cash				
(495)	Increase / (decrease) in cash in year	11	367	
2,335	Net debt / cash at 1 April		1,840	
1,840	Net debt / cash at 31 March		2,207	

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

STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY

CONSOLIDATED SOCTE

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2019		36,362	49,896	5,355	91,613
Retrospective restatements for changes in accounting policy and material errors					
Restated balance at 1 April 2019		36,362	49,896	5,355	91,613
Changes in taxpayers' equity for 2019-20					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	2,083	0	2,083
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0		0
Net gain / (loss) on revaluation of investments	10		0	(643)	(643)
Impairment of property, plant and equipment			(100)		(100)
Impairment of intangible assets	6		0		0
Revaluation and impairments taken to operating costs	2b		100		100
Release of reserves to the statement of comprehensive net expenditure		0			0
Transfers between reserves		1,253	(1,253)		0
Pension reserve movements		0			0
Other non cash costs [please specify]		138			138
Net operating cost for the year	CFS	(266,386)		49	(266,337)
Total recognised income and expense for 2019-20		(264,995)	830	(594)	(264,759)
Funding:					
Drawn down	CFS	258,647			258,647
Movement in General Fund (creditor) / debtor	CFS	(1,956)			(1,956)
Balance at 31 March 2020	SOFP	28,058	50,726	4,761	83,545

CONSOLIDATED SOCTE (PRIOR YEAR)

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2018		42,207	47,778	5,269	95,254
Retrospective restatements for changes in accounting policy and material errors					
Restated balance at 1 April 2018		42,207	47,778	5,269	95,254
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			(857)		(857)
Impairment of intangible assets	6		0		0
Revaluation and impairments taken to operating costs	2b		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)	0	(57)	(255,204)
Total recognised income and expense for 2017-18		(253,738)	2,118	86	(251,534)
Funding:					
Drawn down	CFS	248,075	0	0	248,075
Movement in General Fund (creditor) / debtor	CFS	(182)	0	0	(182)
Balance at 31 March 2019	SOFP	36,362	49,896	5,355	91,613

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

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

(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 2019/20.

- **IFRS 16 Leases**
IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2021. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS Borders expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets

1. Authority (continued)

recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

Impact of the new standard*

IFRS 16 was due to be applied by HM Treasury in the Government Financial Reporting Manual from 1 April 2020, however in light of Covid-19 pressures, implementation in the public sector has been deferred to 2021/22.

The Board has assessed the likely impact to i) comprehensive net expenditure and ii) the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases as at 31 March 2020.

The standard is expected to increase total expenditure by £54k. Right-of-use assets totalling £0.584 million will be brought onto the Statement of Financial Position, with an associated lease liability of £0.584 million.

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.119-121) 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 2019/20 the Board received £8.3m 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 2019/20 is not required to be repaid in year. However, the Scottish Government has indicated that brokerage required to support financial balance in 2019/20 and thereafter will be subject to repayment, with the terms to be agreed with the Board as part of ongoing financial plan discussions.

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, NHS Borders; 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. 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.

The Board commissioned a valuation for the 31st March 2020 which was performed in March 2020.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), a material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by Covid-19. The Red Book defines material uncertainty as '*where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted.*' Avison Young, The Board's appointed valuers, stated 'As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.'

The Board will consider the valuation of its properties in 2020/21 and review when appropriate, as advised by the valuer.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to NHS Borders as at 31 March 2020 and can be relied upon.

7. Property, Plant and Equipment (continued)

7.2 Measurement (continued)

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.

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. Property, Plant and Equipment (continued)

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.

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 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. Intangible Assets

8.1 Measurement

Valuation:

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

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

Revaluation and impairment:

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

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

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

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

8.2 Amortisation

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

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

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

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

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

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the 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.

Due to the impact of Covid-19 no stock counts were performed at year end resulting in a degree of uncertainty around stock valuations.

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 117) 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 93).

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 £140.773m 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 109) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14 (pg 109), 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.
- 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.

Financial assets at fair value through profit or loss. This is the default basis for financial assets.

(a) 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.
- ii. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(b) 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.
- 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 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 95) 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 93).

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.
- 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 118) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual (FRoM).

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.

29. Key Sources of Judgement and Estimation Uncertainty (continued)

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

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

Asset Valuation: The Board commissioned a valuation for the 31st March 2020 which was performed in March 2020.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), a material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by Covid-19.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to NHS Borders as at 31 March 2020 and can be relied upon.

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.

STATEMENT OF CONSOLIDATED CASHFLOWS

2b. NOTES TO THE CASH FLOW STATEMENT

Consolidated adjustments for non-cash transactions

2019 £'000		Note	2020 £'000
Expenditure not paid in cash			
3,838	Depreciation	7a	4,162
313	Amortisation	6	323
191	Depreciation of donated assets	7a	199
857	Impairments on PPE charged to SoCNE		100
0	Impairments on intangibles assets charged to SoCNE	6	0
(236)	Funding of Donated Assets	7a	(77)
4,963	Total expenditure not paid in cash	CFS	4,707

Interest payable recognised in operating expenditure

2019 £'000		Note	2020 £'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
349	Other Finance lease charges allocated in the year		351
0	Provision - Unwinding of discount		0
349	Net interest payable	CFS	351

Consolidated movements in working capital

2019 Net movement £'000		Note	Opening balances £'000	Closing balances £'000	2020 Net movement £'000
INVENTORIES					
(98)	Balance Sheet	8	1,287	1,516	
(98)	Net decrease / (increase)				(229)
TRADE AND OTHER RECEIVABLES					
(502)	Due within one year	9	7,041	8,265	
982	Due after more than one year	9	0	0	
			7,041	8,265	
480	Net decrease / (increase)				(1,224)
TRADE AND OTHER PAYABLES					
6,701	Due within one year	12	41,064	49,757	
(90)	Due after more than one year	12	827	786	
(182)	Less: General Fund creditor included in above	12	(520)	(2,476)	
86	Less: lease and PFI creditors included in above	12	(883)	(856)	
			40,488	47,211	
6,515	Net decrease / (increase)				6,723
PROVISIONS					
(179)	Statement of Financial Position	13a	12,611	13,735	
0	Transfer from provision to General Fund		0	0	
			12,611	13,735	
(179)	Net decrease / (increase)				1,124
6,718	Net movement (decrease) / increase	CFS			6,394

NOTES TO THE ACCOUNTS

3. OPERATING EXPENSES

3a. Employee expenditure

2019		2020	
Total		Board	Consolidated
£'000		£'000	£'000
29,292	Medical and Dental	29,358	29,358
53,629	Nursing	56,982	56,982
43,859	Other Staff	47,670	47,670
126,780	Total	134,010	134,010

Note

SoCNE

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

2019		2020	
£'000		Board	Consolidated
£'000		£'000	£'000
Independent Primary Care Services			
18,555	General Medical Services	19,744	19,744
4,388	Pharmaceutical Services	4,505	4,505
6,011	General Dental Services	6,474	6,474
1,786	General Ophthalmic Services	1,795	1,795
30,740	Total independent primary care services	32,518	32,518
Drugs and medical supplies			
23,514	Prescribed drugs Primary Care	23,592	23,592
11,303	Prescribed drugs Secondary Care	11,733	11,733
7,425	Medical Supplies	7,263	7,263
42,242	Total drugs and medical supplies	42,588	42,588
Other health care expenditure			
134,745	Contribution to Integration Joint Boards	140,773	140,773
35,881	Goods and services from other NHSScotland bodies	39,815	39,815
817	Goods and services from other UK NHS bodies	490	490
4,309	Goods and services from private providers	4,065	4,065
379	Goods and services from voluntary organisations	335	335
2,629	Resource Transfer	2,580	2,580
0	Loss on disposal of assets	0	0
29,173	Other operating expenses	26,965	26,861
123	External Auditor's remuneration - statutory audit fee	125	125
993	Endowment Fund expenditure	0	687
209,049	Total other health care expenditure	215,148	215,731
282,031	Total Other Operating Expenditure	290,254	290,837

NOTES TO THE ACCOUNTS

4. OPERATING INCOME

2019		Board	Consolidated
£'000		2020	2020
	Note	£'000	£'000
0	Income from Scottish Government	0	0
5,820	Income from other NHS Scotland bodies	6,251	6,251
2,499	Income from NHS non-Scottish bodies	2,604	2,604
3	Income from private patients	13	13
134,745	Income for services commissioned by Integration Joint Board	140,773	140,773
1,279	Patient charges for primary care	1,312	1,312
0	Donations	0	0
0	Profit on disposal of assets	41	41
0	Contributions in respect of clinical and medical negligence claims	0	0
0	Interest received	0	0
	Non NHS:		
10	Overseas patients (non-reciprocal)	0	0
0	Non-patient care income schemes	0	0
936	Endowment Fund Income	0	736
8,315	Other	6,780	6,780
153,607		SoCNE 157,774	158,510

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.

	2019-20					
	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	The Difference £'000	Total £'000
Net operating cost 2019-20	194,622	15,130	30,562	25,974	49	266,337
	2018-19					
	Clinical Executive £'000	Family Health Services £'000	Commissioning of Healthcare £'000	Central & Support Costs £'000	The Difference £'000	Total £'000
Net operating cost 2018-19	190,578	14,939	28,641	20,989	57	255,204

NOTES TO THE ACCOUNTS

6. INTANGIBLE ASSETS - BOARD AND CONSOLIDATED

Cost or Valuation	Note	Software	IT - software	Assets Under	Total
		Licences		Development	
		£'000	£'000	£'000	£'000
As at 1st April 2019		352	2,756	17	3,125
Additions		0	26	0	26
Completions		0	0	0	0
Transfers between Asset Categories		4	13	(17)	0
Impairment charges		0	0	0	0
At 31st March 2020		356	2,795	0	3,151
Amortisation					
As at 1st April 2019		335	1,219	0	1,554
Provided during the year		13	310	0	323
Transfers		(2)	2	0	0
At 31st March 2020		346	1,531	0	1,877
Net Book Value at 1st April 2019		17	1,537	17	1,571
Net Book Value at 31st March 2020	SoFP	10	1,264	0	1,274

INTANGIBLE ASSETS - BOARD AND CONSOLIDATED PRIOR YEAR

Cost or Valuation	Note	Software	IT - software	Assets Under	Total
		Licences		Development	
		£'000	£'000	£'000	£'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

In 2019-20 our assets under development were completed and transferred category to assets in use.

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NOTES TO THE ACCOUNTS

7a. PROPERTY, PLANT AND EQUIPEMENT - BOARD AND CONSOLIDATED

Cost or Valuation	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total £'000
As at 1st April 2019		4,370	131,130	1,759	23,623	7,366	862	1,813	170,923
Additions - purchased		0	0	82	907	96	0	1,412	2,497
Additions - donated		0	0	0	34	22	0	21	77
Completions		0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	182	0	0	(182)	0
Transfers (to)/from non-current assets held for sale		0	100	0	0	0	0	0	100
Revaluations		177	(10,229)	0	0	0	0	0	(10,052)
Impairment charges		0	0	0	0	0	0	(100)	(100)
Disposals - purchased		0	(100)	(265)	0	0	0	0	(365)
Disposals - donated		0	0	0	0	0	0	0	0
At 31st March 2020		4,547	120,901	1,576	24,746	7,484	862	2,964	163,080
Depreciation									
As at 1st April 2019		0	17,323	1,591	17,002	4,247	829	0	40,992
Provided during the year - purchased		0	2,708	61	852	524	17	0	4,162
Provided during the year - donated		0	131	0	65	2	1	0	199
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	(12,344)	0	0	0	0	0	(12,344)
Impairment charges		0	0	0	0	0	0	0	0
Disposals - purchased		0	0	(263)	0	0	0	0	(263)
Disposals - donated		0	0	0	0	0	0	0	0
At 31st March 2020		0	7,818	1,389	17,919	4,773	847	0	32,746
Net Book Value at 1st April 2019		4,370	113,807	168	6,621	3,119	33	1,813	129,931
Net Book Value at 31st March 2020	SoFP	4,547	113,083	187	6,827	2,711	15	2,964	130,334
Open Market value of Land in Land and Dwellings included above		4,537							
Asset financing:									
Owned - purchased		4,537	106,336	187	6,409	2,691	13	2,877	123,050
Owned - donated		10	5,891	0	418	20	2	87	6,428
Finance Lease		0	856	0	0	0	0	0	856
Net Book Value at 31st March 2020	SoFP	4,547	113,083	187	6,827	2,711	15	2,964	130,334

7a. PROPERTY, PLANT AND EQUIPEMENT - PRIOR YEAR BOARD AND CONSOLIDATED

Cost or Valuation	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total £'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

In 2019-20 specific assets previously held as under development were completed and transferred category to assets in use.

NOTES TO THE ACCOUNTS

7b. ASSETS HELD FOR SALE

ASSETS HELD FOR SALE - BOARD AND CONSOLIDATED

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2019	200	200
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 2020	100	100
	SoFP	SoFP

ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD AND 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	200	200
	SoFP	SoFP

NOTES TO THE ACCOUNTS

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Board 2019 £'000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
Net book value of property, plant and equipment at 31 March					
123,389	123,389	Purchased		123,906	123,906
6,542	6,542	Donated		6,428	6,428
129,931	129,931	Total	SoFP	130,334	130,334
Total value of assets held under:					
675	675	Finance Leases		856	856
<u>675</u>	<u>675</u>			<u>856</u>	<u>856</u>
Total depreciation charged in respect of assets held under:					
1,466	1,466	Finance Leases		1,370	1,370
<u>1,466</u>	<u>1,466</u>			<u>1,370</u>	<u>1,370</u>

All land and buildings were revalued by an independent valuer, Avison Young, as at 31st March 2020 on the basis of fair value (market value or depreciated replacement costs where appropriate).

The valuations were prepared on a desktop basis due to the ongoing COVID19 global pandemic restrictions. Valuations will be supported by site visits when these can be accommodated.

The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact to the asset base of revalued assets was an increase of £2.083m (2019-20: an increase of £3.291m) which was credited to the revaluation reserve.

NOTES TO THE ACCOUNTS

7d. ANALYSIS OF CAPITAL EXPENDITURE

Board 2019 £'000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
		Expenditure			
54	54	Acquisition of intangible assets	6	26	26
4,495	4,495	Acquisition of property, plant and equipment	7a	2,497	2,497
236	236	Donated asset additions	7a	77	77
4,785	4,785	Gross Capital Expenditure		2,600	2,600
		Income			
0	0	Net book value of disposal of preoperty, plant and equipment	7a	102	102
0	0	Value of disposal of non-current assets held for sale		0	0
236	236	Donated asset income		77	77
236	236	Capital Income		179	179
4,549	4,549	Net Capital Expenditure		2,421	2,421

SUMMARY OF CAPITAL RESOURCE OUTTURN

4,549	4,549	Core capital expenditure included above		2,523	2,523
4,570	4,570	Core Capital Resource Limit		2,388	2,388
21	21	Saving/(excess) against Total Capital Resource Limit		(135)	(135)

NOTES TO THE ACCOUNTS

8. INVENTORIES

Board	Consolidated		Board	Consolidated
2019	2019		2020	2020
£'000	£'000		£'000	£'000
1,287	1,287	Finished goods	1,516	1,516
1,287	1,287	Total inventories	1,516	1,516
		SoFP		

NOTES TO THE ACCOUNTS

9. TRADE AND OTHER RECEIVABLES

Board 2019 £'000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
791	791	Boards	SFR 30.0	1,142	1,142
791	791	Total NHSScotland Receivables		1,142	1,142
516	516	NHS Non-Scottish bodies		646	646
0	0	General Fund receivables		0	0
209	209	VAT recoverable	SFR 30.1	99	99
2,582	2,582	Prepayments		2,211	2,211
13	13	Accrued income		53	53
1,035	1,092	Other receivables		2,381	2,431
1,163	1,163	Reimbursement of provisions		804	804
675	675	Other public sector bodies		879	879
6,984	7,041	Total Receivables due within one year	SoFP	8,215	8,265
		Receivables due after more than one year			
		NHS Scotland			
0	0	Reimbursement of Provisions		0	0
0	0	Total Receivables due after more than one year	SoFP	0	0
6,984	7,041	TOTAL RECEIVABLES		8,215	8,265
524	524	The total receivables figure above includes a provision for impairments of:		595	595
		WGA Classification			
791	791	NHS Scotland	SFR 30.0	1,142	1,142
209	209	Central Government bodies		99	99
559	559	Whole of Government bodies		879	879
516	516	Balances with NHS bodies in England and Wales		646	646
4,909	4,966	Balances with bodies external to Government		5,449	5,499
6,984	7,041	Total		8,215	8,265
2019	2019			2020	2020
£'000	£'000			£'000	£'000
		Movements on the provision for impairment of receivables are as follows:-			
456	456	At 1 April		524	524
68	68	Provision for impairment		0	0
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		71	71
524	524	At 31 March		595	595

NOTES TO THE ACCOUNTS

As of 31 March 2020, receivables with a carrying value of £0.5m (2019: £1.1m) were impaired and provided for. The ageing of these receivables is as follows:

Board	Consolidated		Board	Consolidated
2019	2019		2020	2020
£'000	£'000		£'000	£'000
35	35	3 to 6 months past due	8	8
489	489	Over 6 months past due	587	587
524	524		595	595

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 2020, receivables with a carrying value of £3.2m million (2019: £1.6 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Board	Consolidated		Board	Consolidated
2019	2019		2020	2020
£'000	£'000		£'000	£'000
1,033	1,033	Up to 3months past due	1,403	1,403
125	125	3 to 6 months past due	854	854
467	467	Over 6 months past due	959	959
1,625	1,625		3,216	3,216

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	Consolidated		Board	Consolidated
2019	2019		2020	2020
£'000	£'000		£'000	£'000
6,984	7,041	Pounds	8,215	8,265
6,984	7,041		8,215	8,265

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

The fair value of long term other receivables is £nil (2018/19 £nil).

The effective interest rate on non-current other receivables is 0% (2018-19: 0%). Pension liabilities are discounted at 0.18% (2018-19: 0.29%).

NOTES TO THE ACCOUNTS

10. INVESTMENTS

Board 2019 £000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
0	3,454	At 1 April		0	4,245
0	916	Additions	CFS	0	813
0	(268)	Disposals		0	(288)
0	0	Impairment recognised in SOCNE	2	0	0
0	143	Revaluation (deficit)/surplus transfered to equity	SoCTE	0	(643)
0	4,245	At 31 March		0	4,127
0	0	Current	SoFP	0	0
0	4,245	Non-current	SoFP	0	4,127
0	4,245	At 31 March		0	4,127
0	0	The carrying value includes an impairment provision of		0	0

NOTES TO THE ACCOUNTS

11. CASH AND CASH EQUIVALENTS

	2,020	2,019
Note	£'000	£'000
Balance at 1 April	1,840	2,335
Net charge in cash and cash equivalent balances	CFS 367	(495)
Balance at 31 March	SoFP 2,207	1,840
Overdrafts	0	0
Total Cash - Cash Flow Statement	2,207	1,840

The following balances at 31 March were held at

Government Banking Service	1,345	298
Commercial banks and cash in hand	88	224
Overdrafts	0	0
Short term investments	0	0
Endowment cash	774	1,318
Balance at 31 March	2,207	1,840

NOTES TO THE ACCOUNTS

12. TRADE AND OTHER PAYABLES

Board 2019 £'000	Consolidated 2019 £'000		Note	Board 2020 £'000	Consolidated 2020 £'000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
3,956	3,956	Boards	SFR 30.0	4,942	4,942
3,956	3,956	Total NHSScotland Payables		4,942	4,942
		NHS Non-Scottish bodies	SFR 30.2	0	0
520	520	Amounts payable to General Fund		2,476	2,476
6,433	6,433	FHS practitioners		6,545	6,545
343	343	Trade payables		1,221	1,221
15,814	15,814	Accruals		14,696	14,696
1,223	1,223	Payments received on account		3,551	3,551
88	88	Net obligations under finance leases	17	99	99
2,374	2,374	Income tax and social security		2,410	2,410
1,757	1,757	Superannuation		2,213	2,213
1,944	1,944	Holiday pay accrual		1,973	1,973
6,042	6,042	Other public sector bodies		8,949	8,949
305	570	Other payables		492	682
40,799	41,064	Total Payables due within one year	SoFP	49,567	49,757
		Payables due after more than one year			
		NHS Scotland			
91	91	Net obligations under finance leases due within 2 years	17	100	100
287	287	Net obligations under finance leases due after 2 years but within 5 years	17	316	316
417	417	Net obligations under finance leases due after 5 years	17	341	341
32	32	Other payables		29	29
827	827	Total Payables due after more than one year	SoFP	786	786
41,626	41,891	TOTAL PAYABLES		50,353	50,543
		WGA Classification			
3,956	3,956	NHS Scotland		4,942	4,942
2,374	2,374	Central Government bodies		2,410	2,410
127	127	Whole of Government bodies		128	128
0	0	Balances with NHS bodies in England and Wales		0	0
35,169	35,434	Balances with bodies external to Government		42,873	43,063
41,626	41,891	Total		50,353	50,543
		Borrowings included above comprise:			
883	883	Finance Leases		856	856
883	883			856	856
		The carrying amount and fair value of the non-current borrowings are as follows			
795	795	Finance Leases		757	757
795	795			757	757
		The fair value of the non-current borrowings are as follows			
875	875	Finance Leases		0	0
875	875			0	0
		The carrying amount of payables approximates their fair value			
		The carrying amount of payables are denominated in the following currencies:			
41,626	41,891	Pounds		50,353	50,543
41,626	41,891			50,353	50,543

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)	2020 TOTAL
Note	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019		1,410	1,626	9,571	4	12,611
Arising during the year		145	492	1,481	56	2,174
Utilised during the year		(116)	(120)	(79)	(44)	(359)
Unwinding of discount		0	(4)	0	0	(4)
Reversed unutilised		0	(678)	0	(9)	(687)
At 31 March 2020	2	1,439	1,316	10,973	7	13,735

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 2020

		Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2020 TOTAL
	SoFP	£'000	£'000	£'000	£'000	£'000
Payable in one year		116	530	1,866	7	2,519
Payable between 2 - 5 years		459	786	6,584	0	7,829
Payable between 6 - 10 years		570	0	548	0	1,118
Thereafter	SoFP	294	0	1,975	0	2,269
Total as at 31 March 2020		1,439	1,316	10,973	7	13,735

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

		Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2019 TOTAL
Note	£'000	£'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		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	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2019 TOTAL
	SoFP	£'000	£'000	£'000	£'000	£'000
Payable in one year		113	1,626	2,264	4	4,007
Payable between 2 - 5 years		450	0	6,602	0	7,052
Payable between 6 - 10 years		555	0	654	0	1,209
Thereafter	SoFP	292	0	51	0	343
At 31 March 2018		1,410	1,626	9,571	4	12,611

NOTES TO THE ACCOUNTS

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

2019 £'000		Note	2020 £'000
1,630	Provision recognising individual claims against the NHS Board as at 31 March	13a	1,316
(1,163)	Associated CNORIS receivables at 31 March	9	(804)
9,571	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	10,973
10,038	Net Total Provision relating to CNORIS at 31 March		11,485

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

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

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

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

Further information on the scheme can be found at: <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:

2019	Nature	Note	2020
£'000			£'000
20,635	Clinical and medical compensation payments		20,528
273	Employer's liability		77
<u>20,908</u>	TOTAL CONTINGENT LIABILITIES		<u>20,605</u>
CONTINGENT ASSETS			
20,240	Clinical and medical compensation payments		20,130
88	Employer's liability		5
<u>20,328</u>	TOTAL CONTINGENT ASSETS		<u>20,135</u>

15. EVENTS AFTER THE END OF THE REPORTING YEAR

There are no events after the reporting period.

NOTES TO THE ACCOUNTS

16. COMMITMENTS

Capital Commitments

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

2019	Contracted	2020
£'000		£'000
75	Borders Health Campus Development	0
240	Project Management	240
0	Primary Care Premises	747
0	IM&T Road to Digital (Completion of Resilient Facility)	30
315	Total	1,017
Authorised but not Contracted		
491	Primary Care Premises	84
300	Rolling Replacement Programmes	700
50	Medical Equipment	50
550	Statutory compliance and backlog maintenance property expenditure	640
100	Project Management & Feasibility Assessments	100
126	Uncommitted	940
0	Radiology Replacement	856
1,000	IM&T Road to Digital Programme (to be confirmed)	1,470
200	Winter/Elective/Decant Facility (to be confirmed)	200
0	Borders Health Campus Development (to be confirmed)	150
0	Uncommitted - Dependent on Sale Proceeds	0
0	Forensic Medical Examination Suite	200
2,817	Total	5,390
3,132	Total Capital Commitments	6,407

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.

2019 £'000	Obligations under operating leases comprise	Note	2020 £'000
	Land		
55	Not later than one year		56
56	Later than one year, not later than 2 years		58
178	Later than two years, not later than five years		182
258	Later than five years		196
	Buildings		
0	Not later than one year		0
	Other		
337	Not later than one year		472
188	Later than one year, not later than 2 years		334
51	Later than two years, not later than five years		158
0	Later than five years		0
	Amounts charged to Operating Costs in the year were		
524	Hire of equipment (including vehicles)		578
377	Other operating leases		384
901	Total		962

Finance Leases

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

2019 £'000	Obligations under finance leases comprise	Note	2020 £'000
	Buildings		
438	Rentals due within one year		449
449	Rentals due between one and two years (inclusive)		460
1,415	Rentals due between two and five years (inclusive)		1,451
2,058	Rentals due after five years		1,562
4,360			3,922
(3,477)	Less interest element		(3,066)
883		12	856

18. COMMITMENTS UNDER PFI CONTRACTS

NHS Borders does not hold any commitments under PFI Contracts.

NOTES TO THE ACCOUNTS

19. PENSION COSTS

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 2017-18 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.

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.

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 £6,136 up to £50,000, 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 chose 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.

	2020	2019
	£'000	£'000
Pension cost charge for the year	18,608	13,005
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Statement of Financial Position	1,439	1,410
Pension costs for the year for staff transferred from local authority	0	0

NOTES TO THE ACCOUNTS

Note 20 FINANCIAL INSTRUMENTS

20a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED

		Financial assets at fair value through OCI	Total
		2020	2020
	NOTE	£000	£000
AS AT 31 MARCH 2020			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,009	4,009
Cash and cash equivalents	11	2,207	2,207
		6,216	6,216

BOARD

		Financial assets at fair value through OCI	Total
		2020	2020
	NOTE	£000	£000
AS AT 31 MARCH 2020			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,959	3,959
Cash and cash equivalents	11	1,433	1,433
		5,392	5,392

CONSOLIDATED (Prior Year)

		Financial assets at fair value through OCI	Total
		2019	2019
	NOTE	£000	£000
At 31 March 2019			
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
		4,136	4,136

BOARD (Prior Year)

		Financial assets at fair value through OCI	Total
		2019	2019
	NOTE	£000	£000
At 31 March 2019			
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
		2,761	2,761

NOTES TO THE ACCOUNTS

20. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED

		Financial liabilities at amortised cost	Total
		2020 £000	2020 £000
AS AT 31 MARCH 2020	NOTE		
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	856	856
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	40,122	40,122
		40,978	40,978

BOARD

		Financial liabilities at amortised cost	Total
		2020 £000	2020 £000
AS AT 31 MARCH 2020	NOTE		
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	856	856
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	39,932	39,932
		40,788	40,788

CONSOLIDATED (Prior Year)

		Financial liabilities at amortised cost	Total
		2019 £000	2019 £000
At 31 March 2019	NOTE		
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) and superannuation	12	32,921	32,921
		33,804	33,804

BOARD (Prior Year)

		Financial liabilities at amortised cost	Total
		2019 £000	2019 £000
At 31 March 2019	NOTE		
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) and superannuation	12	32,656	32,656
		33,539	33,539

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 a minimum rating of 'A' are accepted.

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual 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 2020				
Finance Lease Liabilities	98	100	316	341
Trade and other payables excluding statutory liabilities	41,990	3	9	17
Total	42,088	103	325	358
	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

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)

The Board does not hold any derivative financial instruments (2018/19: nil).

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 at the parent directorate. In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Customs & Excise; Scottish Borders Council; and various NHS Bodies in England and Wales. In addition the Board operates in partnership with the Scottish Borders Integration Joint Board and the Local Authority Scottish Borders Council in line with the agreed Scheme of Integration and to support the outcomes of the Strategic Commissioning Plan.

Borders Health Board Endowment Fund

The Health Board is a corporate Trustee of charitable endowment funds of £4.761m as at 31st March 2020. (2019: £5.355m) 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 2019/20:

Fundraising Manager	1.0wte	£27,626
Fundraising Support Officer	1.0wte	£35,868
Evelyn Sutherland Nurse	0.6wte (Part Year)	£13,579
Palliative Care Nurse Consultant	0.9wte	£37,644
Palliative Care Quality Improvement	1.0wte	£50,713
Palliative Care End of Life Facilitator	0.9wte (Part Year)	£34,472
Palliative Care Project Officer	1.5wte	£53,155
Palliative Care Healthcare Support	0.5wte	£18,164
Volunteer Coordinator	0.8wte	£22,855
Practice Development Nurse - RESPE	0.4wte	£19,504
Dialysis Healthcare Support	0.7wte	£9,047

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.

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.

	2019	Gross Inflows	Gross Outflows	2020
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	10	57	(61)	6
Total Monetary Assets	10	57	(61)	6

NOTES TO THE ACCOUNTS

24a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group		Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2019		2020	2020	2020	2020
£'000	Note	£'000	£'000	£'000	£'000
Total income and expenditure					
126,780	Employee expenditure	134,010	0	0	134,010
	Other operating expenditure				
30,740	Independent Primary Care Services	32,518	0	0	32,518
42,242	Drugs and medical supplies	42,588	0	0	42,588
209,049	Other health care expenditure	74,271	687	140,773	215,731
408,811	Gross expenditure for the year	283,387	687	140,773	424,847
(153,607)	Less: operating income	(17,001)	(736)	(140,773)	(158,510)
0	Associates and joint ventures accounted for on an equity basis	0			0
255,204	Net Expenditure	266,386	(49)	0	266,337

Associates and joint ventures accounted for on an equity basis discloses the Board's share of the partnership with the Scottish Borders Integration Joint Board (IJB) which reports a breakeven financial outturn on delegated resources during 2019/20.

NOTES TO THE ACCOUNTS

24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated		Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2019 £'000		2020 £'000	2020 £'000	2020 £'000	2020 £'000
	Non-current assets:				
129,931	Property, plant and equipment	130,334	0	0	130,334
1,571	Intangible assets	1,274	0	0	1,274
	Financial assets:				
4,245	Investments	0	4,127	0	4,127
0	Trade and other receivables	0	0	0	0
<u>135,747</u>	Total non-current assets	<u>131,608</u>	<u>4,127</u>	<u>0</u>	<u>135,735</u>
	Current Assets:				
1,287	Inventories	1,516	0	0	1,516
	Financial assets:				
7,041	Trade and other receivables	8,215	50	0	8,265
1,840	Cash and cash equivalents	1,433	774	0	2,207
200	Assets classified as held for sale	100	0	0	100
<u>10,368</u>	Total current assets	<u>11,264</u>	<u>824</u>	<u>0</u>	<u>12,088</u>
<u>146,115</u>	Total assets	<u>142,872</u>	<u>4,951</u>	<u>0</u>	<u>147,823</u>
	Current liabilities				
(4,007)	Provisions	(2,519)	0	0	(2,519)
	Financial liabilities:				
(41,064)	Trade and other payables	(49,567)	(190)	0	(49,757)
<u>(45,071)</u>	Total current liabilities	<u>(52,086)</u>	<u>(190)</u>	<u>0</u>	<u>(52,276)</u>
<u>101,044</u>	Non-current assets (less) net current liabilities	<u>90,786</u>	<u>4,761</u>	<u>0</u>	<u>95,547</u>
	Non-current liabilities				
(8,604)	Provisions	(11,216)	0	0	(11,216)
	Financial liabilities:				
(827)	Trade and other payables	(786)	0	0	(786)
<u>(9,431)</u>	Total non-current liabilities	<u>(12,002)</u>	<u>0</u>	<u>0</u>	<u>(12,002)</u>
<u>91,613</u>	Assets less liabilities	<u>78,784</u>	<u>4,761</u>	<u>0</u>	<u>83,545</u>
	Taxpayers' Equity				
36,362	General fund	28,058	0	0	28,058
49,896	Revaluation reserve	50,726	0	0	50,726
5,355	Fund held on Trust	0	4,761	0	4,761
<u>91,613</u>	Total taxpayers' equity	<u>78,784</u>	<u>4,761</u>	<u>0</u>	<u>83,545</u>

NOTES TO THE ACCOUNTS

24c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board	Endowment	Consolidated		Board	Endowment	Consolidated
2019	2019	2019		2020	2020	2020
£'000	£'000	£000	Note	£'000	£'000	£000
			Cash flows from operating activities			
(255,147)	(57)	(255,204)	Net operating cost	(266,386)	49	(266,337)
4,963	0	4,963	Adjustments for non-cash transactions	2 4,707	0	4,707
349	0	349	Add back: interest payable recognised in net operating expenditure	2 351	0	351
0	0	0	Deduct interest receivable recognised in net operating expenditure	4 0	0	0
0	0	0	Investment income	0	0	0
6,689	29	6,718	Movement in working capital	2 6,462	(68)	6,394
(243,146)	(28)	(243,174)	Net cash outflow from operating activities	(254,866)	(19)	(254,885)
			Cash flows from investing activities			
(4,495)	0	(4,495)	Purchase of property, plant and equipment	(2,497)	0	(2,497)
(54)	0	(54)	Purchase of intangible assets	(26)	0	(26)
0	(916)	(916)	Investment Additions	0	(813)	(813)
236	0	236	Transfer of assets (to)/from other NHS bodies	(71)	0	(71)
0	0	0	Proceeds of disposal of property, plant and equipment	102	0	102
0	0	0	Proceeds of disposal of intangible assets	0	0	0
0	268	268	Receipts from sale of investments	0	288	288
0	0	0	Interest received	0	0	0
(4,313)	(648)	(4,961)	Net cash outflow from investing activities	(2,492)	(525)	(3,017)
			Cash flows from financing activities			
247,893	0	247,893	Funding	256,691	0	256,691
182	0	182	Movement in general fund working capital	1,956	0	1,956
248,075	0	248,075	Cash drawn down	258,647	0	258,647
(86)	0	(86)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(27)	0	(27)
(349)	0	(349)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2 (351)	0	(351)
247,640	0	247,640	Net Financing	258,269	0	258,269
181	(676)	(495)	Net increase/(decrease) in cash and cash equivalents in the period	911	(544)	367
341	1,994	2,335	Cash and cash equivalents at the beginning of the year	522	1,318	1,840
522	1,318	1,840	Cash and cash equivalents at the end of the period	11 1,433	774	2,207
			Reconciliation of net cash flow to movement in net debt / cash			
181	(676)	(495)	Increase / (decrease) in cash in year	911	(544)	367
341	1,994	2,335	Net debt / cash at 1 April	522	1,318	1,840
522	1,318	1,840	Net debt / cash at 31 March	1,433	774	2,207



Borders Health Board

DIRECTION BY THE SCOTTISH MINISTERS

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

A handwritten signature in black ink, appearing to be 'M. G. ...', written over a horizontal line.

Signed by the authority of the Scottish Ministers

Dated 10/2/2006