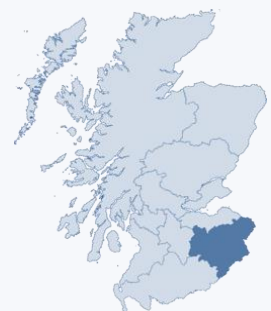

Annual Report and Accounts 2021/22



Borders Health Board Annual Report and Accounts 2021-22

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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

The COVID 19 pandemic across health and social care has had an unprecedented impact on health and social care provision across Scotland, and in the Scottish Borders. Looking forward now we can see with clarity that recovery will be measured in years, not months, and that our health services will be forever changed as a result of this experience. Our challenge is to ensure, wherever possible, we maximise the positive benefits and lessons from this experience, while continuing to mitigate the negative impact on individuals, our population and our staff.



There is an increasing divergence between public expectations and what is deliverable by our services. For many the worst of the pandemic is over. Social distancing measures have been removed and life is back to normal. While this might be true in society in general it is far from the reality within health and care services.

The last year has passed with a sense that little has yet changed with the problems we have faced, and the actions taken in response, a repeat of our experiences earlier in the pandemic.

However, at times the effects have been more severe. Higher community infection rates have led to higher bed occupancy in our hospitals and higher rates of enforced absence amongst our staff have further compounded a growing workforce challenge. This has been compounded with increasing levels of non COVID activity as we have looked to remobilise services.

For many of us who work in the NHS this has been the most challenging period of our professional careers. The impact on our staff has been profound. Too often we have had to run essential services without the levels of staffing we require, and to ask more of our staff than we can reasonably expect. I am both proud and humbled by the dedication and relentless commitment of all of our staff who have worked so tirelessly to maintain safe services for our local community.

During the past year we have continued to run many services which were only established during the pandemic. This includes successful community testing, contact tracing and vaccination programmes, as well as delivering infection prevention and control support to care homes and other facilities out-with our own estate. In 2021/22 alone we successfully delivered over 190,000 COVID-19 vaccinations.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Our hospitals and other clinical spaces have operated not only under the social distancing measures required during the pandemic, but also within enhanced infection control guidance which has helped us manage the increased risk of infection within our hospitals, primary care and community facilities but at the expense of further constraining our capacity.

Our system relies on the relationships between all of our services in order to serve the Scottish Borders community; the Health and Social Care partnership is vital to ensuring that we find the right provision across all aspects of care. Constraints in one area of this partnership can have a significant effect across the whole system and for this reason shared solutions are critical to our successful recovery.

There has been a significant rise in delayed discharges and length of stay across our system which has contributed to deterioration in our performance and increases to the length of individual waits for access to services. Outbreaks of COVID-19 and availability of staff have at times led to closures of beds in social care settings slowing our ability to discharge patients from hospital settings. Our hospitals have not been immune themselves from this impact, and we have at times been required to make difficult choices to either run services below our expected staffing levels or to reduce the number of hospital beds we provide.

There has been an on-going need for additional beds for COVID-19 patients and to accommodate patients delayed in acute, community and mental health inpatient beds. Staffing these additional beds and maintaining safe staffing across inpatient areas has required the deployment of trained and untrained staff from across all NHS Borders services, at times impacting on our ability to deliver these services.

Clinicians have led a process to inform such choices, ensuring that critical services were prioritised and risk balanced across the system. This process followed the principles set out by Scottish Government guidance in relation to prioritisation or emergency and urgent care.

We anticipate that many of these issues will remain with us for some time, with the risk of further variants and waves of infection. We continue to take steps to rebuild the system and evolve plans to enable us to maintain services under these new conditions.

In addition, we are taking a programme approach to the improvement of patient flow. This is multifactorial and requires a robust response across health and social care. We have established an Unscheduled Care programme board in order to drive forward this improvement.

Progress in these areas will in turn support our aspiration to remobilise our elective programme. During the past two years we have too often had to curtail planned care in order to meet urgent demand and lack of flow through our emergency department and unscheduled care services. Within Borders General Hospital the ability to maintain access to routine and planned surgical treatment is reliant on the effectiveness of our unscheduled care system at maintaining patient flow and managing this within the physical space and workforce resources available.

Mental health services continue to observe high demand and one of our main areas of concern, in addition to patient flow for Dementia patients requiring enhanced care in the Community, is our ability to gain timely access to specialist beds regionally and across the UK.

PERFORMANCE REPORT

a. OVERVIEW (continued)

This creates risk in our small Inpatient units of the mixing of inappropriate patient cohorts with resulting increases in patient and staff risk. We continue to work actively regionally and with national services to find solutions to this across mental health and learning disability services.

Waits for Child and Adolescent Mental Health services remain a high priority and we continue to recruit into this service to increase capacity.

Our independent contractors have faced the same challenges in particular in some of our smaller GP practices. Our primary and community services teams have worked to maintain resilience across practices throughout the pandemic. Getting our Primary Care Improvement Programme back on track will remain a key focus so that we can continue to transform services and ensure that our GP services become more sustainable in the future.

The impact on Dental services has been equally significant and actions are now underway to help address the increased demand and backlog of care that has developed during the pandemic.

The immediate future also remains uncertain. We expect further waves of COVID-19 and will need to balance the risk of the pandemic with the risk of unmet need and lengthening backlogs for diagnosis and treatment. A key challenge will be to become more resilient to the disruption caused by new variants so that our core services can be sustained during any future waves, while minimising the impact on our staff and their wellbeing.

Alongside the service impact of the pandemic, long term workforce and financial stability remain key priorities for us.

Following the publication of the '*Health and Social Care: National Workforce Strategy*' we are prioritising work to publish a local Workforce strategy as well as to develop an updated workforce plan. This will set out how we aim to augment our workforce and provide some stability at a time when recruitment to registered nursing posts, some speciality based medical posts and General Practitioners in particular present challenges at both a local and national level.

We continue to carry a significant underlying deficit and achievement of our financial targets in the year has only been possible with the allocation of additional Scottish Government support, including the funding necessary to run our COVID-19 services. This level of COVID support funding is unsustainable and with the wider economic situation we recognise that future funding growth is likely to be constrained, while the impact of higher inflation will drive increased costs.

As a result of the changing workforce and financial situation we will need to take decisions over the next year and into the medium term future to transform our services, makes them more sustainable and allows us to live within our projected workforce and financial budgets. This is likely to result in some significant changes to the way in which our services are planned and delivered.

To do this we have established a Quality & Sustainability Board that will oversee a programme of work to deliver the required change safely and effectively within the constraints to our resources, particularly those relating to the availability of workforce.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Despite the impact of the Pandemic, over the past twelve months we have also continued to prioritise the development of NHS Borders as an organisation. We have further refreshed our leadership across the organisation with a number of new appointments as a result of retirements and the ending of Non-executive's terms of office.

New appointments:-

Mrs Sarah Horan, Director of Nursing, Midwifery & AHPs (from 1st June 2021)

Mr Gareth Clinkscale, Director of Acute Services (from 30th August 2021)

Mr Chris Myers, Chief Officer Health & Social Care (from 1st November 2021)

Mr James Ayling, Non-executive Board Member (from 5th April 2021)

Mrs Harriet Campbell, Non-executive Board Member (from 5th April 2021)

Departures:-

Mrs Nicky Berry, Director of Nursing & Midwifery (to 31st May 2021)

Mr Robert McCulloch-Graham, Chief Officer Health & Social Care (to 31st October 2021)

Mr Malcolm Dickson, Non-executive Board Member (to 31st July 2021)

During 2021/22 we also began the implementation of a Quality management system. This will support our on-going commitment to prioritise the quality of service delivery and provide the framework for how we lead and deliver our services moving forward. Building on the lessons from the last 2 years and the feedback of our staff, this approach is founded on the principles of compassionate leadership. Patients and staff are at the centre of this approach and it is our intention to ensure that we continue to develop the way in which we engage with them as we move forward.

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 115,240 people (as at June 2020).

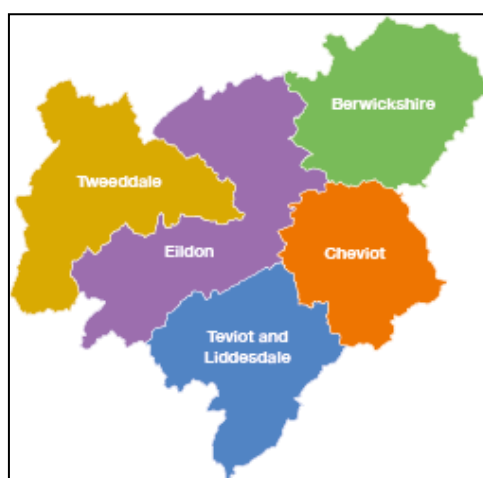
We work with partners across health and social care to make sure that our patients have access to local services wherever possible and to specialist treatment where necessary, both within and in some cases out with our region.

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.

Non-financial Performance

During the last year the COVID-19 pandemic has continued to have a significant impact on how healthcare services are delivered both globally and locally, here in Scotland and within the Scottish Borders.

Our performance against many of our key performance indicators (KPIs) continues to fall below the level set within national standards and targets. We have seen further growth in our waiting lists as our ability to deliver services has remained constrained.

Of the 13 KPIs 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 common with much of NHS Scotland we have experienced a sharp decline against the 4 hour Emergency Access standard. Our March 2022 performance was 62% (March 2021: 86%). The Emergency Department at Borders General Hospital has reported an increase in both the volume and complexity of attendances during this period. This is despite temporary expansion to increase the department's footprint and an enhanced staffing model implemented during the initial phase of the pandemic and maintained throughout the last twelve months.

Many of our breaches against the four hour standard are as a result of patients waiting for a hospital bed. Our bed capacity has been particularly constrained during periods of high COVID activity and during the last three months to end March 2022 we had on average 40 beds occupied by COVID positive patients. You can read more about the impact of COVID on hospital capacity under the 'Living with the pandemic' section later in this report.

PERFORMANCE REPORT

a. OVERVIEW (continued)

At end March 2022 there were 62 hospital beds occupied by patients whose discharge was delayed (March 2021: 43). The number of delays to hospital discharge is an indicator of the overall difficulties in maintaining effective flow through hospitals and to ensuring that patients are being cared for in the most appropriate setting, whether it is in the community or at home. There is evidence that access to appropriate social care support, whether a home care package or admission to residential or nursing home care, remains a significant factor in our ability to discharge from hospitals in a timely manner.

Throughout the pandemic we have continued to prioritise Cancer patients wherever possible and we continue to meet or exceed the expected 95% performance against Cancer standards for first diagnosis and access to treatment.

Our overall waiting times backlog has however continued to grow over the last twelve months. By the end of March 2022 we had 5177 patients waiting greater than 12 weeks for their first outpatient appointment, an increase of 50% from March 2021 (3428). Those waiting more than 12 weeks for treatment grew by one third, from 1215 at March 2021 to 1624 at March 2022. The deterioration in performance against these measures reflects the difficulties of maintaining access to services during the pandemic and the scale of challenge that we face as we develop our plans to recover this backlog.

From October 2021 we engaged with the national Centre for Sustainable Delivery to review our performance in both planned and unscheduled care, and began a programme of improvement which will continue throughout 2022/23. This work identified a number of areas where there is opportunity to improve performance through focussed work directed at pre hospital and discharge planning, as well as the need to clarify and enhance clinical and leadership engagement on a whole system basis.

Although this work will undoubtedly help us improve the efficiency of our services and ensure that our resources are deployed as effectively as possible it is already clear that the scale of our challenge we face cannot be resolved by these actions alone. The length of waits now faced by patients awaiting assessment or treatment, and the likelihood that the number of patients who wait will continue to grow over the next few months while we put in place actions to address this, will take years to address.

In order to deliver we will have to find solutions to workforce shortages, constraints on physical capacity within our estate, and the resources to pay for this in the context of our existing deficit and a challenging economic climate. These solutions will require us to examine how we are organised and how we prioritise the choices we need to make.

The NHS Recovery Plan (August 2021) outlines a framework for how NHS Scotland will address these issues over a five year period to 2026. Within NHS Borders we are beginning to develop a transformation programme that aligns to this plan and will be engaging with our staff and our communities during 2022/23 to seek input as we develop this plan.

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

You can access the NHS Recovery Plan at the following link:

<https://www.gov.scot/publications/nhs-recovery-plan/documents/>

PERFORMANCE REPORT

a. OVERVIEW (continued)

Living with the 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 2021/22, including the following additional measures:

- Enhanced public health surveillance, including local and national testing services and the Test and Protect (contact tracing) programme.
- 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.
- COVID-19 vaccination and enhanced flu vaccination programmes.
- Changes to clinical pathways, including 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.

At April 2021 we were reporting very low levels of hospital occupancy due to COVID-19. Admissions rose rapidly during the latter half of 2021/22, with average requirements rising from 12 inpatient beds at end September to 63 by end March. On average, the Borders General hospital had around 40 beds occupied by COVID-19 positive patients throughout the period January to March, more than 10% of overall capacity. These figures exclude any beds occupied by unconfirmed cases.

Although overall occupancy increased, the level of patients admitted to ICU with a COVID-19 diagnosis remained low (averaging 1 or 2 cases at peak periods).

By July 2021 the number of Scottish Borders residents with a reported positive test result had already exceeded the peak numbers reported in the preceding January during the height of the previous wave. By September we were reporting over 100 positive results per day. This number increased to over 250 by end December and peaked at 400 in March at the height of the Omicron variant. Many of those affected did not require direct treatment, with the main impact being on testing and contact tracing services, as well as GP and other services offering healthcare advice or prescription services.

Over 190,000 vaccinations were successfully delivered during 2021/22, with 90% of the eligible population receiving their first dose by end of June, and their second dose by end September. Over 30,000 booster doses were delivered in a single month (December 2021), an increase of 50% above normal rates, in response to the emergence of the Omicron variant. By end March we had achieved over 95% uptake of first dose, 93.5% for second dose, and 85% uptake of booster doses.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Deaths due to COVID-19 are reported nationally using two key measures; and includes all deaths, including those in a non-healthcare setting (i.e. at home, or in a care facility). There were 79 reported deaths in 2021/22 where there was a positive test result recorded within 28 days prior to death (2020/21 = 85 cases). The number of death certificates issued across Scottish Borders region which include a reference to COVID-19 showed a total of 96 (2020/21 = 133 cases).

The enduring impact on our staff, who have worked tirelessly throughout the pandemic, is of particular concern as we seek to meet public expectations for how services are restored.

Our workforce has grown during the pandemic. Much of this growth has been directed to the additional services established to manage the impact of COVID-19 and we have continued to experience challenges to the delivery of core services. Information on our staffing levels can be found in the *Accountability Report*, within the *Remuneration and Staff Report*.

Maintaining safe staffing levels within hospital settings has become increasingly difficult during the past year and we recognise the contribution of our staff who continue to deliver in these very difficult circumstances. We regularly report workforce risk at a national level through HR directors and have consistently reported a 'red' status for most of the past year (in common with much of NHS Scotland). From January to March the Omicron variant had a worsening impact on staff absence, with recorded absence due to COVID-19 at three times the daily rate for the preceding nine months. Including staff required to isolate in line with public health guidance, an average of 70 staff per day were unable to attend work due to COVID-19 in the final three months.

Our most recent remobilisation plan was published in June 2021. This plan describes how we expect to achieve this objective while delivering additional COVID-19 services and adapting the healthcare environment to ensure safe and effective care. Within hospital settings we continue to operate enhanced infection control and social distancing measures and these arrangements have impacted on our overall capacity.

The plan also describes 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. 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 and this in turn has resulted in increased length of waits. The trajectories described in the plan continue to be revisited in the light of changing conditions, most notably the impact of the Omicron variant during winter 2021, as well as an increasing challenge in relation to delays to discharge from hospital care. The impact of the pandemic on our performance is described in further detail within the performance analysis section of this report.

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>

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://publichealthscotland.scot/>

PERFORMANCE REPORT

a. OVERVIEW (continued)

Financial Sustainability

We have described the financial challenge facing the board within previous Annual Reports and there has been no significant progress towards addressing this situation in 2021/22.

The Scottish Government's *Medium Term Financial Framework* requires that NHS Boards demonstrate financial sustainability (i.e. balance) over a three year planning cycle. This framework was suspended for financial planning in 2021/22 and plans were prepared on a single year basis focussed on the immediate challenges of the pandemic and remobilisation of NHS services during the course of that year.

The board approved its financial plan for 2021/22 on 1st April 2021. The plan demonstrated a projected underlying deficit of £16.3m at end March 2022. Actions identified to manage this position included recurring savings of £2.5m; together with additional non-recurring savings and other flexibility on core budgets this resulted in a projected in year deficit of £6.4m.

During the year we reported a projected increase to our in year deficit and our quarter three forecast increased our requirement for additional Scottish Government support to £8.1m.

At the end of March 2022 we reported overall savings delivery of £6.9m against a forecast of £7.9m, a shortfall of £1m. Of these savings less than £0.25m was reported as recurring. Non recurring savings were largely achieved through corporate schemes and flexibility on unutilised resources.

We remain obligated to repay £8.3m of brokerage support from Scottish Government in relation to 2019/20. Although this figure has not increased, a breakeven position was only achieved in 2021/22 with additional non-repayable support from Scottish Government (£8.1m) to offset non-delivery of savings (as per 2020/21).

Initial plans for 2022/23 have also been prepared on a single year basis with expectation that three year financial planning will be restored in advance of the 2023/24 planning round.

The financial plan for 2022/23 identifies a projected recurring deficit at March 2023 (after savings) of £15.7m. The slippage on delivery in 2021/22 is not anticipated to have any impact on the recurring deficit, with expectation that slippage will be fully recovered.

We enter next year with the expectation that additional activities to address the pandemic will be decommissioned during the early part of the year and that focus will shift towards restoring services and meeting backlog in performance over the timescales outlined in the NHS Recovery Plan. We will be planning for this within the context of a pre-existing financial imbalance and further challenges arising from a worsening economic outlook which is likely to constrain resources across the public sector for the foreseeable future. In this climate it will be increasingly important for us to be able to deliver financial savings which stabilise our position and begin to address the scale of our deficit.

From October 2021 the board has been working closely with Scottish government colleagues to review its approach to Financial Improvement Plans and it is expected that a revised programme will be introduced by end June 2022.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Risk and Uncertainty

NHS Borders operates a risk management framework which follows the international standard for risk management (BS ISO 31000). The framework provides an infrastructure that is intended to ensure that risk management activities are aligned to corporate objectives and delivery of safe and effective healthcare. Our risk management framework requires all types of risk to be managed through a single risk management system (known as enterprise risk management).

Within this system we maintain two separate risk registers: an operational risk register which is the day to day tool used by individual managers to identify and mitigate individual risks; and a strategic register which captures the high level risks affecting the organisation.

Operational Risks

The composition of the board's operational risk register is summarised below, mapped against the board's corporate objectives.



There were 812 individual risks recorded on our operational risk register during 2021/22, an increase of almost 200 on the number recorded in 2020/21. Whilst it is likely that this reflects a level of increased organisational risk we anticipate that an element of this increase may be attributable to improved reporting following additional training undertaken during the past year.

The movement in overall risk and their rating is described in the following table.

2020/21					2021/22				
1	1	4	2	0	1	1	13 ↑	6 ↑	4 ↑
4	20	17	18	3	4	23 ↑	19 ↑	20 ↑	7 ↑
11	68	160	18	13	14 ↑	70 ↑	241 ↑	31 ↑	19 ↑
31	53	72	49	5	32 ↑	61 ↑	97 ↑	73 ↑	4 ↓
14	20	11	6	12	8 ↓	21 ↑	13 ↑	12 ↑	18 ↑

The organisational risk profile shows that most risk is classified as low-medium 85%, with 13% of risks being high and 2% very high. Very high risks represent staffing pressures, clinical risks, risks relating to impacts of COVID-19 and statutory compliance risks.

PERFORMANCE REPORT

a. OVERVIEW (continued)

Strategic Risks

NHS Borders maintains a strategic risk register which reflects a comprehensive assessment of the major risks faced by the organisation, including risks which relate to service delivery and business continuity, staff and patient wellbeing, access and quality of services, and sustainability.

There are 25 strategic risks identified on this register, an increase of 4 on the number reported in 2020/21. Changes reflect emerging risks such as the challenges faced by remobilisation of services, together with new additions to extrapolate themes that were previously embedded within other risks (e.g. health & safety).

Each risk is owned by a lead director (a member of the board's Executive Team). Oversight of strategic risks is provided by committees of the board (see 'domain' in table below). 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.

Nineteen of the twenty five risks recorded are outwith the target level we would expect to achieve. This mirrors increases in the operational risk register and is reflective of the strategic issues facing the board as we look to manage remobilisation of services and recover performance whilst still dealing with the pandemic and an increasingly volatile financial environment.

Nine risks are identified as 'very high'. Of these, six directly reflect the current operating environment and how it impacts on our ability to deliver safe and effective care. These risks include the increased risk of health inequalities as a result of the pandemic, as well as the potential harm that arises from delivering care in inappropriate settings. The impact of continuing workforce challenges are reflected in the level of risk reported against safe staffing levels, and the consequential impact of this on staff wellbeing is reflected as a separate risk. Challenges in maintaining a safe working environment are captured through the identification of risks relating to infection control and health and safety.

The remaining 'very high' risks are in relation to financial sustainability (discussed elsewhere in this report) and the climate emergency, as well as the general resilience of our normal business activities (i.e. service delivery). The rating of the business resilience risk remains under review with its current rating reflective of issues already described elsewhere in relation to clinical and workforce risks.

Strategic risk is now managed by a new Quality & Sustainability Board established in 2021/22, which provides oversight to the development of the board's transformation programmes, including financial recovery, and our local recovery plan and medium term operational plans. Management of strategic risk is being progressed through individual action plans and through the work plan of the Quality & Sustainability Board, including a review of the clinical strategy scheduled for 2022/23. Individual working groups are established to manage specific risks such as health & safety, safe staffing, etc.

The board continues to develop its strategic risk register and we anticipate that further refinement will be reported during 2022/23.

PERFORMANCE REPORT

a. OVERVIEW (continued)

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

Summary of Strategic Risk Register (March 2022)

Domain	Summary Description	Title of Risk	Risk Owner	Risk level (current)	Risk level (Target)
Staff Governance	Staff Wellbeing	Staff Wellbeing during and post COVID-19 pandemic	Employee Director	V High (25)	Medium (9)
Resources & Performance	Climate Emergency	Effect of climate change has a detrimental effect on the delivery of NHS services in Scottish Borders region	Director of Finance	V High (20)	High (15)
Clinical Governance	Safe Staffing	Sustaining safe staffing levels and providing clinical specialist services resulting from ability to recruit professional groups	Director of Nursing, AHPs	V High (20)	High (12)
Public Governance	Health Inequalities	Reducing the harm from inequalities	Director of Public Health	V High (20)	High (12)
Staff Governance	Health & Safety	Organisational compliance with health and safety regulations and legislation	Director of Workforce	V High (20)	High (12)
Resources & Performance	Financial Performance	Non-achievement of financial targets	Director of Finance	V High (20)	High (10)
Clinical Governance	Delayed Discharges	Number of people in Hospital receiving care in an inappropriate setting impacting on clinical outcomes	Chief Executive	V High (20)	Medium (9)
Clinical Governance	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)
Resources & Performance	Business Continuity Planning	Failure of Resilience planning arrangements	Director of Public Health	V High (20)	Medium (5)
Resources & Performance	Primary Care Sustainability	Impact of inability to sustain Primary Care independent contractors services across all part of the Borders population	Chief Officer, HSCP	High (16)	Medium (9)
Clinical Governance	Remobilisation of Services	Failure to implement remobilisation successfully	Director of Planning & Performance	High (16)	Medium (6)
Resources & Performance	Digital Infrastructure	Digital infrastructure and security controls being inadequate to support local needs	Director of Planning & Performance	High (16)	Medium (6)
Resources & Performance	Cyber Security	Cyber Security	Director of Planning & Performance	High (15)	Medium (8)
Clinical Governance	Recruitment & Retention	Destabilisation of clinical services due to ability to recruit and retain medical workforce	Medical Director	High (12)	Medium (9)
Clinical Governance	Public Health Emergency Planning	Failure to plan effectively for a significant outbreak for communicable disease e.g. epidemic, pandemic	Director of Public Health	High (12)	Medium (9)
Clinical Governance	Access Performance	Failure to improve appropriate access to emergency and elective services	Director of Acute Services	High (12)	Medium (8)
Public Governance	Public Engagement	Failure of the Board to effectively involve patients, public and third sector partners in decision making.	Director of Planning & Performance	High (12)	Medium (8)
Staff Governance	Training & Development	National and regional agenda for training delivery not fully implemented	Director of Workforce	High (12)	Medium (8)

PERFORMANCE REPORT

a. OVERVIEW (continued)

Summary of Strategic Risk Register (March 2022)

Continued from previous page

Domain	Summary Description	Title of Risk	Risk Owner	Risk level (current)	Risk level (Target)
Resources & Performance	Health & Social Care Integration	Effectiveness of partnership working	Chief Executive	High (12)	Medium (6)
Resources & Performance	Vaccination Programme	Risk to Covid-19 Vaccination programme delivery	Chief Executive	High (12)	High (12)
Resources & Performance	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)
Staff Governance	Whistle Blowing	Failure of the organisation to have a culture, systems and processes in which staff feel safe and confident to speak up	Director of Workforce	Medium (9)	Medium (6)
Clinical Governance	Quality of Clinical Care	Unacceptable Clinical Performance	Medical Director	Medium (8)	Medium (8)
Resources & Performance	Organisational Grip & Control	Board breaches of Code of Corporate Governance	Director of Finance	Medium (8)	Medium (8)
Staff Governance	Sustainable Leadership	Sustainability of organisational leadership	Chief Executive	Medium (8)	Medium (8)

Each risk has been assessed using a standard 5x5 risk matrix which identifies likelihood and scale of impact, rating each on a scale of 1-5 and with risk classification (low, medium, high, very high) based on a multiplier of these two elements. For example, the staff wellbeing risk is rated at a current score of 25 which indicates that it is both highly likely to occur and is expected to have a high (negative) impact (5 x 5).

Performance Escalation

Prior to the pandemic NHS Borders was being monitored closely by Scottish Government through its Performance Assessment Framework, with focus on the health board's financial sustainability and its leadership.

A review of this position at April 2021 saw the board's escalation status lowered from Stage Four to Stage Three for financial sustainability and to Stage Two for leadership. This reflected steps taken to establish the board's financial turnaround programme together with changes to Board and executive leadership.

Throughout the past two years the Health Board has operated under its Emergency Planning arrangements, with focus on our COVID-19 response and identifying actions to address the challenges presented by remobilisation of core services and emerging workforce pressures.

Although we have continued to make improvements to our leadership approach the underlying issues affecting our financial sustainability have not yet been addressed. We have paused our financial turnaround programme during the pandemic (see 'financial sustainability') and our financial plan for 2022/23 describes a worsening financial outlook that reflects the impact of wider economic forces, together with those factors which are specific to healthcare delivery in current operating conditions.

We continue to work actively with Scottish Government colleagues to develop our approach however it is likely that our performance escalation, at least in relation to financial sustainability, will remain for the foreseeable future.

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 2021/22 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.

Data on 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)

The Board's General Fund reports a credit balance of £8.794m as at 31st March 2022, resulting from the in year difference of cash drawn down (£304.169m) and net operating costs (£322.233m). Scottish Government has been advised of this position and is content with the appropriateness of accounting treatment.

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	304,418	304,233	185
Non Core Revenue Resource Limit	5,299	5,299	0
Total	309,717	309,532	185
Core Capital Resource Limit	5,203	5,194	9
Total Capital Resource Limit	5,203	5,194	9
Cash Requirement	304,169	304,169	0

Memorandum for In Year Outturn	£000
Core revenue Resource Variance (Deficit)/Surplus in 2021/22	185
Percentage of RRL	0.06%

A one-year financial plan was submitted to Scottish Government by NHS Borders in March 2021. Due to the impact of the COVID-19 pandemic, the Scottish Government paused the three year Annual Operating and financial planning process. Recognising the exceptional nature of 2021-22 and the impact on delivery of financial plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards. NHS Borders received £8.1m, with a further £0.7m available to Social Care via Scottish Borders HSCP (and allocated via NHS Borders RRL).

At 31st March 2022 the position for the Core Revenue Resource Limit is reporting an in-year £185k surplus. The Core Capital Resource Limit is breakeven.

Further detail on the board's financial plan is provided in the Performance Overview section of this report (see 'financial sustainability').

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:

	Core £000s	COVID-19 £000s	Savings £000s	Total £000s
Outturn excluding COVID-19 support	5,298	(14,624)	(8,620)	(17,946)
ScotGov COVID-19 support	0	9,321	8810	18,131
Outturn Performance	5,298	(5,303)	190	185

ScotGov COVID-19 support and related spend includes IJB expenditure, including Social Care, where this is reported through the board's COVID-19 returns to Scottish Government.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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 a 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 2021/22 Annual Accounts of NHS NSS. The total value of expenditure is £5.40m of which £2.88m 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 includes allocations made available to the Scottish Borders IJB in relation to the impact of the pandemic on Social Care. In total the board released resources of £4.63m to the IJB in respect of Social Care. 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 £6.9m of savings during 2021/22 however the majority of this was achieved on a non-recurring basis, with less than £0.25m achieved recurrently against a projected £1.3m identified in the board's mid year forecast. The slippage on these savings is expected to be recovered in the early part of 2022/23.

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 Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements".

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

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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 £225k with income received totalling £678k and expenditure of £904k. 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.

Scottish Borders Integration Joint Board

NHS Borders delegated functions and provided resources for these functions during 2021/22 to the Integration Joint Board, the financial details of which are noted in the following table:

Provision of Resources	2021/22 £'000	2020/21 £'000
Delegated Services	115,848	108,039
Social Care Fund	7,733	7,619
Integrated Care Fund	3,717	2,194
Health Board contribution to financial outturn	4,718	3,925
Scottish Government COVID19 Personal Protective Equipment and Testing Kits	2,877	1,514
Scottish Government Ring Fenced Allocations	25,546	9,404
Sub-total Provision of Resources	160,439	132,695
IJB Set Aside Budgets	27,450	26,853
Total Provision of Resources	187,889	159,548

The Board agreed an uplift of 2% to the recurring resources provided to the IJB for delegated functions in 2021/22. This uplift matched the uplift received by the Board from Scottish Government. 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 Care and an element of this funding has been released to Scottish Borders Council.

Within delegated health budgets, COVID-19 expenditure of £0.5m was additional to baseline expenditure.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Support to non-delivery of savings was made available to NHS Borders as part of the total resource allocation for COVID-19; allocation of a proportion of this support to the IJB has been included within the overall support required to deliver a breakeven performance (noted below).

Following its meeting on 2nd March 2022 the IJB issued three new directions to NHS Borders as follows:

Reference	Title
SBIJB-151221-1	Development of a Scottish Borders HSCP Integrated Workforce Plan, including support of immediate workforce sustainability issues
SBIJB-151221-2	Local Authority and Health Board resource support for the development of the IJB's Strategic Commissioning Plan
SBIJB-020322-1	Commissioning the Millar House Integrated Community Rehabilitation Service

The scope of these directions covers activities expected to be undertaken during 2022/23 and there is no progress reported as at end March 2022.

The Board has utilised the agreed Partnership Scheme of Integration to enable resources to be carried forward for use in 2022/23. The overall balance held in IJB reserves has increased significantly at March 2022. This reflects the on-going 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 significant balance is held against COVID-19 allocations not utilised in 2021/22 and which will be set against expenditure plans for 2022/23 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 2021/22.

The Scottish Borders Integration Joint Board 2021/22 annual accounts will be available from the Scottish Borders Council website www.scotborders.gov.uk. The IJB recorded an breakeven position for financial year 2021/22 on commissioned services from NHS Borders following an additional contribution of funding totalling £4.718m. As part of the Investment in Associates and Joint Arrangements (IAS 28) the NHS proportion (50%) of the IJB year end outturn underspend and equity has been included in the Health Board Accounts at £8.178m and £13.298m respectively.

Capital Investment

The Board has reported a total capital spend in 2021/22 of £5.19m achieving the financial target of breakeven against the Capital Resource Limit (CRL).

The capital programme during 2021/22 included delivery on a number of projects which had been delayed since 2020/21 due to impact of the COVID-19 pandemic. These projects progressed in the year, however they were intermittently affected by social distancing measures, restrictions to site and external supplier staff absences as those occurred during the various waves of the illness throughout the year.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Scottish Government supported the Board by reprofiling capital resource into 2021/22 to align with the revised programme timelines of the MRI installation and contingency project and the Forensic Medical Examination Suite. Whilst the new MRI was installed and operation from the end of October 2021 the Forensic Suite was further delayed as the area for this new facility continued to be required to support the Board's COVID-19 response. Reported as an asset under construction as at 31st March 2022, the Suite is intended to be completed and fully operational by end of May 2022.

The Board received a 'formula' based allocation of NHSS capital funding totalling £2.37m for 2021/22, from which prioritised areas of spend included backlog and rolling replacement requirements by the Estates and Facilities Directorate (£1.29m), medical equipment (£0.30m) and rolling replacement items of IM&T (£0.17m). Investment to reduce the level of backlog maintenance included specifically areas of roofing repairs, electrical services, external building fabric and boilers and heating equipment. Medical equipment, in addition to the initial capital plan allocation, was purchased to utilise resources made available from slippage of the projects in the plan, purchases included fetal monitors, syringe drivers, theatre tables, resuscitation equipment and two ultrasound machines.

The final phase of the Primary Care Premises Strategy concluded with the completion of the improvement works, including upgrade and reconfiguration of accommodation, at West Linton Health Centre which were signed off as operational in December 2021. The Strategy covered a number of individual build projects and was delivered over a number of years, service requirements are known to have changed in that time and professional advisors were commissioned in the year to provide an updated status across the Board's estate where occupied by Primary Care services. The findings and recommendations from the report will inform future year capital plans.

The Board continued with its multi-year Information Management & Technology (IM&T) Digital Portfolio Programme during 2021/22 and progressed the planned rollout, across the organisation, of the hardware (desktop, laptop and hand held devices) purchased in previous years. The rollout was supported by a level of additional fixed term staffing resource within the IM&T team including specialist IM&T contractors. Costs of the staffing resource are reported as part of the Board's Revenue Resource Limit (RRL). The continued impact on services from COVID-19 during the year resulted in delay to the planned implementation of this new hardware for some service areas. A risk based and flexible approach to delivery of this phase of the programme is being managed by the Digital Portfolio Board chaired by the Director of Finance.

Additional allocations of capital resource were received from the National Equipping Board to enable the replacement of Endoscopy equipment (£1.62m) and the purchase of a CT Scanner (£0.70m). The Board also received funding to support further investment in electrical vehicles and charging stations (£0.07m) and replacement of essential laundry equipment (£0.11m).

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Payment Policy

The Scottish Government is committed to supporting business in the current economic situation 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:

	2021/22	Volumes	2020/21	Volumes
Average period of credit taken	19 days		16 days	
- Total Number of Invoices paid		41,240		36,830
- Total value of invoices paid		£69.2m		£95.9m
Percentage of invoices paid within 30 days:				
- by volume	86%	35,664	88%	32,423
- by value	87%	£60.3m	84%	£80.2m
Percentage of invoices paid within 10 days:				
- by volume	69%	28,220	71%	26,119
- by value	73%	£50.3m	75%	£71.8m

Provisions and Liabilities

The following provisions and liabilities are included in the Board's 2021/22 Annual Accounts:

	2021/22	2020/21
Provision for bad and doubtful debts	£1.013m	£0.926m
Trade and other payables (payable within 1 yr.)	£85.999m	£66.321m
Accrual for outstanding Annual Leave	£5.091m	£3.331m
Provision for Scottish Government Pay Terms and Conditions. (2020/21 restated from accruals)	£2.974m	£3.100m
Clinical & Medical Legal Claims	£1.724m	£1.226m
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	£11,128m	£10.962m
Pensions and similar obligations	£1.383m	£1.379m

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.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

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. As noted in the Board's review of the Governance Framework for 2021/22 post payment verification services ordinarily carried out by NHS National Services Scotland (NSS) were not performed for any of the three payment streams throughout the period 1 April 2021 to 31 March 2022 as a result of NSS suspending its post payment verification services as requested by Scottish Government circulars issued in response to the COVID pandemic.

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) resumed in January 2021, after being suspended in April 2020 due to the COVID-19 pandemic.

After a period of significant disruption to the provision of NHS Scotland general dental and general ophthalmic services in 2020, patient exemption claiming in ophthalmic services has now returned to the pre-pandemic level. Patient exemption claiming in general dental services is still only around 50% of the pre-pandemic level.

The annual CFS Extrapolation calculation utilises the outcomes of closed checked PCT cases within the previous calendar year to determine an estimate of the current levels of fraud and error for both dental and ophthalmic services. Once selected for eligibility checking, a claim can remain open within the CFS Patient Exemption Checking System for up to 24 months. This could be either because a patient has elected to repay incorrectly claimed monies on a two-year payment plan, or, because a patient has chosen not to engage with the PCT, and the case has then been referred to a debt recovery company. It is therefore not possible for CFS to produce a robust extrapolation calculation for 2021, due to there being insufficient closed cases since the PCT resumed its programme of exemption claim checking in January 2021. The PCT continue to check claims in both dental and ophthalmic care settings, and CFS anticipate that total recoveries across NHS Scotland will be in the region of £600K.

Proactive Initiatives

Counter Fraud Services continue to support the fraud agenda with the Board through the local Countering Fraud Operational Group (CFOG), which provides a forum for senior managers from across the organisation to discuss, share information and take forward proactive initiatives facilitated by CFS colleagues including specific work with the Pharmacy Department Senior Management Team to collate and analyse information being reporting across a number of payment areas including the Minor Ailments Scheme.

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

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Since April 2021, CFS has worked closely with two Health Boards to pilot the introduction of new Counter Fraud Standards. A review of lessons learned from the pilots and a review and update of the Health Board/CFS Partnership Agreement to incorporate the new standards will aim for the launch of the new Partnership Agreement and Standards in April 2022.

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'. The new national Workforce Strategy has introduced further values in parallel with the ones above.

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.

In the past year we have signed up to the Scottish Living Wage which pays and advocates for paying a level of wage on which people can survive and prosper.

You can read more about the NHS Scotland Workforce Strategy here:

<https://www.gov.scot/publications/national-workforce-strategy-health-social-care/>

Public Engagement

This year has seen our approach to public engagement continue to take place in most cases virtually through the use of MS Teams. This has been successfully adopted by our public members, with support, allowing us to increase our public engagement activity within the organisation and with external partners. We continue to offer alternative arrangements to those people who do not have access to electronic devices or do not have the ability to use them; this allows all members of the public to continue to be involved in decision making by providing feedback via phone or by post.

Our Hear from You network has over 60 members of the public who have all registered their interest in participating in engagement activity with NHS Borders. We hope to continue to increase the number of participants during the next year and going forward. Should you wish to know more about this network you can find further details on our [Facebook](#) page.

Governance and scrutiny of Public Involvement activity across NHS Borders sits with the Board's Public Governance Committee.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Performance against Key Non-Financial Targets

In response to the COVID-19 pandemic the Scottish Government introduced a revised one year planning framework, replacing Annual Operational Plans (AOP) with Remobilisation Plans (RMP). For the 2021/22 plan (RMP4), NHS Borders agreed a set of trajectories describing planned activity and performance against key measures, as outlined in the Performance Scorecard.

Following agreement of the 2021/22 plan, the performance scorecard that is presented to the *Resources & Performance Committee* and to NHS Borders Board was reformatted to reflect the measures included within the plan. It now includes RMP4 performance, whilst continuing to demonstrate performance against AOP standards.

You will see some measures reported under both AOP and RMP4. This reflects the local milestones agreed within our RMP4, which describes the trajectory towards longer term achievement of national standards represented in the AOP.

Performance trajectory milestones and targets have been set as either percentage or numerical measures. The scorecard highlights deviation from planned performance using a Red / Amber / Green key, as follows:

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.

A copy of the board's Performance Scorecard at March 2022 is included on the following pages.

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Performance against Key Non-Financial Targets

Performance Scorecard, outlining performance against the Annual Operational Plan targets and local Key Performance Indicators (KPI) as at 31st March 2022

	Measure (KPI)	Period Reported	Target or Standard	2022 (Current Year)		2021 (Prior Year)	
				Position	Status (RAG)	Position	Status (RAG)
Annual Operational Plan (KPI's)	Cancer Waiting Times 62 Day Target	Feb 2022	95% patients treated following urgent referral with suspicion of cancer within 62 days.	95.5%	Green	95.6%	Green
	Cancer Waiting Times 31 Day Target	Feb 2022	95% of patients treated within 31 days of diagnosis.	100.0%	Green	97.5%	Green
	New Outpatients Number Waiting >12 weeks	Mar 2022	Zero patients waiting longer than 12 weeks (maximum).	5177	Red	3489	Red
	New Inpatients Number Waiting >12 weeks	Mar 2022	Zero patients waiting longer than 12 weeks (maximum).	1624	Red	1236	Red
	Treatment Time Guarantee (TTG) Number not treated within 84 days from decision to treat.	Mar 2022	Zero patients having waiting longer than 84 days.	200	Red	81	Red
	Referral to Treatment (RTT) % Treated within 18 weeks of referral.	Mar 2022	90% patient to be seen and treated within 18 weeks of referral.	65.6%	Red	74.4%	Red
	Diagnostics (8 key tests) Number waiting >6 weeks	Mar 2022	Zero patients waiting longer than 6 weeks for 8 key diagnostic tests	646	Red	627	Red
	CAMHS % treated within 18 weeks of referral.	Feb 2022	90% patients seen and treated within 18 weeks of referral.	47.6%	Red	40%	Red
	A&E 4 Hour Standard Patients discharged or transferred within 4 hours.	Mar 2022	95% of patients seen, discharged or transferred within 4 hours.	62%	Red	87.1%	Amber
	Delayed Discharges Patients delayed over 72 hours	Mar 2022	Zero patients delayed in hospital for more than 72 hours.	62	Red	27	Red
Monitor & Maintain – Other KPI's)	Sickness Absence Rates	Mar 2022	Maintain overall sickness absence rates below 4%	4.9%	Amber	4.7%	Amber
	Psychological Therapies % treated within 18 weeks of referral	Mar 2022	90% patients treated within 18 weeks of referral	65.6%	Red	84.71%	Amber
	Drug & Alcohol Treated within 3 weeks of referral	Mar 2022	90% of patients treated within 3 weeks of referral.	100.0%	Green	100%	Green
Safety	Clostridium Difficile (C-diff) The number of bed days	Qtr3 2021	Max 32.0 per 100,000 equivalent occupied bed days.	10.1	Green	10.42	Green
	SAB Infections The number of bed days	Qtr3 2021	Max 24.0 per 100,000 equivalent occupied bed days.	23.6	Red	17.63	Green

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Performance Scorecard, outlining performance against the Remobilisation Plan (RMP4) Key Performance Indicators (KPI) as at 31st March 2022

This report was introduced in 2021/22. Trend information is excluded from this report.

	Measure (KPI)	Period Reported	Target or Standard	Position	Status (RAG)
RMP4 Agreed Projections/ Trajectories	Cancer Waiting Times 62 Day Target agreed quarterly projection	Q3 2022	73 patients waiting longer than 62 days	82	Red
	Cancer Waiting Times 31 Day Target agreed quarterly projection	Q3 2022	107 patients waiting longer than 31 days	80	Green
	New Outpatients Number Waiting >12 weeks trajectory	Mar 2022	9195 patients waiting longer than 12 weeks	5177	Green
	New Outpatients Number Waiting >52 weeks trajectory	Mar 2022	2154 patients waiting longer than 52 weeks	957	Green
	New Inpatients Number Waiting >12 weeks trajectory	Mar 2022	2296 patients waiting longer than 12 weeks	1624	Green
	New Inpatients Number Waiting >52 weeks trajectory	Mar 2022	848 patients waiting longer than 52 weeks	704	Green
	All Diagnostics (8 key tests) Number waiting >12 weeks trajectory	Mar 2022	762 patients waiting longer than 6 weeks for 8 key diagnostic tests	362	Green
	All Diagnostics (8 key tests) Number waiting >52 weeks trajectory	Mar 2022	0 patients waiting longer than 6 weeks for 8 key diagnostic tests	31	Red
	Diagnostics- Endoscopy (8 key tests) Number waiting >12 weeks trajectory	Mar 2022	374 patients waiting longer than 12 weeks for endoscopy	284	Green
	Diagnostics- Endoscopy (8 key tests) Number waiting >52 weeks trajectory	Mar 2022	3 patients waiting longer than 52 weeks for endoscopy	31	Red
	CAMHS % treated within 18 weeks of referral quarterly projection	Q3 2022	50% patients seen and treated within 18 weeks of referral.	67.1%	Green
	Psychological Therapies % treated within 18 weeks of referral quarterly projection	Q3 2022	85% patients treated within 18 weeks of referral	83.6%	Amber
	A&E 4 Hour Standard Patients discharged or transferred within 4 hours quarterly projection	Q4 2022	85% of patients seen, discharged or transferred within 4 hours.	65.6%	Red
	Delayed Discharges Patients delayed over 72 hours quarterly projection	Q4 2022	29 patients delayed in hospital for more than 72 hours.	62	Red

PERFORMANCE REPORT

b. PERFORMANCE ANALYSIS (continued)

Sustainability & Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. In 2020 'The Climate Change (Scotland) Amendment order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets.

All designated Major Players (of which NHS Borders is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

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

<https://sustainablesotlandnetwork.org/reports>.

Events after the end of the reporting period

The Board has included provisions and contingent liabilities and assets relating to Clinical Medical Negligence claims based on information received from NHS Scotland Central Legal Office after the balance sheet date of 31st March 2022.

No further 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

01 September 2022

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 4th August 2022.

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 appointed Audit Scotland to undertake the audit of NHS Borders.

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 Health 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 2021 to 31st March 2022 were as follows:

Non-Executive Members

Mrs K Hamilton, Chair
Mrs H Campbell (from 5th April 2021)
Mr J Ayling (from 5th April 2021)
Mr M Dickson (to 31st July 2021)
Ms S Lam
Mr J McLaren
Mrs L O'Leary
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

Executive Members

Mr R Roberts, Chief Executive*

Mr A Bone, Director of Finance, Procurement, Estates & Facilities*

Dr T Patterson, Director of Public Health*

Mrs N Berry, Director of Nursing & Midwifery (to 31st May 2021)*

Mrs N Berry, Director of Operations (from 1st June 2021 to 31st October 2021)

Mr Gareth Clinkscale, Director of Acute Services (from 30th August 2021)

Mrs Sarah Horan, Director of Nursing, Midwifery & Allied Health Professionals (from 1st June 2021)*

Dr L McCallum, Medical Director *

Mrs J Smyth, Director of Planning & Performance

Mr A Carter, Director of Workforce

Mr R McCulloch-Graham, Chief Officer Health & Social Care (to 31st October 2021)

Mr Chris Myers, Chief Officer Health & Social Care (from 1st November 2021)

* Are all Scottish Government appointed Executive Directors.

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

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.

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 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, there is no relevant audit information of which the Board's auditors are unaware; and each director has taken all the steps that he / she ought reasonably to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

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.

Personal data related incidents reported to the Information Commissioner

During 2021/22 the Information Commissioner took enforcement action against several organisations and individual staff members in the UK for breaching data protection. No action was taken against any Health organisation in the past 12 months.

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 2022 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. I am also 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 2022, 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 COVID-19, 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 had reduced to allow this temporary arrangement to be withdrawn. The Boards' revised governance arrangements were kept under review and have returned to normal, except for meeting in public.

With the onset of the pandemic, the organisation put into place its flu pandemic 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. Gold command continues to meet on a weekly basis.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

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 (excluding private meetings) are uploaded to the external website 3 days in advance of the Board meetings to enable public scrutiny.

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 7 times during the year via MS Teams 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.

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

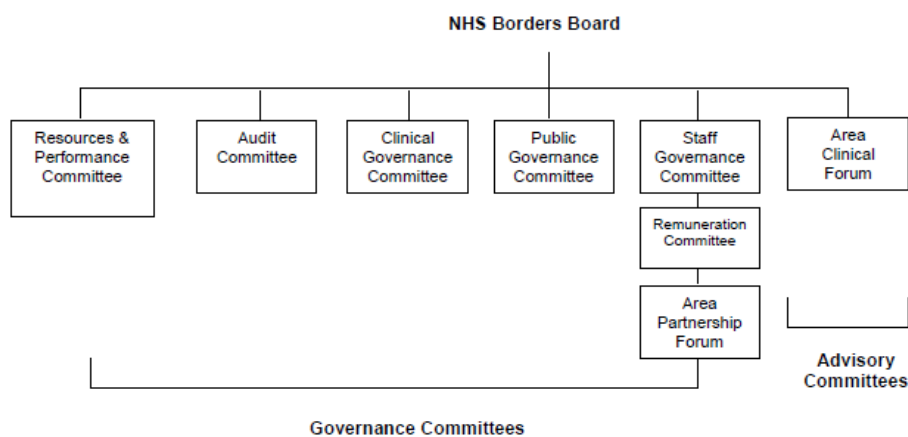
Minutes of each standing committee are noted by the full NHS Board.

The standing committee structure is note in the diagram overleaf.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement



* 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 committee 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.

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 receives 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 ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

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.

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.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

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 2021/22 as no new applications were submitted.

Area Clinical Forum

This is an advisory committee which formulates comprehensive clinical advice to the Board on matters of policy and implementation.

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 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 2021/22 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 board member development programme was reinstated during 2021/22, having been 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.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

- 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 2021/22 as a result of the social distancing measures in place.
- NHS Borders is fully aware that the Duty of Best Value principles are about creating an effective organisational context from which the NHS Borders can deliver its key outcomes. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes, assurance and evidence can be obtained to demonstrate NHS Borders incorporates Best Value principles in everyday business.
- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD). The CoCG includes sections detailing how business is organised, members' code of conduct, standards of business conduct for NHS staff, the counter fraud policy and action plan, reservation of powers and delegation of authority and standing financial instructions. The CoCG details fully the core functions of the Audit Committee and the other standing committees of the Board including the terms of reference which are reviewed and approved on an annual basis. This ensures explicit agreement of the purpose, key functions and delegated remit of each Committee.
- The Board maintains strong financial governance through the CoCG which incorporates the Board's standing orders and scheme of delegation. To support the scheme of delegation an authorised signatory database is in place.
- The 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.
- The Independent National Whistleblowing Officer (INWO) Standards were introduced from 01 April 2021 in the form of the '*NHS Borders : Guide for Staff on Raising Whistleblowing Concerns*' NHS Borders communicated this new policy approach to the workforce, including volunteers, students and independent contractors. Many managers have completed 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) modules to help them understand how the new Standards differ

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

from our previous whistleblowing arrangements and the difference between a concern in the public interest and matters of personal grievance. Following Scottish Government approval, Sonya Lam was appointed NHS Borders Whistleblowing Champion, Non-Executive Director. Sonya chairs a Whistleblowing Governance group. At time of writing, the health board is in the process of appointing/training up to 15 whistleblowing confidential contacts to help interested parties understand the nature of any concerns they have and whether they fit the definition of whistleblowing.

- In line with the Blueprint for Good Governance, NHS Borders adopted a standard process for annual self-assessment of the board and its committees. The purpose of the self-assessment is to assess how effective each committee is in discharging its business, and to provide supporting evidence to inform the committee's annual report (i.e. assurance statement). Any identified areas for development or improvement are translated into an action plan which is reviewed and monitored by the relevant committee.
- 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 Clinical Boards and Operational Management Group (OPG).
- 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.
- In accordance with 'IFRS 10 – Consolidated Financial Statements', the Financial Statements consolidate the Borders Health Board Endowment Fund (known as 'The Difference'). An unqualified audit opinion has been provided from the independently appointed auditors, Thomson Cooper, following the 2021/22 audit of the Endowment Fund financial statements. The audit opinion includes that no significant issues were reported as part of the audit, with a number of recommendations being made which will be considered by the Trustees. This governance statement includes any relevant disclosure in respect of Endowment funds.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

Review of Adequacy and Effectiveness

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

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

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

- The Remuneration Committee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of executive and senior manager pay arrangements.
- The individual clinical boards who hold responsibility for risk management.
- The Information Governance Committee whose remit is to provide assurance to the Board that guidance and best practice is applied to the way NHS Borders handles information. Information on data security is disclosed on page 30 of this report

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.
- Findings and recommendations from review work carried out during the year by internal and external audit
- 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.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) 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, to 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. Further details can be found in the *Financial Sustainability* disclosure.

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.

The Risk Management Strategy, policies and supporting guidelines provide the overall risk management framework for NHS Borders. NHS Borders holds separate risk registers for operational and strategic risks. The DATIX electronic risk management system is utilised by the Board for risk management, incident reporting and adverse events reviews.

Training programmes in relation to corporate and operational risk are mandated for relevant staff with responsibilities for risk management. Additional training is offered to support risk managers in using DATIX, undertaking risk assessments, and managing and reporting incidents.

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 Operational Planning Group (OPG) in the risk management report.

Strengthened operational lines of reporting between topic specific groups, Clinical Boards and the Operational Management Group (OPG) are in place in relation to healthcare governance; these support the Board to gain assurance on the management and mitigation of risks within the Health System.

Strategic risks are reviewed regularly by the appropriate Governance Committee. The strategic risk register is owned by the Board Executive Team and individual risks assigned an executive director as risk owner. Changes to this process have recently been implemented following discussion of risk management arrangements at the Audit Committee during 2021/22.

Very high and high operational risks, including those related to the pandemic, are presented and monitored at the Risk Management Board (RMB).

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

The RMB did not meet during December 2021 to March 2022 due to significant organisational pressures arising from the Omicron wave of the COVID19 pandemic. During this period, COVID-19 risks continued to be monitored by Gold command on a weekly basis and organisational risks were escalated to the Operational Planning Group (OPG) through normal risk management arrangements as required. Normal business is expected to resume from May 2022.

The Risk Management annual report for 2021/22 is in draft form and will be presented to the Audit Committee for review in September 2022. 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 draft Risk Management report highlights areas where further improvement to the board's existing risk management approach is required. Particular issues noted as requiring action include:

- The need for a strategic shift from reactive to proactive risk management, with inconsistent reporting of risks in advance of manifestation via adverse events.
- Restoration of business as usual for performance review of risk management activities, for which business unit processes were reduced during the pandemic with monitoring of performance undertaken solely by the Risk Management Board.

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. All actions to address the recommendations within the report are now complete and were reported to the Audit committee at March 2022.

The Resilience Committee, reporting to the Operational Planning 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 2021/22 self assessment against NHS Scotland Resilience standards to the Scottish Government Health Resilience Unit later in 2022, setting out how NHS Borders will fulfil its civil contingencies obligation. The last submission was July 2021.

Further detail on risk management arrangements, including performance against key performance indicators and an overview of the board's strategic risk register, are included in the Performance Report.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

COVID-19 Pandemic

The board continued to operate its emergency planning structures throughout 2021/22 to coordinate activities in relation to pandemic response and remobilisation of NHS services. This includes Gold/Silver/Bronze meetings, with Gold Command operating as the executive 'pandemic command' group.

Operational management arrangements have continued to evolve during 2021/22: the Recovery Planning Group established in 2020 has been repurposed as the Operational Planning Group with a dual agenda to manage both Covid and non-Covid business. The frequency of joint executive team meetings across Health & Social Care was amended to fortnightly (previously weekly) during 2021 as operational structures across Health & Social Care evolved to address enduring issues through normal 'business as usual' activities.

The board published its Remobilisation Plan for 2021/22 in June 2021 and this plan has continued to be reviewed throughout the last twelve months through discussion with partners, including Scottish Government. 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 (published on 31st May 2020) and subsequent guidance.

A *Clinical Prioritisation Group* chaired by the Medical Director was established in 2020/21 to provide clinical oversight to the management and prioritisation of patients whose care has been affected by the pandemic. This group has continued to meet during the course of 2021/22. The 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 2021/22. This framework coordinates local monitoring reports and forecast expenditure through a Local Mobilisation Plan (LMP) 'tracker' which is submitted regularly to Scottish Government as part of regular financial performance reports. 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.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

2021/22 Annual Operational Plan Standards Performance

Strong performance against standards remains a key priority across all areas of NHS Borders. The board executive team (BET) undertakes quarterly performance reviews with the senior leadership within each business unit, focussing on variation against plan and key performance indicators. Performance is discussed operationally through regular business meetings and at the NHS Borders Access Board, and is reported regularly to the Resources and Performance Committee. The pandemic has had a significant impact on the board's ability to deliver performance at the levels set by national standards and key performance indicators.

In November 2021 the *Centre for Sustainable Delivery* (CFSD) was commissioned in partnership with Scottish Government to undertake a diagnostic review of the board's performance within planned and unscheduled care. The recommendations of this review led to a period of rapid improvement work up to March 2022, including ongoing support from the CFSD. This situation is described in further detail within the Performance report.

Cyber Essentials

NHS Borders does not presently hold Cyber Essentials or Cyber Essentials plus certification. The health board is focussed on meeting the legislative requirements of the Network and Information Systems Regulations (2018) (NIS). These regulations require Operators of Essential Services (OESs) to take appropriate and proportionate measures to manage risks to their network and information systems and to prevent and/or minimise the impact of incidents to those systems. NIS Audit requirements are similar in nature to Cyber Essentials and are mandatory to all NHS Scotland Boards.

Measures currently in place to protect the organisations data and mitigate against cyber threats include use of high level encryption, anti-virus and anti-malware clients on user hardware. Email security was enhanced by separate agreement to provide email filtering and multi-layer security prior to implementation of the national Microsoft Office 365 contract with NHS Scotland. Firewalls security is monitored regularly and an annual penetration test organised to assess vulnerabilities and identify any actions required to improve security.

The Scottish Health Competent Authority (SHCA) carried out an interim audit against NIS standards in Q4 2021 where NHS Borders gained a 38% compliance rating. The results were assessed and an action plan invoked. A further audit was carried out for NHS Borders in August 2021 where compliance increased to 55%. Work is being carried out to address the risks and gaps highlighted in the report.

NHS Borders continue to work closely with our colleagues in the NSS Security team and other partner agencies including SBRC and NCSC. Through these organisations NHS Borders monitors threats and vulnerabilities, including CiSP, Early Warning and Web check tools and notifications. NSS notify Senior Cyber and Technical groups immediately of any potential cyber security threats with mitigation advice which are actioned as a matter of priority. This is normally progressed through the Boards MI-Lite process.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

Impact of Russia-Ukraine War

Following Russia's invasion of Ukraine, Cyber Security measures were heightened due to the increased risk of Cyber-attacks as part of the military campaign. While there was no direct intelligence to suggest the NHS was under Cyber threat, there was concern that Cyber-attacks would be utilised in retaliation against UK and western sanctions, and the NHS may therefore be either an intended target of an attack or impacted as collateral damage from another target.

As a result of the threat immediate action was taken to protect the NHS both locally and nationally. NHS Borders implemented their Major Incident (MI-Lite) plan to ensure that all possible recommended actions were implemented. NHS Borders has active membership of CiSP, NCSC early warning and NSS forums and continues to receive regular updates.

NHS Borders also implemented additional penetration testing of its external and internal networks to provide confidence in its Cyber defences. In addition staff communications were sent warning of the danger of phishing email campaigns.

Electricity and Gas prices, which were historically high even before the invasion of Ukraine, will be further impacted. However, as a result of the Scottish Government's long-standing process for buying electricity and gas in tranches well in advance of consumption, which is overseen by a cross-sectoral Risk Management Committee, the impact has been partly mitigated.

National Procurement maintains focus on co-ordination across four nations working closely with the Department of Health and Social Care (DHSC) to identify and mitigate any risks before they become issues. Overall there is no expectation of any significant impact for UK patients.

Workforce

Staff Health & Wellbeing

COVID-19 has continued to have 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, many staff have been required to isolate over the last year, some staff are still feeling the effects of Long-Covid and NHS Borders has sadly had a total of two deaths-in-service, attributable to COVID-19. For those staff who have remained at work throughout successive COVID waves of the pandemic, many have worked with very high levels of patient acuity, worked under intense pressure for a sustained period 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 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 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

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

opinion from staff on the handling of the pandemic before the national Everyone Matters Pulse Survey was launched. In the last year, this group was instrumental in using some NHS Charities Together funds to subsidise hot beverages for staff in the BGH Staff Dining Room and RVS outlet. Snack boxes were also provided to community hospitals, mental health sites and health centres. The group commissioned the production and distribution of badges which commemorated service during the COVID pandemic. Attention has turned to the quality of rest areas and staff changing areas.

Anticipatory Workforce Planning & Recruitment

NHS Borders Recruitment Service has continued to be exceptionally busy, seeing recruitment activity maintained at 3-4 times pre-COVID-19 levels. NHS Borders is now preparing its 2022-2025 Integrated Workforce Plan, due for submission by the end of July 2022 and this will form a component part of a wider NHS Borders Workforce Strategy 2022-2025 which will also incorporate Resourcing, Learning and Education, Organisational Development, Health & Safety and Equality & Diversity elements. The local strategy will be devised to complement the new National Workforce Strategy and local clinical, estates and equipment strategies. 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, and enjoy a good standard of living for themselves and their families.

Equality, Diversity & Inclusion

NHS Borders is operating an Equality, Diversity and Inclusion in Employment Group. This group has a Terms of Reference and Action Plan and has already been involved in issuing Pride Pledges, advised the health board on matters of international recruitment and contributed to the health board's Equality Mainstreaming Report.

Practitioner Services – Service Audit 2020/21

For the previous two years a qualified opinion had been received for Practitioner Services and National IT services due the lack of evidence to provide assurance that payment processes were operating in line with approved procedures. A comprehensive action plan has been implemented and significant improvements are reflected in a clean opinion for both services in 2021/22.

Internal Audit Opinion

The Chief Internal Auditor Opinion for 2021/22 is noted as:-

Our overall opinion for the period 1 April 2021 to 31 March 2022 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 ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

The level of non-compliance in certain areas puts some system objectives at risk, specifically in relation to the Mandatory and Statutory Training and IT Recovery and Resilience audits which returned a number of high risk findings. Due to the nature of the high risk findings, we consider that these merit attention in the governance statement. There were 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 2021/22, 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:

2021/22 Internal Audit – Implementation of recommendations to address identified high risks

The 2021/22 Internal Audit Reviews have raised two “high” rated risks in relation to Mandatory and Statutory Training. The weakness in the scrutiny of mandatory and statutory training and risk assessments following non-compliance have resulted in a new Training and Development Board being formed and a new Education Policy being negotiated to support compliance. The overall assurance provided by the audit is partial assurance with improvement required.

There are also three “high” rated risks in relation to IT Recovery and Resilience: insufficient disaster recovery and business continuity procedures; insufficient disaster recovery and business continuity exercising, testing and review; and insufficient business impact assessments (BIA). The overall assurance provided by the audit is partial assurance with improvement required.

In May 2022, internal audit finalised the Health and Safety Reporting audit which provided partial assurance with improvement required. There is one “high” rated risk in relation to reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) events not being reported within the defined timescale as per Health and Safety Executive national guidance.

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 2022/23.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

Disclosures

Based on the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Borders, I consider the following issues to be significant enough to warrant disclosure.

Waiting Times

An internal audit of waiting times monitoring reported in June 2021. This report gave a 'No assurance' opinion, and this position was disclosed in the 2020/21 annual report. Specific issues highlighted in the report included lack of sample checking of individual patient records and lack of clarity around roles and responsibilities for reporting. The report also highlighted that meetings of 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. Following this review actions were agreed with management and have been progressed during 2021/22, including reconstitution of the Access board which has met regularly over the past year and reintroduction of patient record sampling to validate waiting times reporting.

Evidence to support closure of the actions associated with this review is currently being compiled and it is anticipated that these issues will be reported as fully addressed at the June 2022 Audit Committee.

Estates and Facilities

Risks have been identified from a number of surveys completed on the condition of the fabric of the NHS Borders Estate and these are reflected within the operational risk register. During 2021/22 assessment of ventilation systems highlighted a number of areas where performance is below required standards. An action plan has been agreed and remedial actions have been implemented with further action required within the next twelve months. An updated assessment of performance will be undertaken during 2022/23 in line with current guidance.

Financial Sustainability

NHS Borders remains at stage three of the Scottish Government's Performance Escalation Framework which identifies 'significant variation from plan; risks materialising; tailored support required' and highlights a requirement for a formal recovery plan agreed with Scottish Government.

The board's financial turnaround programme was suspended in March 2020 and remained paused as at end March 2022. As such the board has made limited progress towards identification of savings to address its ongoing deficit. Plans for 2021/22 and 2022/23 continue to demonstrate a significant financial challenge with requirement for additional savings not identified within the plans in order to achieve a breakeven position.

THE ACCOUNTABILITY REPORT

I. CORPORATE GOVERNANCE REPORT (continued)

c) The Governance Statement

Financial Sustainability

From October 2021 the Scottish Government reintroduced a programme of enhanced monitoring and support, including regular updates on progress towards identification of financial savings. The design of a Financial Improvement Programme (FIP) for 2022/23 is subject to active discussion and is expected to be implemented by end June 2022. Work to progress the development of a three year financial plan, including scoping of longer term actions required to address financial sustainability, is currently underway and is expected to be concluded during summer 2022.

Workforce

Most providers of NHS services are challenged by increasing demand for services and diminishing supply of appropriately trained staff, and NHS Borders is no different. COVID-19, exit from the EU, the age profile of staff and changes in pension provisions all contribute to the heightened workforce pressures in health and social care.

NHS Borders' clinical performance continues to be adversely affected by the supply and provision of key professionals and ancillary staff. As a small rural health board without the luxury of many more resources under management, the turnover in individual specialist roles has a major impact on service delivery and we continue to report significant vacancies across nursing and other professional functions. These issues place increasing strain on our existing workforce and limit the pace at which we are able to remobilise service and recovery from the pandemic.

Assurance Statement

Based on the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Borders, I am not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance on governance, risk management and control.

Signed *Ralph Roberts*

Chief Executive and Accountable Officer

01 September 2022

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), Mr J Ayling, Mrs H Campbell, Mrs F Sandford and Mr J McLaren (Employee Director). Mr R Roberts, Mr A Carter (Director of Workforce), Mrs I 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 Circulars - PCS(ESM)2021/3 and PCS(ESM)2022 4. 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 Committee, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to standard arrangements for internal 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 2021/22 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 2021/22 IJB Annual Report and Accounts Remuneration Report.

Pension Benefits figures in the 2021/22 Remuneration Report

On 1 April 2015 public sector pension schemes were reformed and the Career Average Revalued Earnings (CARE) pension scheme was introduced.

Most pension scheme members were moved from their legacy scheme (final salary) to the reformed (CARE) scheme, but some protections were put in place for members who were close to their retirement date. These protections meant that older members stayed in their pre-reform schemes.

In December 2018, the Court of Appeal found that this discriminated against younger scheme members (McCloud judgement). The government is removing this discrimination for the period between 1 April 2015 and 31st March 2022 (McCloud (2015) remedy).

From 1 April 2022 all of our NHS members will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. This means that members affected by the 2015 remedy and who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits.

All NHS Scotland Staff will become members of the 2015 Career Average Revalued Earnings (CARE) Pension Scheme on 1st April 2022.

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

a) Remuneration Report

Restatement of Pension Benefit figures for the 2020/21 Remuneration Report.

As a consequence of the McCloud (2015) remedy Court of Appeal judgement, covering all Public Sector Pension Schemes, all accrued pension benefits for the Executive Directors and Senior Managers with membership of the CARE scheme have been recalculated in line with the benefits of the 1995 Pension Scheme regulations (their pre reform scheme). Further detail of the financial impact of the remedy has been provided on pages 59 and 62 of these accounts.

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. To comply with changes to the UK Financial Reporting Manual (UK FReM) which supports additional disclosure, NHS Borders has also presented the 25th and 75th percentile multiple for the current year to 31st March 2022 and for the previous financial year, 2020/21.

The Hutton median pay calculation has been completed following the guidance from Scottish Government which supports consistent reporting across NHS Scotland.

The median ratio (Total pay and benefits) comparing March 2021 and March 2022 has decreased from 5.77 to 5.64 respectively as detailed in the following table;

	2021/22	2020/21	Change %
Range of Staff Remuneration	£19k-£205k	£18k-£210k	-
Highest Earning director's remuneration	£180k-£185k	£180k-£185k	0%
Median (Total pay & benefits)	£32,359	£31,647	2%
Median (Salary only)	£29,532	£28,189	5%
Ratio	5.64	5.77	(2)%
25th Percentile (Total pay & benefits)	£23,153	£22,819	1%
25th Percentile (Salary only)	£21,708	£20,906	4%
Ratio	7.88	8.00	(1)%
75th Percentile (Total pay & benefits)	£40,734	£39,558	3%
75th Percentile (Salary only)	£40,734	£39,558	3%
Ratio	4.48	4.61	(3)%

THE ACCOUNTABILITY REPORT

II. REMUNERATION AND STAFF REPORT (continued)

a) Remuneration Report

Hutton Fair Pay Review (continued)

The Board's highest earning Director is the Joint Director of Public Health. The decrease in the reported ratios is resultant from a number of factors including:

- the pay award agreed for Agenda for Change (AFC) staff which was paid for a period of 16 months in the year as this pay award was backdated to 1st December 2020 of the previous financial year. The median reflects this increase in remuneration.
- a restructuring of a number of the pay scale points for AFC have resulted in a higher than average pay award % from the 2021/22 pay award.

The salary range of NHS Borders employees is recorded as £19k to £205k in 2021/22 (£18k to £210k in 2020/21).

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2022

	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	130-135	*	*	130-135	7	135-140	
Joint Director of Public Health: Dr T Patterson	185-190	4	*	190-195	5	195-200	1&2
Director of Finance , Estates and Procurement: Mr A Bone	80-85	*	*	80-85	21	105-110	
Medical Director: Dr L McCallum	165-170	*	*	165-170	38	205-210	
Nursing & Midwifery Director: Mrs N Berry (to 31st May 2021)	15-20	*	*	15-20	16	30-35	3
Director of Operations: Mrs N Berry (from 1st June to 31st October 2021)	45-50	*	*	45-50	39	85-90	4
Nursing, Midwifery & Allied Health Professionals (AHP's) Director: Mrs S Horan (from 1st June 2021)	75-80	*	*	75-80	76	150-155	5
Director of Planning & Performance: Mrs J Smyth	95-100	*	*	95-100	30	125-130	
Director of Workforce: Mr A Carter	95-100	*	*	95-100	43	135-140	
Director of Acute Services: Mr G Clinkscale (from 30th August 2021)	50-55	*	*	50-55	19	70-75	6
Non Executive Members							
Chair - Mrs K Hamilton	30-35	*	*	30-35	*	30-35	
Mr J Ayling (from 5th April 2021)	5-10	*	*	5-10	*	5-10	
Mrs H Campbell (from 5th April 2021)	5-10	*	*	5-10	*	5-10	10
Mr M Dickson (to 31st July 2021)	0-5	*	*	0-5	*	0-5	7 & 8
Ms S Lam	5-10	*	*	5-10	*	5-10	
Mrs L O'Leary	5-10	*	*	5-10	*	5-10	7
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	7
Mrs A Wilson	5-10	*	*	5-10	*	5-10	9
Employee Director :Mr J McLaren	55-60	*	*	55-60	45	100-105	8&10
Total		4.0			339		

NOTES TO THE 2021/22 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

**In accordance with the UK Financial Reporting Manual (FRoM) 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 2021/22.

- 1 - The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contribute £50,000 per annum towards the Salary & Pension Contributions costs of the post.
- 2 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016 and re-entered the NHS Pension Scheme from the 1st December 2020. Full year remuneration included the pension benefits accrued during the period from 1st December 2020.
- 3&4 - Mrs N Berry held the remit of the Director of Nursing, Midwifery and Acute Services until 31st May 2021, from 1st June Mrs Berry held the remit of Director of Operations before retiring from NHS Borders on 31st October 2021. Full year equivalent salary costs as the Director of Nursing for 2021/22 are £105k - £110k. Full year equivalent salary costs as the Director of Operations for 2021/22 are £105k - £110k.
- 5 - Mrs S Horan was appointed as Director of Nursing, Midwifery and AHP's on 1st June 2021. Full year equivalent salary costs for 2021/22 are £90k - £95k.
- 6 - Mr G Clinkscale was appointed as Director of Acute Services on 30th August 2021. This new Director position was created by the Board to enable Mrs Berry to transfer the responsibility for Acute Services to Mr Clinkscale and for Mrs Horan to assume the responsibility for nursing services in Care Homes. The additional remit for the DoN&M arose from health and social care accountability changes as a response to the COVID-19 global pandemic. Full year equivalent salary costs for the Director of Acute Services for 2021/22 are £90k - 95k.
- 7 - 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 2021/22 IJB Annual Report and Accounts available from www.scotborders.gov.uk.
- 8 - The full year equivalent salary cost of a Non Executive Members for 2021/22 is £5k - £10k.
- 9 - 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.
- 10 - Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for 4 days per week.

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

FOR THE YEAR ENDED 31 MARCH 2022

	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 2021	Cash Equivalent Transfer Value (CETV) at 31 March 2022	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	0-2.5	2.5-5	60-65	180-185	1272	1326	35	1
Joint Director of Public Health: Dr T Patterson	0-2.5	2.5-5	60-65	185-190	1485	1514	7	2
Director of Finance , Estates and Procurement : Mr A Bone	0-2.5	2.5-5	20-25	65-70	413	449	26	1
Medical Director - Dr L McCallum	2.5-5	7.5-10	40-45	120-125	637	697	36	1
Nursing & Midwifery Director: Mrs N Berry (to 31st May 2021)	2.5-5	10-12.5	40-45	130-135	882	983	99	3
Director of Operations: Mrs N Berry (from 1st June to 31st October 2021)	*	*	40-45	130-135	991	996	*	4
Nursing, Midwifery & Allied Health Professionals (AHP's) Director: Mrs S Horan (from 1st June 2021)	2.5-5	12.5-15	30-35	100-105	553	649	85	5
Director of Planning & Performance: Mrs J Smyth	0-2.5	5-7.5	25-30	80-85	449	493	31	1
Director of Workforce: Mr A Carter	2.5-5	5-7.5	30-35	100-105	628	691	50	1
Director of Acute Services: Mr G Clinkscale (from 30th August 2021)	0-2.5	*	15-20	*	151	176	13	6
Non Executive Members								
Mrs K Hamilton	*		*		*	*	*	
Mr J Ayling (from 5th April 2021)	*		*		*	*	*	
Mrs H Campbell (from 5th April 2021)	*		*		*	*	*	
Mr M Dickson (to 31st July 2021)	*		*		*	*	*	
Ms S Lam	*		*		*	*	*	
Mrs L O'Leary	*		*		*	*	*	
Councillor D Parker	*		*		*	*	*	
Mrs F Sandford	*		*		*	*	*	
Mr T Taylor	*		*		*	*	*	
Mrs A Wilson	*		*		*	*	*	
Employee Director :Mr J McLaren	0-2.5	5-7.5	10-15	40-45	273	327	49	
Total					7734	8301	431	

NOTES TO THE 2021/22 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 2021/22 can be different from the 'CETV at end of period' reported for 2020/21.

McCloud (2015) Remedy - Impact on 2021/22 Remuneration Report Pension benefits

On 1 April 2015 public sector pension schemes were reformed and the Career Average Revalued Earnings (CARE) pension scheme was introduced.

Most pension scheme members were moved from their legacy scheme (final salary) to the reformed (CARE) scheme, but some protections were put in place for members who were close to their retirement date. These protections meant that older members stayed in their pre-reform schemes.

In December 2018, the Court of Appeal found that this discriminated against younger scheme members (McCloud judgement).

The government is removing this discrimination for the period between 1 April 2015 and 31st March 2022 (McCloud (2015) remedy).

From 1 April 2022 all of our NHS members will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. This means that members affected by the 2015 remedy and who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits.

As a consequence of the McCloud (2015) remedy all accrued pension benefits for the Executive Directors and Senior Managers reported in the Board's 2021/22 Remuneration Report have been recalculated in line with the benefits of their pre reform pension scheme (1995 or 1998). All NHS Scotland Staff will become members of the 2015 Career Average Revalued Earnings Pension Scheme on 1st April 2022.

- 1 - Executive Directors impacted by the McCloud (2015) remedy, accrued pension benefits have been recalculated in line with pre reform pension schemes, either the 1995 or 1998 NHS Scotland Pension Scheme as appropriate.
- 2 - Dr T Patterson opted out of the 1995 NHS Pension Scheme on 31st May 2016 and re-entered the NHS Pension Scheme on 1st December 2020, Pension benefits for both periods of membership have been consolidated in this report.
- 3&4- Mrs N Berry retired from the post of Director of Nursing, Midwifery and Acute Services on 31st May 2021, pension benefits for Mrs Berry are reported from 1st April 2021 to the date of appointment of Mrs S Horan on 1st June 2021. Mrs Berry held the remit of the Director of Operations from 1st June to 31st October 2021, pension benefits are reported for the period of appointment in this post.
- 5 - Mrs S Horan was appointed as Director of Nursing, Midwifery & ANP's on 1st June 2021. Mrs Horan's pension calculations relate to the period from 1st June 2021 to 31st March 2022.
- 6 - Mr G Clinkscale was appointed as Director of Acute Services on 30th August 2021. Mr Clinkscale's pension calculations relate to the period from 30th August 2021 to 31st March 2022.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

FOR THE YEAR ENDED 31 MARCH 2021

	Salary (Bands of £5,000)	Benefits in kind	Performance Related Bonus (Bands of £5,000)	Total Earnings in Year (Bands of £5,000)	Restated Pension Benefits (Bands of £1,000)**	Restated Total Remuneration (Bands of £5,000)	Note
	£'000	£'000	£'000	£'000	£'000	£'000	
Remuneration of:							
Executive Members							
Chief Executive: Mr R Roberts	125-130	*	*	125-130	106	235-240	1
Joint Director of Public Health: Dr T Patterson	180-185	5	*	185-190	12	195-200	2&3
Director of Finance , Estates and Procurement: Mrs C Gillie (to 13th April 2020)	0-5	*	*	0-5	3	5-10	4
Director of Finance , Estates and Procurement: Mr A Bone (from 14th April 2020)	75-80	*	*	75-80	44	120-125	1&5
Medical Director: Dr C Sharp (to 11th September 2020)	90-95	*	*	90-95	10	100-105	6
Medical Director: Dr L McCallum (from 1st September 2020)	75-80	*	*	75-80	108	180-185	1&7
Nursing & Midwifery Director: Mrs N Berry	95-100	*	*	95-100	83	175-180	
Director of Statagic Change & Performance: Mrs J Smyth	90-95	2		90-95	36	130-135	1
Director of Workforce: Mr J Cowie (to 10th May 2020)	5-10	*	*	5-10	*	5-10	8
Director of Workforce: Mr A Carter (from 14th April 2020)	85-90	*	*	85-90	54	140-145	1&9
Non Executive Members							
Chair - Mrs K Hamilton	30-35	*	*	30-35	*	30-35	10
Mr W Brackenridge (from 2nd July 2020 to 1st April 2021)	5-10	*	*	5-10	*	5-10	11
Mr M Dickson	5-10	*	*	5-10	*	5-10	10
Ms S Lam	5-10	*	*	5-10	*	5-10	10
Dr S Mather (to 31st August 2020)	0-5	*	*	0-5	*	0-5	10&11
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	10
Mrs A Wilson	5-10	*	*	5-10	*	5-10	12
Employee Director :Mr J McLaren	50-55	*	*	50-55	20	70-75	13
Total		7.0			476		

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION BENEFITS (RESTATED)

FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 Reported		Restated		Impact of McCloud (2015) remedy	
	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Pension Benefits (Bands of £1,000)** £'000	Total Remuneration (Bands of £5,000) £'000
Chief Executive: Mr R Roberts	168	295-300	106	235-240	(52)	(60)
Director of Finance , Estates and Procurement: Mr A Bone (from 14th April 2020)	58	135-140	44	120-125	(14)	(15)
Medical Director: Dr L McCallum (from 1st September 2020)	90	165-170	108	180-185	18	15
Director of Statagic Change & Performance: Mrs J Smyth	41	135-140	36	130-135	(5)	(5)
Director of Workforce: Mr A Carter (from 14th April 2020)	78	165-170	54	140-145	(24)	(25)
	435		348		(77)	(90)

This table details the financial impact of the McCloud (2015) remedy for Executive Directors and Senior Managers who have had their pension scheme membership recalculated in line with the pension benefit of the 1995 NHS Scotland Pension Scheme regulations (their pre reform scheme).

The Pension Scheme differences between the pre reform scheme, the 1995 Scheme and the 2015 Career Average Revalued Earning (CARE) Scheme (as reported in 2020/21 Annual Accounts) are 1) the reduction in the pension accrual rate per year (1/80 of pensionable salary for 1995 and 1/54 of pensionable salary for CARE) and 2)the lump sum benefit of the 1995 scheme, a lump sum payment is not included as a core element of the CARE scheme.

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 - As a consequence of the McCloud (2015) remedy High Court judgement, covering all Public Sector Pension Schemes, all accrued pension benefits for the Executive Directors and Senior Managers with membership of the CARE scheme have been recalculated in line with the benefits of the 1995 Pension Scheme regulations (their pre reform scheme). Further details of this recalculation have been provided on the additional note 'Pension Values - McCloud (2015) remedy' on page 62 of these accounts.
- 2 - The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contribute £50,000 per annum towards the Salary & Pension Contributions costs of the post.
- 3 - Dr T Patterson opted out of the NHS Pension Scheme on 31st May 2016 and re-entered the scheme on 1st September 2020, Pension benefits are consolidated for the two periods of NHS Pension Scheme membership for this report.
- 4 - Mrs C Gillie retired on 13th April 2020. Full year equivalent salary costs for 2020/21 are £110k - £115k.
- 5 - 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.
- 6 - Dr C Sharp retired on 11th September 2020. Full year equivalent salary costs for 2020/21 are £210k - £215k.
- 7 - 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.
- 8 - 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.
- 9 - 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.
- 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 2020/21 IJB Annual Report and Accounts available from www.scotborders.gov.uk.
- 11 - The full year equivalent salary cost of a Non Executive Members for 2020/21 is £5k - £10k.
- 12 - 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.
- 13 - 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 2021

	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Note
	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 (Bands of £5,000)	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			
	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000	£'000	£'000	£'000		
Remuneration of:									
Executive Members									
Chief Executive: Mr R Roberts	5-7.5	15-17.5	55-60	170-175	1093	1235	122		1
Joint Director of Public Health: Dr T Patterson	0-2.5	*	70-75	205-210	1671	1732	61		1&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)	0-2.5	5-7.5	20-25	60-65	345	400	44		1&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)	5-7.5	15-20	35-40	110-115	439	618	159		1&6
Nursing & Midwifery Director: Mrs N Berry	2.5-5	10-12.5	30-40	115-120	747	855	95		
Director of Stategic Change & Performance: Mrs J Smyth	0-2.5	5-7.5	20-25	70-75	388	435	34		1
Director of Workforce: Mr J Cowie (to 5th May 2020)	*	*	*		*	*	*		7
Director of Workforce: Mr A Carter (from 14th April 2020)	2.5-5	7.5-10	30-35	90-95	538	609	58		1&8
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					7770	8582	704		

BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES (RESTATED)

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
	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: Mr R Roberts - 2020/21 Reported	7.5-10	17.5-20	50-55	140-145	933	1113	181
Chief Executive: Mr R Roberts - 2020/21 Restated	5-7.5	15-17.5	55-60	170-175	1093	1235	122
<i>Impact McCloud (2015) remedy</i>	(2.5)	(2.5)	5	30	160	122	(59)
Director of Finance , Estates and Procurement : Mr A Bone - 2020/21 Reported	2.5-5	2.5-5	20-25	40-45	334	380	47
Director of Finance , Estates and Procurement : Mr A Bone - 2020/21 Restated	0-2.5	5-7.5	20-25	60-65	345	400	44
<i>Impact McCloud (2015) remedy</i>	(2.5)	2.5	-	20	11	20	(3)
Medical Director - Dr L McCallum - 2020/21 Reported	0-2.5	*	35-40	55-60	423	439	16
Medical Director - Dr L McCallum - 2020/21 Restated	5-7.5	15-20	35-40	110-115	439	618	159
<i>Impact McCloud (2015) remedy</i>	5	15-20	-	55	16	179	143
Director of Statagic Change & Performance: Mrs J Smyth - 2020/21 Reported	2.5-5	0-2.5	25-30	50-55	382	403	41
Director of Statagic Change & Performance: Mrs J Smyth - 2020/21 Restated	0-2.5	5-7.5	20-25	70-75	388	435	34
<i>Impact McCloud (2015) remedy</i>	(2.5)	5	(5)	20	6	32	(7)
Director of Workforce: Mr A Carter (from 14th April 2020) - 2020/21 Reported	2.5-5	2.5-5	30-35	70-75	533	596	63
Director of Workforce: Mr A Carter (from 14th April 2020) - 2020/21 Restated	2.5-5	7.5-10	30-35	90-95	538	609	58
<i>Impact McCloud (2015) remedy</i>	-	5	-	20	5	13	(5)

This table details the financial impact of the McCloud (2015) remedy for Executive Directors and Senior Managers who have had their pension scheme membership recalculated in line with the pension benefit of the 1995 NHS Scotland Scheme regulations (their pre reform scheme).

The differences between the pre reform scheme, the 1995 Scheme and the 2015 Career Average Revalued Earning (CARE) Scheme (as reported in 2020/21 Annual Accounts) which have resulted in the changes detailed above are:

- 1) the reduction in the pension accrual rate per year (1/80 of pensionable salary for 1995 and 1/54 of pensionable salary for CARE) and,
- 2) the lump sum benefit of the 1995 scheme, a lump sum benefit is not included as a core element of the CARE scheme.

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.

McCloud (2015) Remedy - Impact on 2020/21 Remuneration Report Pension benefits

On 1 April 2015 public sector pension schemes were reformed and the Career Average Revalued Earnings (CARE) pension scheme was introduced.

Most pension scheme members were moved from their legacy scheme (final salary) to the reformed (CARE) scheme, but some protections were put in place for members who were close to their retirement date. These protections meant that older members stayed in their pre-reform schemes.

The Court of Appeal found that this discriminated against younger scheme members. The government is removing this discrimination for the period between 1 April 2015 and 31st March 2022

From 1 April 2022 all NHS members will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. This means that members affected by the 2015 remedy and who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits.

As a consequence of the McCloud (2015) remedy all accrued pension benefits for the Executive Directors and Senior Managers reported in the Board's 2020/21 Remuneration Report with membership of the CARE scheme have been recalculated in line with the benefits of the 1995 Pension Scheme regulations (their pre reform scheme). The accrual rate and lump sum pension benefit of the 1995 scheme has increased the level of accrued pension benefits from those which were reported in the Board's 2020/21 Annual Report and Accounts. The 2015 Career Average Revalued Earnings Pension Scheme will become live on 1st April 2022.

- 1 - Dr T Patterson opted out of the 1995 NHS Pension Scheme on 31st May 2016 and re-entered the NHS Pension Scheme on 1st September 2020, Pension benefits for both periods of membership have been consolidated in this report.
- 2 - Mrs C Gillie retired on 13th April 2020. CETV figures have been provided to the date of retirement.
- 3 - Mr A Bone was appointed as Director of Finance, Procurement, Estates and Facilities on 14th April 2020. CETV figures relate to the period from the date of appointment.
- 4 - Dr C Sharp retired on 11th September 2020, CETV figures have been provided to the date of retirement.
- 5 - Dr L McCallum was appointed as Medical Director on 1st September 2020. CETV figures relate to the period from the date of appointment.
- 6 - 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.
- 7 - Mr A Carter was appointed as Director of Workforce on 14th April 2020. CETV figures relate to the period from the date of appointment.

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 2021/22.

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	Not applicable (ad hoc time)
- 4 – dedicated time*	3.45

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

<i>Total cost of facility time</i>	£ 140,517
<i>Total pay bill</i>	£157,424,000
<i>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</i>	0.09%

<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 2022 were £157.253m (2021: £148.366m). 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	2022 Total £000	2021 Total £000
STAFF COSTS								
Salaries and wages	967	110	119,820			(138)	120,759	115,980
Social security costs	123	4	10,420			(16)	10,531	10,015
NHS scheme employers' costs	193	0	20,860			(17)	21,036	19,724
Other employers' pension costs	0	0	0				0	0
Secondees	0	0	0	30			30	0
Agency staff	0	0	0		4,897		4,897	2,647
Total	1283	114	151,100	30	4,897	(171)	157,253	148,366
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							0	0
STAFF NUMBERS								
Whole time equivalent (WTE)	2	8	2,911	1	35	(2)	2,955	2,845
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							0	0
Included in the total staff number above were disabled staff of:							26	19
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	2022 Numbers	2021 Numbers
Clinicians*		
£70,001 to £80,000	19	15
£80,001 to £90,000	11	14
£90,001 to £100,000	17	21
£100,001 to £110,000	17	19
£110,001 to £120,000	19	17
£120,001 to £130,000	13	11
£130,001 to £140,000	11	8
£140,001 to £150,000	3	3
£150,001 to £160,000	8	5
£160,001 to £170,000	6	7
£170,001 to £180,000	6	4
£180,001 to £190,000	0	-
£190,001 to £200,000	1	-
£200,001 and above	-	1*
TOTAL	131	125
Other#		
£70,001 to £80,000	15	10
£80,001 to £90,000	3	4
£90,001 to £100,000	1	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	19	18

The above tables exclude Board Members (Non executive and Executive Directors) and Senior Managers who have been reported in the Remuneration Report on page 54.

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.

*This figure was omitted in error from the 2020/21 accounts.

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 2021/22 and prior year 2020/21. The employee headcount in the table details an individual count for each employee for each post they hold with NHS Borders.

STAFF NUMBERS	WTE 2022 Annual Mean	WTE 2021 Annual Mean	Headcount 2022 Annual Mean	Headcount 2021 Annual Mean
Medical & Dental	260.6	261.1	525	525
Nursing & Midwifery	1255.7	1236.7	2069	2204
Other staff groups	1438.5	1347.4	2723	2462
Board Total Average Staff	2954.9	2845.2	5317	5191
Permanent Staff	2473.3	2423.3	3479	3265
Staff with Short Term Contract	314.7	273.9	616	564
Bank Staff	133.2	130.9	1225	1378
Inward Secondees	0.5	-	1	-
Agency Staff*	35.3	26.8	-	-
Outward Secondees	(2.1)	(9.7)	(4)	(16)
Board Total Average Staff	2954.9	2845.2	5317	5191
Disabled Staff (Declared)	25.6	18.9	43	30
Special Advisers				
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	0	0	0	0

* Expenditure incurred on Agency Staff during 2021/22 was reported as £4.97m (2020/21: £2.65m). Medical Agency staff costs have increased in year to £1.79m (2020/21: £1.33m). Nursing Agency costs also reported an increase from previous year, incurring a total spend of £1.84m (2020/21: £0.82m). Agency staffing costs incurred to deliver the IM&T Digital Portfolio totalled £1.05m. During 2021/22 NHS Borders continued to receive services from NHS Lothian Bank Team which process Bank and Agency bookings for staff required to support 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.

	2022			2021		
	Male	Female	Total	Male	Female	Total
Executive Directors	6	3	9	4	3	7
Non-Executive Directors and Employee Director	4	5	9	5	4	9
Senior Employees (other)	73	77	150	72	68	140
Other	760	3,161	3,921	722	3037	3,759
Total Headcount	843	3246	4,089	803	3,112	3,915

e) Sickness absence data

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

	2022	2021
Sickness Absence Rate	5.4%	4.7%

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

The following table summarises exit packages agreed in the year.

	2021/22	2020/21
Exit Package cost band	Total number of exit packages by cost band	Total number of exit packages by cost band
£25,000 - £50,000	1	
£50,000 – £100,000		1
Total Resource Cost (£'000)	38	65

h) Compensation Payments

NHS Borders did not make any compensation payments in financial years 2021/22 or 2020/21.

b) 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 2021/22 or in the prior year 2020/21 and includes the following nil disclosure for information.

	2021/22 No of cases	£000	2021/22 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

THE ACCOUNTABILITY REPORT

PARLIAMENTARY ACCOUNTABILITY REPORT (continued)

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 2021/22 and in the prior year 2020/21 for this section of the report.

Ralph Roberts

Signed

Chief Executive and Accountable Officer

01 September 2022

Independent auditor's report to the members of Borders Health Board, 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 Borders Health Board and its group for the year ended 31 March 2022 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Statement of Consolidated Financial Position, the Statement of Consolidated Cashflows, the Statement of Consolidated Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 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 2022 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 six 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 ability of the board and its group 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.

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of 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 there is an intention to discontinue the board's operations.

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 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 in respect of irregularities explained in the audit of the financial statements section of my report, 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 the 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.

Other information

The Accountable Officer is responsible for other information in the annual report and accounts. The 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 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 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 the 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

05 September 2022

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2021 £'000		Note	2022 £'000
149,035	Employee expenditure	3a	157,424
	Other operating expenditure	3b	
36,311	Independent Primary Care Services		35,277
46,045	Drugs and medical supplies		51,571
252,493	Other health care expenditure		280,321
483,884	Gross expenditure for the year		524,593
(178,743)	Less: operating income	4	(202,134)
(3,249)	Associates and joint ventures accounted for on an equity basis		(8,178)
301,892	Net expenditure for the year		314,280
OTHER COMPREHENSIVE NET EXPENDITURE			
2021 £'000			2022 £'000
0	Net Gain on revaluation of Property Plant and Equipment		7,191
0	Net Gain on revaluation of available for sale financial assets		0
0	Other Comprehensive Expenditure		7,191
301,892	Total Comprehensive Expenditure		321,471

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

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Board 2021 £'000	Restated Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
131,760	131,760	Non-current assets:			
1,140	1,140	Property, plant and equipment	7c	139,380	139,380
		Intangible assets	6	830	830
0	5,120	Financial assets:			
0	5,428	Investment - associates and joint ventures		0	13,298
		Investment - Endowment Fund	10	0	4,791
132,900	143,448	Total non-current assets		140,210	158,299
		Current Assets:			
1,583	1,583	Inventories	8	1,807	1,807
		Financial assets:			
7,546	7,581	Trade and other receivables	9	7,265	7,471
402	979	Cash and cash equivalents	11	443	1,224
100	100	Assets classified as held for sale	7b	100	100
9,631	10,243	Total current assets		9,615	10,602
142,531	153,691	Total assets		149,825	168,901
		Current liabilities			
(6,438)	(6,438)	Provisions	13a	(7,251)	(7,251)
		Financial liabilities:			
(65,339)	(65,638)	Trade and other payables	12	(84,233)	(84,354)
(71,777)	(72,076)	Total current liabilities		(91,484)	(91,605)
70,754	81,615	Non-current assets (less) net current liabilities		58,341	77,296
		Non-current liabilities			
(10,228)	(10,228)	Provisions	13a	(9,958)	(9,958)
		Financial liabilities:			
(683)	(683)	Trade and other payables	12	(1,645)	(1,645)
(10,911)	(10,911)	Total non-current liabilities		(11,603)	(11,603)
59,843	70,704	Assets less liabilities		46,738	65,693
		Taxpayers' Equity			
10,333	10,333	General fund	SOCTE	(8,748)	(8,748)
49,510	49,510	Revaluation reserve	SOCTE	55,486	55,486
0	5,120	Other reserves - associates and joint ventures	SOCTE	0	13,298
0	5,741	Fund held on Trust	SOCTE	0	5,657
59,843	70,704	Total taxpayers' equity		46,738	65,693

01 September 2022

The financial statements on pages 74 to 77 were approved by the Accountable Officer on and signed

Andrew Bone Director of Finance

Ralph Roberts Chief Executive

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

STATEMENT OF CONSOLIDATED CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2022

2021 £'000		Note	2022 £'000	2022 £'000
	Cash flows from operating activities			
(301,892)	Net expenditure	SoCTE	(314,280)	
1,246	Adjustments for non-cash transactions	2b	(3,157)	
351	Add back: interest payable recognised in net operating expenditure	2b	360	
17,605	Movements in working capital	2b	17,933	
(282,690)	Net cash outflow from operating activities	24c		(299,144)
	Cash flows from investing activities			
(5,608)	Purchase of property, plant and equipment		(5,194)	
(179)	Purchase of intangible assets		0	
(697)	Investment Additions	10	(197)	
1,960	Transfer of assets (to)/from other NHS bodies		0	
0	Proceeds of disposal of property, plant and equipment		54	
339	Receipts from sale of investments		974	
(4,185)	Net cash outflow from investing activities	22c		(4,363)
	Cash flows from financing activities			
284,277	Funding	SoCTE	301,909	
1,818	Movement in general fund working capital	SoCTE	2,260	
286,095	Cash drawn down		304,169	
(97)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2b	(57)	
(351)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2b	(360)	
285,647	Net Financing	22c		303,752
(1,228)	Net increase/(decrease) in cash and cash equivalents in the period			245
2,207	Cash and cash equivalents at the beginning of the year			979
979	Cash and cash equivalents at the end of the period			1,224
	Reconciliation of net cash flow to movement in net debt / cash			
(1,228)	Increase / (decrease) in cash in year	11		245
2,207	Net debt / cash at 1 April			979
979	Net debt / cash at 31 March			1,224

The Notes to the Accounts, numbered 1 to 22c, 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 2021	10,333	49,510	5,120	5,741	70,704	
Retrospective restatements for changes in accounting policy and material errors					0	
Restated balance at 1 April 2021	10,333	49,510	5,120	5,741	70,704	
Changes in taxpayers' equity for 2021-22						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	7,191	0	7,191	
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0		0	
Net gain / (loss) on revaluation of investments	10		0	141	141	
Impairment of property, plant and equipment			(429)		(429)	
Revaluation and impairments taken to operating costs	2b		429		429	
Release of reserves to the statement of comprehensive net expenditure		0			0	
Transfers between reserves		1,215	(1,215)		0	
Other General Fund transactions		28		0	28	
Net operating cost for the year	CFS	(322,233)		8,178	(225)	(314,280)
Total recognised income and expense for 2021-22		(320,990)	5,976	8,178	(84)	(306,920)
Funding:						
Drawn down	CFS	304,169				304,169
Movement in General Fund (creditor) / debtor	CFS	(2,260)				(2,260)
Balance at 31 March 2022	SOFP	(8,748)	55,486	13,298	5,657	65,693

CONSOLIDATED SOCTE (PRIOR YEAR)

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					0	
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	
Net gain / (loss) on revaluation of investments	10		0	942	942	
Impairment of property, plant and equipment			(40)		(40)	
Impairment of intangible assets	6		0		0	
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	
Transfer of non current assets from other bodies		1,961		0	1,961	
Net operating cost for the year	CFS	(305,179)	0	3,249	38	(301,892)
Total recognised income and expense for 2020-21		(302,002)	(1,216)	3,249	980	(298,989)
Funding:						
Drawn down	CFS	286,095	0	0		286,095
Movement in General Fund (creditor) / debtor	CFS	(1,818)	0	0		(1,818)
Balance at 31 March 2021	SOFP	10,333	49,510	5,120	5,741	70,704

The Notes to the Accounts, numbered 1 to 22c, 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 (IFRS) as adopted by the United Kingdom, 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 2021/22.

- 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 years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets

NOTES TO THE ACCOUNTS

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

The Board has assessed the likely impact that the application of IFRS 16 would have on the comprehensive net expenditure for the financial year ending 31st March 2023 and on the Statement of Financial Position at that date. The figures below are based on the opening position of existing leases as of 31st March 2022.

The standard is expected to increase total expenditure in 2022-23 by £91k. Right-of-use assets totalling £0.915 million will be brought onto the Statement of Financial Position, with an associated lease liability of £0.915 million.

2. Basis of Consolidation

In accordance with IFRS 10 – Consolidated 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.

NOTES TO THE ACCOUNTS

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 in the Annual Accounts, details how these consolidated Financial Statements have been calculated.

3. Prior Year Adjustments/Restatements

The Statement of Consolidated Financial Position for 2019/20 has been restated to reflect the classification change from accruals to provisions against Scottish Government Pay Terms and Conditions. The amount of reclassification totals £3.1m for 2019/20.

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.

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

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

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

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

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

Funding for the acquisition of 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.

NOTES TO THE ACCOUNTS

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:

- 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.
- 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.
- 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.

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.

NOTES TO THE ACCOUNTS

7. Property, Plant and Equipment (continued)

7.2 Measurement (continued)

The most recent full valuation fell at year end March 2020, which due to UK National Lockdown measures, was unable to be informed by site visits across the Board's Estate. A desktop valuation was agreed with the Property Advisor with values being calculated and updated to the Board's Asset Register for inclusion in the 2020/21 Annual Report and Accounts. The ongoing impact from the global Covid-19 pandemic on the Board's staff and services meant that site visits could not be arranged during 2021/22 due to infection control restrictions. Indexation has been applied on the advice of the Property Advisor as at 31st March 2022 and it is the intention of the Board to complete a full revaluation exercise, including site visits, during 2022/23 for asset values as at 31st March 2023.

In line with the agreed Property Plant and Equipment – Valuation Accounting Policy all land and buildings were revalued on the advice of the appointed Property Advisor in line with the Boards Accounting Policies as at 31st March through the application of an uplift of 6.75% indexation. The Board's assets continue to be held on the basis of fair value (market value or depreciated replacement costs where appropriate). The indexation % was set in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS. The % increase is primarily due to cost increases in the construction industry which has now filtered through to Building Cost Information Service (BCIS) data and forecasts.

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

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

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

Subsequent Expenditure

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

Revaluations and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse 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.

NOTES TO THE ACCOUNTS

7. Property, Plant and Equipment (continued)

7.2 Measurement (continued)

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' 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.

NOTES TO THE ACCOUNTS

7. Property, Plant and Equipment (continued)

7.3 Depreciation (continued)

Depreciation is charged on a straight line basis. *Asset Lives for buildings, site services and surfacing are advised to the Board by the Property Advisor.

The following asset lives have been used:

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

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Software

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

Software Licences

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

NOTES TO THE ACCOUNTS

8. Intangible Assets (Continued)

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'.

8.3 Amortisation

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

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

NOTES TO THE ACCOUNTS

9. Non-Current Assets Held for Sale

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

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

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

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

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset.

The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

11. Sale of Property, Plant and Equipment, Intangible Assets and Non-Current Assets Held for Sale

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

NOTES TO THE ACCOUNTS

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.

a. 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.

b. 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 SGHSCD.

NOTES TO THE ACCOUNTS

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

a. 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.

b. 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.

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.

NOTES TO THE ACCOUNTS

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 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

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 £187.889m in relation to the IJB Delegated Functions and Set Aside Budgets. The consolidated Group Accounts for NHS Borders report the pro rate share (50%) of the IJB's year end outturn and equity for 2021/22.

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.

NOTES TO THE ACCOUNTS

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 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- a. 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.
- b. 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

NOTES TO THE ACCOUNTS

contractual cash flows.

24. Financial Instruments (continued)

24.1 Financial Assets (continued)

- i. 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.

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.

NOTES TO THE ACCOUNTS

24. Financial Instruments (continued)

24.1 Financial Assets (continued)

Derivative Financial Instruments

NHS Borders does not hold any derivative financial instruments (2020/21: 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

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.

NOTES TO THE ACCOUNTS

24. Financial Instruments (continued)

24.2 Financial Liabilities (continued)

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

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:

27.1 Monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March.

27.2 Non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction.

27.3 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.

NOTES TO THE ACCOUNTS

27. Foreign Exchange (Continued)

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

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

29. Key Sources of Judgement and Estimation Uncertainty

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

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

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

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

Clinical and Medical Negligence Provision: The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Borders. The provision covers all claims classified as category 3 and 50% of the full cost of category 2 claims which have been assessed as having a probability of settlement.

Other Provisions: In the 2021/22 accounts the Board has reclassified an accrual held to reflect probable payment in relation to Scottish Government Pay Terms and Conditions as a provision in 2021/22 (£2.974m). The reclassification reflects the uncertainty of timing of payment. 2020/21 provisions levels have been restated to include the figure of £3.100m as at 31st March 2021.

Asset Valuation: Details of the estimates and judgements made by the Board in relation to the valuation of non current assets as at 31st March 2022 have been provided in Section 7.2 Measurement, on page 81 of this report.

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

2021 £'000	2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN	NOTE	2022 £'000	2022 £'000
301,892	Net Operating Costs	SoCNE		314,280
(6,597)	Total Non Core Expenditure (see below)			(5,299)
(13,996)	Family Health Services non-discretionary allocation			(12,701)
38	Endowment net expenditure			(225)
3,249	Associates and joint ventures accounted for on an equity basis			8,178
284,586	Total Core Expenditure			304,233
284,717	Core Revenue Resource Limit			304,418
131	Saving against Core Revenue Resource Limit			185

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

0	Capital Grants to / (from) Other Bodies		0	
4,495	Depreciation/Amortisation		4,855	
0	Annually Managed Expenditure - Impairments		429	
224	Annually Managed Expenditure - Creation of Provisions		103	
193	Annually Managed Expenditure - Depreciation of Donated Assets	2b	206	
55	Annually Managed Expenditure - Pension valuation		121	
(177)	Donated Asset Income	7b	(415)	
1,807	Additional Scottish Government non-core funding		0	
6,597	Total Non Core Expenditure			5,299
6,597	Non Core Revenue Resource Limit			5,299
0	Saving/(excess) against Non Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving /(Excess) £'000
Core	304,418	304,233	185
Non Core	5,299	5,299	0
Total	309,717	309,532	185

STATEMENT OF CONSOLIDATED CASHFLOWS

2b. NOTES TO THE CASH FLOW STATEMENT

Consolidated adjustments for non-cash transactions

2021 £'000		Note	2022 £'000
	Expenditure not paid in cash		
4,126	Depreciation	7a	4,545
313	Amortisation	6	310
193	Depreciation of donated assets	7a	206
40	Impairments on PPE charged to SoCNE		429
0	Impairments on intangibles assets charged to SoCNE	6	0
(177)	Funding of Donated Assets	7a	(415)
0	Loss/(profit) on disposal of property, plant and equipment	2b	(54)
(3,249)	Associates and joint ventures accounted for on an equity basis	SoCNE	(8,178)
1,246	Total expenditure not paid in cash	CFS	(3,157)

Interest payable recognised in operating expenditure

2021 £'000		Note	2022 £'000
	Interest payable		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
351	Other Finance lease charges allocated in the year		360
0	Provision - Unwinding of discount		0
351	Net interest payable	CFS	360

Consolidated movements in working capital

2021 Net movement £'000		Note	Opening balances £'000	Closing balances £'000	2022 Net movement £'000
	INVENTORIES				
(67)	Balance Sheet	8	1,583	1,807	
(67)	Net decrease / (increase)				(224)
	TRADE AND OTHER RECEIVABLES				
684	Due within one year	9	7,581	7,471	
0	Due after more than one year	9	0	0	
0	Less: General Fund creditor included in above		0	0	
684	Net decrease / (increase)		7,581	7,471	110
	TRADE AND OTHER PAYABLES				
15,881	Due within one year	12	65,638	83,480	
(103)	Due after more than one year	12	683	2,519	
(1,818)	Less: General Fund creditor included in above	12	(4,294)	(6,554)	
97	Less: lease and PFI creditors included in above	12	(759)	(702)	
14,057	Net (decrease) / increase		61,268	78,743	17,475
	PROVISIONS				
2,931	Statement of Financial Position	13a	16,666	17,209	
0	Transfer from provision to General Fund		0	29	
2,931	Net decrease / (increase)		16,666	17,238	572
17,605	Net movement (decrease) / increase	CFS			17,933

NOTES TO THE ACCOUNTS

3. OPERATING EXPENSES

3a. Employee expenditure

2021			2022	2022
Total			Board	Consolidated
£'000		Note	£'000	£'000
32,282	Medical and Dental		33,292	33,292
63,204	Nursing		63,734	63,734
53,549	Other Staff		60,398	60,398
149,035	Total	SoCNE	157,424	157,424

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

Restated			2022	2022
Total			Board	Consolidated
£'000		Note	£'000	£'000
Independent Primary Care Services				
21,400	General Medical Services		21,798	21,798
7,232	Pharmaceutical Services		5,212	5,212
5,862	General Dental Services		6,397	6,397
1,817	General Ophthalmic Services		1,870	1,870
36,311	Total independent primary care services		35,277	35,277
Drugs and medical supplies				
23,390	Prescribed drugs Primary Care		24,169	24,169
12,628	Prescribed drugs Secondary Care		14,455	14,455
3,919	Personal Protective Equipment (PPE and Testing Kits)		5,400	5,400
6,108	Medical Supplies		7,547	7,547
46,045	Total drugs and medical supplies		51,571	51,571
Other health care expenditure				
159,548	Contribution to Integration Joint Boards		187,889	187,889
25,625	Goods and services from other NHS Scotland bodies		30,144	30,144
875	Goods and services from other UK NHS bodies		1,329	1,329
4,219	Goods and services from private providers		4,679	4,679
155	Goods and services from voluntary organisations		159	159
2,629	Resource Transfer		2,717	2,717
0	Loss on disposal of assets		0	0
58,777	Other operating expenses		52,371	52,371
127	External Auditor's remuneration - statutory audit fee		129	129
538	Endowment Fund expenditure		0	904
252,493	Total other health care expenditure		279,417	280,321
334,849	Total Other Operating Expenditure		366,265	367,169

NOTES TO THE ACCOUNTS

4. OPERATING INCOME

2021			Board	Consolidated
£'000		Note	2022	2022
			£'000	£'000
0	Income from Scottish Government		0	0
6,211	Income from other NHS Scotland bodies		7,338	7,338
1,629	Income from NHS non-Scottish bodies		1,924	1,924
0	Income from private patients		0	0
156,299	Income for services commissioned by Integration Joint Board		179,711	179,711
179	Patient charges for primary care		776	776
629	Donations		3,715	3,715
0	Profit on disposal of assets		54	54
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)		7	7
0	Non-patient care income schemes		0	0
576	Endowment Fund Income		0	678
13,220	Other		7,931	7,931
178,743		SoCNE	201,456	202,134

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.

	2021-22*			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
Net operating cost 2021/22	74,421	157,734	28,219	28,141	33,718	225	(8,178)	314,280
	2020-21		N/a	Commissioning of Healthcare	Central & Support Costs	The Difference	Associates and joint ventures	Total
	Clinical Executive	Family Health Services		£'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

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 2021		356	2,974	0	3,330
Additions		0	0	0	0
Completions		0	0	0	0
Transfers between Asset Categories		0	0	0	0
Impairment charges		0	0	0	0
At 31st March 2022		356	2,974	0	3,330
Amortisation					
As at 1st April 2021		354	1,836	0	2,190
Provided during the year		1	309	0	310
Transfers		0	0	0	0
At 31st March 2022		355	2,145	0	2,500
Net Book Value at 1st April 2021		2	1,138	0	1,140
Net Book Value at 31st March 2022	SoFP	1	829	0	830

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 2020		356	2,795	£000	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

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 2021		4,547	121,653	1,652	28,602	8,478	862	3,031	168,825
Additions - purchased		0	0	0	3,236	66	0	1,892	5,194
Additions - donated		0	0	0	415	0	0	0	415
Completions		0	0	0	0	0	0	0	0
Transfers between asset categories		0	924	0	2,284	0	0	(3,208)	0
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	7,737	0	0	0	0	0	7,737
Impairment charges		0	(429)	0	0	0	0	0	(429)
Disposals - purchased		0	0	0	(215)	0	0	0	(215)
Disposals - donated		0	0	0	(682)	0	0	0	(682)
At 31st March 2022		4,547	129,885	1,652	33,640	8,544	862	1,715	180,845
Depreciation									
As at 1st April 2021		0	10,545	1,429	18,916	5,314	861	0	37,065
Provided during the year - purchased		0	2,611	49	1,223	662	0	0	4,545
Provided during the year - donated		0	130	0	70	5	1	0	206
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		0	546	0	0	0	0	0	546
Impairment charges		0	0	0	0	0	0	0	0
Disposals - purchased		0	0	0	(215)	0	0	0	(215)
Disposals - donated		0	0	0	(682)	0	0	0	(682)
At 31st March 2022		0	13,832	1,478	19,312	5,981	862	0	41,465
Net Book Value at 1st April 2021		4,547	111,108	223	9,686	3,164	1	3,031	131,760
Net Book Value at 31st March 2022	SoFP	4,547	116,053	174	14,328	2,563	0	1,715	139,380
Open Market value of Land in Land and Dwellings included above		4,547							
Asset financing:									
Owned - purchased		4,537	109,340	174	13,446	2,552	0	1,628	131,677
Owned - donated		10	6,011	0	882	11	0	87	7,001
Finance Lease		0	702	0	0	0	0	0	702
Net Book Value at 31st March 2022	SoFP	4,547	116,053	174	14,328	2,563	0	1,715	139,380

In 2021-22 specific assets previously held as under development were completed and transferred category to assets in use.

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 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

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 2021/22 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 2022/23.

ASSETS HELD FOR SALE - BOARD AND CONSOLIDATED

	Property, Plant & Equipment £'000	Total £'000
As at 1st April 2021	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 2022	100	100

ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD AND CONSOLIDATED

	Property, Plant & Equipment £'000	Total £'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

NOTES TO THE ACCOUNTS

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Board 2021 £'000	Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
Net book value of property, plant and equipment at 31 March					
125,348	125,348	Purchased		132,379	132,379
6,412	6,412	Donated		7,001	7,001
131,760	131,760	Total	SoFP	139,380	139,380
Total value of assets held under:					
759	759	Finance Leases		702	702
<u>759</u>	<u>759</u>			<u>702</u>	<u>702</u>
Total depreciation charged in respect of assets held under:					
1,467	1,467	Finance Leases		1,681	1,681
<u>1,467</u>	<u>1,467</u>			<u>1,681</u>	<u>1,681</u>

All land and buildings were revalued on the advice of the appointed Property Advisor in line with the Boards Accounting Policies. An uplift of 6.75% indexation of buildings was applied as at 31st March 2022, and the Board's assets continue to be held on the basis of fair value (market value or depreciated replacement costs where appropriate). A 0% indexation was applied to land. The indexation % was set in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS. The % increase is primarily due to cost increases in the construction industry which has now filtered through to Building Cost Information Service (BCIS) data and forecasts.

The net impact of the indexation was an increase of £7.19m (2020-21: nil) which was credited to the revaluation reserve. Impairment of £0.43m (2020-21 nil) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

NOTES TO THE ACCOUNTS

7d. ANALYSIS OF CAPITAL EXPENDITURE

Board 2021 £'000	Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
Expenditure					
179	179	Acquisition of intangible assets	6	0	0
5,608	5,608	Acquisition of property, plant and equipment	7a	5,194	5,194
177	177	Donated asset additions	7a	415	415
5,964	5,964	Gross Capital Expenditure		5,609	5,609
Income					
0	0	Net book value of disposal of property, plant and equipment	7a	0	0
0	0	Donated asset income		0	0
0	0	Capital Income		0	0
5,964	5,964	Net Capital Expenditure		5,609	5,609

SUMMARY OF CAPITAL RESOURCE OUTTURN

5,787	5,787	Core capital expenditure		5,194	5,194
5,789	5,789	Core Capital Resource Limit		5,203	5,203
2	2	Saving/(excess) against Total Capital Resource Limit		9	9

NOTES TO THE ACCOUNTS

8. INVENTORIES

Board	Consolidated		Board	Consolidated
2021	2021		2022	2022
£'000	£'000	Note	£'000	£'000
1,583	1,583	Finished goods	1,807	1,807
1,583	1,583	Total inventories	1,807	1,807
		SoFP		

NOTES TO THE ACCOUNTS

9. TRADE AND OTHER RECEIVABLES

Board 2021 £'000	Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
Receivables due within one year					
NHS Scotland					
0	0	Scottish Government Health & Social Care Directorate		0	0
1,097	1,097	Boards	SFR 30.0	1,331	1,331
1,097	1,097	Total NHSScotland Receivables		1,331	1,331
652	652	NHS Non-Scottish bodies		250	250
0	0	General Fund receivables		0	0
163	163	VAT recoverable	SFR 30.1	226	226
2,644	2,644	Prepayments		2,482	2,482
144	144	Accrued income		61	61
2,477	2,477	Other receivables		1,432	1,432
1,019	1,019	Reimbursement of provisions		1,465	1,465
(650)	(650)	Other public sector bodies		18	18
0	35	Endowment Fund Debtors		0	206
7,546	7,581	Total Receivables due within one year	SoFP	7,265	7,471
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
7,546	7,581	TOTAL RECEIVABLES		7,265	7,471
926	926	The total receivables figure above includes a provision for impairments of:		1,013	1,013
WGA Classification					
1,097	1,097	NHS Scotland	SFR 30.0	1,331	1,331
163	163	Central Government bodies		226	226
(650)	(650)	Whole of Government bodies		0	0
652	652	Balances with NHS bodies in England and Wales		250	250
6,284	6,319	Balances with bodies external to Government		5,458	5,664
7,546	7,581	Total		7,265	7,471
2021	2021			2022	2022
£'000	£'000			£'000	£'000
Movements on the provision for impairment of receivables are as follows:-					
595	595	At 1 April		926	926
331	331	Provision for impairment		87	87
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		0	0
926	926	At 31 March		1,013	1,013

NOTES TO THE ACCOUNTS

As of 31 March 2022, receivables with a carrying value of £0.8m (2020-21: £0.8m) were impaired and provided for. The ageing of these receivables is as follows:

Board	Consolidated		Board	Consolidated
2021	2021		2022	2022
£'000	£'000		£'000	£'000
14	14	3 to 6 months past due	8	8
912	912	Over 6 months past due	1,005	1,005
926	926		1,013	1,013

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 2022, receivables with a carrying value of £2.4 million (2020-21: £1.9 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Board	Consolidated		Board	Consolidated
2021	2021		2022	2022
£'000	£'000		£'000	£'000
1,006	1,006	Up to 3months past due	1,102	1,102
33	33	3 to 6 months past due	0	0
887	887	Over 6 months past due	1,350	1,350
1,926	1,926		2,452	2,452

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
2021	2021	The carrying amount of receivables are denominated in the following currencies	2022	2022
£'000	£'000		£'000	£'000
7,546	7,581	Pounds	7,265	7,471
7,546	7,581		7,265	7,471

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

The fair value of long term other receivables is £nil (2020-21 £nil).

The effective interest rate on non-current other receivables is 6.75% (2020-21: 0%). Pension liabilities are discounted at 0.155% (2020-21: 0.125%).

NOTES TO THE ACCOUNTS

10. INVESTMENTS

Board 2021 £'000	Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
0	4,127	At 1 April		0	5,428
0	697	Additions	CFS	0	197
0	(339)	Disposals		0	(974)
0	0	Impairment recognised in SOCNE	2	0	0
0	943	Revaluation (deficit)/surplus transferred to equity	SoCTE	0	140
0	5,428	At 31 March		0	4,791
0	0	Current	SoFP	0	0
0	5,428	Non-current	SoFP	0	4,791
0	5,428	At 31 March		0	4,791
0	0	The carrying value includes an impairment provision of		0	0

NOTES TO THE ACCOUNTS

11. CASH AND CASH EQUIVALENTS

	2022	2021
Note	£'000	£'000
Balance at 1 April	979	2,207
Net charge in cash and cash equivalent balances	CFS 245	(1,228)
Balance at 31 March	SoFP 1,224	979
Overdrafts	0	0
Total Cash - Cash Flow Statement	1,224	979

The following balances at 31 March were held at

Government Banking Service	337	326
Commercial banks and cash in hand	106	76
Overdrafts	0	0
Short tem investments	0	0
Endowment cash	781	577
Balance at 31 March	1,224	979

NOTES TO THE ACCOUNTS

12. TRADE AND OTHER PAYABLES

Board 2021 £'000	Consolidated 2021 £'000		Note	Board 2022 £'000	Consolidated 2022 £'000
		Receivables due within one year			
		NHS Scotland			
0	0	Scottish Government Health & Social Care Directorate		0	0
8,026	8,026	Boards	SFR 30.0	5,134	5,134
8,026	8,026	Total NHSScotland Payables		5,134	5,134
		NHS Non-Scottish bodies			
0	0	Amounts payable to General Fund	SFR 30.2	0	0
4,294	4,294	FHS practitioners		6,554	6,554
5,234	5,234	Trade payables		5,105	5,105
1,034	1,034	Accruals		2,400	2,400
16,588	16,588	Payments received on account		17,401	17,401
4,623	4,623	Net obligations under finance leases	17	5,299	5,299
102	102	Income tax and social security		22	22
2,676	2,676	Superannuation		2,841	2,841
2,408	2,408	Holiday pay accrual		2,496	2,496
3,331	3,332	Other public sector bodies		5,091	5,091
13,070	13,070	Other payables		30,174	30,172
663	663	Endowment Fund creditors		31	31
0	298	SG PPE and COVID-19 Testing Kits		1,685	1,685
3,290	3,290				
65,339	65,638	Total Payables due within one year	SoFP	84,233	84,354
		Payables due after more than one year			
		NHS Scotland			
103	103	Net obligations under finance leases due within 2 years	17	136	136
324	324	Net obligations under finance leases due after 2 years but within 5 years	17	408	408
230	230	Net obligations under finance leases due after 5 years	17	136	136
0	0	Deferred Income		942	942
26	26	Other payables		23	23
683	683	Total Payables due after more than one year	SoFP	1,645	1,645
66,022	66,321	TOTAL PAYABLES		85,878	85,999
		WGA Classification			
8,026	8,026	NHS Scotland		5,134	5,134
0	0	Central Government bodies		0	0
9,512	9,512	Whole of Government bodies		25,654	25,654
0	0	Balances with NHS bodies in England and Wales		0	0
48,484	48,783	Balances with bodies external to Government		55,090	55,211
66,022	66,321	Total		85,878	85,999
		Borrowings included above comprise:			
759	759	Finance Leases		702	702
759	759			702	702
		The carrying amount and fair value of the non-current borrowings are as follows			
657	657	Finance Leases		680	680
657	657			680	680
		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:			
66,022	66,321	Pounds		85,878	85,999
66,022	66,321			85,878	85,999

NOTES TO THE ACCOUNTS

13a. PROVISIONS - CONSOLIDATED AND BOARD

Note	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2022 TOTAL
	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	1,379	1,226	10,961	3,100	16,666
Arising during the year	129	1,903	451	12	2,495
Utilised during the year	(117)	(496)	(284)	(12)	(909)
Unwinding of discount	0	2	0	(126)	(124)
Reversed unutilised	(8)	(911)	0	0	(919)
At 31 March 2022	1,383	1,724	11,128	2,974	17,209

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 2022

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2022 TOTAL
	£'000	£'000	£'000	£'000	£'000
Payable in one year	117	1,384	2,776	2,974	7,251
Payable between 2 - 5 years	466	340	6,763	0	7,569
Payable between 6 - 10 years	579	0	576	0	1,155
Thereafter	221	0	1,013	0	1,234
Total as at 31 March 2022	1,383	1,724	11,128	2,974	17,209

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2021 TOTAL
	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	1,439	1,316	10,973	2,839	16,567
Arising during the year	98	1,546	557	261	2,462
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	10,961	3,100	16,666

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	3,100	6,438
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
At 31 March 2020	1,379	1,226	10,961	3,100	16,666

NOTES TO THE ACCOUNTS

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

2021		Note	2022
£'000			£'000
1,226	Provision recognising individual claims against the NHS Board as at 31 March	13a	1,249
(1,019)	Associated CNORIS receivables at 31 March	9	(1,465)
10,961	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	11,128
11,168	Net Total Provision relating to CNORIS at 31 March		10,912

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:

Restated		
2021	Nature	2022
£'000		£'000
937	Clinical and medical compensation payments	21,425
145	Employer's liability	11
1,082	TOTAL CONTINGENT LIABILITIES	21,436
CONTINGENT ASSETS		
630	Clinical and medical compensation payments	21,062
75	Employer's liability	0
705	TOTAL CONTINGENT ASSETS	21,062

Prior Year 2020/21 Contingent Liabilities and Assets have been restated to include the remaining balance (50%) of the category 2 claims reported as Provisions in Note 13a at 50% of their estimated total claim amount.

15. EVENTS AFTER THE END OF THE REPORTING YEAR

The Board has included provisions and contingent liabilities and assets relating to Clinical Medical Negligence claims based on information received from the NHS Sceptland Central Legal Office after the balance sheet date of 31st March 2022.

NOTES TO THE ACCOUNTS

16. COMMITMENTS

Capital Commitments

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

2021	Contracted	2022
£'000		£'000
240	Project Management	240
0	Primary Care Premises	0
0	IM&T Road to Digital (Completion of Resilient Facility)	0
240	Total	240
	Authorised but not Contracted	
0	Primary Care Premises	0
600	Rolling Replacement Programmes (IM&T and Estates/Facilities)	500
300	Medical Equipment	140
880	Statutory compliance and backlog maintenance property expenditure	1,200
100	Project Management & Feasibility Assessments	0
0	Uncommitted	0
0	Radiology Replacement	0
tbc	IM&T Road to Digital Programme (to be confirmed)	0
200	Winter/Elective/Decant Facility (to be confirmed)	0
150	Borders Health Campus Development (to be confirmed)	0
100	Uncommitted - Dependent on Sale Proceeds	0
450	Forensic Medical Examination Suite	400
650	MRI Installation and Contingency	0
250	Innovation Fund	0
300	Pharmacy Service Dispensing Robot	0
	Endoscopy Decontamination	800
3,980	Total	3,040
4,220	Total Capital Commitments	3,280

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.

2021 £'000	Obligations under operating leases comprise	Note	2022 £'000
	Land		
58	Not later than one year		71
59	Later than one year, not later than 2 years		73
187	Later than two years, not later than five years		229
132	Later than five years		80
	Buildings		
0	Not later than one year		0
	Other		
335	Not later than one year		332
170	Later than one year, not later than 2 years		190
40	Later than two years, not later than five years		82
0	Later than five years		0
	Amounts charged to Operating Costs in the year were		
490	Hire of equipment (including vehicles)		501
391	Other operating leases		394
881	Total		895

Finance Leases

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

2021 £'000	Obligations under finance leases comprise	Note	2022 £'000
	Buildings		
460	Rentals due within one year		472
472	Rentals due between one and two years (inclusive)		483
1,487	Rentals due between two and five years (inclusive)		1,524
1,054	Rentals due after five years		534
3,473			3,013
(2,714)	Less interest element		(2,311)
759		12	702

NOTES TO THE ACCOUNTS

18. PENSION COSTS

NHS Borders participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The Scottish Public Pensions Agency (SPPA) provide Scheme Administration for employers and members of the NHS Pension Scheme (Scotland).

NHS Borders level of participation in the scheme was 1.56% based on the proportion of employer contributions paid in 2020-21.

The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions. The UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

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

Full information on the NHS Pension Scheme (Scotland) is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk.

McCloud (2015) Remedy

On 1 April 2015 public sector pension schemes were reformed and the Career Average Revalued Earnings (CARE) pension scheme was introduced. Most pension scheme members were moved from their legacy scheme (final salary) to the reformed (CARE) scheme, but some protections were put in place for members who were close to their retirement date. These protections meant that older members stayed in their pre-reform schemes.

The Court of Appeal found that this discriminated against younger scheme members. The government is removing this discrimination for the period between 1 April 2015 and 31st March 2022.

From 1 April 2022 all of our NHS members will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. This means that members affected by the 2015 remedy and who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits.

As a consequence of the McCloud (2015) remedy all accrued pension benefits for the Executive Directors and Senior Managers reported in the Board's 2021/22 Remuneration Report have been recalculated in line with the benefits of their pre reform pension scheme (1995 or 1998). All NHS Scotland Staff will become members of the 2015 Career Average Revalued Earnings Pension Scheme on 1st April 2022.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2022 all of our NHS members will become members of the CARE pension scheme, this scheme has an accrual rate of 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 2021-22 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.

National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,000, but will be reviewed every year by the government.

The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

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

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

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

	2022 £'000	2021 £'000
Pension cost charge for the year	21,036	19,723
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Statement of Financial Position	1,383	1,379
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	2022 £'000	2022 £'000
AS AT 31 MARCH 2022			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,967	1,967
Cash and cash equivalents	11	1,224	1,224
		3,191	3,191

BOARD

		Financial assets at fair value through OCI	Total
		2022 £'000	2022 £'000
AS AT 31 MARCH 2022			
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,761	1,761
Cash and cash equivalents	11	443	443
		2,204	2,204

CONSOLIDATED (Prior Year)

		Financial assets at fair value through OCI	Total
		2021 £'000	2021 £'000
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 (Prior Year)

		Financial assets at fair value through OCI	Total
		2021 £'000	2021 £'000
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

NOTES TO THE ACCOUNTS

19. FINANCIAL INSTRUMENTS (cont.)

Financial Liabilities

CONSOLIDATED

		Financial liabilities at amortised cost	Total
AS AT 31 MARCH 2022	Note	2022 £'000	2022 £'000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	702	702
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	73,884	73,884
		74,586	74,586

BOARD

		Financial liabilities at amortised cost	Total
AS AT 31 MARCH 2022		2022 £000	2022 £000
Liabilities per Statement of Financial Position			
Finance lease liabilities	12	702	702
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	73,763	73,763
		74,465	74,465

CONSOLIDATED (Prior Year)

		Financial liabilities at amortised cost	Total
At 31 March 2021		2021 £'000	2021 £'000
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) and superannuation	12	52,452	52,452
		53,211	53,211

BOARD (Prior Year)

		Financial liabilities at amortised cost	Total
At 31 March 2021		2021 £'000	2021 £'000
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) and superannuation	12	52,153	52,153
		52,912	52,912

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 an minimum rating of 'A' are accepted.

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31st March 2022				
Finance Lease Liabilities	22	136	408	136
Trade and other payables excluding statutory liabilities	73,742	1	9	11
Total	73,764	137	417	147
	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31st March 2021				
Finance Lease Liabilities	102	103	324	230
Trade and other payables excluding statutory liabilities	52,127	3	9	14
Total	52,229	106	333	244

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 as the parent directorate. In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions, have been 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 £5.656m as at 31st March 2022, (2021: £5.741m) as per these consolidated Group Accounts.

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

	2021/22		2020/21	
	WTE	£	WTE	£
Fundraising Manager	1.0 (part year)	59,717	0.50	17,443
Fundraising Support Officer	1.0 (part year)	24,374	0.70	26,828
Evelyn Sutherland Nurse	0.6 (part year)	22,258	0.60	28,505
Palliative Care Nurse Consultant	0.60	43,513	0.60	26,351
Palliative Care Quality Improvement	1.0 (part year)	34,171	0.10	4,688
Palliative Care Project Officer	-	-	1.00	21,075
Palliative Care Healthcare Support	-	-	0.04	1,519
Volunteer Coordinator	-	-	0.80	17,141
Practice Development Nurse - RESPECT	-	-	0.20	5,851
Oncology Staff Nurse - Development	0.6 (part year)	14,406	0.10	2,356
Advanced Nurse Practitioners	3.0 (part year)	105,626	-	-
Total Staff Recharge		<u>304,065</u>		<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 2021/22 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.

	2021	Gross Inflows	Gross Outflows	2022
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	6	30	(30)	6
Total Monetary Assets	6	30	(30)	6

NOTES TO THE ACCOUNTS

22a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Restated Group		Note	Board 2022 £'000	Endowment 2022 £'000	Associates and joint ventures - Borders IJB 2022 £'000	Consolidated 2022 £'000
	Total income and expenditure					
149,035	Employee expenditure	3	157,424	0	0	157,424
	Other operating expenditure	3				
36,311	Independent Primary Care Services		35,277	0	0	35,277
46,045	Drugs and medical supplies		51,571	0	0	51,571
252,493	Other health care expenditure		279,417	904	0	280,321
483,884	Gross expenditure for the year		523,689	904	0	524,593
(178,743)	Less: operating income	4	(201,456)	(678)	0	(202,134)
(3,249)	Associates and joint ventures accounted for on an equity basis		0	0	(8,178)	(8,178)
301,892	Net Expenditure		322,233	225	(8,178)	314,280

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 2021/22.

NOTES TO THE ACCOUNTS

22b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Restated Consolidated		Board	Endowment	Other reserves - associates and joint ventures	Consolidated
2021 £'000		2022 £'000	2022 £'000	2022 £'000	2022 £'000
	Non-current assets:				
131,760	Property, plant and equipment	139,380	0	0	139,380
1,140	Intangible assets	830	0	0	830
	Financial assets:				
5,428	Investments - Endowment Fund	0	4,791	0	4,791
5,120	Investments - Associates and joint ventures	0	0	13,298	13,298
0	Trade and other receivables	0	0	0	0
143,448	Total non-current assets	140,210	4,791	13,298	158,299
	Current Assets:				
1,583	Inventories	1,807	0	0	1,807
	Financial assets:				
7,581	Trade and other receivables	7,265	206	0	7,471
979	Cash and cash equivalents	443	781	0	1,224
100	Assets classified as held for sale	100	0	0	100
10,243	Total current assets	9,615	987	0	10,602
153,691	Total assets	149,825	5,778	13,298	168,901
	Current liabilities				
(6,438)	Provisions	(7,251)	0	0	(7,251)
	Financial liabilities:				
(65,638)	Trade and other payables	(84,233)	(121)	0	(84,354)
(72,076)	Total current liabilities	(91,484)	(121)	0	(91,605)
81,615	Non-current assets (less) net current liabilities	58,341	5,657	13,298	77,296
	Non-current liabilities				
(10,228)	Provisions	(9,958)	0	0	(9,958)
	Financial liabilities:				
(683)	Trade and other payables	(1,645)	0	0	(1,645)
(10,911)	Total non-current liabilities	(11,603)	0	0	(11,603)
70,704	Assets less liabilities	46,738	5,657	13,298	65,693
	Taxpayers' Equity				
10,333	General fund	(8,748)	0	0	(8,748)
49,510	Revaluation reserve	55,486	0	0	55,486
5,120	Other reserves - associates and joint ventures	0	0	13,298	13,298
5,741	Funds held on Trust	0	5,657	0	5,657
70,704	Total taxpayers' equity	46,738	5,657	13,298	65,693

NOTES TO THE ACCOUNTS

22c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board	Endowment	Consolidated		Board	Endowment	Consolidated
2021	2021	2021		2022	2022	2022
£'000	£'000	£'000	Note	£'000	£'000	£'000
			Cash flows from operating activities			
(301,930)	38	(301,892)	Net operating cost	(322,233)	(225)	(322,458)
1,246	0	1,246	Adjustments for non-cash transactions	2	5,021	0
351	0	351	Add back: interest payable recognised in net operating expenditure	2	360	0
0	0	0	Deduct interest receivable recognised in net operating expenditure	4	0	0
0	0	0	Investment income		0	0
17,482	123	17,605	Movement in working capital	2	18,265	(332)
(282,851)	161	(282,690)	Net cash outflow from operating activities	(298,587)	(557)	(299,144)
			Cash flows from investing activities			
(5,608)	0	(5,608)	Purchase of property, plant and equipment	(5,194)	0	(5,194)
(179)	0	(179)	Purchase of intangible assets	0	0	0
0	(697)	(697)	Investment Additions	0	(197)	(197)
1,961	0	1,961	Transfer of assets (to)/from other NHS bodies	0	0	0
0	0	0	Proceeds of disposal of property, plant and equipment	54	0	54
0	0	0	Proceeds of disposal of intangible assets	0	0	0
0	339	339	Receipts from sale of investments	0	974	974
0	0	0	Interest received	0	0	0
(3,826)	(358)	(4,184)	Net cash outflow from investing activities	(5,140)	777	(4,363)
			Cash flows from financing activities			
284,277	0	284,277	Funding	301,909	0	301,909
1,818	0	1,818	Movement in general fund working capital	2,260	0	2,260
286,095	0	286,095	Cash drawn down	304,169	0	304,169
(97)	0	(97)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(57)	0	(57)
(351)	0	(351)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	2	(360)	0
285,647	0	285,647	Net Financing	303,752	0	303,752
(1,030)	(197)	(1,227)	Net increase/(decrease) in cash and cash equivalents in the period	25	220	245
1,433	774	2,207	Cash and cash equivalents at the beginning of the year	402	577	979
403	577	980	Cash and cash equivalents at the end of the period	11	427	797
			Reconciliation of net cash flow to movement in net debt / cash			
(1,031)	(197)	(1,228)	Increase / (decrease) in cash in year	41	204	245
1,433	774	2,207	Net debt / cash at 1 April	402	577	979
402	577	979	Net debt / cash at 31 March	443	781	1,224

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Borders by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Borders must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Borders must use the NHS Borders Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Borders must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
 - (a) The NHS Scotland Capital Accounting Manual,
 - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
 - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Borders in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Borders must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

“financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

“Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

“Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

“NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29),

“NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Borders is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Borders Annual Accounts template” means the Excel spreadsheet issued to NHS Borders by the Scottish Ministers as a template for their statement of accounts, and

“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.

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

Signed by the authority of the Scottish Ministers

Dated 22 MARCH 2022