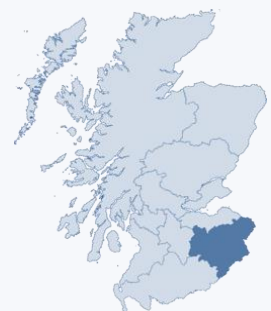

Annual Report and Accounts 2020/21



Borders Health Board Annual Report and Accounts 2020-21

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PERFORMANCE REPORT

a. OVERVIEW

Introduction

The purpose of this overview is to provide the reader with sufficient information to understand our organisation, its purpose, the key risks impacting on delivery of our objectives, and how we have performed during the year.

Further detail on the issues described in this section can be found within the Performance Analysis, Accountability Report and the board's financial statements included within this report.

Statement from the Chief Executive

During the last year we have faced challenges that we never imagined would be possible and have required us all to re-imagine how we live, work and support each other. The impact of the COVID-19 pandemic has been felt throughout our society and across the globe, and the NHS has been tested as never before in delivering safe and effective care and in improving the health of our local communities.

However, I believe NHS Borders has risen to this challenge and I am proud, humbled and grateful for the dedication and resilience of our staff, and all those who work with us to achieve this.



We began the year as the pandemic was first impacting our community and services and one year on it feels as if we are now taking steps towards sustainably remobilising all of our services, many of which had to be significantly altered or reduced during the pandemic.

In doing so this presents us with an opportunity to ensure that as we rebuild we also renew our services and that this is shaped by the lessons we have all learnt over the last year. Within this report you will read more about our experience during COVID-19 and the steps we have taken so that the services provided have remained as safe as possible. Infection control and social distancing measures have presented operational challenges because of the size and nature of our estate and as we have deployed staff to mobilise new services this has left gaps in our workforce which has impacted on other services. We continue to strive to find the correct balance that allows us to maximise capacity to see and treat patients while also keeping staff and patients safe.

Our use of digital platforms to conduct business meetings and to provide virtual clinics for outpatient appointments has increased significantly during 2020/21. As we move out of lockdown many services will return to face to face appointments, however we are keen to ensure that the benefits offered through new technologies are embedded in our future approach.

While the Borders region has perhaps been fortunate in comparison to some with the overall impact from the Pandemic we should never forget that for every individual, family and business directly affected this has led to a significant personal loss or ongoing impact. NHS Borders has been no different and in April we lost a valued member of staff, whose loss continues to be felt deeply, particularly by colleagues and co-workers.

PERFORMANCE REPORT

a. OVERVIEW (continued)

In addition to sustaining our normal services we have also had to introduce a number of new COVID-19 services such as COVID testing, contact tracing and vaccination as well as extending existing services such as Infection control advice and Public Health outbreak management.

I am pleased that our vaccination programme has already delivered first doses to well over three quarters of those eligible and we remain on course to complete the initial vaccination programme over the summer. Assuming vaccine supply remains available we expect to have offered a first dose to all adults within our region by end of July and all second doses by September.

Across the NHS in Scotland the impact of the pandemic on our services has been significant. We have inevitably seen large increases in the number of patients waiting for specialist advice and treatment, and in the length of those waits. As a result, for the first time ever in the Scottish Borders, we now have thousands of individuals who have waited more than twelve weeks for a first outpatient appointment, or for the treatment they need. Alongside this, while Primary care services have continued to operate throughout the pandemic, approaches to accessing appointments and care have had to change and this has felt very different for our patients. You can read more about our waiting times performance within this report.

We also know that the pandemic has had a very disproportionate impact on individuals from deprived and minority backgrounds, as well as an increase in those seeking support towards their mental health and wellbeing.

We have sought to engage with our staff and the wider public in a different way throughout the pandemic. Our 'collecting your voices' project has gathered feedback from our workforce on their experiences during the pandemic; in March 2021 we launched 'Hear from you', a new approach to engaging with our communities to collect views on the future of our services.

Our remobilisation plans will focus on how we can address these issues as we plan for the years ahead.

As at March 2021 NHS Borders remained at Stage Four of the Scottish Government's Performance Escalation Framework. Since joining as Chief Executive I have worked to put in place the building blocks to refresh our leadership approach and senior team and also to address our service sustainability. I am pleased that following review of our progress to date, the Scottish Government has amended our status on this framework, effective from April 2021: We are now at level 3 with regard to our financial sustainability and level 2 for leadership.

Despite this progress our underlying financial position remains a significant concern. Although we have again delivered a breakeven position in 2020/21 this continues to be managed through short term measures, including additional financial support from the Scottish Government. We also had to make the decision to suspend our financial turnaround programme in 2020/21 in order to focus on our pandemic response and as part of our remobilisation plans we are now considering how we adapt our future approach recognising the challenges and opportunities that have arisen over the past twelve months.

PERFORMANCE REPORT

a. OVERVIEW (continued)

We know that there is much more to be done to achieve a sustainable position and this will include looking closely at the shape of service delivery in the longer term.

Despite the challenges of the last year, we have continued to move forward with the development of our leadership team. In April our new Director of Finance, Andrew Bone and new Director of Workforce, Andy Carter, arrived. In September they were joined by Dr. Lynn McCallum as our new Medical Director. We have also seen change to our non-executive board membership, with Mrs Fiona Sandford replacing outgoing member Dr. Stephen Mather as vice chair at the end of August. Our new whistle blowing champion, Sonya Lam, joined us in February 2020, and we welcomed Mrs. Lucy O'Leary as a new non executive member at the end of November.

During 2020 we also made changes to the portfolio responsibilities within our executive team. As part of the pandemic response, Scottish Government directed that NHS Nurse Directors take additional responsibilities in relation to supervision of Care Homes. In addition to these responsibilities our Director of Nursing and Acute services, Nicky Berry, also took on an expanded role for operational management of the NHS functions within our Health & Social Care Partnership, releasing Rob McCulloch-Graham, Chief Officer of the Scottish Borders IJB, to focus on the development of the IJBs strategic change programme, an area that will be integral to how we shape our services in future.

I would also like to recognise the contributions of all those who have departed during this period and were very flexible in their departure because of our need to respond to the pandemic: Carol Gillie, our former Director of Finance, who supported our early efforts to respond to the pandemic; Dr Cliff Sharp, our former Medical Director, well known to many across the region; and John Cowie, who was our interim Director of Workforce pending the appointment of Andy Carter. Along with Dr. Stephen Mather, I would also like to thank Mr. Bill Brackenridge, who joined us as a temporary non executive member from July until March 2020 in order to cover a vacancy within our board membership.

The next year will be one of transition and renewal. As we continue to progress actions to address the pandemic we will be moving forward towards remobilising services. This will require us to work differently, and some of the changes we have introduced will remain. We will look to develop an approach which recognises the need to balance a greater focus on health inequalities and the needs of our population, including beginning to address the backlog of patients who have faced greater waits for treatment, alongside the actions required to deliver sustainability over the long term.

I would like to close by reiterating my appreciation for the efforts of our staff and the wider public in dealing with the challenges of the pandemic. It is thanks to all of your efforts that we are now able to look forward and I and the Board's leadership team are committed to giving as much focus to our future renewal as we have been over the last year in managing our COVID-19 response.

Ralph Roberts
Chief Executive, NHS Borders

PERFORMANCE REPORT

a. OVERVIEW (continued)

Principal Activities

NHS Borders Health Board is responsible for the commissioning and delivery of health care services for the population of the Scottish Borders, a rural area in south east Scotland covering over 1,800 square miles with an estimated population of 115,510 people (as at June 2019).

We work with partners across health and social care to make sure that our patients have access to local services wherever possible and to specialist treatment where necessary, both within and in some cases out with our region.

The board aims to improve the health of our population and to deliver healthcare services that meet the needs of our community. In July 2020 we published a revised set of organisational objectives and priorities which seek 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 organisational behaviour and always act with pride, humility and kindness.

In delivering these objectives we operate within the legal and policy context of the NHS in Scotland, follow national direction from Scottish Government, and develop our own local plans through our clinical strategy and annual operational planning. Our performance measures and the risks we seek to manage are described in further detail later in this Performance Report. Additional information on the framework in place for managing our delivery is contained within the *Accountability Report* section of this document.

The board provides services throughout the Scottish Borders region, organised within five separate geographic 'localities' (see figure, below).



NHS Borders: our localities

PERFORMANCE REPORT

a. OVERVIEW (continued)

In addition to the Borders General Hospital in Melrose, we also operate a number of other inpatient facilities. These include four community hospitals, as well as both directly delivering, and contracting for, primary care and community services including 23 GP practices, 23 dental practices, 29 community pharmacies, and 12 opticians. We employ almost 4,000 staff working across all our services and managed within three clinical business units (Acute services, Mental Health and Learning disabilities, and Primary & Community Services) as well as a range of supporting functions including Public Health and Infection Prevention and Control, our facilities and estates management, and our corporate services.

We work with partner organisations including the Scottish Borders Integration Joint Board (IJB) to plan and deliver our services. The IJB is responsible for strategy and commissioning for many of the functions of both health and social care, including all adult community health care and some hospital services. NHS Borders is responsible, along with Scottish Borders Council, for the delivery of services as directed by the IJB as part of its Strategic Implementation Plan.

You can read more about the board's services, our clinical strategy and our objectives on our website: www.nhsborders.scot.nhs.uk.

Review of the year

Performance Escalation

NHS Borders was escalated to Stage Four of the Scottish Government's *Performance Escalation Framework* in November 2018. This position recognised the significant challenges faced by the board in relation to its financial position and longer term sustainability, as well as the changes to its leadership which were expected over the course of the following 12-18 months.

We were able to report significant progress in 2019/20, both in relation to the implementation of a financial turnaround programme which delivered significant savings in year and with regard to progress towards leadership changes.

As the COVID-19 pandemic emerged in the early part of 2020, the Scottish Government temporarily suspended the measures in place to monitor the board against this framework, however it was confirmed that the board would remain at Stage Four and that this would be reviewed towards the end of 2020/21.

Over the last twelve months our focus has necessarily shifted from financial turnaround towards the implementation and management of our response to the pandemic. This has impacted on our delivery of financial savings and our long term financial outlook remains challenging. This is discussed further under 'financial sustainability' below.

We have however continued to make progress towards the changes to our leadership team and the evolution of our management approach. The statement from our chief executive describes many of these changes in more detail. This progress has been acknowledged by Scottish Government and from April 2021 our performance escalation status has been amended. The board is now designated at Stage 3 for financial sustainability and Stage 2 for governance & leadership.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Impact of the COVID-19 Pandemic

The Cabinet Secretary (Health & Sport) formally introduced emergency powers within the NHS in Scotland on 17th March 2020 and these powers have remained in place throughout 2020/21. This has resulted in increased direction from Scottish Government to NHS boards in relation to the delivery of safe and effective care during the pandemic, including introduction of additional guidance and legislation. Measures introduced include the following:

- Enhanced public health surveillance, including the introduction of the Test and Protect programme.
- Introduction of additional infection control measures, including the use of Personal Protective Equipment (PPE), social distancing measures, and additional decontamination and cleaning guidance.
- Expansion of the role of NHS Nurse Directors in relation to supervision and infection prevention and control within Care Homes.
- Development of new services including the COVID-19 vaccination programme, as well as Community Hubs, local and national testing services, and greater coordination of patient access to services through national services including the introduction of the 'Reshaping Urgent Care' programme.
- Changes to clinical pathways, including the introduction of remote access to clinical assessment through 'virtual' (i.e. online) services, as well as the separation of patient flows to minimise risk to non-COVID-19 patients accessing services during the pandemic.

Implementing these services has presented a significant challenge to NHS Borders, both in terms of the way in which the public access our services, and in how these services are configured. In particular, the additional workforce requirements and restrictions to how we use our buildings have required us to consider how we balance the on-going care needs of our population with the overriding public health priorities that arise as a result of the pandemic.

As a result of these factors, we have seen a sizeable impact on the number of patients who are able to access both primary care (GP, dentists, etc.) and hospital services. As a result there is a growing backlog of patients facing long waits for assessment, diagnosis and treatment.

Our Local Mobilisation Plan (LMP) was published on 1st May 2020. This describes in detail the plans that we have introduced in response to the pandemic. It outlines how we have redesigned our hospital care to increase ITU capacity and to create inpatient wards for patients with corona virus symptoms. It also explains the challenges we have faced in supporting our workforce, and in adapting our estate. It includes detail on how we have worked with our partners, including the Scottish Borders Health & Social Care Partnership and Scottish Borders Council, to coordinate actions on a whole system basis.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Finally, it explains the framework we have implemented in order to ensure that we consider the impact on all of our patients and seeks to mitigate any risks to their care. You can access this plan at the following link:

<http://www.nhsborders.scot.nhs.uk/media/731124/Document-9.pdf>

Our first positive test result for corona virus was reported on 9th March 2020. Within a week we admitted our first patient exhibiting COVID-19 symptoms to the Borders General Hospital. By 8th April we saw the peak of this 'first wave' with over 30 hospital beds regularly occupied by COVID-19-positive patients during the month of April.

On 8th June we admitted our last COVID-19-positive patient for a period of over two months, although admissions continued for cases with suspected symptoms. Despite this, the introduction of lock down measures, together with the additional guidance applicable to healthcare environments, meant that plans for the remobilisation of services impacted by the initial pandemic response remained cautious.

Our initial remobilisation plans (RMP) identified that for a number of elective services we were unable to deliver greater than 40% of our pre-COVID-19 capacity, leading to increasing length of waits across a range of services. Factors impacting on our capacity included the redeployment of staff to support COVID-19 response, as well as protection of key workers as a result of shielding guidance; restrictions on available clinical facilities (i.e. social distancing), and an increase in the time taken to undertake clinical activities as a result of the additional infection control measures. We have continued to work closely with partner organisations, including Scottish Government, to develop and implement these plans throughout the course of 2020/21.

By early September 2020 we began to see an increase in the number of positive tests as the 'second wave' emerged across the UK and within Scotland. Despite the introduction of a second lock down during early October, this trend continued throughout the later part of 2020 and into the first quarter of 2021. Our positive test rate peaked at the end of December with over 100 per 100,000 population within the region during the last week of the year, and falling steadily thereafter so that by end of January this year we saw a weekly average positive test rate of less than 10 per 100,000 population. During this same period hospital admissions also increased, to a peak occupancy of over 40 hospital beds during early January before reaching pre-December levels (below 10 beds) by mid-February.

By end of March 2021 there were over one hundred deaths within the Scottish Borders where a positive diagnosis had been recorded within the preceding 28 days. In total, there have been 150 deaths to date where COVID-19 (including suspected cases) is mentioned in the death certificate. As at end April this position has remained relatively static over the last two months (since early March).

We began rollout of COVID-19 vaccinations within the region in early December 2020. Capacity for vaccinations is now in excess of 1,000 doses per day, although actual numbers fluctuates in relation to the availability of vaccine supplies and scheduling of appointments. By end March over 52,500 people within the region had received their first dose vaccination, with around 8,000 having received their second dose.

PERFORMANCE REPORT

a. OVERVIEW (continued)

You can view up to date information on our performance against COVID-19 indicators through national reports provided by Public Health Scotland, available at the following link:

<https://public.tableau.com/profile/phs.covid.19#!/>

The board's current Remobilisation Plan is published on our website at the following link:

<http://www.nhsborders.scot.nhs.uk/media/793995/NHS-Borders-Remobilisation-Plan-2021-22.pdf>

Financial Sustainability

The Scottish Government's *Medium Term Financial Framework* requires that NHS Boards demonstrate financial sustainability (i.e. balance) over a three year planning cycle. We have reported previously around the financial challenges faced by the board and this position remained evident at the beginning of 2020/21 and continues to present significant risk moving forward.

At the end of 2019/20 we achieved a breakeven performance only after receiving additional brokerage of £8.3m from Scottish Government. This was despite the delivery of over £7m of recurring savings during the course of that year. This brokerage is subject to repayment in future years at a point when the board has returned to financial balance.

Our *Annual Operational Plan* (AOP) was approved by the board on 2nd April 2020. This plan described our expected performance over the three years to March 2023, demonstrating an improving financial position predicated on the delivery of an estimated £15m of recurring savings over this period. Despite this improvement the plan indicated that the board would continue to retain a recurring deficit at the end of year three (£2.7m). Over the course of the plan there was a predicted requirement for additional financial support of £16m, for which a request for brokerage was being discussed with Scottish Government at that time.

As the pandemic emerged in the early part of 2020 a number of changes were rapidly implemented which resulted in revision to this plan and which impact on delivery of the performance (and savings) outlined within. Notably this included the introduction of a revised financial framework which shifted the NHS into a one year planning cycle focussed on the immediate resources required to address the pandemic. An annex to the plan was prepared along with our *Local Mobilisation Plan*, which included a forecast of the additional expenditure arising from our COVID-19 response, and the associated impact on our core financial performance and ability to deliver savings outlined in the AOP.

We made the difficult decision to suspend our financial turnaround programme in March 2020 in order to release management capacity to focus on dealing with the pandemic, and to release project management resources to assist with planning this response. As at March 2021 this position remains extant.

Although we had originally identified a requirement for brokerage of £7.9m, this has no longer been required with Scottish Government making further support available to all health boards to offset the non-delivery of savings in 2020/21. Our brokerage commitment requiring repayment therefore remains at £8.3m at end March.

PERFORMANCE REPORT

a. OVERVIEW (continued)

The full financial impact of COVID-19 has been addressed through additional Scottish Government allocations, and slippage on our savings programme has been offset in year by a reduced level of expenditure on our core services due to the impact of the pandemic (for example, a reduction in the number of elective operations undertaken in year).

The NHS in Scotland continues to operate under emergency powers and the revised financial framework currently in place is expected to remain for the immediate future. We have recently prepared a one year financial plan for 2021/22. Our previous plan outlined actions to reduce our recurring deficit to £9.4m by March 2022; we are now projecting that this will increase to £16.3m over the same period. This increase (£6.9m) is largely as a result of the inability to progress the delivery of savings plans in line with our pre-pandemic timeline. Overall we expect our deficit to have increased by £2m by the end of March 2022 from the current position as at March 2021 (£14.3m).

In November 2020 we began work towards the development of a long term strategy for financial sustainability, linked to the board's wider clinical and other organisational strategy. This work will continue throughout 2021/22 and we intend to prepare a revised three year financial plan later this year as we achieve greater clarity on the post-pandemic operating environment for health and social care.

We continue to review when and how we will reintroduce our financial turnaround programme. The issues in relation to this are discussed further within the *Risks and Uncertainty* section of this report. You can read more about our financial performance in 2020/21 within the *Performance Analysis* report.

Non-financial Performance

The COVID-19 Pandemic has had a significant impact on NHS Borders ability to achieve against required standard and targets. 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.

In particular, measures related to hospital flow and patient access demonstrate significant deterioration against historic performance. Throughout 2020/21 we have faced increasing challenge in meeting the *Emergency Access* standard, with performance falling below 80% for much of the last quarter. This corresponds with the period during which the board was dealing with increased hospital pressure as a result of the COVID-19 pandemic 'second wave'.

Our waiting times performance has also seen significant deterioration during the pandemic with over 3,500 patients waiting greater than 12 weeks for a first outpatient appointment and over 1,200 patients waiting greater than 12 weeks for their treatment by end March 2021. Many of these patients have now waited in excess of one year.

Despite this, we have managed to maintain performance against both the 31 and 62 day Cancer standards at or above the 95% target.

PERFORMANCE REPORT

a. OVERVIEW (continued)

During the course of 2020/21 we have received additional support from Scottish Government in relation to challenges in meeting access standards in Child and Adolescent Mental Health services (CAMHS) and Psychological Therapies. We continue to work closely with Scottish Government colleagues to implement actions to address this position and this work will continue in 2021/22.

Our performance against individual indicators is reported within the *Performance Analysis* section of this report.

Risk and Uncertainty

During the course of 2020/21 we have revised our strategic risks to ensure these reflect a comprehensive assessment of the major risks faced by the organisation, both in relation to the pandemic and our on-going service delivery and sustainability.

The following table is an extract of our strategic risk register, summarising the risks and describing the current and target risk level.

Summary of Strategic Risk Register (March 2021)

Domain	Summary Description	Description	Risk Owner	Risk level before Mitigating Actions	Target Risk Level (after mitigating actions)
Business Continuity	Business Continuity Planning	Failure to have adequate resilience in place for NHS Borders	Director of Public Health	High (15)	Medium (5)
	Supply Chain Resilience	Impact of Brexit	Director of Workforce	Medium (8)	Medium (4)
	Public Health Emergency Planning	Failure to plan effectively for a significant outbreak for communicable disease e.g. epidemic	Director of Public Health	High (15)	Medium (5)
	Sustainable Leadership	Sustainability of organisational leadership (consider if still needed given recent appointments)	Chief Executive	High (12)	Medium (8)
Governance & Compliance	Organisational Grip & Control	Board breaches of Code of Corporate Governance	Director of Finance	Medium (8)	Medium (8)
Operational Performance	Delayed Discharges	Number of people whose discharge is from Hospital is delayed impacting on clinical outcomes	Chief Executive	V High (20)	Medium (9)
	Health & Social Care Integration	Effectiveness of partnership working with key organisational partners.	Chief Executive	High (12)	Medium (6)
	Financial Performance	Financial decision-making in partner organisations' budgets impacts on NHS Borders	Director of Finance	Medium (9)	Medium (6)
	Financial Performance	Non achievement of financial targets	Director of Finance	V High (20)	High (10)
Safe & Effective Care	Infection Prevention & Control	Potential to comply with infection control standards and precautions relating to fabric and layout of buildings.	Director of Finance	V High (20)	Medium (5)
	Quality of Clinical Care	Unacceptable clinical performance	Medical Director	High (12)	Medium (8)
	Implementation of Clinical Strategy	Failure to meaningfully implement Clinical Strategy to meet the needs of the population	Director of Planning & Performance	Medium (9)	Medium (6)
	Health Inequalities	Risk related to failure to address inequalities resulting in poorer health outcomes for certain groups or parts of the population	Director of Public Health	V High (20)	Medium (9)
Workforce	Recruitment & Retention	Service destabilisation due to ability to recruit and retain medical workforce	Medical Director	High (12)	Medium (8)
	Training & Development	National and regional agenda for training not fully delivered	Director of Workforce	High (12)	Medium (8)
	Whistle Blowing	Failure of the organisation to have a culture, systems and processes in which staff feel safe and confident to speak up and raise concerns and ideas for improvement	Director of Workforce	Medium (9)	Medium (6)
	Staff Wellbeing	Staff Wellbeing during and post COVID-19 pandemic	Employee Director	Medium (8)	Medium (4)

PERFORMANCE REPORT

a. OVERVIEW (continued)

For each risk, a rating is applied based on assessment of the risk before and after implementation of mitigating actions. These actions are monitored in line with the board's risk management process.

There are four risks which have been identified as 'very high' before mitigating actions. The risk status reported against Infection Prevention & Control and Health Inequalities is reflective of increased risk identified as a result of the COVID-19 pandemic and continues to be reviewed as the board enacts additional actions for the management of these risks.

The risk related to management of delayed discharges reflects the on-going challenge to management of patient flow across health and social care and additional actions have been implemented in the latter part of 2020/21 to improve performance in this area. This includes establishment of weekly whole system review of the blockages to individual patient discharges, as well as additional investment through the IJB to increase capacity in social care.

The financial performance risk is reflective of the issues described elsewhere in this report under 'financial sustainability'. This risk has been managed in 2020/21 through additional resources allocated by Scottish Government; actions to address longer term financial sustainability remain in development and are described in greater detail elsewhere in this report.

In addition to the above, four additional risks have been considered as a result of the COVID-19 pandemic. These risks are summarised below:

Domain	Summary Description	Description	Risk Owner	Risk level before Mitigating Actions	Target Risk Level (after mitigating actions)
Business Continuity	Remobilising Healthcare Services	Failure to implement remobilisation successfully	Director of Planning & Performance	Medium (9)	Medium (6)
Operational Performance	Vaccination Programme	Risk to Covid-19 Vaccination programme delivery	Director of Nursing, Midwifery & Acute Services	High (16)	Medium (6)
Safe & Effective Care	Pandemic Response	Coronavirus and COVID-19	Director of Public Health	V High (25)	High (15)
	Nurse Director Responsibilities (COVID)	Executive Nurse Director role during COVID-19	Director of Nursing, Midwifery & Acute Services	Medium (9)	Medium (6)

Of these, the 'very high' risk attached to the 'Corona virus and COVID-19' risk is reflective of the whole system impact of the pandemic and actions to mitigate this risk are described within a separate section in the *Performance Overview*.

The board continues to develop its strategic risk register and a comprehensive review of strategic risks has identified a small number of areas where further work is underway to develop reporting of strategic risk. This includes primary care sustainability, compliance with safe staffing legislation, and cyber security. These risks continue to be reported and managed through the board's operational risk register.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS

Introduction

The board monitors its performance against a range of quality and performance measures agreed with Scottish Government through submission of our annual operational plan.

Our performance against key indicators, including national standards, is summarised below. You can read more about our governance and reporting arrangements within the *Accountability Report*.

In common with many of our corporate functions, the reporting of non-COVID-19 related performance measures has been reduced in 2020/21 in order to release capacity to focus reporting on the key performance indicators required to manage during the pandemic. A briefing on performance for a smaller suite of indicators aligned to our Annual Operational Plan (AOP) continues to be presented to the Board. This includes performance against key standards such as: Delayed Discharges, Access stage of treatment targets (including Cancer performance), and Staff Absence.

Our performance is published regularly at both a local and national level. You can access current information at the following websites:

<http://www.nhsborders.scot.nhs.uk/corporate-information>
<https://www.nhsperforms.scot/>

Financial Performance

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

- Revenue resource limit(RRL)
- Capital resource limit(CRL)
- Cash requirement

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

RRL

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

CRL

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

Cash Requirement

A financing requirement to fund the cash consequences of the on-going operations and net capital investment.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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	284,717	284,586	131
Non Core Revenue Resource Limit	6,774	6,774	0
Total	291,491	291,360	131
Core Capital Resource Limit	5,789	5,787	2
Non Core Capital Resource Limit	0	0	0
Total Capital Resource Limit	5,789	5,787	2
Cash Requirement	286,095	286,095	0

Memorandum for In Year Outturn	£000
Core revenue Resource Variance (Deficit)/Surplus in 2020/21	131
Percentage of RRL	0.05%

A three-year financial plan was submitted to Scottish Government by NHS Borders on 10th March 2020. Due to the impact of the Covid-19 pandemic, the Scottish Government paused the Annual Operating and financial planning process. Recognising the exceptional nature of 2020-21 and the impact on delivery of financial recovery plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards. NHS Borders received £16.8m.

At 31st March 2021 the position for the Core Revenue Resource Limit is reporting an in-year £131k surplus. The Core Capital Resource Limit is breakeven.

The board's financial plan for 2020/21 was prepared prior to the pandemic and presented an unbalanced financial position. Within this plan the forecast outturn before management action was £18.1m deficit; actions identified including recurring savings totalled £10.2m. This left a residual gap of £7.9m against which the board was seeking 'brokerage' support from Scottish Government.

The plan has been amended during 2020/21 with the introduction of a revised financial framework intended to manage in year financial risk arising from the Corona virus pandemic. Additional resources have been made available to offset the expenditure incurred in response to the pandemic, and to support non-delivery of savings in year.

The following table presents an overview of the outturn revenue position against three key headings, illustrating the impact of COVID-19 upon the board's financial performance:

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

	Core £000s	COVID-19 £000s	Savings £000s	Total £000s
Outturn excluding COVID-19 support	5,499	(13,156)	(9,009)	(16,666)
ScotGov COVID-19 support	0	9,387	7,410	16,797
Outturn Performance	5,499	(3,769)	(1,599)	131

The board's own COVID-19 expenditure is partly offset by under spends on core financial performance, arising from the reduced level of service delivery during the pandemic (for example, reduction to elective hip replacement surgery has resulted in significant reduction to implant expenditure). Other factors driving under spend include increased core vacancies due to staff deployment to COVID-19 activities, and a reduction in cross boundary patient flows.

COVID-19 expenditure includes key areas of national priority including test & protect, vaccination programmes, infection prevention and control within care home sector, and expansion to hospital capacity including ITU beds.

Specific items of Personal Protective Equipment (PPE) and COVID-19 Testing Kits which were procured, and distributed, on a nationally coordinated basis to Boards have been accounted for within the Board's Annual Accounts with the Board acting as principal, as the customer, in the use of the items provided by NHS National Services Scotland (NSS). Additional RRL funding has been provided by SG to NHS Borders equivalent to the Board's identified value of the PPE and Testing Kits provided by NHS NSS. NHS Borders has not recorded any stock held for these items as the items are used by services as soon as they are received, any stock is held nationally and has been disclosed in the 2020/21 Annual Accounts of NHS NSS. The total value of expenditure is £3.9m of which £1.5m has been reported within the functions delegated to the IJB in relation to the supply of PPE and Testing Kits. This expenditure is identified separately in note 3 of the accounts.

Scottish Government support to COVID-19 expenditure and non-delivery of savings excludes further allocations made available to the Scottish Borders IJB in relation to the impact of the pandemic on Social Care. In total the board received additional RRL in excess of £26m. Social care funds were passed directly to Scottish Borders Council and are monitored separately through the council's own accounts and a joint financial monitoring template.

NHS Borders delivered £9.1m of savings during 2020/21 however the majority of this was achieved non-recurrently, with £1.6m delivered recurrently (down from £3.2m projected within our financial plan).

You can read more about the board's financial plan and long term financial outlook within the *Financial Sustainability* section of the *Overview* to this report.

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

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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 £38k with income received totalling £576k and expenditure of £538k. 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. Note 22 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements include the outturn results and reserve balances of the delegated functions and set aside budgets from NHS Borders to the Integration Joint Board (IJB) using the equity method of accounting. A prior year restatement of the primary financial statements for 2019/20 is also presented to enable comparison for the reported periods.

Scottish Borders Integration Joint Board

NHS Borders delegated functions and provided resources for these functions during 2020/21 to the Integration Joint Board, the financial details of which are noted in the following table:

Provision of Resources	2020/21 £'000	2019/20 £'000
Delegated Services	108,039	96,505
Social Care Fund	7,619	7,397
Integrated Care Fund	2,194	2,130
Health Board contribution to financial outturn	3,925	6,255
Scottish Government COVID19 Personal Protective Equipment and Testing Kits	1,514	-
Scottish Government Ring Fenced Allocations	9,404	3,108
Sub-total Provision of Resources	132,695	115,395
IJB Set Aside Budgets	26,853	25,378
Total Provision of Resources	159,548	140,773

The Board agreed an uplift of 4.1% to the recurring resources provided to the IJB for delegated functions in 2020/21. This uplift exceeded the minimum requirements as outlined by Scottish Government (3%). In addition, ring fenced allocations received by the Board in relation to IJB delegated functions were made available to the IJB in full, with increased resource available in relation to Alcohol & Drugs partnerships, Mental Health and Wellbeing, and the Primary Care Improvement Fund. Further support was made available to the IJB to offset additional expenditure incurred in response to the COVID-19 pandemic. This support included resources for Health and Social.

PERFORMANCE REPORT

c. PERFORMANCE ANALYSIS (continued)

Care and an element of this funding has been released to Scottish Borders Council. Within the health budgets, COVID-19 expenditure of £1.8m was additional to planned spend, with an element of this expenditure offset by slippage on core expenditure budgets. Support to non-delivery of savings was made available to NHS Borders as part of the total resource allocation for COVID-19; allocation of this support to the IJB has been included within the overall support required to deliver a breakeven performance (noted below).

No new directions were issued by the IJB within 2020/21. The IJB continued towards the delivery of its Strategic Implementation Plan (SIP) with a key area of focus the development of its Older People's Pathway.

The Board has utilised the agreed Partnership Scheme of Integration to enable resources to be carried forward for use in 2021/22. The overall balance held in IJB reserves has increased significantly at March 2021. This reflects the impact of the pandemic on the IJBs planned investments in relation to whole system transformation, as well as increased slippage on ring-fenced allocations for which delivery is phased over more than one year.

Within these ring-fenced allocations a residual balance is held against COVID-19 allocations not utilised in 2020/21 and which will be set against expenditure plans for 2021/22 in line with Scottish Government guidance.

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 2020/21 annual accounts will be available from the Scottish Borders Council website www.scotborders.gov.uk. The IJB recorded a breakeven position for financial year 2020/21 on commissioned services from NHS Borders following an additional contribution of funding totalling £3.925m.

Capital Investment

The Board has reported a total capital spend in 2020/21 of £5.79m achieving the financial target of breakeven against the Capital Resource Limit (CRL).

The capital programme during 2020/21 was significantly impacted, particularly in the first 6 months of the year, by the on-going lockdown restrictions in place from the COVID-19 pandemic. Social distancing measures, restrictions to sites and external supplier staff furlough arrangements resulted in a delay to a number of projects.

To support the re-profiled delivery of a number of these delayed projects the Board has agreed a carry forward of capital resource slippage from 2020/21 into 2021/22 for a total of £1.75m. The impacted projects include MRI installation and contingency, Forensic Medical Examination Suite and automation of Pharmacy Dispensing.

COVID-19 related spend within the plan included estates and facilities work on actions to mitigate infection control risks within clinical areas, as well as a vaccines cold storage unit within Pharmacy, increase to general storage facilities at Roxburgh Street surgery in Galashiels and the purchase of individual isolation pods for use in the Intensive Care Unit.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

The improvement works, including upgrade and reconfiguration of accommodation, at West Linton Health Centre, although initially delayed in 2020/21, restarted during late summer and is expected to complete in 2021/22. Other infrastructure works undertaken in year include refurbishment to Medical Assessment (Ward 4) and Surgical (Ward 7) facilities at BGH, as well as continuation of the plant renewal through the Estates rolling programme (including boiler and generator replacement and upgrade, and replacement of telecoms systems including BGH switchboard).

The Board continued with its multi-year Information Management & Technology (IM&T) Road to Digital Programme during 2020/21, including completion of a resilient server facility and investment in hardware replacement (PC desktop/laptop devices) to enable upgrade to the Windows 10 operating system.

Expenditure in medical equipment replacement was progressed through the rolling programme, with a focus on theatre equipment as well as replacement of two renal dialysis machines, replacement of paediatric ventilators and monitoring equipment for cardiology. Further investment in replacement of Ophthalmology and diagnostic radiology devices was financed by additional Scottish Government allocation.

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:

	2020/21	Volumes	2019/20	Volumes
Average period of credit taken	16 days		11 days	
- Total Number of Invoices paid		36,830		41,537
- Total value of invoices paid		£95.9m		£75.5m
Percentage of invoices paid within 30 days:				
- by volume	88%	32,423	92%	38,211
- by value	84%	£80.2m	89%	£68.3m
Percentage of invoices paid within 10 days:				
- by volume	71%	26,119	82%	34,142
- by value	75%	£71.8m	81%	£62.2m

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Provisions and Liabilities

The following provisions and liabilities are included in the Board's 2020/21 Annual Accounts:

	Page	2020/21	2019/20
Provision for bad and doubtful debts	102	£0.926m	£0.595m
Trade and other payables (payable within 1 yr.)	105	£68.738m	£49.757m
Accrual for outstanding Annual Leave	105	£3.331m	£1.973m
Clinical & Medical Legal Claims	106	£1.226m	£1.316m
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	107	£10.962m	£10.973m
Pensions and similar obligations	111	£1.379m	£1.439m

Counter Fraud Services

NHS Borders has a zero tolerance for fraud, bribery or corruption. Staff are updated regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness initiatives were progressed during the year including targeted awareness in relation to Once for Scotland policies.

NHS Borders has robust procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e. Standards of Business Conduct, Standing Orders, and Standing Financial Instructions), financial procedures, systems of internal control and risk assessment and not least a comprehensive counter fraud policy and action plan. The Board takes part in a post payment verification system which covers all Family Health Service expenditure.

NHS Borders works closely with other organisations, including Counter Fraud Services (CFS), the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud and participates in the bi-annual National Fraud Initiative exercise which is a data matching exercise.

The programme of patient exemption eligibility checking within the CFS Patient Claims Team (PCT) was suspended in April 2020 due to the COVID-19 pandemic. The PCT were subsequently redeployed to work in the NHS Scotland Test and Protect contact tracing programme. In addition to this, Dental and Ophthalmic services were severely disrupted and restricted for a large part of 2020. As a direct result of this interruption to service provision and combined with the lack of sampled exemption claim cases, there is not sufficient information available to CFS to allow for a robust and meaningful extrapolation calculation to be produced this year. The PCT resumed their programme of work in January 2021, and CFS anticipates that the production of the annual Extrapolation calculation will resume in 2022.

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

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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 against Key Non-Financial Targets

Social Matters

We strive to be a progressive and exemplary employer. The Board is fully committed to meeting our obligations in respect of the NHS Scotland Staff Governance Standard, and in compliance with the Public Sector Equality Duty (PSED), Scotland, and the Employer's *Statutory Code of Practice* as outlined in the Equality Act (2010).

Our recently updated [organisational objectives](#) reiterate our aim to embed a culture of accountability and performance within our organisation, and to 'promote excellence in organisational behaviour and always act with pride, humility and kindness'.

We have a zero tolerance approach to bribery and our commitment to the Bribery Act 2010 is set out with the NHS Borders Fraud Policy which is an integral element of the Board's Code of Corporate Governance.

We recognise that as a small, rural Health Board diversity in our communities is often less visible relative to larger urban centres, however we aim to make all individuals feel welcome and included within our workforce and as users of our services. Our reporting on equality and diversity is available on our website:

<https://www.nhsborders.scot.nhs.uk/patients-and-visitors/>

We have recently established a new 'Equality, Diversity & Inclusion in Employment' Group, recognising that the pandemic has once again highlighted the importance of understanding the needs of individuals and communities with diverse backgrounds.

There is emerging evidence of the adverse impact of the pandemic on health inequalities. We will be establishing a programme of work early in the next year which aims to strengthen our focus on how we can increase access and reduce inequalities for the most vulnerable or marginalised within our communities.

Public Engagement

Our approach to public engagement has necessarily changed over the last twelve months as a result of the pandemic and the introduction of social distancing measures. We continue to adapt in response to these changes and to seek new ways in which to engage with our communities. This includes the launch of a new public involvement network in 2020/21 using social media to engage participants across the region. Should you wish to know more about this development you can find further details on our [facebook](#) page.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Performance against Key Non-Financial Targets

Our performance against key indicators is summarised in the scorecard below:

	Measure (KPI)	Period Reported	Target or Standard	Position	Status (RAG)
Annual Operational Plan (KPI's)	Cancer Waiting Times 62 Day Target	Feb 2021	95% patients treated following urgent referral with suspicion of cancer within 62 days.	95.6%	Green
	Cancer Waiting Times 31 Day Target	Feb 2021	95% of patients treated within 31 days of diagnosis.	97.5%	Green
	New Outpatients Number Waiting >12 weeks	Mar 2021	Zero patients waiting longer than 12 weeks (maximum).	3,489	Red
	New Inpatients Number Waiting >12 weeks	Mar 2021	Zero patients waiting longer than 12 weeks (maximum).	1,236	Red
	Treatment Time Guarantee (TTG) Number not treated within 84 days from decision to treat.	Dec 2020	Zero patients having waiting longer than 84 days.	81	Red
	Referral to Treatment (RTT) % Treated within 18 weeks of referral.	Mar 2021	90% patient to be seen and treated within 18 weeks of referral.	74.4%	Red
	Diagnostics (8 key tests) Number waiting >6 weeks	Mar 2021	Zero patients waiting longer than 6 weeks for 8 key diagnostic tests	627	Red
	CAMHS % treated within 18 weeks of referral.	Mar 2021	90% patients seen and treated within 18 weeks of referral.	40%	Red
	A&E 4 Hour Standard Patients discharged or transferred within 4 hours.	Mar 2021	95% of patients seen, discharged or transferred within 4 hours.	87.1%	Amber
	Delayed Discharges Patients delayed over 72 hours	Mar 2021	Zero patients delayed in hospital for more than 72 hours.	27	Red
Monitor & Maintain – Other KPI's)	Sickness Absence Rates	Mar 2021	Maintain overall sickness absence rates below 4%	4.7%	Red
	Psychological Therapies % treated within 18 weeks of referral	Mar 2021 Provisional	90% patients treated within 18 weeks of referral	84.71%	Amber
	Drug & Alcohol Treated within 3 weeks of referral	Feb 2021	90% of patients treated within 3 weeks of referral.	100%	Green
Safety	Clostridium Difficile (C-diff) The number of bed days	Qtr. ended Mar 2019	Max 32.0 per 100,000 equivalent occupied bed days.	10.42	Green
	SAB Infections The number of bed days	Qtr. ended Mar 2019	Max 24.0 per 100,000 equivalent occupied bed days.	17.63	Green

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Performance against Key Non-Financial Targets

¹ The year ending March 2019 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.

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

Information on performance against COVID-19 indicators and further commentary on non-financial performance is included within the *Overview* section of this report.

Sustainability & Environmental Reporting

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

Further information on the 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://sustainablescotlandnetwork.org/reports>.

Events after the end of the reporting period

No events occurred after the end of the financial year and before the date of publication that will have a material impact on the content of these accounts as presented.

Signed

Ralph Roberts

Chief Executive and Accountable Officer

29 September 2021

THE ACCOUNTABILITY REPORT

I. 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 30th September 2021.

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 2020/21 to 2021/22. In light of COVID-19 this has been extended by a further year to 2022/23.

Gillian Woolman, from 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 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 2020 to 31st March 2021 were as follows:

Non-Executive Members

Mrs K Hamilton, Chair
Mr M Dickson
Ms S Lam
Dr S Mather (to 31st August 2020)
Mr J McLaren
Cllr D Parker
Mrs F Sandford
Mr T Taylor
Mrs A Wilson

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

a) The Directors' Report

Board Membership

Mrs L O'Leary (from 30th November 2020)
Mr W Brackenridge (from 2nd July 2020 to 1st April 2021)

Executive Members

Mr R Roberts, Chief Executive*
Mrs C Gillie, Director of Finance, Procurement, Estates & Facilities (to 13th 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*
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 14th April 2020)
Mr A Carter, Director of Workforce (from 14th April 2020)
Mr R McCulloch-Graham, Director of IJB delegated functions

* Are all Scottish Government appointed Executive Directors.

The Medical Director appointment of Dr L McCallum on 1st September 2020 enabled an overlap period with the existing Medical Director ensuring appropriate induction and handover could take place.

The Board members' responsibilities in relation to the accounts are set out in section C of the Corporate Governance Report (pg 26).

Board Members' and Senior Managers' Interests

Details of any related party transactions 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 20 (pg 115).

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

I. CORPORATE GOVERNANCE REPORT (continued)

a) The Directors' Report

Pension Liabilities

The accounting policy note for pensions is provided within the Accounting Policy Note 1 (pg 82) and disclosure of the costs is shown within Note 19 and the Remuneration Report.

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.

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 19, and described in the Accounting Policy Note 1 (pg 85).

Personal data related incidents reported to the Information Commissioner

Information governance breaches reported to the Commissioner in 2020/21 have been progressed in line with Commissioner requirements. One staff member was investigated for accessing large numbers of health records without having a legitimate NHS purpose. The case was referred to the Information Commissioner's Office (ICO) who decided, after further investigation, that the actions taken by the Board were sufficient to address the issue.

ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

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 Government 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.

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 22nd April 2019.

ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

b) 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 2021 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable.
- 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.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) 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 2021, 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.

Temporary Governance Changes Implemented as a Result of COVID-19

Following the declaration of the COVID-19 global pandemic, the Board implemented emergency planning arrangements during March 2020, overseen and guided via local and national operational, tactical and strategic response structures.

The Board approved the temporary suspension of the Code of Corporate Governance and Board Standing Orders in regard to Board meetings and Board Sub Committee arrangements only, until such time as the COVID-19 Pandemic has reduced to allow this temporary arrangement to be withdrawn.

With the onset of the pandemic, the organisation put into place its pandemic response plan and formulated the Gold, Silver and Bronze escalation structure.

Gold command is the operational decision making group for all services affected by the pandemic and met on a daily basis. A log of discussions/actions and decisions are kept from each meeting along with a full decisions log, completed actions log and outstanding actions log.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

A paper was taken to the Board to revise the Board's governance arrangements in regard to suspending the Board sub committees to allow staff to concentrate on the pandemic response with as little distraction as possible.

The Board moved to monthly meetings with a focus on COVID-19.

The Chair, Chief Executive and Non Executive members of the Board continue to have fortnightly calls/meetings to ensure they are kept abreast of matters.

Decisions made at gold command in regard to clinical services have been shared with the Clinical Governance Committee and feature in the Clinical Governance & Quality Report to the Board.

All Board papers are uploaded to the external website 3 days in advance of the Board meetings to enable public scrutiny.

The Boards' revised governance arrangements were reviewed monthly and have now returned to normal, except for meeting in public.

Governance Framework

The Code of Corporate Governance steering group meets on a quarterly basis and will continue to look at the overall governance arrangements of the Board.

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

The Board

The Board met 8 times during the year via Teams or teleconference to progress the business of the NHS Board, with 2 of the meetings being extra ordinary. An invitation for public attendance is advertised on the NHS Borders website allowing attendance via the Teams platform.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

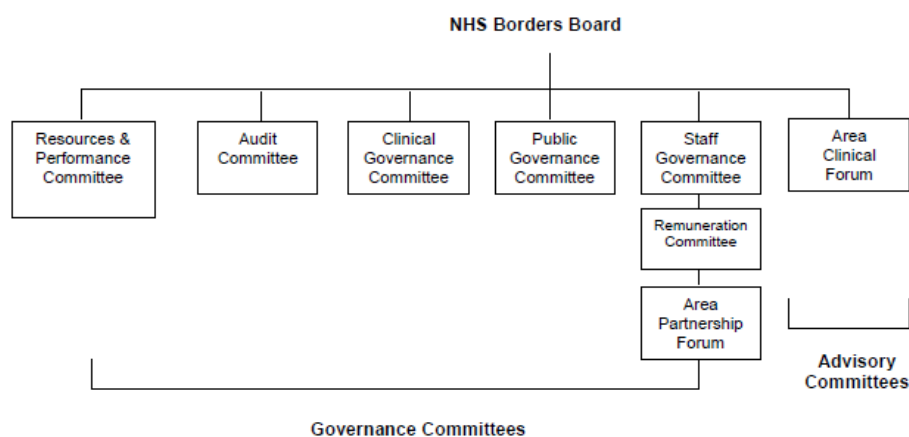
d) The Governance Statement

Standing Committees

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

- Clinical Governance
- Resources & Performance Committee
- Audit
- Staff Governance
- Public Governance
- Pharmacy Practices Committee

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



* The Pharmacy Practices Committee has delegated authority from the Board to meet when there are applications to consider in line with Statutory Instrument 1995 NO 414 (S28)
The National Health (Pharmaceutical Services) Service (Scotland) - Regulations 1995

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.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

Resources and Performance Committee

The overall purpose of the Resources and Performance Committee is to provide assurance across the healthcare system regarding finance and performance, ensure alignment across whole system planning and commissioning, and to discharge the delegated responsibility from the NHS Board in respect of asset management.

The Committee receive reports, and draft plans for review and response in respect of; Finance, Performance, Capital, Asset Management, East of Scotland Regional Planning, National Shared Services and the Health and Social Care Partnership strategic plan.

The Committee oversees the development of a Financial Strategy for approval by the Board that is consistent with the principle of Patient Safety as our number one priority, but with reference to all other national and local priorities.

The Committee acts as the Performance Management Committee of the Board, the Service Redesign Committee of the Board and influences the early development of the strategic direction of the Board.

Audit Committee

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

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.

Remuneration Committee

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 ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

Area Partnership Forum (APF)

The Area Partnership Forum, as a strategic body, is responsible for facilitating, monitoring and evaluating the effective operation of partnership working across NHS Borders, and to develop and approve Workforce (i.e. HR and related) Policies in accordance with agreed timetables and priorities through the partnership process, for adoption of these policies by the Staff Governance Committee on behalf of the Board as the employer.

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 2020/21 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 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. The following link provides access to the full report <http://www.nhsborders.scot.nhs.uk/corporate-information> .
- Patient safety is paramount within NHS Borders and our commitment to strive for excellence in patient safety and improve patient experience is reflected in the organisational objectives.
- During 2020/21 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 ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets are reported to the Board on a regular basis.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

- The board member development programme was stood down during 2020/21 to enable the Board to concentrate on its response to the COVID-19 pandemic.
- 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 board can deliver its key outcomes. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes, assurance and evidence can be obtained to demonstrate NHS Borders incorporates Best Value principles in everyday business.
- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD). The CoCG includes sections detailing how business is organised, members' code of conduct, standards of business conduct for NHS staff, the counter fraud policy and action plan, reservation of powers and delegation of authority and standing financial instructions. The CoCG details fully the core functions of the Audit Committee and the other standing committees of the Board including the terms of reference which are reviewed and approved on an annual basis. This ensures explicit agreement of the purpose, key functions and delegated remit of each Committee.
- The Board maintains strong financial governance through the CoCG which incorporates the Board's standing orders and scheme of delegation. To support the scheme of delegation an authorised signatory database is in place.
- The 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.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

- Plans are underway to implement the Independent National Whistleblowing Officer (INWO) Standards from 01 April 2021. NHS Borders will adopt the *Once for Scotland* policy and communicate this change to the workforce, including volunteers, students in Health disciplines and contractors. Managers and supervisors will need to complete a TURAS (Turas “journey” in Gaelic is a digital platform that supports a wide range of applications, including Turas Appraisal, Turas Learn, Turas ePortfolio and Turas Training Programme Management) module to help them understand how the Standards differ from our existing Whistleblowing arrangements and the difference between a concern in the public interest and matters of personal grievance. NHS Borders has a Whistleblowing Champion in Sonya Lam. Sonya is a Non-Executive Director of the NHS Borders Board and sees whistleblowing as a vital component of building and sustaining a healthy organisational culture.
- 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 2019. Due to the impact of COVID-19 pandemic, the Scottish Government delayed the survey for 2020/21.
- 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.
- 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 walk rounds by senior managers. Weekly walk rounds have been reduced during 2020/21 as a result of the social distancing measures in place.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

- In accordance with 'IAS 27 – Separate Financial Statements, the Financial Statements' consolidate the Borders Health Board Endowment Fund (known as 'The Difference').

Following the end of the accounting period the trustees of the Endowment Fund undertook a review of the accounting treatment of income and gains (and losses) arising from portfolio investments. This review was instigated in response to a question raised at the board of trustees meeting in May 2021. The review concluded that the accounting treatment previously in place was not consistent with charity law and that corrective action was required. Adjustment has been made to the fund's accounts, including restatement of prior year balances. The adjustments have resulted in a delay of approval to the March 2021 Endowment Fund accounts, which are now expected to be concluded in October 2021.

There is no effect on balances consolidated in the NHS Borders 2020/21 Annual Report and Accounts.

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 that 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. Information on data security is disclosed on page 24 of this Annual Report.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

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.
- 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). Disclosure is made within this report in relation to the suspension of the board's Financial Turnaround Programme and the impact upon the board's financial savings delivery.

Risk Assessment

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

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

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

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

In March 2020, internal audit performed a review of the Risk Management Processes within NHS Borders. The report concluded that the processes provide a partial level of assurance over the Board's risk management arrangements, with improvement required. A number of recommendations were made, one being a high risk rating; "The Corporate Risk Register is incomplete and inaccurate because the risk management process is not being followed by all staff across the organisation."

Senior management have acknowledged this recommendation and work is on-going to make the required improvements.

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. The Risk Management annual report is in draft form and will be shared with the Audit Committee when approved. This report details the Risk Management Policy by explaining how NHS Borders intends to deliver its risk management strategy by embedding processes and structures for risk into normal management practices.

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 will be submitting its 2020/21 self assessment against NHS Scotland Resilience standards to the Scottish Government Health Resilience Unit later in 2021, setting out how NHS Borders will fulfil its civil contingencies obligation. The last submission was July 2020.

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.

More recently Display Screen Equipment (DSE) assessments have been added to this system. The Working from Home short life working group created a toolkit to support managers, DSE assessments being part of these. Initially promoted to staff working from home this was then extended to include all staff to ensure organisational legal responsibilities under Health & Safety (Display Screen Equipment) regulations 1992 were addressed.

A COVID-19 risk register was put in place as a short term, emergency planning risk register that allowed risks to be identified quickly to help the organisation make informed decisions in managing the pandemic and to support NHS Border's recovery planning. This register captures all risks which have been identified as a result of COVID-19. This includes health and safety risks although these are recorded in the same format as operational risks to ensure the organisation is adhering to health and safety legislation.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

The strategic risk register is owned by the Board Executive Team; during 2019/20 the strategic risk register was transferred to an electronic system which allowed greater transparency and ownership of strategic risks by the Board Executive Team and Governance Committees. Governance for strategic risks was also improved whereby strategic risks relating to certain areas were fed in regularly to the appropriate Governance Committee.

In 2020/21 the strategic risk register underwent a gap analysis exercise which identified strategic risks that required entry onto the strategic risk register. This ensured the organisation had identified significant risks to the achievement of strategic goals for NHS.

The very high and high risks are presented and monitored at the Risk Management Board for both operational risk and COVID-19 risks. COVID-19 risks are also monitored by Gold command on a weekly basis.

Following an Enterprise risk management approach, NHS Borders risk register records all operational risk on one risk register; clinical, corporate, financial, occupational health and safety and residual risk from completed projects. Of these, 38% were corporate risks, 35% occupational health and safety risks, 19% clinical risks, 7% financial risks and 1% project risks. Given the nature of the organisation's core services, there is an expectation clinical risk would feature more prominently on the risk register.

The risk management key performance indicators are based on the principles within the Healthcare Quality Strategy reflecting safe, effective and patient centred care. The current KPIs, which were set by the Clinical Executive Operational Group in 2015, were only partially attained. This is the sixth year that these attainable KPIs have not been achieved by the organisation. The key performance indicators that have not been attained are:

- Every agreed risk assessment will record stakeholder involvement
- Risk action plans are attached to every agreed risk assessment
- Risks are agreed by risk approvers within a 14 day timescale

NHS Borders achieved one risk management KPI in 2020/21 whereby each risk identified the corporate objective affected.

COVID-19 Pandemic

A Local Mobilisation Plan (LMP) was published in June 2020 and the board has continued to work closely with its partners, including Scottish Government, to develop its Remobilisation plans during the course of 2020/21. These plans describe actions to address the service impact of the pandemic and to safely remobilise services in line with the phases as set out in the Scottish Government's *Remobilise, Recover, Redesign: The Framework for NHS Scotland (May-20)* and subsequent guidance.

The board has implemented a number of changes to its business processes in order to ensure appropriate focus on the planning and implementation of its pandemic

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

response. Changes to the governance structure are described above; in addition to the pandemic command structure (Gold/Silver/Bronze) operational management of action plans has been undertaken via a *Recovery Plan Group* which includes leadership, clinical and management representatives. The following arrangements have been in place throughout 2020/21 and are described in greater detail within the board's Local mobilisation plan:

A weekly operational meeting for joint planning and coordination across health and social care has been established with membership of NHS Borders and Scottish Borders Council executive leadership, as well as the Scottish Borders IJB Chief Officer.

A *Clinical Prioritisation Group* chaired by the Medical Director has been established to provide clinical oversight to our pandemic response, including management of patients whose care has been affected by the pandemic. This group reports to the board's Clinical Governance Committee. The work of the Clinical Prioritisation Group is further supported by the NHS Borders '*COVID-19 Ethical Advice and Support Group*'. Both the Clinical Prioritisation Group and the ethical advice group meet in response to escalation of specific issues. A *Clinical Interface Group*, comprising senior clinicians from across primary and secondary care and mental health meets monthly and provides a more regular opportunity to review resurgence, remobilisation and renewal plans and present clinical issues and concerns.

The financial impact of the pandemic has been managed through a revised financial framework introduced by Scottish Government in March 2020 and refined throughout 2020/21. This framework coordinates local monitoring reports and forecast expenditure through a Local Mobilisation Plan (LMP) 'tracker' which is submitted regularly to Scottish Government. Allocation of additional resources in relation to COVID-19 has been made by Scottish Government through RRL and in line with expenditure identified within the board's LMP tracker report.

2020/21 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.

NHS Borders 2020/21 Annual Operational Plan (AOP) demonstrated the plans the Board has in place to continue to deliver safe and accessible treatment and care and fully deliver Ministerial priorities. As a result of the COVID-19 Pandemic Scottish Government instructed all Boards of the need to submit Remobilisation Plans which, as they continued to respond and remobilise, were to replace AOPs. Whilst the remobilisation plan replaced our AOP NHS Borders continue to monitor performance against AOP standards throughout 2020/21.

Operational Pressures

COVID-19 has impacted on performance against a number of key performance targets. Scottish Government trajectories for 12-week Outpatients, Treatment Time Guarantee

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

and 6-weeks Diagnostics were all due to be delivered by the end of March 2020. The occurrence of COVID-19 and the required cessation of routine elective and diagnostic activity meant those targets were not met. This has continued to place significant challenge in the delivery of these targets with backlogs associated with COVID-19 activities making delivery of these targets impossible in the short to medium term.

Emergency Access Standard performance has also proved challenging through the pandemic as the environment services operate in and restrictions put in place to reduce COVID-19 transmission limit consistent patient flow and place additional activity on the BGH Emergency Department.

TURAS appraisal performance has also been impacted on by the pandemic. Staff reductions associated with the COVID-19 response and requirement to staff additional areas/services has meant that fewer appraisals have been completed due to core services being prioritised by clinical staff.

The pandemic has created new risks to both the Financial Turnaround programme and delivery of key transformational programmes such as the Older Person's Pathway Programme. These are largely associated with the organisation's leadership, operations and project management capacity being focussed on COVID-19 response and remobilisation.

Continuing Impact of EU Withdrawal

The United Kingdom exited the European Union on 31st January 2020, and the transition period applied until 31st December 2020. NHS preparations for a "No Deal" scenario were reinstated in Autumn 2020 following a temporary suspension of planning due to the COVID-19 Pandemic. In the event the United Kingdom and the European Union agreed a trade and cooperation agreement shortly before the end of the transition period. The agreement led to no tariffs or quotas on the movement of goods produced between the UK and the EU.

A multi-disciplinary EU withdrawal sub group had been established within NHS Borders and there is a joint planning group with Scottish Borders Council. These groups have continued to meet after the end of transition period to review any impact of EU withdrawal, which thus far has been negligible. In the immediate period after the end of transition, a resilience/emergency planning approach to concurrent risks was adopted to maintain essential services but the long term impact of E.U. withdrawal must influence our planning.

The overall Brexit uncertainties and outcomes have been identified on the NHS Borders strategic risk register. On the conclusion of the trade and cooperation agreement, the risk rating on the strategic risk register was downgraded to "medium".

Delayed Discharges

The risk related to management of delayed discharges reflects the ongoing challenge to management of patient flow across health and social care and additional actions have been implemented in the latter part of 2020/21 to improve performance in this

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

area. This includes establishment of weekly whole system operational review of the blockages to individual patient discharges, as well as additional investment through the IJB to increase capacity in social care.

During the year internal audit reviewed and assessed the effectiveness of processes and controls in place to manage delayed hospital discharges. They concluded a partial level assurance. Management have acknowledged the recommendations and improvements have been implemented.

Cyber Essentials

IT Services have continued to provide high levels of service in line with SLAs & KPIs. With the move to a more home based workforce, laptops and mobile devices in the estate have increased and Home-Working using Direct Access and VPNs have become the normal for between 400 - 600 users on average per day. This number will increase as Services continue to review the best ways to keep their staff safe while still be able to provide their service.

To protect the organisation's data and also protect it from cyber threat, all laptops have high level encryption, anti-virus and anti-malware clients installed (Sophos). During the initial requirement for homeworking devices we identified a potential risk in the age of our firewalls and potential limiting throughput. To resolve this we have installed new firewalls inside and outside our core network to manage traffic volumes but also to protect the organisation from incoming threats. With recommendations from our technical partner we selected two different manufacturers when selecting firewall pairs which gives us added protection due to vulnerabilities being targeted on specific vendor products.

We continue to work closely with our colleagues in the NSS Security team and are currently testing ATP (Advanced Threat Protection) to be alerted immediately if cyber-attacks arise. The ATP protocol will help reduce the spread across the organisation. NSS notify our Senior and Technical groups immediately of any potential cyber and security threats with mitigation advice which we action as a matter of priority.

A requirement of the Scottish Government's Cyber Resilience Plan is for all Public Authorities in Scotland to gain Cyber Essentials certification. Cyber Essentials is a self-assessment of an organisation's basic security controls that will protect against a wide variety of the most common cyber-attacks and NHS Borders is committed to achieving this.

The Network and Information Systems Regulations (2018) (NIS) places a legislative obligation on Operators of Essential Services (OESs) of which NHS Scotland is one. The Scottish Health Competent Authority (SHCA) carried out a preliminary audit in Q4 2020. The results have been assessed and a project plan and action plan have been developed. These plans are being actively progressed. A further audit is scheduled for NHS Borders in September 2021.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

Workforce

Staff Health & Wellbeing

COVID-19 has had a profound effect on the health and wellbeing of many parts of the workforce and in a variety of ways. Some staff have contracted COVID-19 and been absent from the workplace with debilitating symptoms, some staff have been required to isolate, some have shielded, some staff may still be feeling the effects of Long-Covid and NHS Borders sadly had one fatality in the workforce, attributable to COVID-19. For those staff that have remained at work throughout waves one and two of the pandemic, many have worked with very high levels of patient acuity, worked under intense pressure for a sustained period often away from their usual workspace/colleagues and many have filled in gaps and performed additional hours when colleagues have not been available to work.

In February/March 2020, NHS Borders established a Staff Wellbeing Group, co-chaired by the Employee Director and Director of Workforce. That group was instrumental in setting up the Here4U service which has supplied telephone/Near Me counselling and psychological support to staff who have felt anxious, stressed or depressed. The group also supported a staff engagement program called *Collecting Your Voices* which sought staff opinions on the handling of the pandemic before the national Everyone Matters Pulse Survey was launched. The response was strong; high in numbers and rich in content. Many staff will need time to decompress, reflect and recharge their batteries before a return to all of the pressures that already existed pre-COVID-19.

Deployment of Staff to Meet Service Demands/New Models of Care

Early in the pandemic a Deployment Hub was established, tasked with getting staff to the areas most in need of resources. This saw staff groups such as Community Dental/Oral Health staff and Theatre staff redeployed into Test & Protect/Contact Tracing services. Mental Health Nurses and Community Nurses moved to COVID-19 wards. Shielding staff joined phone lines for the seasonal flu and COVID-19 vaccination contact centre. One of the lessons from the aforementioned *Collecting Your Voices* initiative asked that individual preference be given as much credence as organisational need and this was embraced.

Anticipatory Workforce Planning & Recruitment

NHS Borders Recruitment Service has never been as busy as it has in the last 12 months, having seen recruitment activity grow to 3-4 times pre-COVID-19 levels. Brand new services have been established like the COVID-19 Assessment Hub, Test & Protect/Contact Tracing, outreach into Care Homes and the establishment of a Vaccination Contact Centre. Existing services like Infection Control have been enhanced. Liaison with new initiatives like the National Portal was necessary to secure extra resource for the pandemic response. Throughout all of this, usual winter pressures have prevailed and staff have continued to turnover in terms of retirements and job changers.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

NHS Borders is preparing its 2021-2022 Interim Workforce Plan by the end of April 2021 and this will form a component part of a wider Workforce Strategy 2021-2024 which will also incorporate Resourcing, Learning and Education, Organisational Development, Health & Safety and Equality & Diversity elements. The strategy will be devised to complement national imperatives and local clinical, estates and equipment strategies. With an ageing workforce and one with only 3% identifying as Black Asian or Minority Ethnic, it is vital that NHS Borders can sell itself as an exemplary and progressive employer which is a great place for health and care staff to learn and further their careers.

NHS Borders has established and is operating an Equality, Diversity and Inclusion in Employment Group. This group is in the process of agreeing its' priorities over the next 1-2 years and has already identified staff training and education as a top priority.

NHS Borders is in the process of establishing a Health Inequalities Steering Group which will review, advise and agree on a programme for addressing health inequalities in the Scottish Borders and the resources required to deliver it. The group will work closely with Local Authority counterparts, using existing community planning infrastructure. Both this group and the employment group mentioned above will inform NHS Borders strategic plans, such as the latest service Re-Mobilisation Plan.

Practitioner Services – Service Audit 2020/21

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.

In the current year there has been a significant improvement in the Service Audit performance in respect of two out of the three services, namely:

- Payroll – unqualified opinion
- IT – unqualified opinion – with an emphasis of matter to highlight the additional matters taken into consideration to achieve that opinion, and improvements required.

An improved position was achieved by Practitioner Services, but further actions are required to address matters going forward. Improvement plans are in place to address the control issues identified and will be delivered by the end of quarter 1 2021. Longer term improvements, focused on automating manual controls procedures, will be planned for future years.

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.

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I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

In line with Scottish Government payment verification protocols, NHS NSS Practitioner Services staff review payments to independent family health services practitioners. 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. Due to the Covid-19 response these reports were paused early in the financial year but recommenced in the last half of the year.

The Board's Audit Committee will be presented with a report detailing 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 2021/22.

Internal Audit Opinion

The Chief Internal Auditor Opinion for 2020/21 is noted as:-

“Our overall opinion for the period 1 April 2020 to 31 March 2021 is that based on the scope of reviews undertaken and the sample tests completed during the period, partial assurance with improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The level of non-compliance in certain areas puts some system objectives at risk, specifically in relation to the Sample Checking of Waiting Times audit which returned a no assurance rating. Due to the nature of the high risk findings, we consider that these merit attention in the governance statement. There was another high risk finding relating to Pharmacy Controls and several moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management. Those activities and controls that we examined provided partial assurance that the related risk management objectives were achieved during the period under review.”

The Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2020/21, 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:

2020/21 Internal Audit – Implementation of recommendations to address identified high risks

The 2020/21 Internal Audit Reviews have raised one “high” rated risk in relation to Pharmacy Controls. This risk emphasises the need for additional actions to provide assurance that secure arrangements are in place for the storage of medicines within clinical areas. The overall assurance provided by the audit is partial assurance with improvement required.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

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 2021/22. The specific “high” rated risk is planned for completion during the 1st quarter 2021/22.

Disclosures

Sample Checking for Waiting Times – Internal Audit Findings

The audit reviewed arrangements for waiting times monitoring with specific focus on the application of NHS Scotland Waiting Times guidance.

It was highlighted in the review that sample checking of patient waiting times records had been paused in October 2019 as a result of resource constraints, and that there was a lack of clear roles and responsibilities defined in relation to these checks. There is a risk that coding of patient unavailability may be applied incorrectly resulting in error in the recording of individual patient waiting times. The activities and controls examined by internal audit were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.

The Access Board which is key in the governance of the management of waiting times across secondary care and community services (Acute, AHP and Mental Health), had not taken place for a period of 10 months. Without this forum operating consistently over this period, there was a lack of awareness at senior management level that the monthly checks were no longer being undertaken.

The board has accepted the recommendations of the review and an action plan has been developed to address these recommendations. This includes reintroduction of regular sampling, together with introduction of enhanced reporting arrangements. The terms of reference for the Access Board will be reviewed to ensure that reporting is reviewed regularly within the meeting.

Financial Sustainability

The Scottish Government has introduced a revised financial planning framework for 2021/22, in recognition of the operating conditions in place during the COVID-19 pandemic. The requirement for NHS Boards to prepare a three year financial plan is suspended and is replaced with a single year financial plan.

NHS Borders has prepared a one year financial plan for 2021/22 which is aligned to its Remobilisation Plan presented to Scottish Government in March 2021. This plan describes projected in year financial performance of £6.4m deficit. Management of this deficit in 2021/22 remains subject to further discussion with Scottish Government.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

d) The Governance Statement

Disclosures

The plan identifies an increase to the board's underlying (recurring) financial deficit. This figure is projected to increase from £14.3m at end March 2021 to £18.8m (before savings) during the twelve months to the end of March 2022. Recurring savings of £2.5m are estimated in the plan, resulting in a recurring deficit after savings of £16.3m. The increase to deficit arises through projected expenditure increases in excess of available resources. This includes investment in strategic priorities, including contribution to national and regional developments, as well as local prioritised investment to meet cost pressures (e.g. prescribing growth).

Savings delivery, to mitigate increased cost pressures and address the recurring deficit, is assumed to be limited in scope, as a result of the ongoing impact of the COVID-19 pandemic on the board's financial turnaround programme.

Under the terms of the Medium Term Financial Framework the board expects that the Scottish Government will require repayment of £8.3m brokerage made available to support delivery of a breakeven position in 2019/20. No brokerage was required in 2020/21 as a result of additional allocations made available to the board. Timescales for repayment of this brokerage remain subject to further discussion.

A framework for the development of a long term strategy for financial sustainability was presented to the Resources & Performance Committee in November 2020 and an update to this strategy is due in September 2021. No timescales have been set by Scottish Government for the return to medium term financial planning however the committee have agreed an indicative timescale of September 2021 for the preparation of an updated three year financial plan.

Turnaround Programme

NHS Borders suspended its Financial Turnaround Programme in March 2020, with available infrastructure and resources redeployed to support emergency planning for the COVID-19 response. This position continues to be reviewed on an ongoing basis with recognition of the significant focus of clinicians and managers on the ongoing pandemic and its impact on healthcare delivery, as well as the continued diversion of project management resources to support the planning activities necessary to ensure business continuity and remobilisation of safe and effective services.

An indicative timescale has been set for remobilisation of Financial Turnaround activities at mid-year (September) 2021/22. This position remains subject to ongoing review.

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT

a) Remuneration Report

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

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

Remuneration Committee

The Remuneration Committee is a subcommittee, 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 (Chair), Dr S Mather (to 31st August 2020), Mrs F Sandford, Mr J McLaren (Employee Director), and Mr W Brackenridge (from 2nd July 2020 to 1st April 2021). Mr R Roberts, Mr A Carter (Director of Workforce), Iris Bishop (Board Secretary) 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 - PCS2021(ESM)01 and PCS(ESM)2020 1. The PCS requires NHS Boards to submit provisional performance ratings for employees within the executive and senior manager cohort to the National Performance Management Committee on an annual basis for review and approval. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the executive and senior management cohorts. It is the responsibility of Health Boards and their Remuneration Committees, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to standard arrangements for internal and external audit.

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

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

a) Remuneration Report

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

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 2020/21 IJB Annual Report and Accounts.

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 2020/21 IJB Annual Report and Accounts Remuneration Report.

Hutton Fair Pay Review

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

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

The ratio comparing March 2020 and March 2021 has decreased from 7.28 to 5.84 respectively as detailed in the following table;

	2021	2020
Highest Earning Director's Total Remuneration (£'000s) Hutton	180-185	210-215
Median Total Remuneration	£31,224	£29,194
Ratio	5.84	7.28

The decrease in ratio is a consequence of the change in the Board's highest earning Director which previously was the Medical Director; however following retirement of the Medical Director in 2020 the highest earning Director is now the Joint Director of Public Health. Agenda for Change (AFC) staff have continued to receive pay increases linked to year three 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 £18k to £210k in 2020/21 (£17k to £215k in 2019/20).

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2021

	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: Mr R Roberts	125-130	*	*	125-130	168	295-300	
Joint Director of Public Health: Dr T Patterson	180-185	2.8	*	180-185	12	195-200	1&2
Director of Finance , Estates and Procurement: Mrs C Gillie (to 13th April 2020)	0-5	*	*	0-5	3	5-10	3
Director of Finance , Estates and Procurement: Mr A Bone (from 14th April 2020)	75-80	*	*	75-80	58	135-140	4
Medical Director: Dr C Sharp (to 11th September 2020)	90-95	*	*	90-95	10	100-105	5
Medical Director: Dr L McCallum (from 1st September 2020)	75-80	*	*	75-80	90	165-170	6
Nursing & Midwifery Director: Mrs N Berry	95-100	*	*	95-100	83	175-180	
Director of Statagic Change & Performance: Mrs J Smyth	90-95	1.6		90-95	41	135-140	
Director of Workforce: Mr J Cowie (to 10th May 2020)	5-10	*	*	5-10	*	5-10	7
Director of Workforce: Mr A Carter (from 14th April 2020)	85-90	*	*	85-90	78	165-170	8
Non Executive Members							
Chair - Mrs K Hamilton	30-35	*	*	30-35	*	30-35	9
Mr W Brackenridge (from 2nd July 2020 to 1st April 2021)	5-10	*	*	5-10	*	5-10	10
Mr M Dickson	5-10	*	*	5-10	*	5-10	9
Ms S Lam	5-10	*	*	5-10	*	5-10	9
Dr S Mather (to 31st August 2020)	0-5	*	*	0-5	*	0-5	9&10
Mrs Lucy O'Leary (from 30th November 2020)	0-5	*	*	0-5	*	0-5	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	9
Mrs A Wilson	5-10	*	*	5-10	*	5-10	11
Employee Director :Mr J McLaren	50-55	*	*	50-55	20	70-75	12
Total		4.4			551		

NOTES TO THE 2020/21 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

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

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

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2020/21.

- 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. With effect from 1st September 2020 Dr Patterson contributed to the Career Average Revalued Earnings (CARE) NHS pension scheme. Full year remuneration included the pension benefits accrued during the period from 1st September 2020.
- 3 - Mrs C Gillie retired on 13th April 2020. Full year equivalent salary costs for 2020/21 are £110k - £115k.
- 4 - Mr A Bone was appointed as the Board's Director of Finance on 14th April 2020. Full year equivalent salary costs for 2020/21 are £80k - £85k.
- 5 - Dr C Sharp retired on 11th September 2020. Full year equivalent salary costs for 2020/21 are £210k - £215k.
- 6 - Dr L McCallum was appointed as the Board's Medical Director on 1st September 2020. Full year equivalent salary costs for 2020/21 are £150k - £155k.
- 7 - Mr J Cowie retired on 10th May 2020. Mr Cowie is in receipt of his accrued NHS Scotland pension during 2020/21 and Mr Cowie did not make any contributions to the NHS Scotland pension scheme in 2020/21. Full year equivalent salary costs for 2020/21 are £60k - £65k.
- 8 - Mr A Carter was appointed as the Board's Director of Workforce on 14th April 2020. Full year equivalent salary costs for 2020/21 are £90k - £95k.
- 9 - 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 2020/21 IJB Annual Report and Accounts available from www.scotborders.gov.uk.
- 10 - The full year equivalent salary cost of a Non Executive Members for 2020/21 is £5k - £10k.
- 11 - Mrs Wilson does not receive personal remuneration in relation to this appointment, Mrs Wilson's Directorate can access 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.

Borders Health Board Annual Report and Accounts 2020-21

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2021

	Real increase in pension At age 60 (Bands of £2,500)		Total accrued pension at age 60 at 31 March (Bands of £5,000)		Cash Equivalent Transfer Value (CETV) at 31 March 2020	Cash Equivalent Transfer Value (CETV) at 31 March 2021	Real increase in CETV in year	Note
	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000	£'000	£'000	£'000	
Remuneration of:								
Executive Members								
Chief Executive: Mr R Roberts	7.5-10	17.5-20	50-55	140-145	933	1113	181	1
Joint Director of Public Health: Dr T Patterson	0-2.5	*	70-75	205-210	1671	1732	61	2
Director of Finance , Estates and Procurement : Mrs C Gillie (to 13th April 2020)	0-2.5	5-7.5	40-45	125-130	901	981	76	3
Director of Finance , Estates and Procurement : Mr A Bone (from 14th April 2020)	2.5-5	2.5-5	20-25	40-45	334	380	47	4
Medical Director - Dr C Sharp (to 11th September 2020)	0-2.5	0-2.5	60-65	180-185	1411	1452	31	5
Medical Director - Dr L McCallum (from 1st September 2020)	0-2.5	*	30-35	55-60	423	439	16	6
Nursing & Midwifery Director: Mrs N Berry	2.5-5	10-12.5	30-40	115-120	747	855	95	
Director of Statagic Change & Performance: Mrs J Smyth	2.5-5	0-2.5	25-30	50-55	362	403	41	7
Director of Workforce: Mr J Cowie (to 5th May 2020)	*	*	*		*	*	*	8
Director of Workforce: Mr A Carter (from 14th April 2020)	2.5-5	2.5-5	30-35	70-75	533	596	63	9
Non Executive Members								
Mrs K Hamilton	*		*		*	*	*	
Mr W Brackenridge (from 2nd July 2020 to 1st April 2021)	*		*		*	*	*	
Mr M Dickson	*		*		*	*	*	
Ms S Lam	*		*		*	*	*	
Dr S Mather (to 31st August 2020)	*		*		*	*	*	
Mrs L O'Leary (from 30th November 2020)	*		*		*	*	*	
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	35-40	237	265	24	
Total					7552	8216	635	

NOTES TO THE 2020/21 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 2020/21 can be different from the 'CETV at end of period' reported for 2019/20.

- 1 - 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 pension scheme and from Mr Robert'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 1995 NHS Pension Scheme on 31st May 2016 and re-entered the Career Average Revalued Earnings (CARE) NHS Pension Scheme on 1st September 2020, Pension benefits from the CARE pension scheme and from Mr Patterson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

- 3 - Mrs C Gillie retired on 13th April 2020. CETV figures have been provided to the date of retirement.

- 4 - Mr A Bone transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme on 1st April 2015 under his previous NHSS employment. Pension benefits from the CARE pension scheme and from Mr Bone's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits. CETV figures relate to the period from the date of appointment.

- 5 - Dr C Sharp retired on 11th September 2020, CETV figures have been provided to the date of retirement.

- 6 - Dr L McCallum transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme on 1st April 2015. Pension benefits from the CARE pension scheme and from Dr McCallum's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits. CETV figures relate to the period from the date of appointment.

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

- 8 - Mr J Cowie retired as the Director of Workforce on 20th May 2020, 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 2020/21.

- 9 - Mr A Carter transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme on 1st April 2015 under his previous NHSS employment. Pension benefits from the CARE pension scheme and from Mr Carter's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits. CETV figures relate to the period from the date of appointment.

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 Statagic 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
- 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)		Total accrued pension at age 60 at 31 March (Bands of £5,000)		Cash Equivalent Transfer Value (CETV) at 31 March 2019	Cash Equivalent Transfer Value (CETV) at 31 March 2020	Real increase in CETV in year	Note
	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum£'000	£'000	£'000	£'000	
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	

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 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.
- 1 - 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 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
- 2 - 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
- 7 - From 1st April 2015 Mrs J Smyth transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme. Pension benefits from the CARE pension scheme and from Mrs Smyth's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.
- 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.

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

a) Remuneration Report

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 2020/21.

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
- 2 - Ad hoc time - 4 – dedicated time*	Not applicable (ad hoc time) 3.45 (relates to those with dedicated time only, 0.8wte of which for 4 months only)*

<i>Percentage of time</i>	Number of representatives
0%	-
1-50%	2
51-99%	-
100%	4

<i>Total cost of facility time</i>	£ 111,740
<i>Total pay bill</i>	£148,366,000
<i>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</i>	0.07%

<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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THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

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 2021 were £148,366m (2020: £133.587m). 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	2021 Total £000	2020 Total £000
STAFF COSTS								
Salaries and wages	686	102	115,670			(478)	115,980	103,584
Social security costs	87	4	9,978			(54)	10,015	9,100
NHS scheme employers' costs	134	0	19,727			(137)	19,724	18,607
Other employers' pension costs	0	0	0				0	0
Secondees	0	0	0	0			0	248
Agency staff	0	0	0		2,647		2,647	2,048
Total	907	106	145,375	0	2,647	(669)	148,366	133,587
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							0	104
STAFF NUMBERS								
Whole time equivalent (WTE)	8	2	2,819	0	27	(10)	2,845	2,795
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							0	2
Included in the total staff number above were disabled staff of:							19	17
Included in the total staff numbers above were Special Advisers of:							0	0

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

b) Staff Report

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

Employees whose remuneration fell within the following ranges	2021 Numbers	2020 Numbers
Clinicians*		
£70,001 to £80,000	15	17
£80,001 to £90,000	14	14
£90,001 to £100,000	21	18
£100,001 to £110,000	19	18
£110,001 to £120,000	17	14
£120,001 to £130,000	11	13
£130,001 to £140,000	8	4
£140,001 to £150,000	3	8
£150,001 to £160,000	5	4
£160,001 to £170,000	7	5
£170,001 to £180,000	4	1
£180,001 to £190,000	-	1
£190,001 to £200,000	-	-
£200,001 and above	-	1
TOTAL	124	118
Other#		
£70,001 to £80,000	10	6
£80,001 to £90,000	4	3
£90,001 to £100,000	3	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	-
£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	18	9

The above tables exclude Board Members (Non executive and Executive Directors) and Senior Managers who have been reported in the Remuneration Report on page 48.

The definition of the categories used in the above tables is noted as Clinicians* – staff involved in directly providing patient care & Other# – staff not categorised as clinicians

A revision to the numbers of employees designated as clinicians or other employees has been completed in year based on job roles. One off costs relating to worked hours to support the Board's COVID-19 response has increased the number of employees being reported in his Higher Paid Employees analysis.

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

b) Staff Report

c) Staff numbers

The following table provides analysis by whole time equivalent and headcount for all staff paid by the Board during 2020/21 and prior year 2019/20. The employee headcount in the table details an individual count for each employee for each post they hold with NHS Borders.

STAFF NUMBERS	WTE 2021 Annual Mean	WTE 2020 Annual Mean	Headcount 2021 Annual Mean	Headcount 2020 Annual Mean
Medical & Dental	261.1	253.9	525	521
Nursing & Midwifery	1236.7	1252.5	2204	2198
Other staff groups	1347.4	1288.4	2462	2271
Board Total Average Staff	2845.2	2794.8	5191	4990
Permanent Staff	2423.3	2451.1	3265	3302
Staff with Short Term Contract	273.9	211.0	564	415
Bank Staff	130.9	119.2	1378	1277
Inward Secondees	-	3.5	-	6
Agency Staff*	26.8	16.3	-	-
Outward Secondees	(9.7)	(6.4)	(16)	(10)
Board Total Average Staff	2845.2	2794.7	5191	4990
Disabled Staff (Declared)	18.9	17.1	30	31
Special Advisers				
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	0	2	0	2

* Expenditure incurred on Agency Staff during 2020/21 was reported as £2.65m (2019/20: £2.05m). Medical Agency staff costs have increased in year to £1.33m (2019/20: £0.79m). Nursing Agency costs also reported an increase from previous year, incurring a total spend of £0.82m (2019/20: £0.78m). In November 2020 NHS Borders entered into a Service Level Agreement with NHS Lothian to manage the process to book Bank and Agency staff for services in Borders.

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

b) Staff Report

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.

	2021			2020		
	Male	Female	Total	Male	Female	Total
Executive Directors	4	3	7	4	3	7
Non-Executive Directors and Employee Director	5	4	9	5	3	8
Senior Employees (other)	72	68	140	61*	63*	124*
Other	722	3,037	3,759	759	3412	4171
Total Headcount	803	3,112	3,915	829	3481	4310

A restatement to the Staff Composition numbers for 2019/20 has been reported in this report within the category of Senior Employees which reflects all staff who earn more than £70,000 being reported in this category. Corresponding reduction has been made to the Other staff category.

e) Sickness absence data

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

	2021	2020
Sickness Absence Rate	4.7%	5.0%

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:

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

b) Staff Report

- 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

There has been one exit package in the range £50k - £100k agreed in NHS Borders in 2020/21 and none in the previous year.

h) Compensation Payments

NHS Borders did not make any compensation payments in financial years 2020/21 or 2019/20.

i) COVID-19 Recognition Payment

On 30 November 2020, the First Minister Nicola Sturgeon announced a £500 one off payment for all health and care staff as a thank you for helping Scotland cope with COVID-19. The Scottish Government, Employers and Staff Side worked in partnership through the Scottish Terms and Conditions Committee to agree the fairest way of allocating this payment to NHS Scotland staff. A Pay Policy circular, PCS(COV) 2020 1 was issued to NHSS Health Boards on 23rd December 2020 and NHS Borders processed payment to all eligible employees in February 2021. Funding to cover the total cost of the payment, £1.8m (inclusive of appropriate employer's national insurance costs) was allocated by Scottish Government.

j) 1% AFC Payment on the 1st December

The Board has processed a payment on account to all Agenda for Change employees in line with circular PCS(AFC)2021 1 at a level of 1% uplift to pay backdated to 1st December 2020. Pay negotiations continue and when finalised the costs of the final agreed level will be funded by the Scottish Government. The Board received additional £0.36m to cover the total costs of the 1% incurred in 2020/21.

THE ACCOUNTABILITY REPORT

III. 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 2020/21 or in the prior year 2019/20 and includes the following nil disclosure for information.

	2020/21 No of cases	£000	2020/21 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 2020/21 and in the prior year 2019/20 for this section of the report.

Signed *Ralph Roberts*

Chief Executive and Accountable Officer

29 September 2021

Independent auditor’s report to the members of NHS Borders, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Borders and its group for the year ended 31 March 2021 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 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 5 years. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body’s ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgement 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting 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. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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; or
- 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

30 September 2021

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

Restated			2021
2020		Note	£'000
£'000			£'000
134,010	Employee expenditure	3a	149,035
	Other operating expenditure	3b	
32,518	Independent Primary Care Services		36,311
42,588	Drugs and medical supplies		46,045
215,731	Other health care expenditure		252,493
424,847	Gross expenditure for the year		483,884
(158,510)	Less: operating income	4	(178,743)
(1,871)	Associates and joint ventures accounted for on an equity basis		(3,249)
264,466	Net expenditure for the year		301,892
OTHER COMPREHENSIVE NET EXPENDITURE			
2020			2021
£'000			£'000
(2,083)	Net Gain on revaluation of Property Plant and Equipment		0
0	Net Gain on revaluation of available for sale financial assets		0
(2,083)	Other Comprehensive Expenditure		0
262,383	Total Comprehensive Expenditure		301,892

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Board 2020 £'000	Restated Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
130,334	130,334	Non-current assets:			
1,274	1,274	Property, plant and equipment	7c	131,760	131,760
		Intangible assets	6	1,140	1,140
0	1,871	Financial assets:			
0	4,127	Investment - associates and joint ventures		0	5,120
		Investment - Endowment Fund	10	0	5,428
131,608	137,606	Total non-current assets		132,900	143,448
		Current Assets:			
1,516	1,516	Inventories	8	1,583	1,583
		Financial assets:			
8,215	8,265	Trade and other receivables	9	7,546	7,581
1,433	2,207	Cash and cash equivalents	11	402	979
100	100	Assets classified as held for sale	7b	100	100
11,264	12,088	Total current assets		9,631	10,243
142,872	149,694	Total assets		142,531	153,691
		Current liabilities			
(2,519)	(2,519)	Provisions	13a	(3,338)	(3,338)
		Financial liabilities:			
(49,567)	(49,757)	Trade and other payables	12	(68,439)	(68,738)
(52,086)	(52,276)	Total current liabilities		(71,777)	(72,076)
90,786	97,418	Non-current assets (less) net current liabilities		70,754	81,615
		Non-current liabilities			
(11,216)	(11,216)	Provisions	13a	(10,228)	(10,228)
		Financial liabilities:			
(786)	(786)	Trade and other payables	12	(683)	(683)
(12,002)	(12,002)	Total non-current liabilities		(10,911)	(10,911)
78,784	85,416	Assets less liabilities		59,843	70,704
		Taxpayers' Equity			
28,058	28,058	General fund	SOCTE	10,333	10,333
50,726	50,726	Revaluation reserve	SOCTE	49,510	49,510
0	1,871	Other reserves - associates and joint ventures	SOCTE	0	5,120
0	4,761	Fund held on Trust	SOCTE	0	5,741
78,784	85,416	Total taxpayers' equity		59,843	70,704

The financial statements on pages 67 to 70 were approved by the Board on 29 September 2021 and signed

Andrew Bone
 Director of Finance

Ralph Roberts
 Chief Executive

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2021

2020 £'000		Note	2021 £'000	2021 £'000
Cash flows from operating activities				
(268,208)	Net expenditure	SoCTE	(301,892)	
6,578	Adjustments for non-cash transactions	2b	9,615	
351	Add back: interest payable recognised in net operating expenditure	2b	351	
6,394	Movements in working capital	2b	11,196	
(254,885)	Net cash outflow from operating activities	24c		(280,730)
Cash flows from investing activities				
(2,497)	Purchase of property, plant and equipment		(5,608)	
(26)	Purchase of intangible assets		(179)	
(813)	Investment Additions	10	(697)	
(71)	Transfer of assets (to)/from other NHS bodies		0	
102	Proceeds of disposal of property, plant and equipment		0	
288	Receipts from sale of investments		339	
(3,017)	Net cash outflow from investing activities	22c		(6,145)
Cash flows from financing activities				
256,691	Funding	SoCTE	284,277	
1,956	Movement in general fund working capital	SoCTE	1,818	
258,647	Cash drawn down		286,095	
(27)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2b	(97)	
(351)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2b	(351)	
258,269	Net Financing	22c		285,647
367	Net increase/(decrease) in cash and cash equivalents in the period			(1,228)
1,840	Cash and cash equivalents at the beginning of the year			2,207
2,207	Cash and cash equivalents at the end of the period			979
Reconciliation of net cash flow to movement in net debt / cash				
367	Increase / (decrease) in cash in year	11		(1,228)
1,840	Net debt / cash at 1 April			2,207
2,207	Net debt / cash at 31 March			979

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY

CONSOLIDATED SOCTE

Note	General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves	
	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2020	28,058	50,726	1,871	4,761	85,416	
Retrospective restatements for changes in accounting policy and material errors						
Restated balance at 1 April 2020	28,058	50,726	1,871	4,761	85,416	
Changes in taxpayers' equity for 2020-21						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	0	0	0	
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0	0	0	
Net gain / (loss) on revaluation of investments	10	0	0	942	942	
Impairment of property, plant and equipment			(40)		(40)	
Revaluation and impairments taken to operating costs	2b	40			40	
Release of reserves to the statement of comprehensive net expenditure		0			0	
Transfers between reserves		1,216	(1,216)		0	
Other General Fund transactions		(1,288)		3,249	1,961	
Net operating cost for the year	CFS	(301,930)		38	(301,892)	
Total recognised income and expense for 2020-21		(302,002)	(1,216)	3,249	(298,989)	
Funding:						
Drawn down	CFS	286,095			286,095	
Movement in General Fund (creditor) / debtor	CFS	(1,818)			(1,818)	
Balance at 31 March 2021	SOPF	10,333	49,510	5,120	5,741	70,704

CONSOLIDATED SOCTE (PRIOR YEAR - RESTATED)

Note	General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves	
	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2019	36,362	49,896	0	5,355	91,613	
Retrospective restatements for changes in accounting policy and material errors						
Restated balance at 1 April 2019	36,362	49,896	0	5,355	91,613	
Changes in taxpayers' equity for 2019-20						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	2,292	0	2,292	
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0	0	0	
Net gain / (loss) on revaluation of investments	10	0	0	(643)	(643)	
Impairment of property, plant and equipment			(100)		(100)	
Impairment of intangible assets	6	0	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		1,462	(1,462)		0	
Transfer of non current assets from other bodies		(1,942)		1,871	(71)	
Net operating cost for the year	CFS	(264,515)	0	49	(264,466)	
Total recognised income and expense for 2019-20		(264,995)	830	(594)	(262,888)	
Funding:						
Drawn down	CFS	258,647	0	0	258,647	
Movement in General Fund (creditor) / debtor	CFS	(1,956)	0	0	(1,956)	
Balance at 31 March 2020	SOPF	28,058	50,726	1,871	4,761	85,416

The Notes to the Accounts, numbered 1 to 22, 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 2020/21.

- 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 2022. 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 has 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 year's 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 2022/23.

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 2021.

The standard is expected to increase total expenditure by £43k. Right-of-use assets totalling £0.725 million will be brought onto the Statement of Financial Position, with an associated lease liability of £0.725 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 22 (pgs117-119) 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.

The board has a commitment to repayment of £8.3m 'brokerage' made available in 2019/20; timing of this repayment remains subject to further discussion with Scottish Government. Brokerage is additional funding advanced by Scottish Government in line with the Scottish Government Medium Term Health and Social Care Financial Framework.

The board did not require brokerage in order to meet its financial targets in 2020/21.

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

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

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

Non discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government.

Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

6. Funding (continued)

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 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.

7.2 Measurement

Valuation:

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

All assets 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.

7. Property, Plant and Equipment (continued)

7.2 Measurement (continued)

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.

In line with the agreed Property Plant and Equipment – Valuation Accounting Policy the Board commissioned a valuation of property as at 31st March 2020, due to COVID-19 restrictions this was performed as a desktop exercise in March 2020. It was intended to complete site visits to Board properties during 2020/21 to complete the valuation, however due to the on-going pandemic restrictions these visits have not yet taken place.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book') at March 2020, a material uncertainty was declared in the valuation report. This matter arose 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'.

This year Avison Young have reported that some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for avoidance of doubt, the valuation is not reported as being subject to "material valuation uncertainty". Indexation of zero % was advised by Avison Young to be applied to the property asset values as at 31st March 2021 and this has been reported in the accounts.

The Board will consider the valuation of its properties in 2021/22 and review when appropriate, as advised by the valuer.

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

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

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

7. Property, Plant and Equipment (continued)

7.2 Measurement (continued)

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

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

Temporary Decreases in Asset Value:

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

7.3 Depreciation

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

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

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'

7. Property, Plant and Equipment (continued)

7.4 Depreciation (continued)

ceases to be depreciated upon their classification.

- 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.

8. Intangible Assets (continued)

8.1 Recognition (continued)

Software Licences:

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

8.2 Measurement

Valuation:

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

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

Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the 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. Intangible Assets (continued)

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.

9. Non-Current Assets Held for Sale (continued)

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 [NHSCapital 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 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 20 (pg115) 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 92).

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 £158.034m 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 108) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14 (pg 108), 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.

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

This is the default basis for financial assets.

- (b) Financial assets held at amortised cost.

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

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

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

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

- i. The financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset.
- 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 life time 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

Derivative Financial Instruments

NHS Borders does not hold any derivative financial instruments (2019/20: nil).

Commitments under PFI Contracts

NHS Borders do not hold any PFI commitments under PFI Contracts,

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 94) in a manner consistent with the internal reporting provided to the Board and throughout the organisation at senior and operational management levels where the responsibility for allocating resources and assessing performance is held. This has been identified as the individual Operational Business Units, External Commissioning and Corporate and Support Service areas of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in Note 3 (pg 92).

26. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The Board does not hold a bank overdraft facility. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

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 21 (pg 116) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual (FReM).

29. Key Sources of Judgement and Estimation Uncertainty

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

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 a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Accruals: NHS Borders makes judgement, applies estimates and assumptions to the accrual of expenditure and income within the annual accounts. Specifically in areas of holiday pay, pay enhancement and the provision for bad debts. NHS Borders reviews on an annual basis methodology relating to significant accrual balances held. Significant accruals held relate to pay policy and employment contractual terms and conditions, business travel, carry forward of annual leave and income due for treatment provided as part of the procedure for Road Traffic Accidents (RTA).

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

Clinical and Medical Negligence Provision: The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders.

The provision covers all claims classified as category 3 and 50% of the full cost of category 2 claims which have been assessed as having a probability of settlement. A change to the level of provision held in relation to category 2 claims was made by NHS Borders in line with guidance from the Scottish Government Technical Advisory Group.

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2020 £'000	2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN	NOTE	2021 £'000	2021 £'000
264,487	Net Operating Costs	SoCNE		301,892
(7,798)	Total Non Core Expenditure (see below)			(6,774)
(11,707)	Family Health Services non-discretionary allocation			(13,996)
77	Donated Assets Income	2b		177
49	Endowment net expenditure			38
1,850	Associates and joint ventures accounted for on an equity basis			3,249
246,958	Total Core Expenditure			284,586
247,184	Core Revenue Resource Limit			284,717
226	Saving against Core Revenue Resource Limit			131

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

0	Capital Grants to / (from) Other Bodies		0	
4,541	Depreciation/Amortisation		4,495	
0	Annually Managed Expenditure - Impairments		0	
1,503	Annually Managed Expenditure - Creation of Provisions		224	
199	Annually Managed Expenditure - Depreciation of Donated Assets	2b	193	
145	Annually Managed Expenditure - Pension valuation		55	
1,410	Additional Scottish Government non-core funding		1,807	
7,798	Total Non Core Expenditure			6,774
7,798	Non Core Revenue Resource Limit			6,774
0	Saving/(excess) against Non Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving / (Excess) £'000
Core	284,717	284,586	131
Non Core	6,774	6,774	0
Total	291,491	291,360	131

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED CASHFLOWS

2b. NOTES TO THE CASH FLOW STATEMENT

Consolidated adjustments for non-cash transactions

2020 £'000		Note	2021 £'000
	Expenditure not paid in cash		
4,162	Depreciation	7a	4,126
323	Amortisation	6	313
199	Depreciation of donated assets	7a	193
100	Impairments on PPE charged to SoCNE		40
0	Impairments on intangibles assets charged to SoCNE	6	0
(77)	Funding of Donated Assets	7a	(177)
1,871	Associates and joint ventures accounted for on an equity basis	SoCNE	5,120
6,578	Total expenditure not paid in cash	CFS	9,615

Interest payable recognised in operating expenditure

2020 £'000		Note	2021 £'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
351	Other Finance lease charges allocated in the year		351
0	Provision - Unwinding of discount		0
351	Net interest payable	CFS	351

Consolidated movements in working capital

2020 Net movement £'000		Note	Opening balances £'000	Closing balances £'000	2021 Net movement £'000
	INVENTORIES				
(229)	Balance Sheet	8	1,516	1,583	
(229)	Net decrease / (increase)				(67)
	TRADE AND OTHER RECEIVABLES				
(1,224)	Due within one year	9	8,265	7,581	
0	Due after more than one year	9	0	0	
(1,224)	Net decrease / (increase)		8,265	7,581	684
	TRADE AND OTHER PAYABLES				
8,693	Due within one year	12	49,757	68,738	
(41)	Due after more than one year	12	786	683	
(1,956)	Less: General Fund creditor included in above	12	(2,476)	(4,294)	
27	Less: lease and PFI creditors included in above	12	(856)	(759)	
6,723	Net (decrease) / increase		47,211	64,368	17,157
	PROVISIONS				
1,124	Statement of Financial Position	13a	13,735	13,566	
0	Transfer from provision to General Fund		0	(6,409)	
1,124	Net decrease / (increase)		13,735	7,157	(6,578)
6,394	Net movement (decrease) / increase	CFS			11,196

NOTES TO THE ACCOUNTS

3. OPERATING EXPENSES

3a. Employee expenditure

2020 Total £'000		2021 Board £'000	2021 Consolidated £'000
	Note		
29,358	Medical and Dental	32,282	32,282
56,982	Nursing	63,204	63,204
47,670	Other Staff	53,549	53,549
134,010	Total	149,035	149,035
	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

2020 Total £'000		2021 Board £'000	2021 Consolidated £'000
	Note		
	Independent Primary Care Services		
19,744	General Medical Services	21,400	21,400
4,505	Pharmaceutical Services	7,232	7,232
6,474	General Dental Services	5,862	5,862
1,795	General Ophthalmic Services	1,817	1,817
32,518	Total independent primary care services	36,311	36,311
	Drugs and medical supplies		
23,592	Prescribed drugs Primary Care	23,390	23,390
11,733	Prescribed drugs Secondary Care	12,628	12,628
7,263	Medical Supplies	6,108	6,108
42,588	Total drugs and medical supplies	42,126	42,126
	Other health care expenditure		
140,773	Contribution to Integration Joint Boards	159,548	159,548
39,815	Goods and services from other NHS Scotland bodies	25,625	25,625
490	Goods and services from other UK NHS bodies	875	875
4,065	Goods and services from private providers	4,219	4,219
335	Goods and services from voluntary organisations	155	155
2,580	Resource Transfer	2,629	2,629
0	Loss on disposal of assets	0	0
26,861	Other operating expenses	58,777	58,777
125	External Auditor's remuneration - statutory audit fee	127	127
0	Scottish Government Personal Protective Equipment & COVID-19 Testing Kits	3,290	3,290
0	UK Government COVID-19 Testing Kits	629	629
687	Endowment Fund expenditure	0	538
215,731	Total other health care expenditure	255,874	256,412
290,837	Total Other Operating Expenditure	334,311	334,849

NOTES TO THE ACCOUNTS

4. OPERATING INCOME

	2020		Board Consolidated	
			2021	2021
	£'000	Note	£'000	£'000
0	Income from Scottish Government		0	0
6,251	Income from other NHS Scotland bodies		6,211	6,211
2,604	Income from NHS non-Scottish bodies		1,629	1,629
13	Income from private patients		0	0
140,773	Income for services commissioned by Integration Joint Board		159,548	159,548
1,312	Patient charges for primary care		179	179
0	UK Government COVID-19 Testing Kits		629	629
41	Profit on disposal of assets		0	0
0	Contributions in respect of clinical and medical negligence claims		0	0
0	Interest received	CFS	0	0
	Non NHS:			
0	Overseas patients (non-reciprocal)		0	0
0	Non-patient care income schemes		0	0
736	Endowment Fund Income		0	576
6,780	Other		9,971	9,971
	158,510	SoCNE	178,167	178,743

NOTES TO THE ACCOUNTS

5. SEGMENTAL INFORMATION

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

	2020-21*			External Purchaser & Provider	Corporate & Support Costs	The Difference	Associates and joint ventures	Total
	Business Unit - Acute Services	Business Unit - IJB Delegated	Business Unit - Set Aside	£'000	£'000	£'000		£'000
	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Net operating cost 2020/21	69,519	132,624	27,016	26,848	49,172	(38)	(3,249)	301,892
	2019-20			Commissioning of Healthcare	Central & Support Costs	The Difference	Associates and joint ventures	Total
	Clinical Executive	Family Health Services	N/a	£'000	£'000	£'000		£'000
	£'000	£'000		£'000	£'000	£'000		£'000
Net operating cost 2019/20	194,622	15,130	0	30,562	25,974	49	(1,871)	264,466

* The Board revised its Internal Management Reporting Structure in 2020/21 to include the operational Business Units for Acute Services, IJB Delegated Functions and Set Aside. Prior year information is not available in this structure.

NOTES TO THE ACCOUNTS

6. INTANGIBLE ASSETS - BOARD AND CONSOLIDATED

Cost or Valuation	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
As at 1st April 2020		356	2,795	0	3,151
Additions		0	179	0	179
Completions		0	0	0	0
Transfers between Asset Categories		0	0	0	0
Impairment charges		0	0	0	0
At 31st March 2021		356	2,974	0	3,330
Amortisation					
As at 1st April 2020		346	1,531	0	1,877
Provided during the year		8	305	0	313
Transfers		0	0	0	0
At 31st March 2021		354	1,836	0	2,190
Net Book Value at 1st April 2020		10	1,264	0	1,274
Net Book Value at 31st March 2021	SoFP	2	1,138	0	1,140

INTANGIBLE ASSETS - BOARD AND CONSOLIDATED PRIOR YEAR

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

NOTES TO THE ACCOUNTS

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

		Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
Cost or Valuation	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st April 2020		4,547	120,901	1,576	24,746	7,484	862	2,964	163,080
Additions - purchased		0	0	76	3,157	994	0	1,381	5,608
Additions - donated		0	0	0	177	0	0	0	177
Completions		0	0	0	0	0	0	0	0
Transfers between asset categories		0	792	0	522	0	0	(1,314)	0
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	0	0	0	0	0	0	0
Impairment charges		0	(40)	0	0	0	0	0	(40)
Disposals - purchased		0	0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0	0
At 31st March 2021		4,547	121,653	1,652	28,602	8,478	862	3,031	168,825
Depreciation									
As at 1st April 2020		0	7,818	1,389	17,919	4,773	847	0	32,746
Provided during the year - purchased		0	2,597	40	939	537	13	0	4,126
Provided during the year - donated		0	130	0	58	4	1	0	193
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	0	0	0	0	0	0	0
Impairment charges		0	0	0	0	0	0	0	0
Disposals - purchased		0	0	0	0	0	0	0	0
Disposals - donated		0	0	0	0	0	0	0	0
At 31st March 2021		0	10,545	1,429	18,916	5,314	861	0	37,065
Net Book Value at 1st April 2020		4,547	113,083	187	6,827	2,711	15	2,964	130,334
Net Book Value at 31st March 2021	SoFP	4,547	111,108	223	9,686	3,164	1	3,031	131,760
Open Market value of Land in Land and Dwellings included above		4,547							
Asset financing:									
Owned - purchased		4,537	104,588	223	9,149	3,148	0	2,944	124,589
Owned - donated		10	5,761	0	537	16	1	87	6,412
Finance Lease		0	759	0	0	0	0	0	759
Net Book Value at 31st March 2021	SoFP	4,547	111,108	223	9,686	3,164	1	3,031	131,760

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

		Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
Cost or Valuation	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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		4,547							
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

In 2020-21 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

The Asset Held for Sale by the Board is Orchard Park, St Boswells. All actions relating to the sale of this property were paused during 2020/21 to enable the Board to focus on the delivery of health and care services during the COVID 19 pandemic. It is the Board's intention to conclude the sale of this property during 2021/22.

ASSETS HELD FOR SALE - BOARD AND CONSOLIDATED

	Property, Plant & Equipment	Total
Note	£'000	£'000
As at 1st April 2020	100	100
Transfers (to)/from property, plant and equipment	0	0
Gains or losses recognised on remeasurement of non-current assets	0	0
Disposals of non-current assets held for sale	0	0
At 31 March 2021	100	100

ASSETS HELD FOR SALE (PRIOR YEAR) - 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

NOTES TO THE ACCOUNTS

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Board 2020 £'000	Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
Net book value of property, plant and equipment at 31 March					
123,906	123,906	Purchased		125,348	125,348
6,428	6,428	Donated		6,412	6,412
130,334	130,334	Total	SoFP	131,760	131,760
Total value of assets held under:					
856	856	Finance Leases		759	759
<u>856</u>	<u>856</u>			<u>759</u>	<u>759</u>
Total depreciation charged in respect of assets held under:					
1,370	1,370	Finance Leases		1,467	1,467
<u>1,370</u>	<u>1,370</u>			<u>1,467</u>	<u>1,467</u>

All land and buildings were valued, via a desktop exercise, by an independent valuer in financial year 2019/20 in line with the Boards Accounting Policies. Zero % indexation was applied as at 31st March 2021, and the Board's assets continue to be held on the basis of fair value (market value or depreciated replacement costs where appropriate). 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.

Indexation in 2020/21 was nil, in 2019/20 the valuation resulted in an increase totalling £2.083m, the valuation increase was credited to the revaluation reserve.

NOTES TO THE ACCOUNTS

7d. ANALYSIS OF CAPITAL EXPENDITURE

Board 2020 £'000	Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
Expenditure					
26	26	Acquisition of intangible assets	6	179	179
2,497	2,497	Acquisition of property, plant and equipment	7a	5,608	5,608
77	77	Donated asset additions	7a	177	177
2,600	2,600	Gross Capital Expenditure		5,964	5,964
Income					
102	102	Net book value of disposal of property, plant and equipment	7a	0	0
0	0	Value of disposal of non-current assets held for sale		0	0
77	77	Donated asset income		177	177
179	179	Capital Income		177	177
2,421	2,421	Net Capital Expenditure		5,787	5,787

SUMMARY OF CAPITAL RESOURCE OUTTURN

2,523	2,523	Core capital expenditure included above		5,787	5,787
2,388	2,388	Core Capital Resource Limit		5,789	5,789
(135)	(135)	Saving/(excess) against Total Capital Resource Limit		2	2

NOTES TO THE ACCOUNTS

8. INVENTORIES

Board	Consolidated		Board	Consolidated
2020	2020		2021	2021
£'000	£'000	Note	£'000	£'000
1,516	1,516	Finished goods	1,583	1,583
1,516	1,516	Total inventories	1,583	1,583
		SoFP		

NOTES TO THE ACCOUNTS

9. TRADE AND OTHER RECEIVABLES

Board 2020 £'000	Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
Receivables due within one year					
NHS Scotland					
0	0	Scottish Government Health & Social Care Directorate		0	0
1,142	1,142	Boards	SFR 30.0	1,097	1,097
1,142	1,142	Total NHSScotland Receivables		1,097	1,097
646	646	NHS Non-Scottish bodies		652	652
0	0	General Fund receivables		0	0
99	99	VAT recoverable	SFR 30.1	163	163
2,211	2,211	Prepayments		2,644	2,644
53	53	Accrued income		144	144
2,381	2,431	Other receivables		2,477	2,512
804	804	Reimbursement of provisions		1,019	1,019
879	879	Other public sector bodies		(650)	(650)
8,215	8,265	Total Receivables due within one year	SoFP	7,546	7,581
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
8,215	8,265	TOTAL RECEIVABLES		7,546	7,581
595	595	The total receivables figure above includes a provision for impairments of:		926	926
WGA Classification					
1,142	1,142	NHS Scotland	SFR 30.0	1,097	1,097
99	99	Central Government bodies		163	163
879	879	Whole of Government bodies		(650)	(650)
646	646	Balances with NHS bodies in England and Wales		652	652
5,449	5,499	Balances with bodies external to Government		6,284	6,319
8,215	8,265	Total		7,546	7,581
2020	2020			2021	2021
£'000	£'000			£'000	£'000
Movements on the provision for impairment of receivables are as follows:-					
524	524	At 1 April		595	595
71	71	Provision for impairment		331	331
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		0	0
595	595	At 31 March		926	926

NOTES TO THE ACCOUNTS

As of 31 March 2021, receivables with a carrying value of £0.8m (2019-20: £0.5m) were impaired and provided for. The ageing of these receivables is as follows:

Board	Consolidated		Board	Consolidated
2020	2020		2021	2021
£'000	£'000		£'000	£'000
8	8	3 to 6 months past due	14	14
587	587	Over 6 months past due	912	912
595	595		926	926

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 2021, receivables with a carrying value of £1.9m (2019-20: £3.2m) 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
2020	2020		2021	2021
£'000	£'000		£'000	£'000
1,403	1,403	Up to 3months past due	1,006	1,006
854	854	3 to 6 months past due	33	33
959	959	Over 6 months past due	887	887
3,216	3,216		1,926	1,926

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
2020	2020		2021	2021
£'000	£'000		£'000	£'000
8,215	8,265	Pounds	7,546	7,581
8,215	8,265		7,546	7,581

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

The fair value of long term other receivables is £nil (2019-20 £nil).

The effective interest rate on non-current other receivables is 0% (2019-20: Desktop valuation completed). Pension liabilities are discounted at 0.125% (2019-20: 0.18%).

NOTES TO THE ACCOUNTS

10. INVESTMENTS

Board 2020 £'000	Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
0	4,245	At 1 April		0	4,127
0	813	Additions	CFS	0	697
0	(288)	Disposals		0	(339)
0	0	Impairment recognised in SOCNE	2	0	0
0	(643)	Revaluation (deficit)/surplus transferred to equity	SoCTE	0	943
0	4,127	At 31 March		0	5,428
0	0	Current	SoFP	0	0
0	4,127	Non-current	SoFP	0	5,428
0	4,127	At 31 March		0	5,428
0	0	The carrying value includes an impairment provision of		0	0

NOTES TO THE ACCOUNTS

11. CASH AND CASH EQUIVALENTS

	2021	2020
Note	£'000	£'000
Balance at 1 April	2,207	1,840
Net charge in cash and cash equivalent balances	CFS (1,228)	367
Balance at 31 March	979	2,207
Overdrafts	0	0
Total Cash - Cash Flow Statement	979	2,207

The following balances at 31 March were held at

Government Banking Service	326	1,345
Commercial banks and cash in hand	76	88
Overdrafts	0	0
Short tem investments	0	0
Endowment cash	577	774
Balance at 31 March	979	2,207

NOTES TO THE ACCOUNTS

12. TRADE AND OTHER PAYABLES

Board 2020 £'000	Consolidated 2020 £'000		Note	Board 2021 £'000	Consolidated 2021 £'000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
4,942	4,942	Boards	SFR 30.0	8,026	8,026
4,942	4,942	Total NHSScotland Payables		8,026	8,026
0	0	NHS Non-Scottish bodies	SFR 30.2	0	0
2,476	2,476	Amounts payable to General Fund		4,294	4,294
6,545	6,545	FHS practitioners		5,234	5,234
1,221	1,221	Trade payables		1,034	1,034
14,696	14,696	Accruals		19,688	19,688
3,551	3,551	Payments received on account		4,623	4,623
99	99	Net obligations under finance leases	17	102	102
2,410	2,410	Income tax and social security		2,676	2,676
2,213	2,213	Superannuation		2,408	2,408
1,973	1,973	Holiday pay accrual		3,331	3,331
8,949	8,949	Other public sector bodies		13,070	13,070
492	682	Other payables		663	663
		Endowment Fund creditors			298
		SG PPE and COVID-19 Testing Kits		3,290	3,290
49,567	49,757	Total Payables due within one year	SoFP	68,439	68,738
		Payables due after more than one year			
		NHS Scotland			
100	100	Net obligations under finance leases due within 2 years	17	103	103
316	316	Net obligations under finance leases due after 2 years but within 5 years	17	324	324
341	341	Net obligations under finance leases due after 5 years	17	230	230
29	29	Other payables		26	26
786	786	Total Payables due after more than one year	SoFP	683	683
50,353	50,543	TOTAL PAYABLES		69,122	69,421
		WGA Classification			
4,942	4,942	NHS Scotland		8,026	8,026
2,410	2,410	Central Government bodies		0	0
128	128	Whole of Government bodies		108	108
0	0	Balances with NHS bodies in England and Wales		0	0
42,873	43,063	Balances with bodies external to Government		60,988	61,287
50,353	50,543	Total		69,122	69,421
		Borrowings included above comprise:			
856	856	Finance Leases		759	759
856	856			759	759
		The carrying amount and fair value of the non-current borrowings are as follows			
757	757	Finance Leases		657	657
757	757			657	657
		The fair value of the non-current borrowings are as follows			
0	0	Finance Leases		0	0
0	0			0	0
		The carrying amount of payables approximates their fair value			
		The carrying amount of payables are denominated in the following currencies:			
50,353	50,543	Pounds		69,122	69,421
50,353	50,543			69,122	69,421

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)	2021 TOTAL
Note	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	1,439	1,316	10,973	7	13,735
Arising during the year	98	1,546	557	(7)	2,194
Utilised during the year	(115)	(693)	(569)	0	(1,377)
Unwinding of discount	0	(10)	0	0	(10)
Reversed unutilised	(43)	(933)	0	0	(976)
At 31 March 2021	1,379	1,226	10,962	0	13,566

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 2021

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2021 TOTAL
	£'000	£'000	£'000	£'000	£'000
Payable in one year	118	486	2,734	0	3,338
Payable between 2 - 5 years	471	740	6,661	0	7,872
Payable between 6 - 10 years	585	0	567	0	1,152
Thereafter	205	0	999	0	1,204
Total as at 31 March 2021	1,379	1,226	10,962	0	13,566

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2020 TOTAL
	£'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	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
	£'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	294	0	1,975	0	2,269
At 31 March 2019	1,439	1,316	10,973	7	13,735

NOTES TO THE ACCOUNTS

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

2020		Note	2021
£'000			£'000
1,316	Provision recognising individual claims against the NHS Board as at 31 March	13a	1,226
(804)	Associated CNORIS receivables at 31 March	9	(1,019)
10,973	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	10,962
11,485	Net Total Provision relating to CNORIS at 31 March		11,169

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:

2020	Nature	2021
£'000		£'000
20,528	Clinical and medical compensation payments	320
77	Employer's liability	135
20,605	TOTAL CONTINGENT LIABILITIES	455
CONTINGENT ASSETS		
20,130	Clinical and medical compensation payments	150
5	Employer's liability	75
20,135	TOTAL CONTINGENT ASSETS	225

15. EVENTS AFTER THE END OF THE REPORTING YEAR

There are no events after the end of the reporting year.

NOTES TO THE ACCOUNTS

16. COMMITMENTS

Capital Commitments

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

2020	Contracted	2021
£'000		£'000
240	Project Management	240
747	Primary Care Premises	0
30	IM&T Road to Digital (Completion of Resilient Facility)	0
1,017	Total	240
	Authorised but not Contracted	
84	Primary Care Premises	0
700	Rolling Replacement Programmes (IM&T and Estates/Facilities)	600
50	Medical Equipment	300
640	Statutory compliance and backlog maintenance property expenditure	880
100	Project Management & Feasibility Assessments	100
940	Uncommitted	0
856	Radiology Replacement	0
1,470	IM&T Road to Digital Programme (to be confirmed)	0
200	Winter/Elective/Decant Facility (to be confirmed)	200
150	Borders Health Campus Development (to be confirmed)	150
0	Uncommitted - Dependent on Sale Proceeds	100
200	Forensic Medical Examination Suite	450
0	MRI Installation and Contingency	650
0	Innovation Fund	250
0	Pharmacy Service Dispensing Robot	300
5,390	Total	3,980
6,407	Total Capital Commitments	4,220

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.

2020 £'000	Obligations under operating leases comprise	Note	2021 £'000
	Land		
56	Not later than one year		58
58	Later than one year, not later than 2 years		59
182	Later than two years, not later than five years		187
196	Later than five years		132
	Buildings		
0	Not later than one year		0
	Other		
472	Not later than one year		335
334	Later than one year, not later than 2 years		170
158	Later than two years, not later than five years		40
0	Later than five years		0
	Amounts charged to Operating Costs in the year were		
578	Hire of equipment (including vehicles)		490
384	Other operating leases		391
962	Total		881

Finance Leases

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

2020 £'000	Obligations under finance leases comprise	Note	2021 £'000
	Buildings		
449	Rentals due within one year		460
460	Rentals due between one and two years (inclusive)		472
1,451	Rentals due between two and five years (inclusive)		1,487
1,562	Rentals due after five years		1,054
3,922			3,473
(3,066)	Less interest element		(2,714)
856		12	759

NOTES TO THE ACCOUNTS

18. 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 2020-21 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 in 2020/21 were from £6,240 up to £50,000. Contribution rates are reviewed every year by the government. The 2020/21 employee contribution was 5% of qualifying earnings, with an employer contribution of 3%.

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.

	2021	2020
	£'000	£'000
Pension cost charge for the year	19,723	18,608
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Statement of Financial Position	1,379	1,439
Pension costs for the year for staff transferred from local authority	0	0

NOTES TO THE ACCOUNTS

Note 19 FINANCIAL INSTRUMENTS

19a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED

		Financial assets at fair value through OCI	Total
	Note	2021 £'000	2021 £'000
AS AT 31 MARCH 2021			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,658	2,658
Cash and cash equivalents	11	979	979
		3,637	3,637

BOARD

		Financial assets at fair value through OCI	Total
	Note	2021 £'000	2021 £'000
AS AT 31 MARCH 2021			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,623	2,623
Cash and cash equivalents	11	402	402
		3,025	3,025

CONSOLIDATED (Prior Year)

		Financial assets at fair value through OCI	Total
	Note	2020 £'000	2020 £'000
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 (Prior Year)

		Financial assets at fair value through OCI	Total
	Note	2020 £'000	2020 £'000
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

NOTES TO THE ACCOUNTS

19. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED

		Financial liabilities at amortised cost	Total
		2021 £'000	2021 £'000
AS AT 31 MARCH 2021	Note		
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	759	759
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	55,552	55,552
		56,311	56,311

BOARD

		Financial liabilities at amortised cost	Total
		2021 £000	2021 £000
AS AT 31 MARCH 2021			
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	759	759
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	55,253	55,253
		56,012	56,012

CONSOLIDATED (Prior Year)

		Financial liabilities at amortised cost	Total
		2020 £'000	2020 £'000
At 31 March 2020			
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) and superannuation	12	40,122	40,122
		40,978	40,978

BOARD (Prior Year)

		Financial liabilities at amortised cost	Total
		2020 £'000	2020 £'000
At 31 March 2020			
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) and superannuation	12	39,932	39,932
		40,788	40,788

NOTES TO THE ACCOUNTS

19. FINANCIAL INSTRUMENTS, cont.

19b. 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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31st March 2021				
Finance Lease Liabilities	100	103	324	230
Trade and other payables excluding statutory liabilities	51,747	3	9	14
Total	51,847	106	333	244
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'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

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

20. 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 of both an income and expenditure nature, and 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. NHS Borders is supported by the Development Partner of Choice, Hub South East, for Public Sector bodies in Edinburgh, the Lothians and Scottish Borders.

Borders Health Board Endowment Fund

The Health Board is a corporate Trustee of charitable endowment funds of £5.741m as at 31st March 2021, (2020: £4.761m) as per these consolidated Group Accounts.

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

	2020/21	
	WTE	£
Fundraising Manager	0.50	17,443
Fundraising Support Officer	0.70	26,828
Evelyn Sutherland Nurse	0.60	28,505
Palliative Care Nurse Consultant	0.64	26,351
Palliative Care Quality Improvement	0.10	4,688
Palliative Care End of Life Facilitator	0.00	0
Palliative Care Project Officer	1.00	21,075
Palliative Care Healthcare Support	0.04	1,519
Volunteer Coordinator	0.76	17,141
Practice Development Nurse - RESPECT	0.24	5,851
Oncology Staff Nurse - Development	0.05	2,356
Dialysis Healthcare Support	0.00	0
Total Staff Recharge		<u>151,757</u>

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.

There have been no transactions with NHS Borders or Borders Health Board Endowment Fund or the Integration Joint Board (Health Delegated Functions) from any of the organisations noted by the Board Member's on the 2020/21 NHS Borders Register of Interests.

NOTES TO THE ACCOUNTS

21. 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.

	2020	Gross Inflows	Gross Outflows	2021
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	6	45	(45)	6
Total Monetary Assets	6	45	(45)	6

NOTES TO THE ACCOUNTS

22a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Restated Group			Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2020		Note	2021	2021	2021	2021
£'000			£'000	£'000	£'000	£'000
	Total income and expenditure					
134,010	Employee expenditure	3	149,035	0	0	149,035
	Other operating expenditure	3				
32,518	Independent Primary Care Services		36,311	0	0	36,311
42,588	Drugs and medical supplies		46,045	0	0	46,045
215,731	Other health care expenditure		250,819	538	0	252,493
424,847	Gross expenditure for the year		482,210	538	0	483,884
(158,510)	Less: operating income	4	(177,031)	(576)	0	(178,743)
(1,871)	Associates and joint ventures accounted for on an equity basis			0	(3,249)	(3,249)
264,466	Net Expenditure		305,179	(38)	(3,249)	301,892

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 2020/21.

NOTES TO THE ACCOUNTS

22b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Restated Consolidated		Board	Endowment	Other reserves - associates and joint ventures	Consolidated
2020 £'000		2021 £'000	2021 £'000	2021 £'000	2021 £'000
	Non-current assets:				
130,334	Property, plant and equipment	131,760	0	0	131,760
1,274	Intangible assets	1,140	0	0	1,140
	Financial assets:				
4,127	Investments - Endowment Fund	0	5,428	0	5,428
1,871	Investments - Associates and joint ventures	0	0	5,120	5,120
0	Trade and other receivables	0	0	0	0
137,606	Total non-current assets	132,900	5,428	5,120	143,448
	Current Assets:				
1,516	Inventories	1,583	0	0	1,583
	Financial assets:				
8,265	Trade and other receivables	7,546	35	0	7,581
2,207	Cash and cash equivalents	402	577	0	979
100	Assets classified as held for sale	100	0	0	100
12,088	Total current assets	9,631	612	0	10,243
149,694	Total assets	142,531	6,040	5,120	153,691
	Current liabilities				
(2,519)	Provisions	(3,338)	0	0	(3,338)
	Financial liabilities:				
(49,757)	Trade and other payables	(68,439)	(299)	0	(68,738)
(52,276)	Total current liabilities	(71,777)	(299)	0	(72,076)
97,418	Non-current assets (less) net current liabilities	70,754	5,741	5,120	81,615
	Non-current liabilities				
(11,216)	Provisions	(10,228)	0	0	(10,228)
	Financial liabilities:				
(786)	Trade and other payables	(683)	0	0	(683)
(12,002)	Total non-current liabilities	(10,911)	0	0	(10,911)
85,416	Assets less liabilities	59,843	5,741	5,120	70,704
	Taxpayers' Equity				
28,058	General fund	10,333	0	0	10,333
50,726	Revaluation reserve	49,510	0	0	49,510
1,871	Other reserves - associates and joint ventures	0	0	5,120	5,120
4,761	Funds held on Trust	0	5,741	0	5,741
85,416	Total taxpayers' equity	59,843	5,741	5,120	70,704

NOTES TO THE ACCOUNTS

22c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board 2020 £'000	Endowment 2020 £'000	Consolidated 2020 £'000		Board 2021 £'000	Endowment 2021 £'000	Consolidated 2021 £'000
				Note		
			Cash flows from operating activities			
(268,257)	49	(268,208)	Net operating cost		(301,930)	38
6,578	0	6,578	Adjustments for non-cash transactions	2	9,615	0
351	0	351	Add back: interest payable recognised in net operating expenditure	2	351	0
0	0	0	Deduct interest receivable recognised in net operating expenditure	4	0	0
0	0	0	Investment income		0	0
6,462	(68)	6,394	Movement in working capital	2	11,073	123
(254,866)	(19)	(254,885)	Net cash outflow from operating activities		(280,891)	161
			Cash flows from investing activities			
(2,497)	0	(2,497)	Purchase of property, plant and equipment		(5,608)	0
(26)	0	(26)	Purchase of intangible assets		(179)	0
0	(813)	(813)	Investment Additions		0	(697)
(71)	0	(71)	Transfer of assets (to)/from other NHS bodies		0	0
102	0	102	Proceeds of disposal of property, plant and equipment		0	0
0	0	0	Proceeds of disposal of intangible assets		0	0
0	288	288	Receipts from sale of investments		0	339
0	0	0	Interest received		0	0
(2,492)	(525)	(3,017)	Net cash outflow from investing activities		(5,787)	(358)
			Cash flows from financing activities			
256,691	0	256,691	Funding		284,277	0
1,956	0	1,956	Movement in general fund working capital		1,818	0
258,647	0	258,647	Cash drawn down		286,095	0
(27)	0	(27)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(97)	0
(351)	0	(351)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2	(351)	0
258,269	0	258,269	Net Financing		285,647	0
911	(544)	367	Net increase/(decrease) in cash and cash equivalents in the period		(1,031)	(197)
522	1,318	1,840	Cash and cash equivalents at the beginning of the year		1,433	774
1,433	774	2,207	Cash and cash equivalents at the end of the period	11	402	979
			Reconciliation of net cash flow to movement in net debt / cash			
911	(544)	367	Increase / (decrease) in cash in year		(1,031)	(197)
522	1,318	1,840	Net debt / cash at 1 April		1,433	774
1,433	774	2,207	Net debt / cash at 31 March		402	979



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