

# Annual Report & Accounts 2022/23

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## Borders Health Board Annual Report and Accounts 2022/23

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## PERFORMANCE REPORT

### Performance Overview: Introduction

This performance overview contains the information that NHS Borders is required to formally report each year. It gives a financial overview of NHS Borders for the period 1 April 2022 to 31 March 2023 and aims 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.

The annual report and accounts contain:

- The Performance Report
- The Accountability Report
- The Financial Statements

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

### Statement from the Chief Executive

When we first heard about a potential pandemic in early 2020 very few of us had any idea of the impact this would have and the length of time our lives would be disrupted. Despite society returning to a more normal life, supported in no small way by the success of the COVID-19 Vaccination programme, for our staff and patients 2022/23 has been anything but normal. For those of us with long careers in the NHS it has been the most demanding and difficult period we have experienced and for those who have only recently embarked on their working lives in health I recognise how daunting this has felt.



Ralph Roberts  
Chief Executive

I am immensely grateful for, and proud of, the support that NHS Borders staff continue to provide one another on a daily basis. This has been essential at a time when the extreme pressures on services are having a significant impact on the level and quality of care that we are able to provide. It is also important to acknowledge the impact of the pressures on our patients, their families and carers. We know that patients are experiencing longer than acceptable waits for treatment, both in Primary Care and in our hospitals and staff are having to work extremely hard to mitigate this. However, I know our staff continue to show excellent care and compassion and I have no doubt that this has been a comfort to everyone who has interacted with the health service during these difficult times.

In November 2022 we received an unannounced inspection from Healthcare Improvement Scotland (HIS) to the Borders General Hospital. The inspection report published by HIS on 9 February 2023 included some excellent feedback and specifically referred to "person-centred care, patients being treated with dignity and respect and a clear staff focus on the provision of safe and compassionate care for patients." This feedback is even more positive when it is considered in the context of the current strain across the health and care system.

As we head into 2023-24, with the pressures we are currently experiencing and we predict will grow in the future, we know that we will need to do things differently. The Health and

Social Care Partnership<sup>1</sup>'s [Strategic Framework](#) clearly sets out the challenges we face and the main areas we intend to address. Service demand, population demographics, workforce availability and financial resources are all going to impact on how we deliver services. This will be further compounded by the backlogs and waits for treatment that have been created during the Pandemic, the continual development of new and costly clinical treatments and the ongoing sustainability of the social care services provided by our partners. We should also recognise the impact of wider economic factors both on our own costs but also, very importantly, on the economic wellbeing and therefore health of our local community.

As set out later in this document, we recognise that NHS Borders faces significant financial challenges. While we have developed an initial Financial Recovery Plan this does not yet include actions that would deliver a return to financial balance within the next three years. Further developing this financial recovery plan and linking this to our service and workforce transformation plans will be a key task in 2023/24. Alongside this will be a focus on the delivery of the ambitious savings targets that we have already identified and ensuring that wherever possible our services improve their productivity so that we deliver the maximum health benefit to our local communities, for example by improving access and minimising delays in patients receiving the appropriate care.

Finally, we recognise the need to shift our ambition in improving the overall health and wellbeing of the Scottish Borders population. Over the last five years we have seen a slow-down and even reversal in the long term trend of increased life expectancy, as well as a further widening in the gap between the health of the most and least disadvantaged in society. This is not a situation we should continue to accept. However the health service cannot address this on our own and we are therefore committed to working with partners as well as our community to put in place activities that can help to change this.

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 members' terms of office.

**New appointments: -**

Mrs Laura Jones, Director of Quality & Improvement (from 1<sup>st</sup> June 2022)

Dr Kevin Buchan, Non-Executive Board Member (from 1<sup>st</sup> August 2022)

Dr Sohail Bhatti, Director of Public Health (from 26<sup>th</sup> September 2022)

**Departures: -**

Mrs Alison Wilson, Non-Executive Board Member (to 31<sup>st</sup> July 2022)

Dr Tim Patterson, Director of Public Health (to 31<sup>st</sup> August 2022)

Ralph Roberts  
Chief Executive, NHS Borders

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<sup>1</sup> The Health & Social Care Partnership (HSCP) is a mechanism by which Community Health & Social Care functions delegated to the Scottish Borders Integrated Joint Board (IJB) by the Health Board and Local Authority are operationally managed. The HSCP management operates on a collaborative basis across both sectors under the strategic direction of the IJB and with operational responsibility to the partners (NHS Borders and Scottish Borders Council).



## Purpose and Activities of the Board

NHS Borders Health Board is responsible for the commissioning and delivery of health care services for the population of the Scottish Borders, a remote and rural area in south east Scotland covering over 1,800 square miles with an estimated population of 116,020 people (National Records of Scotland, as at June 2021). Our population is ageing, with many people living with multiple health conditions, and the proportion of our population of working age is shrinking, magnifying the shortage of staff being faced nationally. The workforce that we do have are exhausted from the continued and sustained pressures being faced by our services.

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 our most recent 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*

In addition to the acute 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 22 GP practices, 23 dental practices, 29 community pharmacies, and 12 opticians. A total of approximately 5,000 staff (headcount) work in our organisation across 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](http://www.nhsborders.scot.nhs.uk).

## PERFORMANCE SUMMARY

The COVID-19 pandemic across health and social care has had, and continues to have, 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 because 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 as we recover from the last 3 years.

We continue to experience waves of community infection rates which in turn leads to higher bed occupancy in our hospitals and higher rates of enforced absence amongst our staff. This paired with the growing workforce challenge has resulted in our health and social care system being vulnerable.

Turnover of staff is higher in NHS Borders than the Scottish average (as high as 16% for registered nurses), which we believe reflects the demographics of an ageing population in Scottish Borders and the falling numbers of the working age population. The recruitment of Registered General Nurses (RGN) remain a priority for all recruitment interventions. There have been efforts to increase the nursing workforce through the recruitment of newly qualified nurses, nurse preceptors, International recruitment, open recruitment to staff nurse roles and appointing 20 whole time equivalent (wte) health care support workers (HCSW) to newly established permanent roles.

Over the past year we withdrew community testing and contact tracing which were established during the pandemic. We do continue to provide a successful vaccination programme, as well as delivering infection prevention and control support to care homes and other facilities out-with our own estate. The 2022/23 Autumn/Winter COVID-19 Vaccination Programme ran alongside the extended Influenza vaccination programme from September 2022 – March 2023, running a co-administration model of both vaccinations where possible. We delivered 79.4% vaccines to the total eligible for a COVID-19 booster, a higher uptake than the Scottish average of 72.5%.

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 continues to be a significant number of delayed discharges and long lengths of stay across our system which have contributed to poor performance and a reduced flow of patients through our inpatient wards. The referral / addition rate and number of people delayed waiting for care reduced temporarily due to high levels of inpatients with COVID-19 and flu in the hospital system between mid December 2022 and early January 2023. This was followed by a subsequent high rate of referrals for care packages as the number of individuals fit for discharge increased.

There has been an on-going need for additional beds across our system 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 other services. 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 (the rate at which patients are able to move from admission to discharge). Our Urgent and Unscheduled Care Programme Board includes representatives responsible for planning health and social care across both hospitals and community services and aims to provide a delivery mechanism for system wide changes to facilitate seamless transitions between care settings and to optimise flow.

Progress in these areas will in turn support our aspiration to further remobilise our elective programme. During the past three 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 have continued to see high demand for all services. We have an increased demand for older adult beds within our functional and specialist beds. This creates risk in our inpatient units as we have to manage a mix of patient cohorts across a finite resource. The adult community mental health teams have seen an increase in referrals and therefore developed waiting lists. Difficulties in recruitment of community mental health nurses has been an issue however recruitment has now improved, and they are fully established for nurses. One of the main concerns is around the recruitment of senior medical staff and despite attempts to recruit we have been unsuccessful which is in line with other boards across Scotland.

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 General Practice (GP) contractors have experienced the same challenges with the ongoing service and workforce pressures. Assessment of activity within Primary Care suggests it has increased significantly above pre-pandemic levels. Our Primary and Community Services (P&CS) teams have worked to maintain resilience across practices throughout the pandemic and are providing ongoing support, as well as taking over responsibility for running 1 GP Practice - this was the first time this has been required in the Scottish Borders. NHS Borders, in conjunction with our local GPs have fully committed all of the Primary Care Improvement funding, allocated to the Borders, to support the implementation of the new GP contract so we can continue to transform services and ensure that our GP services become more sustainable in the future.

The impact on public and general Dental services has been equally significant and actions are now underway to help address the backlog of care that has developed during the pandemic. Two additional general dental practices have opened in the Scottish Borders supported by the Scottish Dental Access Initiative Grants (SDAI). Whilst this has been supportive, NHS General Dental Service (GDS) access remains precarious with only 2 of 18 NHS Borders practices able to offer new NHS dental registrations. Trends in practice patient participation and practice activity are encouraging but appear to be levelling off with significant barriers to further increase NHS GDS practice activity. NHS Borders senior Dental Management Team remain in conversation with Chief Dental Office (CDO) to further widen SDAI area to encompass the entire Board area to further widen and promote NHS GDS access

The focal point of workforce planning in this past year has been the approval of the 3-year workforce plans in October 2022. The first Integrated [Scottish Borders Health and Social Care Partnership \(HSCP\) Workforce Plan 2022-25](#) was co-produced by representatives from NHS Borders, Scottish Borders Council (SBC) and the Independent and Third Sectors. This sets 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.

Financially, we continue to carry a significant underlying deficit. The Board submitted its medium-term financial plan to Scottish Government on 20<sup>th</sup> March 2023 which describes a significant financial deficit of between £20-25m p.a. over the three years of the plan, net of expected savings delivery and other non-recurring actions. At this stage there are significant risks to the delivery of the planned level of savings and urgent work is underway to ensure that implementation plans are in place as quickly as possible.

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, make them more sustainable and allow 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, and as part of a review of our decision making and governance structures, we have established a Quality and Sustainability Board (Q&SB) to provide governance and oversight to the development of organisational strategies and programmes of work which support the implementation of these strategies. The membership of this group includes key senior clinical and managerial representative and monitors progress towards the delivery of key programmes of work established on a whole system basis to support strategy implementation, including but not limited to financial recovery, service reviews, efficiency and productivity.

During 2022/23 we continued to implement our Quality Management System (QMS) within the organisation which supports the quality of service delivery and our Business Processes within NHS Borders. We have worked collaboratively with both staff and patients across the organisation to ensure that they continue to be at the centre of our approach when developing and implementing the outputs from the QMS.

Our achievements during 2022/23 include the introduction of our Compassionate Leadership Programme which has been well received from staff within the organisation, and we continue to build on these principles throughout our ongoing QMS work. We have held Management Engagement Sessions which give the opportunity for all managers within the organisation to meet frequently and for information to be shared with them, alongside the opportunity to support each other on different topics. We have refreshed our Management Development Programme and established a Change Team within NHS Borders.

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.

## Non-Financial Performance

During 2022/23 the COVID-19 pandemic continued to have a significant impact on how healthcare services are delivered both globally and locally, here in Scotland and within the Scottish Borders.

A level of activity has been maintained to ensure emergency, cancer and patients deemed as clinically urgent were seen and treated. However, there has been a system wide impact on elective care, with services only operational as pressures and workforce have allowed.

The Board has been working towards the agreed trajectories in the Remobilisation Plan (RMP4) across many areas, however, the 'Omicron' wave of COVID-19 in early 2022 and the system pressure of Winter 2022/23 resulted in increased waiting lists and our ability to deliver services has remained constrained. Our performance against many of our key performance indicators (KPIs) continues to sit below the level set within national standards and targets.

Of the 13 KPIs and 2 safety related indicators routinely reported to the Board, NHS Borders was able to report at end March 2023 only 5 were at or above the required standard across the year.

In common with much of NHS Scotland we have experienced another year of poor performance against the 4-hour Emergency Access standard. Our March 2023 performance was 58.8% (March 2022: 62%). The Emergency Department at Borders General Hospital continues to experience significant pressures due to capacity challenges across the whole Health & Care system. Along with all other systems in Scotland, over the last few years we have seen increased length of stay for patients in hospital and an increase in the number of patients waiting for discharge home with a package of care or to Care Homes.

Many of our breaches against the four-hour standard are as a result of whole system issues including a lack of capacity for inpatient admission, increased length of stay due to health and social care delays and a lack of downstream discharges. Our bed capacity has been particularly constrained during periods of high COVID-19 activity and delayed discharges.

At end March 2023 there were 41 hospital beds occupied by patients whose discharge was delayed (March 2022: 62). The number of delays to hospital discharge is an indicator of the overall difficulties in maintaining effective flow through hospitals and 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 last 12 months we have continued to prioritise Cancer patients wherever possible. Performance has been lower over the last few months however this is due to small numbers. We continue to strive to meet or exceed the expected 95% performance against Cancer standards for first diagnosis and access to treatment.

Our overall waiting times backlog has continued to grow over the last twelve months. At the end of March 2023 we had a total of 11469 on the outpatient waiting list (9266 in March 2022), with 1611 patients waiting greater than 52 weeks at end of March 2023 for their first outpatient appointment, which is the current Waiting Times Standard (1103 in March 2022). The standard to have no patients waiting over 2 years for surgery by September 2022 has



been challenging with 130 waiting over the standard at end of March 2023. This reflects the difficulties of maintaining a dedicated elective ward and the scale of challenge that we face as we develop our plans to recover this backlog. Over the last 12 months we saw diagnostic waits over 6 weeks increasing to a peak in August 2022, however since then we have been working to clear the backlog and at end of March 2023 there were 865 patients waiting over 6 weeks.

Within the Child Adolescence Mental Health Service (CAMHS), an initiative has been running to increase the number of patients who are seen, from the longest waits. In March 2023 we reported 47.1% of patients meeting the 18 weeks Referral to Treatment (RTT) standard (March 2022: 36.4%) which is tackling the backlog on the waiting list. Recruitment continues to be a challenge but initiatives are ongoing.

Psychological therapies continue to have a strong demand for all services, especially the 'Renew' primary care service and secondary care adult mental health. Performance on the Referral to Treatment (RTT) target of psychological therapy starting for 90% of those referred within 18 weeks has been steadily improving, especially over the past year with March 2023 reporting 73.7% (March 2022: 78.7%)

We have continued to report strong performance throughout 2022 against the 3 Week Drug and Alcohol Referral to Treatment standard, achieving it every month, reporting performance of 100% in March 2023.

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

## Financial Sustainability

Over the past five years we have reported on the challenge facing the Health Board in relation to its financial sustainability.

Work was undertaken pre-pandemic to establish a financial turnaround programme and this was paused at the onset of the Pandemic, in line with temporary changes to the Scottish Government's Medium Term Financial Framework. During 2022/23 the Government has reintroduced this framework.

The framework requires that NHS Boards demonstrate financial sustainability (i.e. breakeven) over a three year planning cycle. Financial planning for 2022/23 remained on a single year basis with interim three year plans developed in summer 2022 pending refresh of these plans for March 2023.

Over the past eighteen months we have re-established our financial improvement programme (FIP), initially on a phased basis recognising the significant operational pressures which continue to impact on our staff. We have delivered £2.37m of recurring savings during the course of 2022/23. This level of savings is around 1% of baseline budget and approximately 50% of what was expected in the plan.

NHS Borders has seen increased pressure on its financial resources during the course of the past twelve months, both in relation to the impact of external economic factors such as general inflation and growth in energy prices, as well as the pressures on NHS workforce and service demand arising from the post-pandemic environment. Growth in prescribing

costs alone is in excess of 10% on the previous year; our energy costs have seen increases of over 50%.

In 2022/23 we set out a financial plan that described a recurring deficit of £19.7m, against which savings plans and other non-recurring actions were expected to deliver an in year performance of £12.2m deficit at March 2023. By time of our mid year review our forecast described a worsening in year position approaching £16m deficit and we developed a financial recovery plan to identify actions to recover performance to the level set out in our financial plan.

As at March 2023 we have delivered an in year position which is marginally improved on the position outlined in our plan, however this position has a greater reliance upon non-recurrent measures. Together with increasing cost pressures emerging in year this has left the Health Board facing a step increase in the level of its underlying deficit moving forward.

We have recently prepared an updated three year financial plan covering the period from April 2023 to March 2026. This plan describes the scale of increase to our financial deficit, outlining recurring pressures of £30.4m expected to impact on the Board during 2023/24. This includes an updated baseline deficit of £23.6m at March 2023, reflecting the shortfall on delivery against our savings plans and the increase to cost pressures during the course of the past year.

The scale of challenge is clear – in order to fully address the level of existing pressure and projected growth the Health Board will need to reduce expenditure by 15% of its baseline spend over the next three years. We believe this level of transformation we will need to achieve in order to meet this objective cannot be delivered within the timescale of our current plan.

Our medium term plan outlines an expected in year position of c. £22m deficit in 2023/24 and this deficit is projected to be maintained over the following two years. The plan is reliant upon delivery of 3% savings per year, and at this stage there remains a substantial shortfall in plans required to deliver this objective.

Beyond the issue of in year financial sustainability we also face the additional burden of repayment to the borrowing (brokerage) we require to offset our deficit. Although we have been supported on a non-repayable basis during the Pandemic, we carry forward existing commitments of £8.3m from March 2020 and in order to meet our requirement to breakeven at March 2023 we required a further £11.7m. In total therefore the Board has a commitment of £20m which is repayable to Scottish Government. Every year that we are unable to demonstrate financial balance this position is likely to increase further.

The work required to develop our long term recovery plan is significant. Following review of our position we are now beginning to work with enhanced support from Scottish Government colleagues to set out this plan. This work is expected to take a number of months and to begin implementation of a revised plan by September 2023.

## 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 strategic risks affecting the organisation.

## Strategic Risks

NHS Borders maintains a strategic risk register which reflects a comprehensive assessment of the major risks faced by the organisation in achieving their corporate objectives, including risks which relate to workforce, financial balance, service delivery, staff and patient wellbeing, compliance, partnership working and sustainability.

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.

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 2023)**

Domain	Summary Description	Title of Risk	Risk Owner	Risk level (current)	Risk level (Target)
Resources & Performance	Financial Performance	Failure to deliver a balanced financial plan resulting in unsustainable financial performance	Director of Finance	V High (25)	High (10)
Clinical Governance	Workforce	Sustaining safe staffing levels and providing clinical specialist services resulting from ability to recruit professional groups	Director of Nursing, AHPs	V High (25)	High (12)
Resources & Performance	Organisational Resilience	Failure of Resilience	Director of Planning & Performance	V High (20)	Medium (5)
Resources & Performance	Whole system flow	Impact of inability to sustain Primary Care independent contractors services across all part of the Borders population	Chief Officer, HSCP	V High (20)	High (12)
Clinical Governance	Whole system flow	Number of people in Hospital receiving care in an inappropriate setting impacting on clinical outcomes	Chief Executive	V High (20)	Medium (9)
Staff Governance	Health and Safety	Organisational compliance with health and safety regulations and legislation	Director of Workforce	V High (20)	High (12)
Clinical Governance	Industrial Action	Potential for industrial action over proposed 2022/2023 pay awards	Chief Executive	V High (20)	High (12)

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Domain	Summary Description	Title of Risk	Risk Owner	Risk level (current)	Risk level (Target)
Public Governance	Health Inequalities	Reducing the harm from inequalities	Director of Public Health	V High (20)	High (12)
Staff Governance	Staff Wellbeing	Staff Wellbeing during and post COVID-19 pandemic	Director of Partnership	V High (20)	Medium (9)
Resources & Performance	Digital	Digital infrastructure and security controls being inadequate to support local needs	Director of Planning & Performance	High (16)	Medium (6)
Staff Governance	Statutory/Mandatory Training	Incomplete delivery of statutory/ mandatory and professional skills training	Director of Workforce	High (16)	Medium (8)
Clinical Governance	Premises	Inability to comply with relevant standards and legislation relating to fabric and layout of buildings resulting in harm to patients	Director of Finance	High (15)	High (10)
Clinical Governance	Workforce	Destabilisation of clinical services due to ability to recruit and retain medical workforce	Medical Director	High (12)	Medium (9)
Clinical Governance	Remobilisation	Failure to implement remobilisation successfully	Director of Planning & Performance	High (12)	Medium (6)
Clinical Governance	Whole System Flow	Failure to improve appropriate access to emergency and elective services	Director of Acute Services	High (12)	Medium (8)
Clinical Governance	Communicable Disease	Failure to plan effectively for a significant outbreak for communicable disease e.g. epidemic, pandemic	Director of Public Health	High (12)	Medium (9)
Resources & Performance	Climate Change	Effect of climate change has a detrimental effect on the delivery of NHS services in Scottish Borders region	Director of Finance	High (10)	High (10)
Public Governance	Public Involvement	Failure of the Board to effectively involve patients, public and third sector partners in decision making.	Director of Planning & Performance	Medium (9)	Medium (8)
Resources & Performance	Clinical Strategy	Failure to meaningfully implement clinical strategy to meet the needs of the population	Director of Planning & Performance	Medium (9)	Medium (6)
Resources & Performance	Partnership Working	Effectiveness of partnership working	Chief Executive	Medium (8)	Medium (6)
Resources & Performance	Vaccination Programme	Risk to Covid-19 Vaccination programme delivery	Chief Executive	Medium (8)	Medium (8)
Staff Governance	Speaking Up	Failure of the organisation to have a culture, systems and processes in which staff feel safe and confident to speak up	Director of Workforce	Low (3)	Low (3)

There are 22 strategic risks identified on this register, a decrease of 3 on the number reported in 2021/22. Changes reflect the annual review undertaken by NHS Borders in aligning risks to strategy and ensuring that risks are positioned at a strategic level, and significant operational risks are held on the correct risk register.

Each strategic risk has been assessed in line with the 3-year strategic plans 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.

Nineteen of the twenty two 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 recover performance whilst still dealing with the pandemic and an increasingly volatile financial environment.

The board continues to develop its strategic risk register and we anticipate that further refinement will be reported during 2023/24.

### ***'Very High' Risks***

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. Two others relate to the business resilience of our services, both generally and in respect of industrial actions which may arise as a result of pay negotiations. The remaining risk categorised as 'very high' relates to financial performance.

**Health Inequalities.** There is increasing evidence that health inequalities are increasing as we emerge from the pandemic, with the most vulnerable in society often those most impacted by services where access and capacity are constrained. The impact of these issues across Scottish Borders is not yet fully understood however work has begun to gather information to support improvement through the Scottish Borders IJB Integrated Joint Framework and existing service provision within the Public Health functions of the Board. This is expected to be an area of increased focus in the Board's medium term plan.

**Primary Care Contractors.** Recruitment challenges and increased workload have presented an increasing risk to sustainability of general practice over the past year. We have established our first directly managed (Section 2C) practice in Duns following retirement of existing partners and a failure to sustain the practice under new arrangements. We have also supported closure of a branch surgery in Chirnside in order to sustain GP services at the Merse practice. Practices serving smaller rural communities remain vulnerable to these issues and we anticipate that there will be further pressure in these areas moving forward. In order to address these challenges we are now developing new approaches to both recruitment and retention of general practitioners.

**Care in inappropriate settings.** A Day of Care Audit conducted in May 2022 identified 70% of patients in community hospital beds and 46% of patients in adult acute hospital beds were identified as having a possible alternative place of care. This issue is a manifestation of delays to hospital discharge, with multiple drivers relating to capacity across both health and social care systems. The impact of this is felt through increased pressure on staffing and hospital beds, cancellation of elective treatment due to lack of hospital beds, and in the deconditioning of patients awaiting discharge which then in turn increases the need for long term support following their inpatient stay. During 2022/23 an Unscheduled Care Programme Board was established to plan for how these issues can be addressed. In late 2022 the Health Board took interim measures including the establishment of the 'Borders view' unit, an intermediate care facility within Borders General Hospital which cohorts non-Acute patients awaiting discharge into a single area with the aim of ensuring that they are more appropriately supported while awaiting discharge. This unit is intended to transfer to a community setting during 2023/24.

**Workforce.** NHS Borders' clinical performance continues to be adversely affected by the supply and provision of key professionals and ancillary staff. During 2022/23 the Health Board has operated outside of its planned 'safe' staffing levels on a number of occasions in order to ensure continuity of care within clinical environments. This situation has arisen mainly in relation to registered nurse staffing levels within the Borders General Hospital inpatient wards, and in respect of medical staffing levels out of normal working hours. The Board has actions in place to mitigate these risks where possible and significant progress

has been made towards nurse recruitment, including overseas recruitment, during the course of the past twelve months. There remain a number of clinical specialties where individual medical vacancies mean that service delivery is affected should locum cover not be available.

**Staff Wellbeing.** The drive to remobilise services whilst continuing to work under the constraints of pandemic control measures, in tandem with shortages of workforce in key areas, puts increasing pressure on healthcare staff to maintain performance in face of relentless demand and limitations to capacity. Although COVID-19 is perceived as a reducing risk in general society, the continuation of preventative measures and the impact of periodic outbreaks in healthcare settings, has left staff both exhausted and with greater exposure to potential infection than the general public. The Board established a Staff Wellbeing Group during the pandemic and this has continued to function throughout 2022/23, introducing a number of initiatives intended to support staff. These include improved facilities in the staff dining room at the Borders General Hospital, as well as increasing access to support services for staff, including wellness support for mental health related conditions. In late 2022 we ran our first staff wellbeing conference attended by staff from across all services.

**Health & Safety.** Delivery of 'business as usual' has been increasingly disrupted throughout the pandemic and as we deal with the resource issues that constrain capacity of services to effectively remobilise services and deal with backlog and changes to demand. This disruption means that new health & safety risks are not always assessed prior to service change and have left a backlog of areas where these risks are not fully understood. During 2022/23 Executive Directors and senior management undertook a programme of NEBOSH certification to improve leadership to this agenda and the Board continues to direct resources to improve risk assessment through training and other measures.

**Industrial Action.** The potential for such action has increased with unions balloting members across all main staff groups during 2022/23 and wide consensus for action being established prior to conclusion of pay negotiations. Negotiations undertaken by Scottish Government have mitigated this risk in the past year but there continues to be an elevated level of risk moving into 2023/24. The Health Board has developed local resilience plans to ensure that essential services are covered during any such action.

**Organisational Resilience.** The rating of this risk remains under review with its current rating reflective of issues already described elsewhere in relation to clinical and workforce risks.

**Financial Performance.** This issue is described separately under 'financial sustainability' above.

### **Movement in 'very high' risks**

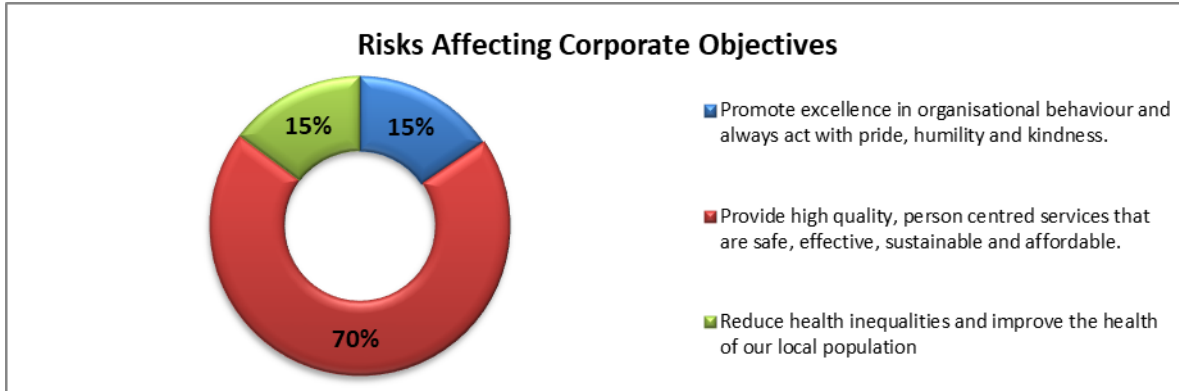
There has been no change to the overall number of very high risks (9) from 2021/22; however two risks were reduced from 'very high' to 'high risk' following regrading and review of existing mitigations: 'Climate Emergency' and 'Infection Prevention & Control' (now 'Premises'). The regrading of the Climate Emergency risk reflects the long term nature of this risk and its relevance to short term objectives, and the Premises risk was regraded following review of current mitigating measures.

These two risks were replaced by a new risk in relation to 'Industrial Action' together with the elevation of the 'Primary Care' sustainability risk following the issues emerging in Duns and Merse practices'.



## Operational Risks

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



There were 868 individual risks recorded on our operational risk register during 2022/23, an increase of 56 on the number recorded in 2021/22. Whilst it is a slight increase in risks in comparison to the additional 200 risks entered in 2021/22 it is likely that this reflects a level of increased understanding and potential mitigation of operational risks.

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

2021/22				
1	1	13	6	4
4	23	19	20	7
14	70	241	31	19
32	61	97	73	4
8	21	13	12	18

2022/23				
1	1	5 ↓	11 ↑	3 ↓
2 ↓	29 ↑	30 ↑	20	8 ↑
18 ↑	68 ↓	250 ↑	40 ↑	19
32	63 ↑	120 ↑	72 ↓	7 ↑
7 ↓	16 ↓	13	12	21 ↑

The organisational risk profile shows that most risk is classified as medium-high risk. This shows an escalating risk level compared to 2021/22. High and very high risks account for 17% of risks; 14% being high risk and 3% very high risk. Very high risks represent staffing pressures, clinical risks, premises, and equipment risks.

## Project Risk

Project risk is managed through a robust project management framework with oversight from the Project Management Office. The escalation route for project risks out with tolerance is to the relevant programme board and / or the Quality & Sustainability Board (Q&SB). Q&SB was established in 2021/22 to provide oversight to the board’s transformation programmes, including financial recovery, and our local recovery plan and medium-term operational plans. Management of project risk is progressed through individual action plans.

## Performance Escalation

The Scottish Government's Performance Assessment Framework sets out the conditions under which individual Health Boards' are subject to performance escalation and support. NHS Borders began 2022/23 escalated at Stage 3 on the framework in relation to its financial performance and at Stage 2 in relation to leadership.

The Board entered escalation in November 2018 and its current status set at April 2021. Throughout the pandemic these arrangements were temporarily paused as emergency powers were enacted. Following this Scottish Government have reintroduced normal processes and are presently undertaking a review of the framework.

### Financial Performance

As covered separately, the underlying issues affecting our financial sustainability have not yet been addressed. We set out our approach to financial recovery in our Medium Term Financial Plan presented to Scottish Government and our Board in March 2023. Following this Scottish Government have established a programme of tailored support which will see the Board work closely with SG colleagues to examine the key drivers of financial deficit, to review our financial controls and governance, and to develop our financial recovery plan further to establish measures that will begin to address our financial sustainability over the medium and long term.

Given the scale of performance and financial challenge facing the Board it is likely that our performance escalation, at least in relation to financial sustainability, will remain for the foreseeable future.

### Leadership

Over the past few years we have seen significant changes to our leadership team and these changes have been supported through individual and team development plans.

We continue to make improvements to our leadership approach and during 2022/23 we have begun to roll out a Compassionate Leadership programme alongside the introduction of a Quality Management System (QMS). These changes are intended to strengthen focus on how we deliver effective performance within a supportive framework that values our staff and is aligned to the wider objectives and values set out in our clinical strategy.

We do not expect any immediate change to our escalation status as we continue to work closely with SG in relation to our financial sustainability. Although this status remains, we believe that we now have the right structures and processes in place to drive the improvement and change that we will require over the next few years.

## 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 Delivery 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*.

The key performance indicators described in this report are based on those measures agreed in our Annual Delivery Plan for 2022/23, which sets out our expected performance as agreed with Scottish government. 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/>

Our performance scorecard is reported at each Board meeting and can be accessed through the first link by searching on the category: 'Board Papers' within the relevant period.

### 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.

The Board's General Fund reports an outturn position of £0.19m (surplus) as at 31st March 2023, resulting from the in year difference of the revenue resource limit (£288.477m) including Scottish Government brokerage support (£11.7m) and the net operating costs (£317.89m). 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:

	<b>Limit set by SGHSCD</b>	<b>Actual Outturn</b>	<b>Variance (Deficit)/ Surplus</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Core Revenue Resource Limit	288,477	288,290	187
Non Core Revenue Resource Limit	6,313	6,313	0
<b>Total</b>	<b>294,790</b>	<b>294,603</b>	<b>187</b>
Core Capital Resource Limit	4,058	4,025	33
<b>Total Capital Resource Limit</b>	<b>4,058</b>	<b>4,025</b>	<b>33</b>
Cash Requirement	319,218	319,218	0

<b>Memorandum for In Year Outturn</b>	<b>£000</b>
Core Revenue Resource Variance - Surplus in 2022/23	187
Financial Flexibility: funding provided by Scottish Government	11,700
Underlying (Deficit) against Core Revenue Resource Limit	11,513
Percentage of RRL	3.99%

A one-year financial plan was submitted to Scottish Government by NHS Borders in March 2022 and we have described progress against this plan, together with the scale of financial challenge faced by the Board, under 'financial sustainability' (within the Performance Overview section of this report).

At 31st March 2023 the position for the Core Revenue Resource Limit is reporting an in-year position of £0.19m surplus. NHS Borders required £11.7m from Scottish Government in order to achieve financial balance in 2022-23. Without this additional support, the Board's final outturn would have been an overspend of £11.51m (equivalent to 3.99% of the Revenue Resource Limit). The Board continues to be directly supported by Scottish Government to bring the Board back into sustainable financial balance; a repayment for brokerage received has not yet been agreed with Scottish Government.

Net Expenditure as detailed in the Summary of Core Revenue Resource Outturn on page 100 is reported at £317.89m of which £288.48m is funded by the Core Revenue Resource Limit (RRL) from Scottish Government, a further £14.46m relates to the Family Health Services non discretionary allocation and a total of £6.31m as Non core expenditure. The consolidation of the Boards Endowment Fund of a net surplus of £0.020m is also reported within the overall Net Expenditure figure.

The Core Capital Resource Limit is breakeven.

During 2020/21 and 2021/22 COVID-19 expenditure was reported separately due to the scale of impact on the Board's overall financial performance and the arrangements in place for support, with expenditure reimbursed at cost through additional Scottish Government allocation, and further support available on a non-recurrent basis to address non-delivery of savings. From April 2022, Scottish Government advised Boards that in year management of COVID-19 expenditure would revert to normal management arrangements, with funds allocated to Boards in line with SG policy commitments and Board's reporting expenditure within their core position. Support to savings delivery was ceased from March 2022. The total funds made available to NHS Borders in 2022/23 was £4.06m against which there was a reported shortfall of £0.52m.

Financing of COVID-19 expenditure was managed on a whole system basis across Health & Social Care, and Scottish Government made adjustment to IJB reserves via NHS Board RRLs in order to enact these arrangements.

Scottish Government support to COVID-19 expenditure 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 £2.09m 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.

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 2022/23 Annual Accounts of NHS NSS. The total value of expenditure is £0.37m of which £0.27m 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.

NHS Borders delivered £2.37m of recurring savings during 2022/23 with a further £1.05m delivered on a non-recurrent basis through projects and initiatives progressed by the Board's Business Units. A total of £6.6m is reported as non recurring savings delivered corporately.

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

The main financial statements disclose the NHS Borders' financial position alongside that of the group which is the consolidation of NHS Borders and 'The Difference'. The Charity recorded a net surplus to funds of £0.02m with income received totalling £0.71m and expenditure of £0.69m. 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 2022/23 to the Integration Joint Board, the financial details of which are noted in the following table:

<b>Provision of Resources</b>	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Delegated Services	125,024	115,848
Social Care Fund	7,888	7,733
Integrated Care Fund	2,270	3,717
IJB use of reserves to financial outturn	3,521	-
Health Board contribution to financial outturn	1,942	4,718
Scottish Government COVID-19 Personal Protective Equipment & Testing Kits	266	2,877
Scottish Government Ring Fenced Allocations	8,773	25,546
<b>Sub-total Provision of Resources</b>	<b>149,684</b>	<b>160,439</b>
IJB Set Aside Budgets	29,030	27,450
<b>Total Provision of Resources</b>	<b>178,714</b>	<b>187,889</b>

The IJB recorded a breakeven position for financial year 2022/23 on commissioned services from NHS Borders following an additional contribution of funding totalling £1.94m. As part of the Investment in Associates and Joint Arrangements (IAS 28) the NHS proportion (50%) of the IJB year end outturn deficit and equity has been included in this report at £8.85m and £4.45m respectively. The 50% NHS share of the IJB outturn deficit has been reported in the Board's Accounts in Note 3 as £169.86m, income as detailed in the above Provision of Resources table is reported on Note 4 of these accounts.

The Board agreed an uplift of 2% to the recurring resources provided to the IJB for delegated functions in 2022/23. 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.



The Health & Social Care Partnership reported a £5.46m deficit in respect of health delegated functions in 2022/23. In order to achieve its statutory requirement to deliver a breakeven position the IJB released £3.52m from its reserves and a further contribution of £1.94m was required from NHS Borders. The Scottish Borders Scheme of Integration sets out the financial arrangements applicable to the budget of the IJB. Any contribution required from the partners in order to meet the IJBs statutory duty of breakeven is expected to be repayable. At this stage no agreement has been made in relation to specific terms of repayment relating to the support provided to the IJB by NHS Borders.

Expenditure related to the COVID-19 pandemic was initially financed through IJB reserves ring-fenced for this purpose. An adjustment was made to NHS Board RRL to retract IJB reserves balances related to COVID-19 in line with the Scottish Government's wider approach to the collective management of pandemic expenditure. Additional allocations have then been made to ensure that the costs incurred by the IJB are fully funded. Expenditure in the HSCP totalled £2.15m, of which £2.09m was in relation to Social Care expenditure.

The following table summarises the impact of these transactions on the IJB:

	£000s	£000s
<b>COVID-19 Expenditure (HSCP including Social Care)</b>		<b>2,147</b>
IJB Reserves carried forward at March 2022	11,048	
Less: SG clawback (based on estimated spend)	(9,386)	
<b>Net Amount funded from Reserves</b>	<b>1,662</b>	
RRL Adjustment (Mar-23)	488	
<b>Total Funding</b>		<b>2,150</b>
<b>Net Surplus/(Deficit)</b>		<b>3</b>

IJB expenditure is fully funded in year. There is a net reduction to funds available to the IJB of £8.90m being the amount clawed back by Scottish Government less the subsequent RRL adjustment. There is no impact on the Health Board's performance arising from these transactions.

The Board has utilised the agreed Partnership Scheme of Integration to enable resources to be carried forward for use in 2023/24. The overall balance held in IJB reserves has reduced significantly at March 2023, with the main driver of this reduction being in relation to the adjustment to COVID-19 ring-fenced funds.

The Delegated Resources and the Commissioned Services are disclosed within Note 4 – Operating Income and Note 3 – Operating Expenses of this report.

The Scottish Borders Integration Joint Board 2022/23 annual accounts will be available from the Scottish Borders Council website [www.scotborders.gov.uk](http://www.scotborders.gov.uk)

## Capital Investment

The Board has reported a total capital spend in 2022/23 of £4.02m achieving the financial target of breakeven against the Capital Resource Limit (CRL).

The capital programme during 2022/23 reported on the completion of the Forensic Medical Examination Suite and the commencement of works on the Endoscopy, CT Scanner and Mammography projects. These projects, which have been in the plan for a number of years

and were impacted by Covid19, are scheduled for completion in 2023/24 and resources from the 2022/23 year plan have been profiled to align to the construction programmes for each project. This position has been supported by Scottish Government.

The Board received a 'formula' based allocation of NHS Scotland capital funding totalling £2.48m for 2022/23, from which prioritised areas of spend included backlog and rolling replacement requirements by the Estates and Facilities Directorate (£0.88m), medical equipment (£0.09m) and rolling replacement items of IM&T (£0.09m). Investment to reduce the level of backlog maintenance included specifically areas of roofing repairs, electrical services, external building fabric and boilers and heating equipment. Additional capital resources were allocated to NHS Borders by the National Equipping Board which enabled the replacement of decontamination washers in Endoscopy (£0.65m), patient monitoring equipment (£0.38m) and gastroscopes and patient transfer trolleys.

The contractual commitment to a replacement Laboratory Information Management System has been reported as an asset under construction for 2022/23 (£.61m) as the Go Live date for this software system is noted as October 2023. A level of project management resource and resources to cover the remaining contractual payment have been profiled to 2023/24 to cover the costs of the delay of this project from its earlier Go Live date of 31<sup>st</sup> March 2023.

The Board continued with its multi-year Information Management & Technology (IM&T) Digital Portfolio Programme during 2022/23. The programme 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).

## 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 non public sector invoices paid by the Board.

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:

	2022/23	Volumes	2021/22	Volumes
Average period of credit taken	18 days		19 days	
- Total Number of Invoices paid		44,507		41,240
- Total value of invoices paid		£68.0m		£69.2m
Percentage of invoices paid within 30 days:				
- by volume	84%	37,525	86%	35,664
- by value	81%	£55.2m	87%	£60.3m
Percentage of invoices paid within 10 days:				
- by volume	70%	31,429	69%	28,220
- by value	64%	£43.3m	73%	£50.3m

## Provisions and Liabilities

The following provisions and liabilities are included in the Board's 2022/23 Annual Accounts:

	2022/23	2021/22	Notes
Provision for bad and doubtful debts	£0.67m	£1.01m	Debt follow up process paused from Covid19 now business as usual
Trade and other payables (payable within 1 yr.)	£73.50m	£81.28m	Other public Sector bodies (decrease of £17m) resulting from the reduction in the level of IJB ring fenced funds Additional payables (increase by £8m) resulting from inter NHS Service Level Agreements from late settlement of the 2022/23 Pay Award for Agenda for Change Staff and an increase in the accrual for outstanding Annual Leave as detailed in the following point.
Accrual for outstanding Annual Leave (included in Trade and Other payables within 1 yr balances above)	£6.97m	£5.09m	Continued service pressures has necessitated approval of increased carry forward of leave into 2023/24
Provision for Scottish Government Pay Terms and Conditions.	£1.40m	£2.97m	Reviewed provision to reflect implementation of automatically calculated payment as if at work enhancements
Clinical & Medical Legal Claims	£1.28m	£1.72m	Anticipated claims in 2021/22 not being progressed.
Participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	£12.13m	£11.13m	Volume of claims arising across NHSS during 2022/23.
Pensions and similar obligations	£1.27m	£1.38m	Provision utilised in year, no additional obligations as Government Policy no longer permits the enhancement to pension. Any difference year on year results from the application of a the HM Treasury discount factor to reflect time value of the provision over its remaining estimated life.

## Counter Fraud Services

NHS Borders has a zero tolerance for fraud, bribery or corruption. Staff are updated regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness initiatives were

progressed during the year including targeted awareness in relation to Once for Scotland policies.

NHS Borders has robust procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e. Standards of Business Conduct, Standing Orders, and Standing Financial Instructions), financial procedures, systems of internal control and risk assessment and not least a comprehensive counter fraud policy and action plan.

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) is aligned to policy as agreed by Scottish Government.

## **Proactive Initiatives**

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

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

Implementation of the new Counter Fraud Standards including an annual assessment has been completed by NHS Scotland. The details of the Board's assessment responses has been included in the Annual Fraud Report submitted to the Audit Committee by the Counter Fraud Champion (Andrew Bone, Director of Finance).

## 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 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.

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

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

You can read the first Scottish Borders Health & Social Care Partnership Integrated Scottish Workforce Plan here:

[Scottish Borders Health and Social Care Partnership \(HSCP\) Workforce Plan 2022-25 is published here.](#)

### Public Engagement

This year has seen a huge amount of work either underway or completed that has received input from the public engagement function. Projects span the whole of the health and social care landscape and include collaborative working with our Third Sector partners. This ensures that NHS Borders stay committed to improving the ways individual people, and communities of people, can be involved in decision-making that affects them.

#### Public Engagement Pillar

The Public Engagement Pillar is a pillar of work within NHS Borders Quality Management System (QMS). Membership consists of NHS Borders staff, Public Members and representatives from the Third and Independent Sectors. The group set out the following clear aim and objective for public engagement;

#### ***Our Aim***

To deliver person centred decision making by working with people who have experienced our services, the wider public and our partners

#### ***Our Objective***

To ensure the experiences of patients, service users and the public are central to the development and delivery of services through a constant cycle of feedback, evaluation and involvement in service design and change.

Work is currently underway to agree the priorities for 2023/24 and a plan will set out the actions, outputs, and measures of the pillar with revised stakeholder coalition membership agreed.

### **Involving People Framework**

A replacement for the Public Involvement Strategy is in progress. This is being referred to as our 'Involving People Framework.' This guidance sets out the responsibilities NHS Borders has, to undertake community engagement when services are being planned, or changes to services are being reviewed; and supports them to involve people meaningfully.

To help raise awareness of the requirement for public engagement and to highlight our aims and objectives an Involving People presentation was developed and shared with colleagues at various groups and committees. This highlighted the need for services to consider during the planning process the need for engagement and when to involve the public engagement team using the simple principles below:

- What (we are doing)
- Why (we are doing it)
- Who (is involved)
- When (it is happening)
- Where (can people find out more / get involved etc)

### **Health and Social Care Partnership Strategic Framework 2023/26**

One of our main focused areas for engagement in 2022/23 saw the development of the Health and Social Care Partnership Strategic Framework which covers the 3 year period from 2023/24 to 2025/26. The framework has been developed to improve the outcomes of our communities by taking a needs-based approach to prioritise the areas that are seen as having the biggest impacts on the health and wellbeing outcomes of Borderers. The framework has been developed by:

- Considering the social determinants of health
- Considering current and future challenges
- Reviewing our performance against the national health and wellbeing outcomes
- Understand the public health needs of our population which have been published in the 'Needs of our Communities Report'.
- Engaging with and listening to our communities to understand their expressed needs, which have been published in the 'We have listened report'.

The Strategic Framework for the Health and Social Care Partnership was presented to the Integration Joint Board for approval in March 2023. A second phase of engagement with communities was carried out during February and March 2023. Phase 2 was much more about communications, updating and involvement exercise to continue to build on the foundations and relationships for co-production to support us at the service planning stage.

The Public Involvement team continue to participate in a range of collaborative public involvement meetings; and regularly attend workshops to develop and widen their public engagement knowledge. This allows them to effectively support services to deliver their statutory duties for engagement and public involvement.



We continue to increase our public involvement network through new public members, public representatives from our Third Sector partners as well as patients and users of our services. This is in addition to our Hear from You network. We continually strive to increase the number of participants going forward and have updated our [Get Involved](#) webpages where you can find out more about public engagement and how you can apply to participate in future NHS Borders activity. We continue to involve our Public Members in decision making and co-producing their Public Involvement Partnership Group meetings.

This year has seen our approach to public engagement continue to take place in most cases virtually through the use of MS Teams; although we are looking to reintroduce the in-person Public Involvement Partnership Group meetings throughout Spring and Summer 2023. Using the virtual method of public involvement has been really successful and allowed us to increase our public engagement activity within the organisation and with our external networks of partners and organisations. Alternative arrangements to those people who do not have access to electronic devices or do not have the ability to use them continue to be offered.

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

## Annual Operational Plan

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) and subsequently Annual Delivery Plans (ADP). Following on from the 2021/22 plan (RMP4), NHS Borders agreed a set of trajectories in 2022/23 describing planned activity and performance against key measures, as outlined in the Performance Scorecard.

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

A summary of the Board's performance KPIs at March 2023 is included on the following pages.

## **Summary of Performance against the Annual Operational Plan targets and local Key Performance Indicators (KPI) as at 31st March 2023.**

### **Cancer Performance**

The performance reported below covers the period to end February 2023, as reported to the Board in March 2023. There is no significant change in performance from March 2022. Cancer standards were fully achieved in February, however the trend chart indicates that performance during 2022/23 was subject to variation.

This variation occurred due to disruption to diagnostic capacity and availability of inpatient beds. Performance is measured against national standards and there is no separate local KPI.

### **New Outpatients**

As at end March 2023 there were 7198 patients waiting greater than the national access standard (12 weeks) for first appointment. This is an increase of 2021 from the position reported at March 2022 (5177). As at end March 2023 it is estimated that the Board has remobilised outpatient capacity at 70% of pre-pandemic levels, with vacancies in key specialist posts resulting in significant shortage in a small number of specialties.

The Board's AOP sets out an in year performance trajectory for the number of patients waiting in excess of 52 weeks. As at March 2023 there were 1622 patients waiting greater than one year for first outpatient appointment against a target of 1325.

### **Inpatients**

As at end March 2023 there were 1938 patients waiting greater than the national treatment standard (12 weeks). This is an increase of 314 from the position reported at March 2022 (1624). Access to inpatient treatment continues to be significantly affected by the availability of hospital beds as a result of pressures on unscheduled care performance and the number of delayed discharges.

The Board's AOP sets out an in year performance trajectory for the number of patients waiting in excess of 104 weeks (two years). As at March 2023 there were 130 patients against a target of 69.

### **Treatment Time Guarantee & Referral to Treatment**

The Board continues to monitor performance against the national treatment time guarantee and referral to treatment standard. Performance against these standards is measured on the basis of completed 'journeys' and therefore excludes the impact of long waits not completed at the time of reporting.

In March 2023 there were 156 patients who had not been treated within 12 weeks. This is a reduction of 44 on the figure reported at March 2022 (200).

In March 2023 64.8% of patients were treated within 18 weeks of referral against the 90% standard. This is a slight reduction on the equivalent performance at March 2022 (65.6%).

### **Diagnostic Waiting Times**

Against the 8 key tests measured, there were 865 patients waiting greater than the national standard (six weeks) at March 2023. This is an increase of 219 on the position reported at March 2022 (646).

There is no separate AOP trajectory for diagnostic tests.

### **Mental Health Services**

The national standards for Child & Adolescent Mental Health Services (CAMHS) and Psychological Therapies require that 90% of patients are treated within 18 weeks of referral. Performance in both of these areas is significantly impacted by availability of workforce, with continued vacancies across Mental Health services in a number of key specialist roles. The Board is working closely with Scottish Government to address this position.

As at March 2023, CAMHS performance was 47.1%, a slight reduction from March 2022 (47.6%). Psychological therapies performance for the same period was 73.7%, an improvement on the March 2022 performance (65.6%).

### **Drugs & Alcohol**

Performance is measured against the 3 week national referral to treatment standard. The Board continues to meet this standard in full (100% performance).

### **A&E 4 hour standard**

Performance against the four hour emergency access standard (95%) was 58.8% in March 2023, a further deterioration against the March 2022 performance of 62%. The position continues to reflect reduced performance first reported in summer 2021.

This performance is driven by a number of factors including: increased acuity, bed 'blockers' within medical assessment unit resulting in crowding in the Emergency Department, lack of hospital flow impacting on the ability to admit from A&E and resulting in overnight stays within the department, and continued staffing shortages within the department. An urgent & unscheduled care programme has been established which is leading on actions to address the issues underpinning poor performance.

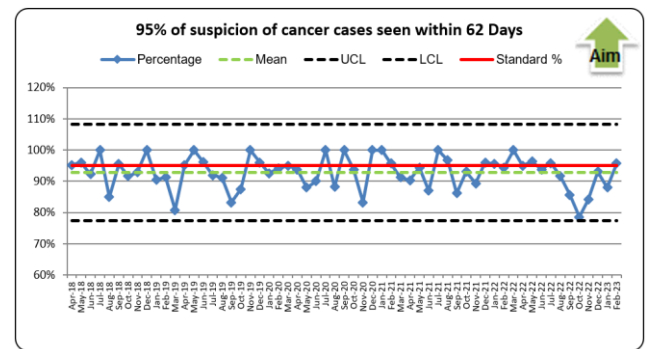
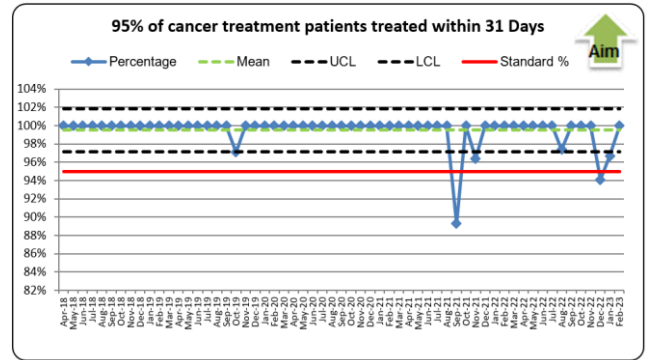
### **Delayed Discharges**

As at March 2023 there were 41 patients waiting greater than 72 hours for hospital discharge. This is an improvement of 21 on the equivalent number at March 2022 (62). The overall number of bed days attributable to delayed discharges continues to present a significant challenge to hospital flow.

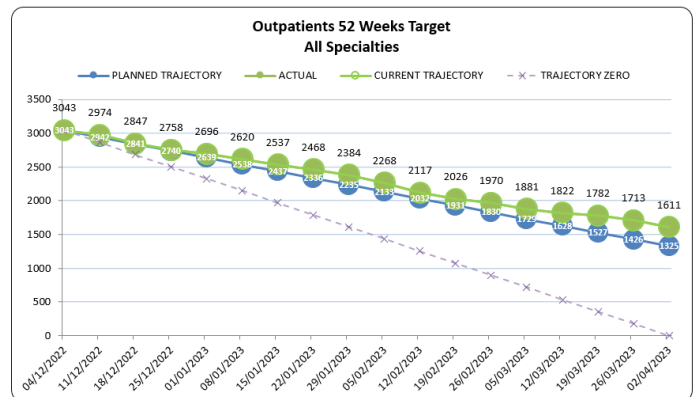
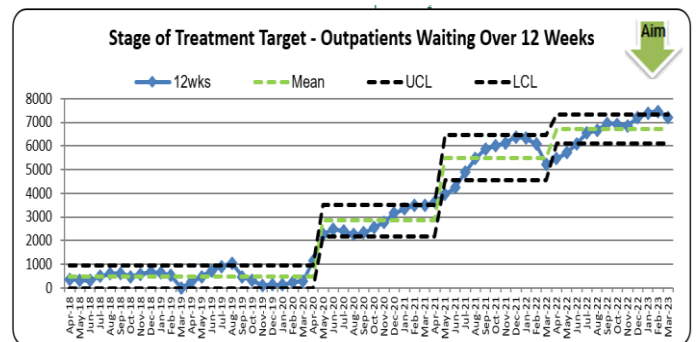
**Performance Scorecard, outlining performance against the Annual Operational Plan targets and local Key Performance Indicators (KPI) as at 31st March 2023.**

Cancer Waiting Times	February 2023 *
Percentage of people who started treatment within 31 days of decision to treat (national standard; target = 95%)	100%
Percentage of people who started treatment within 62 days of referral of urgent suspicion (national standard; target = 95%)	95.7%

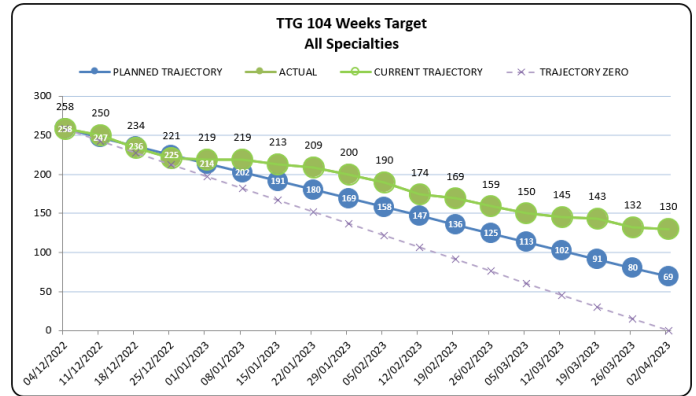
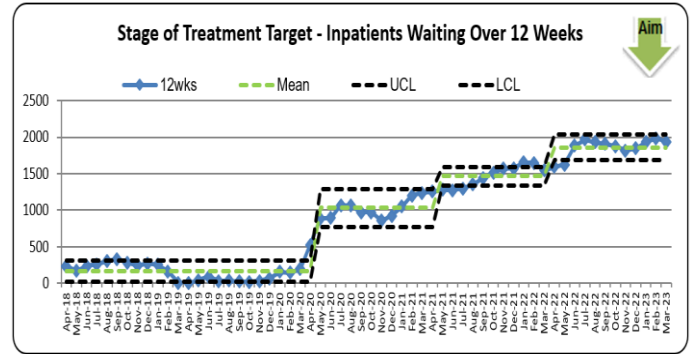
\* latest available data is February 2023



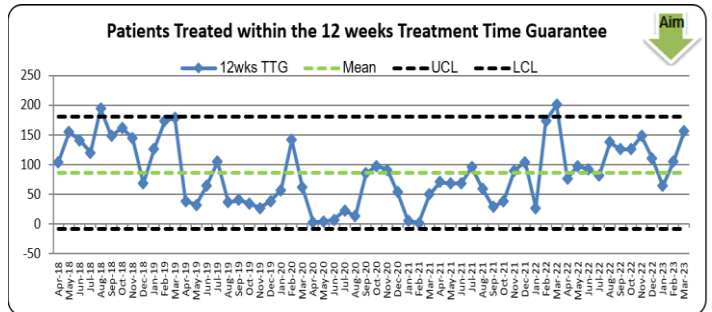
New Outpatient Waiting Times	March 2023
Number Waiting > 12 weeks	7198
Number Waiting > 52 weeks	1622



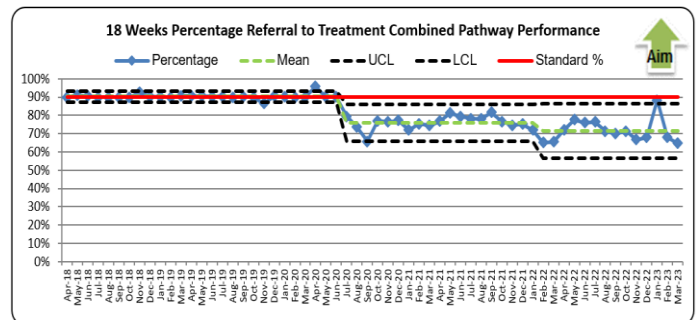
<b>New Inpatient Waiting Times</b>	<b>March 2023</b>
Number Waiting > 12 weeks	<b>1938</b>
Number Waiting > 104 weeks	<b>130</b>



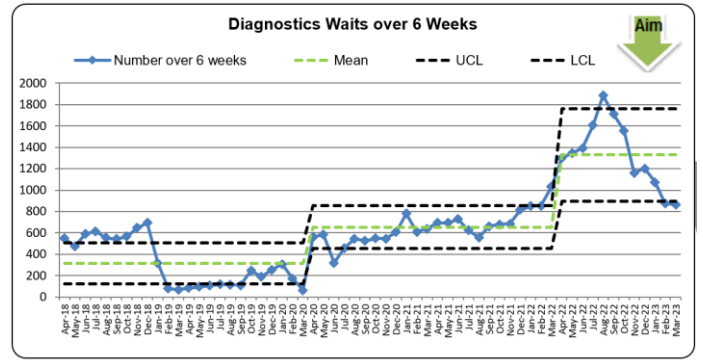
<b>Treatment Time Guarantee (Not treated within 84 days)</b>	<b>March 2023</b>
Number Waiting > 12 weeks	<b>156</b>



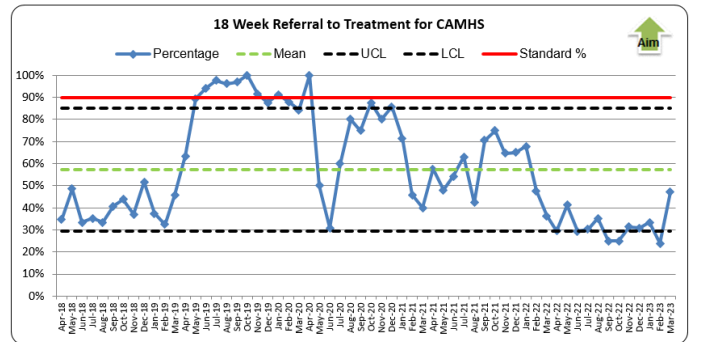
<b>Referral to Treatment (RTT)</b>	<b>March 2023</b>
% Treated within 18 weeks of referral	<b>64.8%</b>
Number waiting under 18 weeks	1682
Total Patients	2597



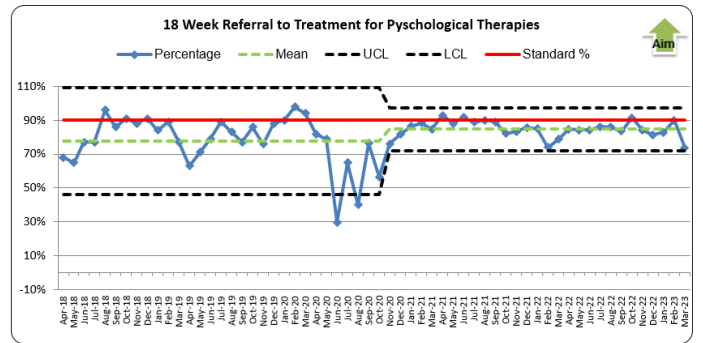
<b>Waiting Times for Diagnostics (8 key tests)</b>	<b>March 2023</b>
Number Waiting over 6 Weeks	<b>865</b>
Total Patients Waiting	2499



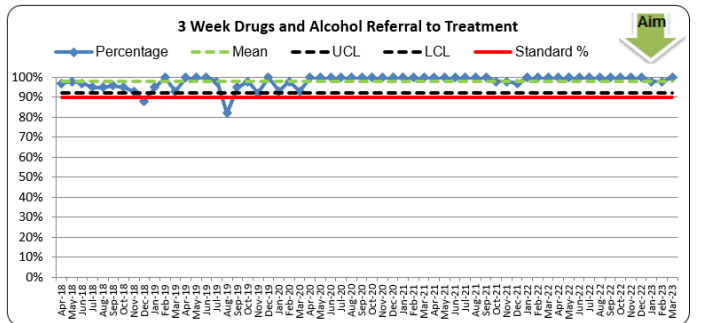
<b>CAMHS Referral to Treatment</b>	<b>March 2023</b>
% treated within 18 weeks of referral	<b>47.1%</b>



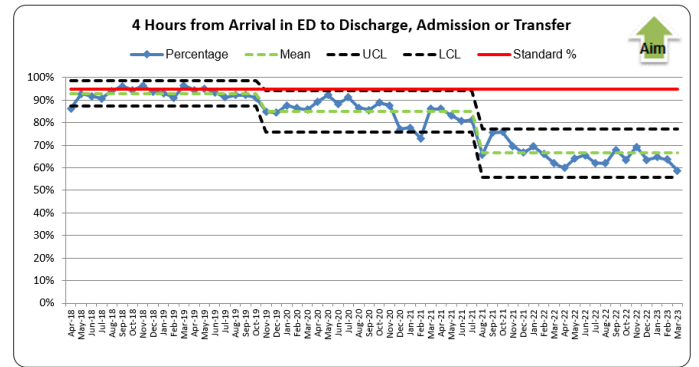
<b>Psychological Therapies Referral to Treatment</b>	<b>March 2023</b>
% treated within 18 weeks of referral	<b>73.7%</b>



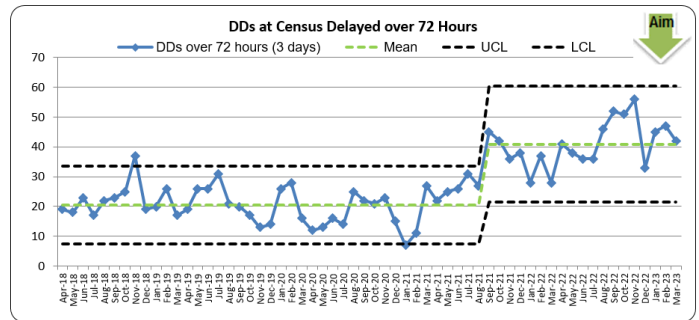
<b>Drugs &amp; Alcohol Referral to Treatment</b>	<b>March 2023</b>
% Treated within 3 weeks of referral	<b>100%</b>



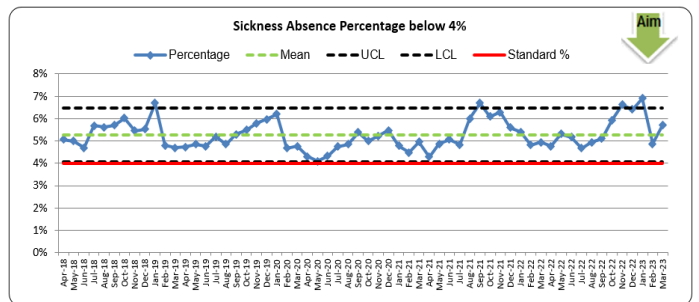
<b>A&amp;E 4 Hour Standard Patients discharged or transferred within 4 hours</b>	<b>March 2023</b>
% Discharged/Transferred > 4 Hours	<b>58.8%</b>
Number Discharged / Transferred > 4 Hours	1071
Total Patients Seen	2599



<b>Delayed Discharges</b>	<b>March 2023</b>
Patients delayed over 72 hours	<b>41</b>
Delayed Bed Days	1576



<b>Sickness Absence Rate (Target – 4%)</b>	<b>March 2023</b>
% Sickness Absence	<b>5.7%</b>



<b>Clostridium Difficile (C-diff)</b>	<b>Qtr 4 2022</b>
Max 32.0 per 100,000 equivalent occupied bed days.	<b>3.0</b>

<b>SAB Infections</b>	<b>Qtr 4 2022</b>
Max 24.0 per 100,000 equivalent occupied bed days.	<b>21.3</b>



## 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>

In February 2023 the Health Board published its first annual climate and sustainability report. This report describes the level of emissions currently reported against our estate, together with the actions we are taking in relation to adaptation and mitigation of climate change, and our wider duties in relation to biodiversity and sustainable development. You can access this report at the following link:

[annual-climate-and-sustainability-report-2021-22.pdf](#)

## Events after the end of the reporting period

Eight locations within the NHS Borders estate have been identified by an initial assessment undertaken nationally to identify where Reinforced Autoclaved Aerated Concrete (RAAC) may have been used in construction. The use of RAAC may have potential risks. NHS Scotland is in the process of commissioning a programme of surveys to be delivered by structural engineers with expertise in this area, the programme will identify whether RAAC is present within a property, an assessment of its condition and the resultant level of risk and actions which will be required to mitigate any identified risks. The Board is following relevant guidance and where necessary is seeking further advice. At the date of this report the Board has not quantified a contingent liability relating to this issue as detailed surveys have not been completed.

Signed



Ralph Roberts  
Chief Executive and Accountable Officer

17 August 2023

## 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 have been authorised for issue by the Accountable Officer on 17<sup>th</sup> August 2023.

##### **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 Mr J Boyd, Audit Director, from Audit Scotland to undertake the audit of NHS Borders.

The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

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

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 were as follows:

##### **Non-Executive Members**

Mrs K Hamilton, Chair  
Mr J Ayling  
Mrs H Campbell  
Ms S Lam  
Mr J McLaren  
Mrs L O'Leary  
Cllr D Parker  
Mrs F Sandford  
Mr T Taylor  
Mrs A Wilson (to 31<sup>st</sup> July 2022)  
Dr K Buchan (from 1<sup>st</sup> August 2022)

## **Board Membership**

### **Executive Members**

Mr R Roberts, Chief Executive\*  
Mr A Bone, Director of Finance, Procurement, Estates & Facilities\*  
Mr G Clinkscale, Director of Acute Services  
Mrs S Horan, Director of Nursing, Midwifery & Allied Health Professionals  
Dr L McCallum, Medical Director \*  
Mrs J Smyth, Director of Planning & Performance  
Mr A Carter, Director of Workforce  
Dr T Patterson, Director of Public Health (to 31<sup>st</sup> August 2022)\*  
Dr S Bhatti, Director of Public Health (from 26<sup>th</sup> September 2022)\*  
Mr C Myers, Chief Officer Health & Social Care  
Mrs L Jones, Director of Quality & Improvement (from 1<sup>st</sup> June 2022)

\* Are all Scottish Government appointed Executive Directors.

The Board members' responsibilities in relation to the accounts are set out in section B 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. The register is updated on an annual basis or as a result of a specific amendment from a Board Member.

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.

### **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 18 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 2022/23 the Information Commissioner took enforcement action against several organisations and individual staff members in the UK for breaching data protection. No penalties were served against any Scottish Health organisation in the past 12 months, however, a reprimand was issued to NHS Highland.

## **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 2023 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.

## **b) The Statement of Accountable Officer's responsibilities**

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish 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 19th March 2019.

## 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 2023, 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

The temporary arrangements put into place during the pandemic have ceased with governance arrangements returning to business as normal. The COVID-19 risk register has been incorporated into the overall risk register.

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

### Quality and Sustainability Board

As part of a review of our decision making and governance structures, a Quality and Sustainability Board has been established to provide governance and oversight to the development of organisational strategies and programmes of work which support the implementation of these strategies. The membership of this group includes key senior clinical and managerial representatives and monitors progress towards the delivery of key programmes of work established on a whole system basis to support strategy implementation, including but not limited to: financial recovery, service reviews, efficiency and productivity.

### Governance Framework

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

### The Board

The Board met 10 times during the year 1 April 2022 to 31 March 2023 with 6 scheduled meetings, 1 extraordinary meeting and 3 private meetings. Meetings were held both via MS Teams, in person and as a hybrid to progress the business of the NHS Board. An invitation for public attendance is advertised on the NHS Borders website allowing attendance via the Teams platform or in person dependent on the meeting arrangements.

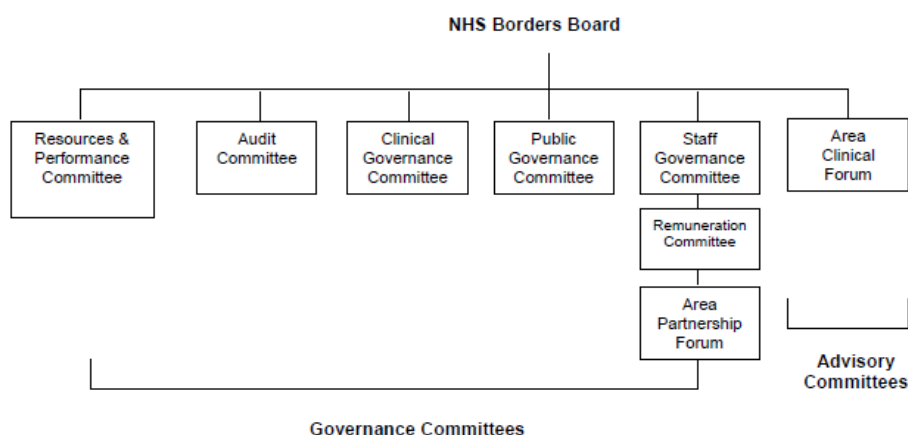
### Standing Committees

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 noted in the diagram below.



\* 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 the Board's standing committees is noted below:

#### **Clinical Governance Committee**

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



### **Resources and Performance Committee**

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

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

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

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

### **Audit Committee**

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

Following an initial review of the Blueprint for Good Governance, the Board agreed to rename the Audit Committee to the Audit and Risk Committee at its meeting on the 30<sup>th</sup> March 2023. The first meeting under the amended name will be held in June 2023.

### **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.

### **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 2022/23 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**

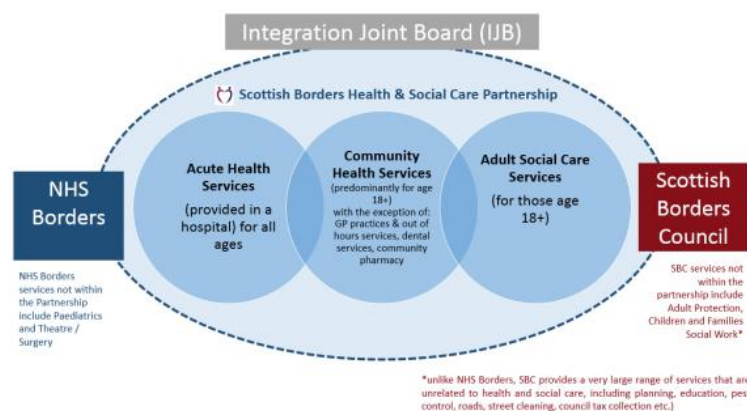
Corporate Governance arrangements in place within the Board to support the Accountable Officer are detailed below:

- 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 the organisational behaviour and always act with pride, humility and kindness. The following link provides access to the full report <http://www.nhsborders.scot.nhs.uk/corporate-information> .
- Patient safety is paramount within NHS Borders and our commitment to strive for excellence in patient safety and improve patient experience is reflected in the organisational objectives.
- During 2022/23 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 keeps the board up to date on issues. Members of the board have access to the NHS Scotland Board Development website <https://learn.nes.nhs.scot/17367/board-development>. There have been 5 sessions this year.

- 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.
- The standing committees, strategic and operational groups within the organisation are remitted to promote Best Value within NHS Borders thus ensure that all processes within the Board have in-built Best Value elements and aim to achieve:
  - Continuous improvement which will help ensure sustainable economic growth for the people of Scotland whilst maintaining an appropriate balance between quality and cost.
  - Realising economy, efficiency, effectiveness, and equal opportunities requirements and contributing to the achievement of sustainable development.
- NHS Borders is fully aware that the Duty of Best Value principles are about creating an effective organisational context from which the NHS Borders can deliver its key outcomes. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes, assurance and evidence can be obtained to demonstrate NHS Borders incorporates Best Value principles in everyday business.
- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorates (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. There has been a partial refresh in April 2023 and a full refresh is due to be undertaken this new financial year and will focus initially on the Scheme of Delegation and Standing Financial Instructions.
- 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 from our previous whistleblowing arrangements and the difference between a concern in the public interest and matters of personal grievance. Following Scottish Government approval, Ms S Lam, Non-Executive Director, was appointed NHS Borders Whistleblowing Champion. Ms Lam chairs a Whistleblowing Governance group. The Board has 14 confidential contacts to help interested parties understand the nature of any concerns they have and whether they fit the definition of whistleblowing. The current confidential contacts and their email addresses are detailed on the Human Resources microsite, follow the whistleblowing link.

- 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. The latest self-assessment request will be issued by the Scottish Government and take the form of an online survey. A date for the release of the self -assessment has not been determined.
- 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 wellbeing of individual research subjects. Outcomes from the research governance process are reported to the Clinical Boards and Operational Planning 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.



More information about the IJB and HSCP is also available in our [frequently asked questions](#).

- 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 – Separate Financial Statements, the Financial Statements' consolidate the Borders Health Board Endowment Fund (known as 'The Difference'). An unqualified audit opinion has been provided from the independently appointed auditors, Thomson Cooper, following the 2022/23 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.

### **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.

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.

### **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).

### **Risk Assessment**

NHS Scotland bodies are subject to the requirements of NHS Scotland Accounts Manual, which references the UK Financial Reporting Manual (FReM) and the Scottish Public Finance Manual (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 electronic risk management system is utilised by the Board for risk management, adverse event reporting, complaints and claims management.

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 the electronic risk management system, undertaking risk assessments, and managing and reporting adverse events.

The risk management function within NHS Borders has been subject to demand and capacity issues during 2022/23, and as such sits as a very high risk within the operational risk register. To alleviate some of the capacity pressures a number of core activities had to be paused. This included the auditing of the risk register, face to face training and reports presented at clinical boards and partnership forums. The introduction of a Risk Champion Network early in 2022/23 aimed to reduce this pressure within the risk management function, but due to whole system pressures has been unable to fully mitigate this demand on the service.

The level of resources available to support risk management will be reviewed early in 2023/24 and it is intended that any changes will be fully implemented by Quarter three with expectation that the Risk Champion network will be further strengthened to address the impact of wider system pressures on the risk management process.

Strengthened operational lines of reporting between topic specific groups, Clinical Boards and the Operational Planning 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.

A risk mitigation fund was created in 2022/23 to support non-recurrent, short term mitigations of risks identified as 'unacceptable' to the organisation. As part of accessing this fund a robust process is in place which brings risk management to the forefront of decision making when consideration is given to investments from this funding stream.

Risks outwith risk appetite are scrutinised and addressed at the Operational Planning Group. As part of this process the OPG can access the Risk Mitigation Fund to finance short term risk mitigation strategies. Information on these risks, and decisions made at OPG, are fed through to the Board Executive Team on a fortnightly basis. An escalation process is in place to highlight these risks for action at the appropriate level if required.

Very high and high operational risks are reported into the Operational Planning Group on a bi-annual basis and fed into the Clinical Governance Committee and Audit Committee. Strategic risks are reviewed bi-annually by the appropriate Governance Committee. The strategic risk register is owned by the Board Executive Team and individual risks assigned a director as risk owner.

The Risk Management Board was amalgamated into the Operational Planning Group in 2022/23 to reduce the number of meetings senior managers were to attend and to also give a wider scope of building risk management philosophies into a risk based approach to decision making in NHS Borders.

The Risk Management Annual Report has been replaced by quarterly reports which are fed into the Audit Committee each quarter to provide more up-to-date risk information. The Quarter 4 report is then fed through to the Health Board for end of year risk management update. Each quarterly 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. Progress has been made with strategy and policy objectives within 2022/23.

The draft Risk Management Quarter 4 report highlights areas where further improvement to the board's existing risk management approach is required. It is noted within this report that Risk Management Key Performance Indicator compliance has not been achieved for the second year.

In February 2023, internal audit performed a review of Occupational Health and Safety risks within NHS Borders. The report highlighted areas of improvement required. An action plan to address these recommendations is currently being compiled and will be fed into the Audit Committee for monitoring.

Resilience transferred from Public Health to Planning and Performance on the 1<sup>st</sup> July 2022. The Resilience Committee had paused and the Operational Planning Group is now the governance committee remitted to support the Chief Executive in the implementation of their duties in all areas of resilience planning within NHS Borders. Resilience has commenced a new self-assessment as a baseline for Planning and Performance to integrate into services' workplans during 2023/24. The self-assessment was submitted to the Operational Planning Group in June 2023.



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.

### **COVID-19 Pandemic**

During 2022/23 the Covid-19 pandemic continued to have a significant impact on how healthcare services are delivered both globally and locally, here in Scotland and within the Scottish Borders.

A level of activity has been maintained to ensure emergency, cancer and patients deemed as clinically urgent were seen and treated. However, there has been a system wide impact on elective care, with services only operational as pressures and workforce have allowed.

The Board has been working towards the agreed trajectories in the Remobilisation Plan (RMP4) across many areas, however, the 'Omicron' wave of Covid-19 in early 2022 and the system pressure of Winter 2022/23 resulted in increased waiting lists and our ability to deliver services has remained constrained. Our performance against many of our key performance indicators (KPIs) continues to sit below the level set within national standards and targets.

### **2022/23 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.

### **Cyber Essentials**

The Scottish Government had previously required all Public Authorities to gain Cyber Essentials certification. There was overlap with this requirement and the subsequent introduction of the Network and Information Systems Regulations (2018) (NIS), which covered a detailed comprehensive set of security standards including all the requirements for Cyber Essentials, as a result of this the Scottish Government has during 2022/23 removed the Cyber Essential requirement from NHS Boards.

The programme for monitoring compliance for NHS Boards in relation to the NIS regulations consisted of annual audits over a 3 year audit cycle. 2022 saw the end of the 2020-22 cycles, and over the course of the audit period, NHS Borders compliance under NIS has increased from 38% to 66%, while its cyber risk profile has fallen from 46% to 12%. In addition the audit showed that NHS Borders had demonstrated significant improvement in all 17 of the NIS categories and had met 2 of the 3 statutory NIS KPIs ahead of the 2023 year-end deadline.

The findings from the audit have been assessed and a project plan and action plan are in the process of being developed to take account of the new format and schedules for the audits.

### **Impact of Russia-Ukraine War**

Following Russia's invasion of Ukraine, Cyber Security measures were heightened due to the increased risk of Cyber-attacks. While there was no direct intelligence to suggest the NHS was under Cyber threat, there are still concerns that Cyber-attacks could be utilised in retaliation against UK and western sanctions.

Due to the increased threat, action was taken to protect the NHS both nationally and locally, with NHS Borders implementing their Major Incident (MI-Lite) plan to ensure that recommended actions were implemented. NHS Borders also implemented additional penetration testing of its external and internal networks to provide confidence in its Cyber defences and these have continued during the last year. Regular communications have also been sent to staff warning of the danger of phishing email campaigns.

Throughout this last year, NHS Borders has remained vigilant to threats emanating from Russian linked threat actors. To date there has been no notable increase in threat activity from these sources and no cyber security breaches. NHS Borders also continues to be an active member of CiSP, NCSC early warning and NSS forums in order to receive regular updates.

Electricity and Gas prices, which were historically high even before the invasion of Ukraine have been, and will continue to be 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-sectorial 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

The last three years have been most challenging for the staff of NHS Borders and our partners in social care/social work locally have experienced similar workforce challenges too. The Health Board is learning to live with ongoing outbreaks of COVID-19 which can suddenly leave areas short of staff and disrupt service delivery but colleagues are working hard to get back to pre-COVID levels of clinical activity. In 2022/23, in-person training has returned for things like effective attendance management, building resilience, manual handling and prevention & management of violence & aggression. The Staff Wellbeing Group has continued to function throughout the year and advanced initiatives such as new soft seating in our acute hospital dining room where staff can rest comfortably through the night, planning for a staff wellbeing week later this year, forming a sub-group to look at support for those going through menopause and the provision of free menstrual products across our estate. Occupational Health is exploring further collaboration with Clinical Psychology to help workers whose job it is to go into action when there are incidents of serious trauma and the resultant care work is taxing and emotionally draining. The Health & Safety Department has put around 20 middle/senior managers through St Andrews University's NEBOSH Certificate in Health & Safety Leadership Excellence and this is prompting a 're-boot' of our approach to Health & Safety; further a positive H&S culture.

### Training

The Health Board's Training, Education & Development (TED) Board was properly established in 2022. The formation of this very representative group (most areas and trades unions are present) has certainly raised the profile and importance of statutory and mandatory training, and is keeping a sharp focus on compliance levels by work area. The Board holds funds for new training initiatives and has developed what it hopes is a fair process for reviewing all requests for investment.

### Recruitment & Workforce Planning

NHS Borders entered into the East Region Recruitment Service in 2022, operated by NHS Lothian. The transition has not been without its challenges and recruitment activity levels have remained quite high. The real success story of 2022/23 has been an in-house initiative to attract and recruit up to 49 international recruits in nursing, physiotherapy, radiography, pharmacy and medicine. This has been carried out in conjunction with 1-2 specialised recruitment agencies and in the absence of an adequate local supply of professionals, has proved invaluable. Work is ongoing to develop a social media recruitment profile, to attract interest to working for this health board. In year, NHS Borders delivered the 2022-2025 Integrated Workforce Plan with its partners and its associated 'sister' document for NHS Borders Acute Services which do not come under the auspices of the Integrated Joint Board.

### Equality, Diversity & Inclusion

NHS Borders continues to operate the Equality, Diversity and Inclusion (EDI) in Employment Group. This group has a Terms of Reference and Action Plan and has already been involved in issuing 600 Pride Badges to staff who have pledged to be allies of the LGBT+ community, has advised the health board on matters of international recruitment and has contributed to the health board's Equality Mainstreaming Report. The group is also involved in celebrating significant events/festivals throughout the year e.g. Ramadan, Diwali, Holocaust Memorial Day, and 2022 saw the establishment of the local ethnic minority forum and saw plans get underway to establish a forum for staff with disabilities.

### **National Single Instance eFinancials v6 Upgrade**

An upgrade from NSI Finance System eFinancials version 5 to eFinancials version 6, was necessary as many of the required technology products underpinning the existing solution set were reaching their end of life.

Issues in the implementation of the upgrade effected system performance and a lessons learned paper is to be shared with the Audit Committee. Known risks had been captured on the risk register as a result of previous upgrades. To deal with the performance issues, our finance team arranged running of reports and posting of journals outside normal business hours. Going forward all stakeholders must ensure that they are familiar with lessons learnt from previous projects and they fully consider these when any future projects are initiated. Board Leads must ensure internal communications and activities, such as User Acceptance Testing, are understood and shared/coordinated with all stakeholders within their Board.

### **Internal Audit Opinion**

*The Chief Internal Auditor Opinion for 2022/23 is noted as:-*

"My overall opinion for the period 1 April 2022 to 31<sup>st</sup> March 2023 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".

Eight internal audit reviews have been completed in 2022/23 of which:

- Two were issued with No Assurance
- Six were issued with Partial Assurance with improvement required

The two “No Assurance” reports were issued for:

- Property Transaction Monitoring
- Compliance with Scottish Health Technical Memorandum 03-01 Part B – Ventilation Systems

These are discrete areas where failures in control will not significantly impact other areas of business and do not demonstrate systemic failures which could be present across the Board. These areas were reviewed as directed by management as areas of known risk. On this basis and taking a view across the whole programme of work, internal audit have not curtailed the overall opinion to no assurance for these matters.

The Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2022/23, 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:

2022/23 Internal Audit – Implementation of recommendations to address identified high risks

There remains one “high” rated risk in relation to a Mandatory and Statutory Training audit undertaken in 2021/22. 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 developed 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 (RIDDDOR) events not being reported within the defined timescale as per Health and Safety Executive national guidance.

In March 2023, internal audit finalised the Health Inequalities audit which provided partial assurance with improvement required. There are two “high” rated risks relating to Health Inequalities strategies, plans and targets not being in place or regularly reviewed to ensure NHS Borders maximise the impact on reducing health inequalities.

In May 2023, internal audit finalised the Health and Safety – Risk Management audit which provided partial assurance with improvement required. There were two “high” rated risks in relation to risk assessments not carried out at every site in line with Health and Safety Executive requirements resulting in unidentified risks to NHS Borders staff.

In May 2023, internal audit finalised the Property Transaction Monitoring audit which provided no assurance. Four “high” risks were reported which indicated that in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management. Issues identified included a lack of understanding of the Property Transaction Monitoring Process and lack of clear accountability for compliance with relevant guidance. Recommendations

have been identified to mitigate the weaknesses listed above and actions are expected to be fully implemented by end June 2023. Further details are disclosed below.

In June 2023, the Ventilation Systems audit report was finalised which provided no assurance. The Scottish Health Technical Memorandum 03-01 Part B provides comprehensive advice and guidance to healthcare management, design engineers, estates managers and operation managers on the statutory and legal requirements, design implications, maintenance and operation of general and specialised ventilation in all types of healthcare premises. The audit identified 5 high-risk areas that require attention. Further details are disclosed below.

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 2023/24.

### **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.

#### Estates and Facilities – Property Transaction Monitoring

NHS bodies are required to conduct property transactions in accordance with guidance in the NHS Scotland Property Transactions Handbook (the Handbook) maintained by the Scottish Government Health and Social Care Directorate (SGHSCD). The Handbook states that an annual internal audit review of property transactions should be carried out at each NHS body and the results reported to the SGHSCD. This review should include all acquisitions and disposals during the previous financial year, whether by purchase, lease or exchange.

The manual had not been complied with for transactions that occurred during 2021/22 and 2022/23. This meant internal audit was unable to obtain appropriate documentation to support review of the transactions resulting in a grade of C, a serious error of judgement has occurred in the handling of the transaction. This grading is prescribed within the Property Transaction Handbook.

The Audit and Risk committee noted context provided by management in relation to these transactions which were undertaken on the basis of urgent business needs and were considered to be of low materiality.

Senior management have agreed to implement all the recommendations to mitigate the risks.

#### Estates and Facilities – Ventilation Systems

NHS Borders management is responsible for ensuring that inspection, service and maintenance activities are carried out safely and to the correct specifications. During the review the following high-risk areas were identified that require attention.

- Only hard copies of all ventilation plans are in place with a master asset copy from the hospital currently being built.
- NHS Borders do not have an annual inspection schedule in place for all critical ventilation systems.
- Permits to work, risk assessments and method statements are not completed adequately.

- Actions arising from the Authorising Engineers annual audits of ventilation systems are not subject to ongoing monitoring and review by the Estates Department and Ventilation Safety Group.
- Retention and storage of information and records for all ventilation systems needs improvement to ensure that information and records are held at least five years.

Senior management have agreed to implement all the recommendations to mitigate the risks.

#### Estates and Facilities – Backlog Maintenance

The Board spends c.£3m annually on property maintenance. The estimated cost of unaddressed backlog maintenance against NHS Borders property and assets is £21.5m, of which £3.6m (17%) is identified as high risk. Backlog maintenance is an assessment of the expenditure required to maintain the condition of property and other assets to an acceptable level, including planned replacement of assets based on their expected useful life. This estimate is informed by building condition surveys conducted on a rolling five year programme. The Board intends to develop a revised long term property strategy during 2023/24.

#### Estates and Facilities – Risk Management

In March 2023 a paper was presented to the Clinical Governance Committee which outlined weaknesses in the Board's approach to risk management within its Estate, and outlined actions in place to improve this situation. A key issue highlighted in the report is that – as a result of capacity challenges within the Estates team – the Statutory Compliance & Risk Audit Tool (SCART) is not maintained. The use of this tool is mandated in the Scottish Government policy HDL (2010) 35.

The SCART system provides a professional tool aligned to engineering and building standards relevant to the healthcare environment. Without this tool in place there is a risk that individual issues presenting risk within the built environment remain unaddressed. Interim arrangements are in place to progress risk assessments using existing risk management systems in advance of SCART implementation. At present, risks arising in relation to the condition of the Estate are highlighted within the Estates Asset Management System (EAMS) and specific risks reported using the Health Board's risk management system (DATIX).

The Health Board has approved investment to establish a compliance and risk management team within the Estates department and implementation of SCART is expected to be undertaken during 2023/24.

#### 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.

A financial plan for the period April 2023 to March 2026 has been prepared in line with the *Medium Term Financial Framework* set out by Scottish Government. This identifies that the Health Board does not presently have actions in place to deliver a breakeven position over three years, in line with the requirement of the framework.

Actions to develop the Board's financial recovery plan are described within the 'financial sustainability' section of the Performance Report.

## Workforce

NHS Borders' clinical performance continues to be adversely affected by the supply and provision of key professionals and ancillary staff. During 2022/23 the Health Board has operated outside of its planned 'safe' staffing levels on a number of occasions in order to ensure continuity of care within clinical environments. This situation has arisen mainly in relation to registered nurse staffing levels within the Borders General Hospital inpatient wards, and in respect of medical staffing levels out of normal working hours.

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.

The Board has actions in place to mitigate these risks where possible and significant progress has been made towards nurse recruitment, including overseas recruitment, during the course of the past twelve months. There remain a number of clinical specialties where individual medical vacancies mean that service delivery is affected should locum cover not be available.

The implementation of the Health & Care (staffing) Act is managed through a local implementation group chaired by the Director of Nursing and AHPs.

## Operational Performance

NHS Borders continues to face significant challenges in delivering access standards and meeting waiting list targets. Further information on this is available in the Performance Report.

## Health Inequalities

The Chair of the Public Governance Committee has highlighted to The Board that the committee is unable to take any assurance in relation to the Board's current performance in relation to health inequalities. In response to this position an internal audit was undertaken in March 2023 and findings are summarised above.

## Information Governance (IG)

The Information Governance Committee highlighted a number of areas where improvement is required in relation to its remit.

During 2022/23 the Information Commissioner's Office (ICO) undertook an audit across all 22 NHS Scotland organisations looking at data protection compliance. The final report gives the Board a 59% High Assurance rating, with an overall rating of Reasonable. The recommendations will form part of the Information Governance team work plan over the next 12 months.



Overall compliance with Subject Access requests for the year was 99%, an improvement on the previous year 2021/22 (98%). The number of Freedom Of Information requests received in 2022/23 was 836 compared with 552 received in 2021/22. This is a significant 51% increase on the previous year. Requests from the Scottish Parliament account for the highest volume of work at 28%, increasing from 21% in 2021/22. Requests from the commercial sector have decreased from 34% in 2020/21 to 26% in 2022/23. Requests from the media have increased from 12% in 2021/22 and now account for 17% of requests received. The other categories have all remained similar.

Compliance with mandatory training in relation to information governance was reported as 71% of all staff which shows almost no improvement on the previous year (70%). The Information Governance Team have undertaken a number of campaigns over the last year to highlight to managers and directors regards areas with poor compliance and ask them to support staff to identify time to complete IG Training. In addition to this, the Training and Development Board has been tasked with looking at options to improve compliance across all Statutory/Mandatory Training.

### **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.

## II. REMUNERATION AND STAFF REPORT

Board Members' and Senior Employees' Remuneration figures and pension values (pages 58 to 65), the Hutton Fair Pay Review (page 66) and the Staff Report section a) Staff Numbers and Costs (page 67) are subject to audit.

### a) Remuneration Report

#### BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION

##### 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)2023/1 and PCS(ESM)2023/2. 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.

## **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 2022/23 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 2022/23 IJB Annual Report and Accounts Remuneration Report.

### **Pension Benefits figures in the 2022/23 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 approach discriminated against younger scheme members (McCloud judgement). The government has removed this discrimination for the period between 1 April 2015 and 31st March 2022 (McCloud (2015) remedy).

From 1 April 2022 all members of the NHS Pension Scheme became members of the 2015 pension scheme and the pre-reform schemes were closed to further pension build-up. 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 became members of the 2015 Career Average Revalued Earnings (CARE) Pension Scheme on 1st April 2022.

### **Pension Benefit figures for the 2022/23 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 for the period to 31<sup>st</sup> March 2022 have been calculated in line with the benefits of the 1995 Pension Scheme regulations (their pre reform scheme). From 1<sup>st</sup> April 2022 pension membership and accrued benefits have been calculated on the basis of the terms and conditions of the CARE scheme.

**BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION**

**FOR THE YEAR ENDED 31 MARCH 2023**

	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
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: Mr R Roberts	140-145	*	*	140-145	*	140-145	1
Joint Director of Public Health: Dr T Patterson (to 31st August 2022)	80-85	*	*	80-85	*	80-85	2
Joint Director of Public Health: Dr S Bhatti (from 26th September 2022)	85-90	*	*	85-90	*	85-90	3
Director of Finance , Estates and Procurement: Mr A Bone	90-95	*	*	90-95	35	125-130	
Medical Director: Dr L McCallum	195-200	*	*	195-200	*	195-200	1
Nursing, Midwifery & Allied Health Professionals (AHP's) Director: Mrs S Horan	90-95	*	*	90-95	5	95-100	
Director of Planning & Performance: Mrs J Smyth	100-105	*	*	100-105	22	120-125	
Director of Workforce: Mr A Carter	100-105	*	*	100-105	12	110-115	
Director of Quality and Improvement: Mrs L Jones (from 1st June 2022)	65-70	*	*	65-70	7	70-75	4
Director of Acute Services: Mr G Clinkscale	100-105	*	*	100-105	38	135-140	
<b>Non Executive Members</b>							
Chair - Mrs K Hamilton	30-35	*	*	30-35	*	30-35	
Mr J Ayling	5-10	*	*	5-10	*	5-10	
Dr K Buchan (from 1st August 2022)	5-10	*	*	5-10	*	5-10	6&7
Mrs H Campbell	5-10	*	*	5-10	*	5-10	
Ms S Lam	5-10	*	*	5-10	*	5-10	
Mrs L O'Leary	5-10	*	*	5-10	*	5-10	5
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	5
Mrs A Wilson (to 31st July 2022)	5-10	*	*	5-10	*	5-10	8
Employee Director :Mr J McLaren	55-60	*	*	55-60	11	70-75	9
<b>Total</b>		<b>0.0</b>			<b>130</b>		

## NOTES TO THE 2022/23 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

\*\*In accordance with the UK 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 2022/23.

- 1 - Mr R Roberts and Dr L McCallum applied in line with Scottish Government Alternative Pay Policy (Recycling Employer Pension Contributions) to receive employer pension contributions during October - March 2023.  
Total Remuneration figures have been reported excluding the pension recycling payments made directly to these two Directors for the values of £5-10k for Mr R Roberts and £0-£5k for Dr Lynn McCallum..
- 2 - Dr T Patterson retired from NHS Borders on 31st August 2022. Full year equivalent salary costs for 2022/23 are £190k - £195k.
- 3 - Dr S Bhatti was appointed as Director of Public Health from 26th September 2022. Full year equivalent salary costs for 2022/23 are £170k - £175k.
- 4 - Mrs L Jones was appointed as Director of Quality and Improvement from 1st June 2022. Full year equivalent salary costs for 2022/23 are £85k - £90k.
- 5 - 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 2022/23 IJB Annual Report and Accounts available from [www.scotborders.gov.uk](http://www.scotborders.gov.uk).
- 6 - The full year equivalent salary cost of a Non Executive Members for 2022/23 is £5k - £10k.
- 7 - Dr K Buchan was appointed as Non Executive Director on 1st August 2022. , Full year equivalent salary costs for 2022/23 are £5k - £10k.
- 8 - 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.
- 9 - 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 2023**

	Real increase in pension (Bands of £2,500)		Total accrued pension at 31 March (Bands of £5,000)		Cash Equivalent Transfer Value (CETV) at 31 March 2022	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Real increase in CETV in year	Note
	Pension £'000	Lump Sum £'000	Pension £'000	Lump Sum £'000	£'000	£'000	£'000	
<b>Remuneration of:</b>								
<b>Executive Members</b>								
Chief Executive: Mr R Roberts	*	*	60-65	185-190	1460	1436	(24)	<b>1&amp;2</b>
Joint Director of Public Health: Dr T Patterson (to 31st August 2022)	*	*	60-65	185-190	1667	1514	(153)	<b>3</b>
Joint Director of Public Health: Dr S Bhatti (from 26th September 2022)	*	*	*	*	*	*	*	<b>4</b>
Director of Finance , Estates and Procurement : Mr A Bone	0-2.5	0-2.5	25-30	75-80	495	537	42	
Medical Director - Dr L McCallum	0-2.5	*	45-50	130-135	767	778	11	<b>2</b>
Nursing, Midwifery & Allied Health Professionals (AHP's) Director: Mrs S Horan	0-2.5	*	35-40	110-115	715	735	21	
Director of Planning & Performance: Mrs J Smyth	0-2.5	*	30-35	85-90	542	574	31	<b>1</b>
Director of Workforce: Mr A Carter	0-2.5	*	35-40	110-115	760	789	29	<b>1</b>
Director of Quality & Improvement: Mrs L Jones (from 1st June 2022)	0-2.5	*	20-25	65-70	381	396	15	<b>5</b>
Director of Acute Services: Mr G Clinkscale	2.5-5	0-2.5	15-20	45-50	211	239	28	
<b>Non Executive Members</b>								
Mrs K Hamilton	*	*	*	*	*	*	*	
Mr J Ayling	*	*	*	*	*	*	*	
Dr K Buchan (from 1st August 2022)	*	*	*	*	*	*	*	
Mrs H Campbell	*	*	*	*	*	*	*	
Ms S Lam	*	*	*	*	*	*	*	
Mrs L O'Leary	*	*	*	*	*	*	*	
Councillor D Parker	*	*	*	*	*	*	*	
Mrs F Sandford	*	*	*	*	*	*	*	
Mr T Taylor	*	*	*	*	*	*	*	
Mrs A Wilson (to 31st July 2022)	*	*	*	*	*	*	*	
Employee Director :Mr J McLaren	0-2.5	*	15-20	45-50	360	378	18	
<b>Total</b>					<b>7358</b>	<b>7376</b>	<b>18</b>	

## NOTES TO THE 2022/23 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 2022/23 can be different from the 'CETV at end of period' reported for 2021/22.

From 1 April 2022 all members of the NHS Pension Scheme became members of the 2015 pension scheme and the pre-reform schemes were closed to pension build-up. 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.

Accrued pension benefits for the Executive Directors and Senior Managers reported in the Board's 2022/23 Remuneration Report have been calculated in line with the benefits of their pre reform pension scheme (1995 or 1998) for all service up to the 31st March 2022. Pension benefits for the year ended 31st March 2023 have been calculated on the basis of membership of the 2015 Career Average Revalued Earnings (CARE) Pension Scheme.

- 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 - Mr R Roberts and Dr L McCallum applied in line with Scottish Government Alternative Pay Policy (Recycling Employer Pension Contributions) to receive employer pension contributions during October - March 2023.  
Total accrued pension values have been reported excluding the pension recycling payments made directly to these two Directors for the values of £5-10k for Mr R Roberts and £0-£5k for Dr Lynn McCallum..
  
- 3 - Dr T Patterson retired from NHS Borders on 31st August 2022. Dr Patterson had 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.
  
- 4 - Dr S Bhatti was appointed as Joint Director of Public Health on 26th September 2022. Dr Bhatti is in receipt of an NHS Pension from the UK Department of Health and as a result is not eligible for membership of the NHS Scotland Pension Scheme. Dr Bhatti makes contribution to the National Employment Savings Trust (NEST) which is the alternative Pension Provider offered by NHS Borders. Pension values are not available from this scheme.
  
- 5 - Mrs L Jones was appointed as Director of Quality and Improvement on 1st June 2022. Mrs Jones's pension calculations relate to the period from 1st June 2022 to 31st March 2023.

**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
<b>Remuneration of:</b>							
<b>Executive Members</b>							
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	<b>1&amp;2</b>
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	<b>3</b>
Director of Operations: Mrs N Berry (from 1st June to 31st October 2021)	45-50	*	*	45-50	39	85-90	<b>4</b>
Nursing, Midwifery & Allied Health Professionals (AHP's) Director: Mrs S Horan (from 1st June 2021)	75-80	*	*	75-80	76	150-155	<b>5</b>
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 Clinksale (from 30th August 2021)	50-55	*	*	50-55	19	70-75	<b>6</b>
<b>Non Executive Members</b>							
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	<b>10</b>
Mr M Dickson (to 31st July 2021)	0-5	*	*	0-5	*	0-5	<b>7 &amp; 8</b>
Ms S Lam	5-10	*	*	5-10	*	5-10	
Mrs L O'Leary	5-10	*	*	5-10	*	5-10	<b>7</b>
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	<b>7</b>
Mrs A Wilson	5-10	*	*	5-10	*	5-10	<b>9</b>
Employee Director :Mr J McLaren	55-60	*	*	55-60	45	100-105	<b>8&amp;10</b>
<b>Total</b>		<b>4.0</b>			<b>339</b>		



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

\*\*In accordance with the UK 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 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](http://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 (Bands of £2,500)		Total accrued pension 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	
<b>Remuneration of:</b>								
<b>Executive Members</b>								
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
<b>Non Executive Members</b>								
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	
<b>Total</b>					<b>7734</b>	<b>8301</b>	<b>431</b>	

## 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 & AHP'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.

### 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 31<sup>st</sup> March 2023 and for the previous financial year, 2021/22.

The Hutton median pay calculation has been completed following the guidance from Scottish Government which supports consistent reporting across NHS Scotland. The calculation excludes employees with contracted hours below 2hrs per week, any employees on maternity leave or employees who were not in post as at 31<sup>st</sup> March 2023.

The median ratio (Total pay and benefits ) comparing March 2022 and March 2023 has decreased from 5.45 to 5.08 respectively as detailed in the following table;

	2022/23	Restated 2021/22*	Change
			%
Range of Staff Remuneration	£22k-£215k	£19k-£205k	10%-3.5%
Highest Earning director's remuneration	£195k-£200k	£185k-£190k	5%
Median (Total pay & benefits)	£38,885	£34,380	13%
Median (Salary only)	£35,365	£29,565	20%
Ratio	5.08	5.45	(7%)
25th Percentile (Total pay & benefits)	£29,975	£26,176	15%
25th Percentile (Salary only)	£26,895	£21,893	23%
Ratio	6.59	7.16	(8%)
75th Percentile (Total pay & benefits)	£49,192	£44,790	10%
75th Percentile (Salary only)	£45,305	£40,933	11%
Ratio	4.01	4.19	(4%)

\*2021/22 restated calculations have resulted from the correction to salary and allowances figures from payroll costs in 2021/22.

The Board's highest earning Director is the Medical Director. The decrease in the reported ratios has resulted as employee salaries were increased by the pay award agreed for Agenda for Change (AFC) staff which, on average, increased annual paycales for NHS Borders (AFC) staff by 6.7%.

The salary range of NHS Borders employees is recorded as £22k to £215k in 2022/23 (£19k to £205k in 2021/22).

## 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 31<sup>st</sup> March 2023 were £169.801m (2022: £157.253m). 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	2023 Total £000	2022 Total £000
<b>STAFF COSTS</b>								
Salaries and wages	1,091	110	121,327			(101)	122,427	120,759
Social security costs	153	4	12,296			(10)	12,443	10,531
NHS scheme employers' costs	166	0	21,815			(18)	21,963	21,036
Other employers' pension costs	0	0	0				0	0
Secondees	0	0	0	5,650			5,650	30
Agency staff	0	0	0		7,318		7,318	4,897
<b>Total</b>	<b>1410</b>	<b>114</b>	<b>155,438</b>	<b>5,650</b>	<b>7,318</b>	<b>(129)</b>	<b>169,801</b>	<b>157,253</b>
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							0	0
<b>STAFF NUMBERS</b>								
Whole time equivalent (WTE)	9.2	1.9	2832.9	75.0	47.8	(2.2)	2,964.6	2,954.9
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:							40	26
Included in the total staff numbers above were Special Advisers of:							0	0

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

<b>Employees whose remuneration fell within the following ranges</b>	<b>2023 Numbers</b>	<b>2022 Numbers</b>
<b>Clinicians*</b>		
£70,001 to £80,000	24	19
£80,001 to £90,000	19	11
£90,001 to £100,000	11	17
£100,001 to £110,000	20	17
£110,001 to £120,000	14	19
£120,001 to £130,000	12	13
£130,001 to £140,000	14	11
£140,001 to £150,000	7	3
£150,001 to £160,000	3	8
£160,001 to £170,000	7	6
£170,001 to £180,000	6	6
£180,001 to £190,000	2	0
£190,001 to £200,000	1	1
£200,001 and above	1	-
<b>TOTAL</b>	<b>141</b>	<b>131</b>
<b>Other#</b>		
£70,001 to £80,000	11	15
£80,001 to £90,000	6	3
£90,001 to £100,000	1	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	-
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	-
£150,001 to £160,000	-	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	-
£180,001 to £190,000	-	-
£190,001 to £200,000	-	-
£200,001 and above	-	-
<b>TOTAL</b>	<b>19</b>	<b>19</b>

The above tables exclude Board Members (Non executive and Executive Directors) and Senior Managers who have been reported in the Remuneration Report on page 58.

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.

### c) Staff numbers

The following table provides analysis by whole time equivalent and headcount for all staff paid by the Board during 2022/23 and prior year 2021/22. The employee headcount in the table details an individual count for each employee for each post they hold with NHS Borders.

<b>STAFF NUMBERS</b>	<b>WTE 2023 Annual Mean</b>	<b>WTE 2022 Annual Mean</b>	<b>Headcount 2023 Annual Mean</b>	<b>Headcount 2022 Annual Mean</b>
Medical & Dental	269.7	260.6	540	525
Nursing & Midwifery	1245.2	1255.7	2074	2069
Other staff groups	1449.7	1438.5	2461	2723
<b>Board Total Average Staff</b>	<b>2964.6</b>	<b>2954.9</b>	<b>5075</b>	<b>5317</b>
Permanent Staff	2503.0	2473.3	3516	3479
Staff with Short Term Contract	221.1	247.8	433	546
Bank Staff	119.9	133.2	1046	1225
Inward Secondees	75.0	67.4	83	71
Agency Staff*	47.8	35.3	-	-
Outward Secondees	(2.2)	(1.2)	(3)	(4)
<b>Board Total Average Staff</b>	<b>2964.6</b>	<b>2954.9</b>	<b>5075</b>	<b>5317</b>
Disabled Staff (Declared)	40.5	25.6	80	43
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 2022/23 was reported as £7.32m (2021/22: £4.97m). Medical Agency staff costs have increased in year to £2.96m (2021/22: £1.79m). Nursing Agency costs also reported an increase from previous year, incurring a total spend of £2.32m (2021/22: £1.84m). Agency staffing costs incurred to deliver the IM&T Digital Portfolio totalled £1.27m (2021/22: £1.05m). During 2022/23 NHS Borders continued to receive services from NHS Regional Bank Team which process Bank and Agency bookings for staff required to support services in Borders.

#### d) Staff Composition

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

	2023			2022		
	Male	Female	Total	Male	Female	Total
Executive Directors	6	3	9	6	3	9
Non-Executive Directors and Employee Director	5	5	10	4	5	9
Senior Employees (other)	75	80	155	73	77	150
Other	742	3,132	3,874	760	3,161	3,921
<b>Total Headcount</b>	<b>828</b>	<b>3,220</b>	<b>4,048</b>	<b>843</b>	<b>3246</b>	<b>4,089</b>

#### e) Sickness absence data

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

	2023	2022
Sickness Absence Rate	5.6%	5.4%

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

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

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

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

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



**g) Exit Packages**

There have been no exit packages agreed in NHS Borders for 2022/23, one package was agreed in the previous year, 2021/22, which was within cost band £25,000 - £50,000 and had a resource cost of £38,000.

**h) Compensation Payments**

NHS Borders did not make any compensation payments in financial years 2022/23 or 2021/22.

**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 2022/23.

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
- 18 - Ad hoc time	Not applicable (ad hoc time)
- 5 – dedicated time*	3.85

<i>Percentage of time</i>	Number of representatives
0%	18
1-50%	0
51-99%	0
100%	5

<i>Total cost of facility time</i>	£ 162,908
<i>Total pay bill</i>	£169,801,000
<i>Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100</i>	0.10%

<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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### III. PARLIAMENTARY ACCOUNTABILITY REPORT

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

#### Losses and Special Payments

On occasion the Board may be required to write off balances which are no longer recoverable. Losses and special payments over £300k 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 2022/23 or in the prior year 2021/22 and includes the following nil disclosure for information.

	<b>2022/23</b>		<b>2021/22</b>	
	<b>No of Cases</b>	<b>£000</b>	<b>No of Cases</b>	<b>£000</b>
Claims Abandoned	0	Nil	0	Nil
Stores Losses : deterioration	0	Nil	0	Nil
Damage to buildings and fixtures	0	Nil	0	Nil
Total	0	Nil	0	Nil

#### Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Borders charges for services provided on a full costs basis, wherever applicable. The Parliamentary Accountability Report requires disclosure where fees and charges for services have a full annual cost of £1m or more. NHS Borders notes a nil disclosure for 2022/23 and in the prior year 2021/22 for this section of the report.

Signed *Ralph Roberts* .....

Chief Executive and Accountable Officer

17 August 2023

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

### Reporting on the audit of the financial statements

#### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Borders and its group for the year ended 31 March 2023 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, Statement of Consolidated Financial Position, 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2023 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 2022/23 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 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. 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 current or future financial sustainability of the board and its group. 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 separate 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:

- using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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](http://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 parts 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 parts of the Remuneration and Staff Report have 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 the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts 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 parts 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 108 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.

*John Boyd*

John Boyd CPFA

Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

18 August 2023

**STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE**

<b>Restated 2022 £'000</b>		<b>Note</b>	<b>2023 £'000</b>
157,424	Employee expenditure	<b>3a</b>	169,930
	Other operating expenditure	<b>3b</b>	
35,277	Independent Primary Care Services		37,909
51,571	Drugs and medical supplies		49,696
276,966	Other health care expenditure		246,235
<b>521,238</b>	<b>Gross expenditure for the year</b>		<b>503,770</b>
(202,134)	Less: operating income	4	(194,727)
(8,178)	Associates and joint ventures accounted for on an equity basis		8,850
<b>310,926</b>	<b>Net expenditure for the year</b>		<b>317,893</b>
<b>OTHER COMPREHENSIVE NET EXPENDITURE</b>			
<b>2022 £'000</b>			<b>2023 £'000</b>
(7,191)	Net Gain on revaluation of Property Plant and Equipment		(11,921)
0	Net Gain on revaluation of available for sale financial assets		0
<b>(7,191)</b>	<b>Other Comprehensive Expenditure</b>		<b>(11,921)</b>
<b>303,735</b>	<b>Total Comprehensive Expenditure</b>		<b>305,972</b>

The Notes to the Accounts, numbered 1 to 23, form an integral part of these Accounts



STATEMENT OF CONSOLIDATED FINANCIAL POSITION

Restated				Board	Consolidated
Board	Consolidated			2023	2023
2022	2022			2023	2023
£'000	£'000		Note	£'000	£'000
139,380	139,380	<b>Non-current assets:</b>			
830	830	Property, plant and equipment	7c	148,057	148,057
0	0	Intangible assets	6	1,849	1,849
		Right of Use Assets		2,181	2,181
0	13,298	<b>Financial assets:</b>			
0	0	Investment - associates and joint ventures		0	4,448
0	4,791	Investment - GP Loan	10	85	85
<u>140,210</u>	<u>158,299</u>	Investment - Endowment Fund	10	0	4,719
		<b>Total non-current assets</b>		<u>152,172</u>	<u>161,339</u>
1,807	1,807	<b>Current Assets:</b>			
		Inventories	8	1,850	1,850
7,265	7,471	<b>Financial assets:</b>			
443	1,224	Trade and other receivables	9	8,931	9,431
0	0	Cash and cash equivalents	11	107	284
100	100	Investments	10	0	0
<u>9,615</u>	<u>10,602</u>	Assets classified as held for sale	7b	130	130
		<b>Total current assets</b>		<u>11,018</u>	<u>11,695</u>
<u>149,825</u>	<u>168,901</u>	<b>Total assets</b>		<u>163,190</u>	<u>173,034</u>
(7,251)	(7,251)	<b>Current liabilities</b>			
		Provisions	13a	(5,910)	(5,910)
(81,279)	(81,401)	<b>Financial liabilities:</b>			
<u>(88,530)</u>	<u>(88,652)</u>	Trade and other payables	12	(73,504)	(73,621)
		<b>Total current liabilities</b>		<u>(79,414)</u>	<u>(79,531)</u>
<u>61,295</u>	<u>80,249</u>	<b>Non-current assets (less) net current liabilities</b>		<u>83,776</u>	<u>93,503</u>
(9,958)	(9,958)	<b>Non-current liabilities</b>			
		Provisions	13a	(10,165)	(10,165)
(1,245)	(1,245)	<b>Financial liabilities:</b>			
<u>(11,203)</u>	<u>(11,203)</u>	Trade and other payables	12	(1,992)	(1,992)
		<b>Total non-current liabilities</b>		<u>(12,157)</u>	<u>(12,157)</u>
<u>50,092</u>	<u>69,046</u>	<b>Assets less liabilities</b>		<u>71,619</u>	<u>81,346</u>
(5,394)	(5,394)	<b>Taxpayers' Equity</b>			
55,486	55,486	General fund	SOCTE	5,495	5,495
0	13,298	Revaluation reserve	SOCTE	66,124	66,124
0	5,656	Other reserves - associates and joint ventures	SOCTE	0	4,448
<u>50,092</u>	<u>69,046</u>	Fund held on Trust	SOCTE	0	5,279
		<b>Total taxpayers' equity</b>		<u>71,619</u>	<u>81,346</u>

The financial statements on pages 78 to 81 were approved by the Accountable Officer on 17th August 2023 and signed

.....  
*Andrew Bone*  
 Director of Finance

.....  
*Ralph Roberts*  
 Chief Executive

The Notes to the Accounts, numbered 1 to 23, form an integral part of these Accounts

## STATEMENT OF CONSOLIDATED CASHFLOWS

Restated 2022 £'000		Note	2023 £'000	2023 £'000
	<b>Cash flows from operating activities</b>			
(310,926)	Net expenditure	SoCTE	(317,893)	
(3,157)	Adjustments for non-cash transactions	2b	15,072	
360	Add back: interest payable recognised in net operating expenditure	2b	27	
17,933	Movements in working capital	2b	(12,161)	
<b>(295,790)</b>	<b>Net cash outflow from operating activities</b>	<b>22c</b>		<b>(314,955)</b>
	<b>Cash flows from investing activities</b>			
(5,194)	Purchase of property, plant and equipment		(2,739)	
0	Purchase of intangible assets		(1,285)	
(197)	Investment Additions	10	(456)	
0	Transfer of assets (to)/from other NHS bodies		0	
54	Proceeds of disposal of property, plant and equipment		0	
975	Receipts from sale of investments		6	
<b>(4,362)</b>	<b>Net cash outflow from investing activities</b>	<b>22c</b>		<b>(4,474)</b>
	<b>Cash flows from financing activities</b>			
301,909	Funding	SoCTE	318,668	
(1,095)	Movement in general fund working capital	SoCTE	550	
<b>300,814</b>	<b>Cash drawn down</b>		<b>319,218</b>	
(57)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2b	(702)	
(360)	Interest element of finance leases and on-balance sheet PFI/PPP and Hub contracts	2b	(27)	
<b>300,397</b>	<b>Net Financing</b>	<b>22c</b>		<b>318,489</b>
245	<b>Net increase/(decrease) in cash and cash equivalents in the period</b>			(940)
979	<b>Cash and cash equivalents at the beginning of the year</b>			1,224
<b>1,224</b>	<b>Cash and cash equivalents at the end of the period</b>			<b>284</b>
	<b>Reconciliation of net cash flow to movement in net debt / cash</b>			
245	Increase / (decrease) in cash in year	11		(940)
979	Net debt / cash at 1 April			1,224
<b>1,224</b>	<b>Net debt / cash at 31 March</b>			<b>284</b>

The Notes to the Accounts, numbered 1 to 23, 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	
<b>Balance at 31 March 2022</b>	(5,393)	55,486	13,298	5,656	69,047	
Retrospective restatements for changes in accounting policy and material errors	0	0	0	0	0	
<b>Restated balance at 1 April 2022</b>	<b>(5,393)</b>	<b>55,486</b>	<b>13,298</b>	<b>5,656</b>	<b>69,047</b>	
<b>Changes in taxpayers' equity for 2022-23</b>						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	11,921	0	11,921	
Net gain / (loss) on revaluation / indexation of intangible assets	6	0	0		0	
Net gain / (loss) on revaluation of investments	10		0	(397)	(397)	
Impairment of property, plant and equipment			30		30	
Revaluation and impairments taken to operating costs	2b		(30)		(30)	
Release of reserves to the statement of comprehensive net expenditure		0			0	
Transfers between reserves		1,283	(1,283)		0	
Other General Fund transactions		0		0	0	
Net operating cost for the year	CFS	(309,063)		(8,850)	20	(317,893)
<b>Total recognised income and expense for 2022-23</b>	<b>SOPF</b>	<b>(307,780)</b>	<b>10,638</b>	<b>(8,850)</b>	<b>(377)</b>	<b>(306,369)</b>
<b>Funding:</b>						
Drawn down	CFS	319,218				319,218
Movement in General Fund (creditor) / debtor	CFS	(550)				(550)
<b>Balance at 31 March 2023</b>	<b>SOPF</b>	<b>5,495</b>	<b>66,124</b>	<b>4,448</b>	<b>5,279</b>	<b>81,346</b>

CONSOLIDATED SOCTE (PRIOR YEAR - RESTATED)

Note	General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves	
	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 31 March 2021</b>	10,333	49,510	5,120	5,741	70,704	
Retrospective restatements for changes in accounting policy and material errors	0	0	0	0	0	
<b>Restated balance at 1 April 2021</b>	<b>10,333</b>	<b>49,510</b>	<b>5,120</b>	<b>5,741</b>	<b>70,704</b>	
<b>Changes in taxpayers' equity for 2021-22</b>						
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)	
Impairment of intangible assets	6		0		0	
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	
Transfer of non current assets from other bodies		28		0	28	
Net operating cost for the year	CFS	(318,878)		8,178	(226)	(310,926)
<b>Total recognised income and expense for 2021-22</b>	<b>SOPF</b>	<b>(317,635)</b>	<b>5,976</b>	<b>8,178</b>	<b>(85)</b>	<b>(303,566)</b>
<b>Funding:</b>						
Drawn down	CFS	300,814	0			300,814
Movement in General Fund (creditor) / debtor	CFS	1,094	0			1,094
<b>Balance at 31 March 2022</b>	<b>SOPF</b>	<b>(5,393)</b>	<b>55,486</b>	<b>13,298</b>	<b>5,656</b>	<b>69,046</b>

The Notes to the Accounts, numbered 1 to 23, 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, Interpretations issued by the IFRS Interpretations Committee (IFRIC) 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

The following standard is effective for the first time this year.

- **IFRS 16 Leases**  
IFRS 16 Leases supersedes IAS 17 Leases and has been 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 recognised under IFRS 16 are 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 has required 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.

## NOTES TO THE ACCOUNTS

### (a) Standards, amendments and interpretations effective in current year (cont'd)

#### Impact of the New Standard

The Board has reported the impact of IFRS 16 on the comprehensive net expenditure for the financial year ending 31<sup>st</sup> March 2023 and on the Statement of Financial Position at that date. The figures reported are based on the opening position of existing leases as of 31<sup>st</sup> March 2022.

Right-of-use assets totalling £2.85m (as at 1<sup>st</sup> April 2022) were reclassified within the Board's Statement of Financial Position. In addition, a total of £1.57m of low value and short term leases is reported as amounts recognised in the Statement of Comprehensive Net Expenditure as part of Note 17b on page 121. A total of £2.26m has been reported as Amounts recognised in the Statement of Comprehensive Net Expenditure, £0.69m of this total is an additional cost to NHS Borders directly related to the implementation of the standard.

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

There are no new standards, amendments or interpretation early adopted this year.

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

There are no new standards, amendments or interpretation issued but not adopted this year.

## 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.

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

## NOTES TO THE ACCOUNTS

income that will be received.

### 2. Basis of Consolidation (continued)

Note 22 in the Annual Accounts, details how these consolidated Financial Statements have been calculated.

### 3. Prior Year Adjustments/Restatements

Two prior year adjustments have been reported, details are given below

- an amount of £1.50m which was incorrectly transacted as deferred income. The balance has been reversed in 2021/22 and offset by a reduction in the Scottish Government Revenue Resource Limit transacted through the General Fund.
- an amount of £1.86m held as a creditor balance against Scottish Government related to income received, and payments made, through the Board's Revenue Resource Limit (RRL) in 2021/22 and this transaction was incorrect and required to be reversed as there will be no further payments made.

The impact of the prior year adjustments on the 2022/23 accounts has been transacted through the Statement of Comprehensive Net Expenditure (SOCNE, page 78). Note 23 on pages 132 and 133 reports the Restated Primary Statements.

### 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 and Income

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.

## NOTES TO THE ACCOUNTS

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

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

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

### 7. Property, Plant and Equipment

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Scotland Capital Accounting Manual.

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

#### 7.1 Recognition

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

All assets falling into the following categories are capitalised:

- 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.

The board commission a full revaluation every 5 years but will also complete a full valuation where they consider there is a potential significant movement in year. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

The Board commissioned a full valuation of fixed assets, including site visits, as at 31<sup>st</sup> March

## NOTES TO THE ACCOUNTS

2023, this following a 3 year period of extenuating circumstances created by the global Covid19 pandemic when the Board was unable to accommodate the site valuations required to support the agreed timeline of 5 year full revaluations which fell due in March 2020. A desktop valuation was completed in March 2021, with indexation, as advised by the appointed Property Advisor Avison Young, being applied in March 2022.

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 Board's Accounting Policies as at 31<sup>st</sup> March. The Board's assets continue to be held on the basis of fair value (fair value is the term used to describe the valuation basis of either market value or depreciated replacement costs, which are selected as appropriate dependent on the asset). The full revaluation has been conducted 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 valuation % increases reported for each fixed asset covered by the full revaluation has been primarily driven by 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 in 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.

Plant and machinery, fixtures and fittings, vehicles are valued at depreciated historical cost basis which is considered an appropriate proxy for fair value in respect of assets which have short useful lives or low values.

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 current value.

### 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.



## NOTES TO THE ACCOUNTS

### 7. Property, Plant and Equipment (continued)

#### 7.2 Measurement (continued)

##### Revaluations and Impairment

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

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

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

##### Temporary Decreases in Asset Value

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

#### 7.3 Depreciation

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

In 2017/18 a review of all Asset Lives was performed by GVA, the Board's appointed property advisor, who concluded that no amendments were required to the accounting policy. Specific review of the lives of the land and buildings has been completed by Avison Young as part of the full revaluation exercise as at 31<sup>st</sup> March 2023 as reported in these accounts. 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.

## NOTES TO THE ACCOUNTS

### 7. Property, Plant and Equipment (continued)

#### 7.3 Depreciation (continued)

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings (including structure; engineering; and external plant)	13-72 years*
Site Services	56-91 years*
Surfacing	56-87 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

\*Asset Lives for buildings, site services and surfacing have been updated in the current year following the full revaluation exercise completed in March 2023, and are as advised to the Board by the Property Advisor.

### 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 current 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' is considered material and an appropriate adjustment is made to the carrying amount. The revaluation amount is transacted to the Statement of Comprehensive Net Expenditure (SOCTE). 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. Leases

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 (£5,000). Assets recognised under IFRS 16 are 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 has required 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.

Low value and short term leases categorized by the Board include a number of lease vehicle contracts and equipment rental agreements. Rental amounts relating to low value and short term leases are charged to expenditure on a straight-line basis over the term of the lease. All leasing incentives received are added to the lease rentals and charged to expenditure over the life of the lease. Low value and short term leases are disclosed in Note 17b Lease Liabilities on page 121 of these accounts.

Prior to 1<sup>st</sup> April 2022 the Board recognized both Finance and Operating Leases within the accounts.

Note 17c reports the prior year position on Finance and Operating Lease obligations based on the valuation basis and accounting treatment noted below.

#### a) Finance Leases

Assets held under finance leases were valued at fair values and depreciated over the remaining period of the lease in accordance with IFRS. The Board bore substantially all the risks and rewards of ownership of these leased assets and the assets were recorded as Property, Plant and Equipment with a corresponding liability held.

The asset and liability were recognised at the inception of the lease, and would have been de-recognised when the liability was discharged, cancelled or expired. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) were apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge was 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 were 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.

#### b) Operating Leases including Leases for land and buildings

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

Where the Board held a lease for land and buildings, the land component was separated from the building component and the classification for each was assessed and reported separately. Leased land was treated as an operating lease as title to the land was not expected to transfer to the Board as part of the lease.

## NOTES TO THE ACCOUNTS

### 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.

### 15. Inventories

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

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

### 16. Losses and Special Payments

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

### 17. Employee Benefits

#### 17.1 Short-term Employee Benefits

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

## NOTES TO THE ACCOUNTS

### 17.2 Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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

### 18. Clinical and Medical Negligence Costs

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

NHS Borders provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim those in 'Category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

### 19. Related Party Transactions

Material related party transactions are disclosed in the Note 20 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

## NOTES TO THE ACCOUNTS

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 £169.86m and reported income for services commissioned of £178.71m in relation to the IJB Delegated Functions and Set Aside Budgets, this is detailed in Note 3 and Note 4 of these accounts (pages 102 & 103). The consolidated Group Accounts (Notes 22a to 22c on pages 129 to 131) for NHS Borders report the pro rate share (50%) of the IJB's year end outturn (£8.85m) and equity (£4.45m) for 2022/23.

### 20. Value Added Tax

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

### 21. Provisions

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

### 22. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in Note 14 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:

- 22.1** 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.
- 22.2** 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.

The Board holds Contingent assets and liabilities in relation to a number of Clinical Medical Negligence claims where the certainty of value and date of payment is low and unclear and is dependent on ongoing investigation and due process being taken forward by the NHS Central Legal Office. The investigation and due process to settle such claims can span a number of years.

The Board receives monthly information from the NHS Central Legal Office which provides assessment and update on the progress of all lodged claims, this information is used to determine the level of provision and contingent assets/liabilities reported.



## NOTES TO THE ACCOUNTS

### 23. Corresponding Amounts

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

### 24. Financial Instruments

#### 24.1 Financial Assets

##### Business Model

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

##### Classification

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

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

This is the default basis for financial assets.

- (b) Financial assets held at amortised cost.

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

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

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

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

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

##### Impairment of Financial Assets

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

## NOTES TO THE ACCOUNTS

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.

### Derivative Financial Instruments

NHS Borders does not hold any derivative financial instruments (2021/22: 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.

## NOTES TO THE ACCOUNTS

### (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 becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

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

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

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

### (b) Amortised costs

Financial liabilities held at amortised costs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 25. Segmental Reporting

Operating segments are reported in Note 5 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 Healthcare Providers and Corporate and Support Service areas of the Board. In 2022/23 a restructure of the operating segments was completed, direct prior year comparators are not available and Note 5 for 2021/22 has not been restated.

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

## NOTES TO THE ACCOUNTS

### 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.

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 (FReM).

### 29. Key Sources of Judgement and Estimation Uncertainty

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

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

## NOTES TO THE ACCOUNTS

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. The provisions are reported in Note 13a on page 116.

**Other Provisions:** The Board is recording an 'Other Provision' reflecting a probable payment in relation to Scottish Government Pay Terms and Conditions. The provision level held as at 31<sup>st</sup> March 2023 is £1.40M (March 2022: £2.97M)

**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 2023 have been provided in Section 7.2 Measurement, on page 85 of this report.

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

Restated 2022 £'000	2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN	NOTE	2023 £'000	2023 £'000
<b>310,926</b>	<b>Net Operating Costs</b>	<b>SoCNE</b>		<b>317,893</b>
(5,299)	Total Non Core Expenditure (see below)			(6,313)
(12,701)	Family Health Services non-discretionary allocation			(14,460)
(225)	Endowment net expenditure			20
8,178	Associates and joint ventures accounted for on an equity basis			(8,850)
<b>300,879</b>	<b>Total Core Expenditure</b>			<b>288,290</b>
301,064	Core Revenue Resource Limit			288,477
<b>185</b>	<b>Saving against Core Revenue Resource Limit</b>			<b>187</b>

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

0	Capital Grants to / (from) Other Bodies		0	
4,855	Depreciation/Amortisation		5,304	
429	Annually Managed Expenditure - Impairments		(30)	
103	Annually Managed Expenditure - Creation of Provisions		17	
206	Annually Managed Expenditure - Depreciation of Donated Assets		243	
121	Annually Managed Expenditure - Pension valuation		1	
(415)	Donated Asset Income		0	
0	Additional Scottish Government non-core funding		85	
0	Right of Use (RoU) Interest		27	
0	Right of Use (RoU) Non-recoverable VAT		0	
0	Right of Use (RoU) Asset Depreciation		666	
0	Right of Use (RoU) Peppercorn Leases Depreciation		0	
<b>5,299</b>	<b>Total Non Core Expenditure</b>			<b>6,313</b>
5,299	Non Core Revenue Resource Limit			6,313
<b>0</b>	<b>Saving/(excess) against Non Core Revenue Resource Limit</b>			<b>0</b>

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving /(Excess) £'000
Core	288,477	288,290	187
Non Core	6,313	6,313	0
<b>Total</b>	<b>294,790</b>	<b>294,603</b>	<b>187</b>

STATEMENT OF CONSOLIDATED CASHFLOWS

2b NOTES TO THE CASH FLOW STATEMENT

Consolidated adjustments for non-cash transactions

Restated 2022 £'000		Note	2023 £'000
	<b>Expenditure not paid in cash</b>		
4,545	Depreciation	7a	4,984
310	Amortisation	6	320
206	Depreciation of donated assets	7a	243
0	Depreciation of Right of Use (RoU) Assets	17b	666
0	Right of Use (RoU) Remeasurement (gain)/loss	17b	0
429	Impairments on PPE charged to SoCNE		(30)
0	Impairments on intangibles assets charged to SoCNE	6	0
(415)	Funding of Donated Assets	7a	0
(54)	Loss/(profit) on disposal of property, plant and equipment	2b	0
	GP Loans fair value adjustment	10	39
(8,178)	Associates and joint ventures accounted for on an equity basis	SoCNE	8,850
<u>(3,157)</u>	<b>Total expenditure not paid in cash</b>	CFS	<u>15,072</u>

Interest payable recognised in operating expenditure

2022 £'000		Note	2023 £'000
	<b>Interest payable</b>		
0	Interest on late payment of commercial debt		0
0	Bank and other interest payable		0
0	Other Finance lease charges allocated in the year		0
360	Lease Interest		27
0	Provision - Unwinding of discount		0
<u>360</u>	<b>Net interest payable</b>	CFS	<u>27</u>

Consolidated movements in working capital

Restated 2022 Net movement £'000		Note	Opening balances £'000	Closing balances £'000	2023 Net movement £'000
	<b>INVENTORIES</b>				
(224)	Balance Sheet	8	1,807	1,850	
<u>(224)</u>	<b>Net decrease / (increase)</b>				<u>(43)</u>
	<b>TRADE AND OTHER RECEIVABLES</b>				
110	Due within one year	9	7,471	9,431	
0	Due after more than one year	9	0	0	
0	Less: General Fund creditor included in above		0	0	
<u>110</u>	<b>Net decrease / (increase)</b>		<u>7,471</u>	<u>9,431</u>	<u>(1,960)</u>
	<b>TRADE AND OTHER PAYABLES</b>				
11,132	Due within one year	12	81,401	73,621	
1,836	Due after more than one year	12	1,245	1,992	
4,450	Less: General Fund creditor included in above	12	(6,554)	(7,104)	
57	Less: lease and PFI creditors included in above	12	(702)	(2,401)	
<u>17,475</u>	<b>Net (decrease) / increase</b>		<u>75,390</u>	<u>66,108</u>	<u>(9,282)</u>
	<b>PROVISIONS</b>				
543	Statement of Financial Position	13a	17,209	16,075	
29	Transfer from provision to General Fund		0	258	
<u>572</u>	<b>Net (decrease) / increase</b>		<u>17,209</u>	<u>16,333</u>	<u>(876)</u>
<u>17,933</u>	<b>Net movement (decrease) / increase</b>	CFS			<u>(12,161)</u>

## NOTES TO THE ACCOUNTS

## 3. OPERATING EXPENSES

## 3a. Employee expenditure

2022			2023	2023
Total			Board	Consolidated
£'000		Note	£'000	£'000
33,292	Medical and Dental		37,002	37,002
63,734	Nursing		67,710	67,710
60,398	Other Staff		65,218	65,218
<b>157,424</b>	<b>Total</b>	SoCNE	<b>169,930</b>	<b>169,930</b>

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			2023	2023
2022			Board	Consolidated
Total		Note	£'000	£'000
£'000				
<b>Independent Primary Care Services</b>				
21,798	General Medical Services		21,949	21,949
5,212	Pharmaceutical Services		6,309	6,309
6,397	General Dental Services		7,855	7,855
1,870	General Ophthalmic Services		1,796	1,796
<b>35,277</b>	<b>Total independent primary care services</b>		<b>37,909</b>	<b>37,909</b>
<b>Drugs and medical supplies</b>				
24,169	Prescribed drugs Primary Care		26,142	26,142
14,455	Prescribed drugs Secondary Care		16,006	16,006
5,400	Personal Protective Equipment (PPE and Testing Kits)		366	366
7,547	Medical Supplies		7,182	7,182
<b>51,571</b>	<b>Total drugs and medical supplies</b>		<b>49,696</b>	<b>49,696</b>
<b>Other health care expenditure</b>				
187,889	Contribution to Integration Joint Boards		169,864	169,864
30,144	Goods and services from other NHS Scotland bodies		30,623	30,623
1,329	Goods and services from other UK NHS bodies		1,771	1,771
4,679	Goods and services from private providers		6,285	6,285
159	Goods and services from voluntary organisations		159	159
2,717	Resource Transfer		2,805	2,805
0	Loss on disposal of assets		0	0
49,016	Other operating expenses		33,876	33,876
129	External Auditor's remuneration - statutory audit fee		164	164
904	Endowment Fund expenditure		0	688
<b>276,966</b>	<b>Total other health care expenditure</b>		<b>245,547</b>	<b>246,235</b>
<b>363,814</b>	<b>Total Other Operating Expenditure</b>		<b>333,152</b>	<b>333,840</b>



**NOTES TO THE ACCOUNTS**

**4. OPERATING INCOME**

<b>2022</b>			<b>Board</b>	<b>Consolidated</b>
<b>£'000</b>		<b>Note</b>	<b>2023</b>	<b>2023</b>
			<b>£'000</b>	<b>£'000</b>
0	Income from Scottish Government		0	0
7,338	Income from other NHS Scotland bodies		7,291	7,291
1,924	Income from NHS non-Scottish bodies		2,047	2,047
0	Income from private patients		0	0
179,711	Income for services commissioned by Integration Joint Board		178,714	178,714
776	Patient charges for primary care		1,055	1,055
3,715	Donations		0	0
54	Profit on disposal of assets		0	0
0	Contributions in respect of clinical and medical negligence claims		0	0
0	Interest received	<b>CFS</b>	0	0
	<b>Non NHS:</b>			
7	Overseas patients (non-reciprocal)		2	2
0	Non-patient care income schemes		0	0
678	Endowment Fund Income		0	707
7,931	Other		4,911	4,911
<b>202,134</b>		<b>SoCNE</b>	<b>194,020</b>	<b>194,727</b>

**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 has been restated to reflect the prior year adjustments as detailed in Note 23 - Restatement of Primary Statements.

	2022-23			External Healthcare Providers	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 2022/23	79,050	146,428	30,042	30,776	22,767	(20)	8,850	317,893
	<b>Restated 2021-22</b>							
	Business Unit - Acute Services	Business Unit - IJB Delegated	Business Unit - Set Aside	External Healthcare Providers	Central & Support Costs	The Difference	Associates and joint ventures	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost 2021/22	73,646	156,093	27,925	27,848	33,367	225	(8,178)	310,926

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 2022		356	2,974	0	3,330
Additions		299	23	963	1,285
Completions		0	0	0	0
Transfers between Asset Categories		0	54	0	54
Impairment charges		0	0	0	0
<b>At 31st March 2023</b>		<b>655</b>	<b>3,051</b>	<b>963</b>	<b>4,669</b>
<b>Amortisation</b>					
As at 1st April 2022		355	2,145	0	2,500
Provided during the year		6	314	0	320
Transfers		0	0	0	0
<b>At 31st March 2023</b>		<b>361</b>	<b>2,459</b>	<b>0</b>	<b>2,820</b>
<b>Net Book Value at 1st April 2022</b>		<b>1</b>	<b>829</b>	<b>0</b>	<b>830</b>
<b>Net Book Value at 31st March 2023</b>	<b>SoFP</b>	<b>294</b>	<b>592</b>	<b>963</b>	<b>1,849</b>

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 2021		356	2,974	£000	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
<b>At 31st March 2022</b>		<b>356</b>	<b>2,974</b>	<b>0</b>	<b>3,330</b>
<b>Amortisation</b>					
As at 1st April 2021		354	1,836	0	2,190
Provided during the year		1	309	0	310
Transfers		0	0	0	0
<b>At 31st March 2022</b>		<b>355</b>	<b>2,145</b>	<b>0</b>	<b>2,500</b>
<b>Net Book Value at 1st April 2021</b>		<b>2</b>	<b>1,138</b>	<b>0</b>	<b>1,140</b>
<b>Net Book Value at 31st March 2022</b>	<b>SoFP</b>	<b>1</b>	<b>829</b>	<b>0</b>	<b>830</b>

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 2022		4,547	129,183	1,652	33,640	8,544	862	1,715	180,143
Additions - purchased		0	113	141	1,137	103	0	1,245	2,739
Additions - donated		0	0	0	0	0	0	0	0
Completions		0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	161	(54)	0	(161)	(54)
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
Revaluations		663	11,258	0	0	0	0	0	11,921
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
<b>At 31st March 2023</b>		<b>5,210</b>	<b>140,554</b>	<b>1,793</b>	<b>34,938</b>	<b>8,593</b>	<b>862</b>	<b>2,799</b>	<b>194,749</b>
<b>Depreciation</b>									
As at 1st April 2022		0	13,832	1,478	19,312	5,981	862	0	41,465
Provided during the year - purchased		0	2,688	50	1,619	627	0	0	4,984
Provided during the year - donated		0	140	0	99	4	0	0	243
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
<b>At 31st March 2023</b>		<b>0</b>	<b>16,660</b>	<b>1,528</b>	<b>21,030</b>	<b>6,612</b>	<b>862</b>	<b>0</b>	<b>46,692</b>
<b>Net Book Value at 1st April 2022</b>		<b>4,547</b>	<b>115,351</b>	<b>174</b>	<b>14,328</b>	<b>2,563</b>	<b>0</b>	<b>1,715</b>	<b>138,678</b>
<b>Net Book Value at 31st March 2023</b>	SoFP	<b>5,210</b>	<b>123,894</b>	<b>265</b>	<b>13,908</b>	<b>1,981</b>	<b>0</b>	<b>2,799</b>	<b>148,057</b>
<b>Open Market value of Land in Land and Dwellings included above</b>		<b>5,210</b>							
<b>Asset financing:</b>									
Owned - purchased		5,200	117,990	265	13,125	1,974	0	2,712	141,266
Owned - donated		10	5,904	0	783	7	0	87	6,791
Finance Lease		0	0	0	0	0	0	0	0
<b>Net Book Value at 31st March 2023</b>	SoFP	<b>5,210</b>	<b>123,894</b>	<b>265</b>	<b>13,908</b>	<b>1,981</b>	<b>0</b>	<b>2,799</b>	<b>148,057</b>

Finance Leased assets which were included at 1st April 2022 in Note 7a have been recategorised following the implementation of IFRS16 and are reported in Note 17a at 31st March 2023 as Right of Use (ROU) assets.

In 2022-23 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 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)
<b>At 31st March 2022</b>		<b>4,547</b>	<b>129,885</b>	<b>1,652</b>	<b>33,640</b>	<b>8,544</b>	<b>862</b>	<b>1,715</b>	<b>180,845</b>
<b>Depreciation</b>									
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)
<b>At 31st March 2022</b>		<b>0</b>	<b>13,832</b>	<b>1,478</b>	<b>19,312</b>	<b>5,981</b>	<b>862</b>	<b>0</b>	<b>41,465</b>
<b>Net Book Value at 1st April 2021</b>		<b>4,547</b>	<b>111,108</b>	<b>223</b>	<b>9,686</b>	<b>3,164</b>	<b>1</b>	<b>3,031</b>	<b>131,760</b>
<b>Net Book Value at 31st March 2022</b>	SoFP	<b>4,547</b>	<b>116,053</b>	<b>174</b>	<b>14,328</b>	<b>2,563</b>	<b>0</b>	<b>1,715</b>	<b>139,380</b>
<b>Open Market value of Land in Land and Dwellings included above</b>		<b>4,547</b>							
<b>Asset financing:</b>									
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
<b>Net Book Value at 31st March 2022</b>	SoFP	<b>4,547</b>	<b>116,053</b>	<b>174</b>	<b>14,328</b>	<b>2,563</b>	<b>0</b>	<b>1,715</b>	<b>139,380</b>

In 2021-22 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. The Market Value of the asset has been updated as part of the Board's Asset Revaluation Exercise completed by the Board's appointed Property Advisor, Avison Young for values as at 31st March 2023. It is the Board's intention to conclude the sale of this property in 2023/24.

#### ASSETS HELD FOR SALE - BOARD AND CONSOLIDATED

	Property, Plant & Equipment	Total
Note	£'000	£'000
<b>As at 1st April 2022</b>	100	100
Transfers (to)/from property, plant and equipment	0	0
Gains or losses recognised on remeasurement of non-current assets	30	30
Disposals of non-current assets held for sale	0	0
<b>At 31 March 2023</b>	<b>130</b>	<b>130</b>

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

	Property, Plant & Equipment	Total
Note	£'000	£'000
<b>As at 1st April 2021</b>	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
<b>At 31 March 2022</b>	<b>100</b>	<b>100</b>

**NOTES TO THE ACCOUNTS**

**7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES**

<b>Board 2022 £'000</b>	<b>Consolidated 2022 £'000</b>		<b>Note</b>	<b>Board 2023 £'000</b>	<b>Consolidated 2023 £'000</b>
<b>Net book value of property, plant and equipment at 31 March</b>					
132,379	132,379	Purchased		141,266	141,266
7,001	7,001	Donated		6,791	6,791
<b>139,380</b>	<b>139,380</b>	<b>Total</b>	<b>SoFP</b>	<b>148,057</b>	<b>148,057</b>
<b>Total value of assets held under:</b>					
702	702	Finance Leases		0	0
<u>702</u>	<u>702</u>			<u>0</u>	<u>0</u>
<b>Total depreciation charged in respect of assets held under:</b>					
1,681	1,681	Finance Leases		0	0
<u>1,681</u>	<u>1,681</u>			<u>0</u>	<u>0</u>

All land and buildings were revalued, as at 31st March 2023, by the Board's Appointed Property Advisor, Avison Young, in line with the Board's Accounting Policies. The valuation was based on fair value (current value in existing use or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £11.92m (2021-22: an increase of £7.19m) which was credited to the revaluation reserve. There was no impairment charge during 2022/23, the previous year, 2021/22, amount of £0.43m was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Finance Leases have been recategorised as Right of Use Assets following the implementation of IFRS16.



**NOTES TO THE ACCOUNTS**

**8. INVENTORIES**

<b>Board</b>	<b>Consolidated</b>		<b>Board</b>	<b>Consolidated</b>
<b>2022</b>	<b>2022</b>		<b>2023</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
1,807	1,807	Finished goods	1,850	1,850
<b>1,807</b>	<b>1,807</b>	<b>Total inventories</b>	<b>1,850</b>	<b>1,850</b>



NOTES TO THE ACCOUNTS

9. TRADE AND OTHER RECEIVABLES

Board 2022 £'000	Consolidated 2022 £'000		Note	Board 2023 £'000	Consolidated 2023 £'000
<b>Receivables due within one year</b>					
<b>NHS Scotland</b>					
0	0	Scottish Government Health & Social Care Directorate		82	82
1,331	1,331	Boards	SFR 30.0	805	805
<b>1,331</b>	<b>1,331</b>	<b>Total NHSScotland Receivables</b>		<b>887</b>	<b>887</b>
250	250	NHS Non-Scottish bodies		1,175	1,175
0	0	General Fund receivables		0	0
226	226	VAT recoverable	SFR 30.1	92	92
2,482	2,482	Prepayments		3,959	3,959
61	61	Accrued income		164	164
1,432	1,432	Other receivables		1,677	1,677
1,465	1,465	Reimbursement of provisions		977	977
18	18	Other public sector bodies		0	0
0	0	Endowment Fund Debtors		0	500
<b>7,265</b>	<b>7,471</b>	<b>Total Receivables due within one year</b>	SoFP	<b>8,931</b>	<b>9,431</b>
<b>Receivables due after more than one year</b>					
<b>NHS Scotland</b>					
0	0	Reimbursement of Provisions		0	0
<b>0</b>	<b>0</b>	<b>Total Receivables due after more than one year</b>	SoFP	<b>0</b>	<b>0</b>
<b>7,265</b>	<b>7,471</b>	<b>TOTAL RECEIVABLES</b>		<b>8,931</b>	<b>9,431</b>
1,013	1,013	The total receivables figure above includes a provision for impairments of:		671	671
<b>WGA Classification</b>					
1,331	1,331	NHS Scotland	SFR 30.0	805	805
226	226	Central Government bodies		92	92
0	0	Whole of Government bodies		0	0
250	250	Balances with NHS bodies in England and Wales		1,175	1,175
5,458	5,664	Balances with bodies external to Government		6,859	7,359
<b>7,265</b>	<b>7,471</b>	<b>Total</b>		<b>8,931</b>	<b>9,431</b>
<b>2022</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>			<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Movements on the provision for impairment of receivables are as follows:-					
926	926	At 1 April		1,013	1,013
87	87	Provision for impairment		(342)	(342)
0	0	Receivables written off during the year as uncollectable		0	0
0	0	Unused amounts reversed		0	0
<b>1,013</b>	<b>1,013</b>	<b>At 31 March</b>		<b>671</b>	<b>671</b>

NOTES TO THE ACCOUNTS

As of 31 March 2023, receivables with a carrying value of £0.7m (2021-22: £1.01m) were impaired and provided for. The ageing of these receivables is as follows:

<b>Board</b>	<b>Consolidated</b>		<b>Board</b>	<b>Consolidated</b>
<b>2022</b>	<b>2022</b>		<b>2023</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
8	8	3 to 6 months past due	31	31
1,005	1,005	Over 6 months past due	640	640
<b>1,013</b>	<b>1,013</b>		<b>671</b>	<b>671</b>

The receivables assessed as individually impaired were income from road traffic accidents, overseas patients, private individuals and organisations to which the Board provides services, for example Laundry 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 2023, receivables with a carrying value of £1.2 million (2021-22: £2.4 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

<b>Board</b>	<b>Consolidated</b>		<b>Board</b>	<b>Consolidated</b>
<b>2022</b>	<b>2022</b>		<b>2023</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
1,102	1,102	Up to 3months past due	675	675
0	0	3 to 6 months past due	0	0
1,350	1,350	Over 6 months past due	583	583
<b>2,452</b>	<b>2,452</b>		<b>1,258</b>	<b>1,258</b>

The receivables assessed as past due but not impaired were mainly from NHS Scotland Health Boards and Non NHS organisations 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:

<b>Board</b>	<b>Consolidated</b>		<b>Board</b>	<b>Consolidated</b>
<b>2022</b>	<b>2022</b>		<b>2023</b>	<b>2023</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
7,265	7,471	Pounds	8,931	9,431
<b>7,265</b>	<b>7,471</b>		<b>8,931</b>	<b>9,431</b>

## NOTES TO THE ACCOUNTS

## 10. INVESTMENTS

Board 2022 £'000	Consolidated 2022 £'000		Note	Board 2023 £'000	Consolidated 2023 £'000
0	5,428	<b>At 1 April</b>		0	4,791
0	197	Additions	CFS	0	332
		GP Loans advances	CFS	124	124
0	(974)	Disposals		0	(7)
0	0	Impairment recognised in SOCNE	2	0	0
		GP Loans Fair Value Adjustment	2b	(39)	(39)
0	140	Revaluation deficit transferred to equity	SoCTE	0	(397)
<b>0</b>	<b>4,791</b>	<b>At 31 March</b>		<b>85</b>	<b>4,804</b>
0	0	Current	SoFP	0	0
0	4,791	Non-current	SoFP	85	4,804
<b>0</b>	<b>4,791</b>	<b>At 31 March</b>		<b>85</b>	<b>4,804</b>
0	0	The carrying value includes an impairment provision of		0	0

The Board provided a GP Sustainability Loan totalling £0.12m to the O'Connell Street GP Practice, Hawick during 2022/23. The loan was provided under the terms of the Scottish Government GP Sustainability Loan Scheme and was written down to Fair Value on initial recognition within the accounts to £0.085m, this is the value reported on the Board's Statement of Financial Position.

**NOTES TO THE ACCOUNTS**

**11. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	1,224	979
Net charge in cash and cash equivalent balances	<b>CFS</b> (940)	245
<b>Balance at 31 March</b>	<b>SoFP</b> 284	<b>1,224</b>
Overdrafts	0	0
<b>Total Cash - Cash Flow Statement</b>	<b>284</b>	<b>1,224</b>

The following balances at 31 March were held at

Government Banking Service	60	337
Commercial banks and cash in hand	47	106
Overdrafts	0	0
Short tem investments	0	0
Endowment cash	177	781
<b>Balance at 31 March</b>	<b>284</b>	<b>1,224</b>

NOTES TO THE ACCOUNTS

12. TRADE AND OTHER PAYABLES

Restated			Board	Consolidated
Board	Consolidated		2023	2023
2022	2022		2023	2023
£'000	£'000	Note	£'000	£'000
<b>Payables due within one year</b>				
<b>NHS Scotland</b>				
0	0	Scottish Government Health & Social Care Directorate	0	0
5,134	5,134	Boards	11,841	11,841
<b>5,134</b>	<b>5,134</b>	<b>Total NHSScotland Payables</b>	<b>11,841</b>	<b>11,841</b>
<b>NHS Non-Scottish bodies</b>				
0	0	Amounts payable to General Fund	7,104	7,104
6,554	6,554	FHS practitioners	6,382	6,382
5,105	5,105	Trade payables	120	120
2,400	2,400	Accruals	17,506	17,506
17,402	17,403	Payments received on account	3,923	3,923
4,199	4,199	Net obligations under leases	448	448
22	22	Income tax and social security	3,185	3,185
2,841	2,841	Superannuation	2,610	2,610
2,496	2,496	Holiday pay accrual	6,974	6,974
5,091	5,091	Other public sector bodies	13,406	13,406
30,004	30,002	Other payables	5	5
31	31	Endowment Fund creditors		117
0	123			
<b>81,279</b>	<b>81,401</b>	<b>Total Payables due within one year</b>	<b>73,504</b>	<b>73,621</b>
<b>Payables due after more than one year</b>				
<b>NHS Scotland</b>				
136	136	Net obligations under leases due within 2 years	459	459
408	408	Net obligations under leases due after 2 years but within 5 years	1,494	1,494
136	136	Net obligations under leases due after 5 years	0	0
542	542	Deferred Income	16	16
23	23	Other payables	23	23
<b>1,245</b>	<b>1,245</b>	<b>Total Payables due after more than one year</b>	<b>1,992</b>	<b>1,992</b>
<b>82,524</b>	<b>82,646</b>	<b>TOTAL PAYABLES</b>	<b>75,496</b>	<b>75,613</b>
<b>WGA Classification</b>				
5,134	5,134	NHS Scotland	11,841	11,841
0	0	Central Government bodies	0	0
25,654	25,654	Whole of Government bodies	19,201	19,201
0	0	Balances with NHS bodies in England and Wales	0	0
51,736	51,858	Balances with bodies external to Government	44,454	44,571
<b>82,524</b>	<b>82,646</b>	<b>Total</b>	<b>75,496</b>	<b>75,613</b>
<b>Borrowings included above comprise:</b>				
702	702	Leases	2,401	2,401
<b>702</b>	<b>702</b>		<b>2,401</b>	<b>2,401</b>
<b>The carrying amount and fair value of the non-current borrowings are as follows</b>				
680	680	Leases	1,953	1,953
<b>680</b>	<b>680</b>		<b>1,953</b>	<b>1,953</b>
<b>The fair value of the non-current borrowings are as follows</b>				
0	0	Leases	0	0
<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>The carrying amount of payables approximates their fair value</b>				
<b>The carrying amount of payables are denominated in the following currencies:</b>				
82,524	82,646	Pounds	75,496	75,613
<b>82,524</b>	<b>82,646</b>		<b>75,496</b>	<b>75,613</b>

NOTES TO THE ACCOUNTS

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2023 TOTAL
Note	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	1,383	1,724	11,128	2,974	17,209
Arising during the year	24	368	1,792	0	2,184
Utilised during the year	(118)	(292)	(788)	(1,575)	(2,773)
Unwinding of discount	0	(1)	0	0	(1)
Reversed unutilised	(23)	(521)	0	0	(544)
<b>At 31 March 2023</b>	<b>1,266</b>	<b>1,278</b>	<b>12,132</b>	<b>1,399</b>	<b>16,075</b>

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 2023

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other (non-endowment)	2023 TOTAL
	£'000	£'000	£'000	£'000	£'000
Payable in one year	SoFP 204	1,278	3,029	1,399	5,910
Payable between 2 - 5 years	SoFP 803	0	7,379	0	8,182
Payable between 6 - 10 years	SoFP 259	0	628	0	887
Thereafter	SoFP 0	0	1,096	0	1,096
<b>Total as at 31 March 2023</b>	<b>1,266</b>	<b>1,278</b>	<b>12,132</b>	<b>1,399</b>	<b>16,075</b>

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations	Clinical & Medical	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)
<b>At 31 March 2022</b>	<b>1,383</b>	<b>1,724</b>	<b>11,128</b>	<b>2,974</b>	<b>17,209</b>

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	SoFP 117	1,384	2,776	2,974	7,251
Payable between 2 - 5 years	SoFP 466	340	6,763	0	7,569
Payable between 6 - 10 years	SoFP 579	0	576	0	1,155
Thereafter	SoFP 221	0	1,013	0	1,234
<b>At 31 March 2022</b>	<b>1,383</b>	<b>1,724</b>	<b>11,128</b>	<b>2,974</b>	<b>17,209</b>

## NOTES TO THE ACCOUNTS

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

<b>2022</b>		<b>Note</b>	<b>2023</b>
<b>£'000</b>			<b>£'000</b>
<b>1,724</b>	Provision recognising individual claims against the NHS Board as at 31 March	13a	<b>1,278</b>
<b>(1,465)</b>	Associated CNORIS receivables at 31 March	9	<b>(977)</b>
<b>11,128</b>	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	<b>12,132</b>
<b>11,387</b>	<b>Net Total Provision relating to CNORIS at 31 March</b>		<b>12,433</b>

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:

<b>2022</b>	<b>Nature</b>	<b>2023</b>
<b>£'000</b>		<b>£'000</b>
21,425	<b>Clinical and medical compensation payments</b>	21,218
11	<b>Employer's liability</b>	128
<b><u>21,436</u></b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b><u>21,346</u></b>
<b>CONTINGENT ASSETS</b>		
21,062	<b>Clinical and medical compensation payments</b>	20,828
0	<b>Employer's liability</b>	75
<b><u>21,062</u></b>	<b>TOTAL CONTINGENT ASSETS</b>	<b><u>20,903</u></b>

**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 Scotland Central Legal Office after the balance sheet date of 31st March 2023.

Eight locations within the NHS Borders estate have been identified by an initial assessment undertaken nationally to identify where Reinforced Autoclaved Aerated Concrete (RAAC) may have been used in construction. The use of RAAC may have potential risks. NHS Scotland is in the process of commissioning a programme of surveys to be delivered by structural engineers with expertise in this area, the programme will identify whether RAAC is present within a property, an assessment of its condition and the resultant level of risk and actions which will be required to mitigate any identified risks. The Board is following relevant guidance and where necessary is seeking further advice. At the date of this report the Board has not quantified a contingent liability relating to this issue as detailed surveys have not been completed.



## NOTES TO THE ACCOUNTS

## 16. COMMITMENTS

## Capital Commitments

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

<b>2022</b>	<b>Contracted</b>	<b>2023</b>
<b>£'000</b>		<b>£'000</b>
0	Project Management	240
649	Endoscopy Decontamination	0
423	Forensic Medical Examination Suite	0
788	Rolling Replacement Programmes (IM&T and Estates/Facilities)	0
690	Medical Equipment	0
864	Statutory compliance and backlog maintenance property expenditure	0
611	Laboratory Information Management Scheme	0
0	Endoscopy Turnkey, CT Turnkey and Mammography Project	1,500
<b>4,025</b>	<b>Total</b>	<b>1,740</b>
	<b>Authorised but not Contracted</b>	
0	Rolling Replacement Programmes (IM&T and Estates/Facilities)	300
0	IM&T Projects Portfolio	1,500
0	Medical Equipment	244
0	Statutory compliance and backlog maintenance property expenditure	1,450
0	Borders Health Campus	250
0	Primary Care Premises	500
0	National Infrastructure Board - Med Equip, Dental and Radiology	1,924
<b>0</b>	<b>Total</b>	<b>6,168</b>
<b>4,025</b>	<b>Total Capital Commitments</b>	<b>7,908</b>

NOTES TO THE ACCOUNTS

17a. LEASES ASSETS - CONSOLIDATED

		Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
Cost or Valuation	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022		427	2,420	0	0	0	0	0	2,847
Additions (include new dilapidation provisions)		0	0	0	0	0	0	0	0
Additions - peppercorn leases		0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0
Transfers between asset categories		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
Impairment reversals		0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	0	0
Disposals - peppercorn leases		0	0	0	0	0	0	0	0
<b>At 31st March 2023</b>		<b>427</b>	<b>2,420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,847</b>
<b>Depreciation</b>									
At 1 April 2022		0	0	0	0	0	0	0	0
Provided during the year - (include new dilapidation provisions)		0	666	0	0	0	0	0	117
Provided during the year - peppercorn leases		0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0
Transfers between asset categories		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
Impairment reversals		0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	0	0
Disposals - peppercorn leases		0	0	0	0	0	0	0	0
<b>At 31st March 2023</b>		<b>0</b>	<b>666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>666</b>
<b>Net Book Value at 1st April 2022</b>		<b>427</b>	<b>2,420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,847</b>
<b>Net Book Value at 31st March 2023</b>	SoFP	<b>427</b>	<b>1,754</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,181</b>
<b>Open Market value of Land in Land and Dwellings included above</b>		<b>427</b>							

17a. LEASES ASSETS - BOARD

		Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
Cost or Valuation	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022		427	2,420	0	0	0	0	0	2,847
Additions (include new dilapidation provisions)		0	0	0	0	0	0	0	0
Additions - peppercorn leases		0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0
Transfers between asset categories		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
Impairment reversals		0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	0	0
Disposals - peppercorn leases		0	0	0	0	0	0	0	0
<b>At 31st March 2023</b>		<b>427</b>	<b>2,420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,847</b>
<b>Depreciation</b>									
At 1 April 2022		0	0	0	0	0	0	0	0
Provided during the year - (include new dilapidation provisions)		0	666	0	0	0	0	0	666
Provided during the year - peppercorn leases		0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0
Transfers between asset categories		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
Impairment reversals		0	0	0	0	0	0	0	0
Disposals		0	0	0	0	0	0	0	0
Disposals - peppercorn leases		0	0	0	0	0	0	0	0
<b>At 31st March 2023</b>		<b>0</b>	<b>666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>666</b>
<b>Net Book Value at 1st April 2022</b>		<b>427</b>	<b>2,420</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,847</b>
<b>Net Book Value at 31st March 2023</b>	SoFP	<b>427</b>	<b>1,754</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,181</b>
<b>Open Market value of Land in Land and Dwellings included above</b>		<b>427</b>							

NOTES TO THE ACCOUNTS

17b. LEASES LIABILITIES

	Note	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Intangibles £'000	Total £'000
<b>Amounts falling due:</b>									
Not later than one year		67	381	0	0	0	0	0	448
Later than one year, not later than 2 years		70	389	0	0	0	0	0	459
Later than two year, not later than five years		223	1,271	0	0	0	0	0	1,494
Later than five years		0	0	0	0	0	0	0	0
Less: Unaccrued interest		0	0	0	0	0	0	0	0
<b>Balance At 31st March 2023</b>		<b>360</b>	<b>2,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,401</b>
Current		67	381	0					448
Non-Current		293	1,660	0					1,953
		<b>360</b>	<b>2,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,401</b>

Amounts recognised in the Statement of Comprehensive Net Expenditure

	Consolidated £'000	Board £'000
Depreciation	666	666
Interest Expense	27	27
Non Recoverable VAT on lease payments	0	0
Low value and short term leases	1,572	1,572
Remeasurement of ROU assets - (gain)/loss charged to SOCNE	0	0
<b>Total</b>	<b>2,265</b>	<b>2,265</b>

Amounts recognised in the Statement of Cash Flows

	Consolidated £'000	Board £'000
Interest Expense	27	27
Repayment of Principal of leases	510	510
<b>Total</b>	<b>537</b>	<b>537</b>

## NOTES TO THE ACCOUNTS

## 17c. COMMITMENTS UNDER LEASES

**Operating Leases**

Total future minimum lease payments under operating leases are given in the table below for Financial Year 2021/22. Operating Leases have been reported on Note 17a as Right of Use (ROU) Assets or within Note 17b as Low Value and Short Terms leases in 2022/23 following the implementation of IFRS16.

2022		2023
£'000	Obligations under operating leases comprise	£'000
	Note	
	<b>Land</b>	
71	Not later than one year	0
73	Later than one year, not later than 2 years	0
229	Later than two years, not later than five years	0
80	Later than five years	0
	<b>Buildings</b>	
0	Not later than one year	0
	<b>Other</b>	
332	Not later than one year	0
190	Later than one year, not later than 2 years	0
82	Later than two years, not later than five years	0
0	Later than five years	0
	<b>Amounts charged to Operating Costs in the year were</b>	
501	Hire of equipment (including vehicles)	0
394	Other operating leases	0
<b>895</b>	<b>Total</b>	<b>0</b>

**Finance Leases**

Total future minimum lease payments under finance leases are given in the table below for Financial Year 2021/22. Finance Leases have been reported on Note 17a as Right of Use (ROU) Assets in 2022/23 following the implementation of IFRS16.

2021		2022
£'000	Obligations under finance leases comprise	£'000
	Note	
	<b>Buildings</b>	
472	Rentals due within one year	0
483	Rentals due between one and two years (inclusive)	0
1,524	Rentals due between two and five years (inclusive)	0
534	Rentals due after five years	0
3,013		0
(2,311)	Less interest element	0
<b>702</b>	<b>Total</b>	<b>0</b>
	12	

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 3.15% based on the proportion of employer contributions paid in 2021-22.

The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 September 2019 of 23% of pensionable pay and an anticipated yield of 9.4% 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.

**Pension Scheme Autoenrolment - October 2022**

In line with UK Pension Regulator legislation NHS Borders completed an autoenrolment exercise during 2022/23 for employees who were eligible to join the NHS Scotland Pension Scheme administered by the Scottish Public Pensions Agency (SPPA). For employees who did not meet the required criteria for the NHS Scotland Pension Scheme an alternative Pension Scheme, the National Employment Savings Trust (NEST) was offered. The next cycle of autoenrolment is mandated for 2025/26.

Full information on the NHS Pension Scheme (Scotland) is available on the Scottish Public Pensions Agency (SPPA) web site at [www.sppa.gov.uk](http://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 members of the NHS Pension Scheme became members of the 2015 pension scheme, from 1st April 2022 the pre-reform schemes were closed to further pension build-up. 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 were recalculated in line with the benefits of their pre reform pension scheme (1995 or 1998). All NHS Scotland Staff became members of the 2015 Career Average Revalued Earnings Pension Scheme on 1st April 2022 and as such accrued pension benefits reported in the 2022/23 Remuneration Report are based on a combination of pre reform scheme benefits for membership up to 31st March 2022 and on CARE Pension Scheme benefits from 1st April 2022.

**The new NHS Pension Scheme (Scotland) 2015**

From 1 April 2022 all members of the NHS Pension Scheme became members of the CARE pension scheme, this scheme has an accrual rate of 1/54 of their superannuable 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 2022-23 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 £50,270, 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.

	2023 £'000	2022 £'000
Pension cost charge for the year	21,963	21,036
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Statement of Financial Position	1,266	1,383
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 amortised cost	Total
		2023	2023
	Note	£'000	£'000
<b>AS AT 31 MARCH 2023</b>			
<b>Assets per Statement of Financial Position</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,516	3,516
Cash and cash equivalents	11	284	284
		<b>3,800</b>	<b>3,800</b>

## BOARD

		Financial assets at amortised cost	Total
		2023	2023
		£'000	£'000
<b>AS AT 31 MARCH 2023</b>			
<b>Assets per Statement of Financial Position</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,016	3,016
Cash and cash equivalents	11	107	107
		<b>3,123</b>	<b>3,123</b>

## CONSOLIDATED (Prior Year)

		Financial assets at amortised cost	Total
		2022	2022
		£'000	£'000
<b>At 31 March 2022</b>			
<b>Assets per Statement of Financial Position</b>			
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
		<b>3,191</b>	<b>3,191</b>

## BOARD (Prior Year)

		Financial assets at amortised cost	Total
		2022	2022
		£'000	£'000
<b>At 31 March 2022</b>			
<b>Assets per Statement of Financial Position</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,761	1,761
Cash and cash equivalents	11	443	443
		<b>2,204</b>	<b>2,204</b>

## NOTES TO THE ACCOUNTS

## 19. FINANCIAL INSTRUMENTS (cont.)

## Financial Liabilities

## CONSOLIDATED

		Financial liabilities at amortised cost	Total
		2023	2023
	Note	£'000	£'000
<b>AS AT 31 MARCH 2023</b>			
<b>Liabilities per Statement of Financial Position</b>			
Lease liabilities	12	2,401	2,401
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	55,560	55,560
		<b>57,961</b>	<b>57,961</b>

## BOARD

		Financial liabilities at amortised cost	Total
		2023	2023
		£000	£000
<b>AS AT 31 MARCH 2023</b>			
<b>Liabilities per Statement of Financial Position</b>			
Lease liabilities	12	2,401	2,401
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	55,443	55,443
		<b>57,844</b>	<b>57,844</b>

## CONSOLIDATED (Prior Year - Restated)

		Financial liabilities at amortised cost	Total
		2022	2022
		£'000	£'000
<b>At 31 March 2022</b>			
<b>Liabilities per Statement of Financial Position</b>			
Finance lease liabilities	12	702	702
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	70,931	70,931
		<b>71,633</b>	<b>71,633</b>

## Board (Prior Year - Restated)

		Financial liabilities at amortised cost	Total
		2022	2022
		£'000	£'000
<b>At 31 March 2022</b>			
<b>Liabilities per Statement of Financial Position</b>			
Finance lease liabilities	12	702	702
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	70,809	70,809
		<b>71,511</b>	<b>71,511</b>

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
<b>At 31st March 2023</b>				
Finance Lease Liabilities	448	459	1,494	0
Trade and other payables excluding statutory liabilities	55,420	3	9	11
<b>Total</b>	<b>55,868</b>	<b>462</b>	<b>1,503</b>	<b>11</b>
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
<b>At 31st March 2022 - Restated</b>				
Finance Lease Liabilities	22	136	408	136
Trade and other payables excluding statutory liabilities	70,787	1	9	11
<b>Total</b>	<b>70,809</b>	<b>137</b>	<b>417</b>	<b>147</b>

c) Market Risk

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

i) Cashflow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

iii) Price Risk

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

d) Fair Value Estimation

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

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

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



## NOTES TO THE ACCOUNTS

## 20. RELATED PARTY TRANSACTIONS

**Scottish Government**

NHS Borders is a child of the Scottish Government Health & Social Care Directorate (SGHSCD). The SGHSCD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Directorate and the other entities for which the directorate is regarded at the parent directorate. In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions, have been of both an income and expenditure nature, and have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Revenue & Customs; 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 £5.279m as at 31st March 2023, (2022: £5.656m) as per these consolidated Group Accounts.

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

	2022/23		2021/22	
	WTE	£	WTE	£
Fundraising Manager	0.80	43,648	1.0 (part year)	59,717
Charity Development Manager	0.90	39,291		
Fundraising Support Officer	1.00	36,696	1.0 (part year)	24,374
Evelyn Sutherland Nurse	1.00	67,992	0.6 (part year)	22,258
Palliative Care Nurse Consultant	0.60	43,513	0.60	43,513
Palliative Care Quality Improvement	1.0 (part year)	51,744	1.0 (part year)	34,171
Oncology Staff Nurse - Development			0.6 (part year)	14,406
Advanced Nurse Practitioners	3.00	126,905	3.0 (part year)	105,626
<b>Total Staff Recharge</b>		<b>409,789</b>		<b>304,065</b>

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

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

The Health Board Director of Finance, Mr A Bone, has a registered interest as Director on the Board of Hub South East Scotland Ltd. Mr Bone does not receive any personal payment through this appointment. Transactions between NHS Borders and Hub South East Scotland Ltd were recorded during 2022/23. These transactions related to the provision of Strategic Support services for a GP Services and Premises Project with a charge incurred by the Board of £4,140. The Board receives reimbursement for attendance by Mr Bone at Hub South East Scotland Ltd Board meetings. The total reimbursement received in 2022/23 was £17,651, which has been reported as 'Other Operating Income' in Note 4 of these accounts. There have been no further transactions with NHS Borders or Borders Health Board Endowment Fund or the Integration Joint Board (Health Delegated Functions) and any of the organisations noted by the Board Member's on the 2022/23 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.

	<b>2022</b>	<b>Gross Inflows</b>	<b>Gross Outflows</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Monetary amounts such as bank balances and monies on deposit	6	27	(25)	8
<b>Total Monetary Assets</b>	<b>6</b>	<b>27</b>	<b>(25)</b>	<b>8</b>

NOTES TO THE ACCOUNTS

22a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Restated						
Consolidated		Note	Board	Endowment	Associates and joint ventures - Borders IJB	Consolidated
2022			2023	2023	2023	2023
£'000			£'000	£'000	£'000	£'000
	<b>Total income and expenditure</b>					
157,424	Employee expenditure	3	169,930	0		169,930
	Other operating expenditure	3				
35,277	Independent Primary Care Services		37,909	0		37,909
51,571	Drugs and medical supplies		49,696	0		49,696
276,966	Other health care expenditure		245,548	687		246,235
<b>521,238</b>	Gross expenditure for the year		<b>503,083</b>	<b>687</b>		<b>503,770</b>
(202,134)	Less: operating income	4	(194,020)	(707)		(194,727)
(8,178)	Associates and joint ventures accounted for on an equity basis		0	0	8,850	8,850
<b>310,926</b>	<b>Net Expenditure</b>		<b>309,063</b>	<b>(20)</b>	<b>8,850</b>	<b>317,893</b>

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 2022/23

## NOTES TO THE ACCOUNTS

## 22b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Restated Consolidated		Board	Endowment	Other reserves - associates and joint ventures	Consolidated
2022 £'000		2023 £'000	2023 £'000	2023 £'000	2023 £'000
	<b>Non-current assets:</b>				
139,380	Property, plant and equipment	148,057	0	0	148,057
830	Intangible assets	1,849	0	0	1,849
0	Right of Use assets	2,181	0	0	2,181
	<b>Financial assets:</b>				
4,791	Investments - Endowment Fund	0	4,719	0	4,719
0	Investments - GP Loans	85	0	0	85
13,298	Investments - Associates and joint ventures	0	0	4,448	4,448
0	Trade and other receivables	0	0	0	0
<b>158,299</b>	<b>Total non-current assets</b>	<b>152,172</b>	<b>4,719</b>	<b>4,448</b>	<b>161,339</b>
	<b>Current Assets:</b>				
1,807	Inventories	1,850	0	0	1,850
	<b>Financial assets:</b>				
7,471	Trade and other receivables	8,931	500	0	9,431
1,224	Cash and cash equivalents	107	177	0	284
0	Investments	0	0	0	0
100	Assets classified as held for sale	130	0	0	130
<b>10,602</b>	<b>Total current assets</b>	<b>11,018</b>	<b>677</b>	<b>0</b>	<b>11,695</b>
<b>168,901</b>	<b>Total assets</b>	<b>163,190</b>	<b>5,396</b>	<b>4,448</b>	<b>173,034</b>
	<b>Current liabilities</b>				
(7,251)	Provisions	(5,910)	0	0	(5,910)
	<b>Financial liabilities:</b>				
(81,401)	Trade and other payables	(73,504)	(117)	0	(73,621)
<b>(88,652)</b>	<b>Total current liabilities</b>	<b>(79,414)</b>	<b>(117)</b>	<b>0</b>	<b>(79,531)</b>
<b>80,249</b>	<b>Non-current assets (less) net current liabilities</b>	<b>83,776</b>	<b>5,279</b>	<b>4,448</b>	<b>93,503</b>
	<b>Non-current liabilities</b>				
(9,958)	Provisions	(10,165)	0	0	(10,165)
	<b>Financial liabilities:</b>				
(1,245)	Trade and other payables	(1,992)	0	0	(1,992)
<b>(11,203)</b>	<b>Total non-current liabilities</b>	<b>(12,157)</b>	<b>0</b>	<b>0</b>	<b>(12,157)</b>
<b>69,046</b>	<b>Assets less liabilities</b>	<b>71,619</b>	<b>5,279</b>	<b>4,448</b>	<b>81,346</b>
	<b>Taxpayers' Equity</b>				
(5,393)	General fund	5,495	0	0	5,495
55,486	Revaluation reserve	66,124	0	0	66,124
13,298	Other reserves - associates and joint ventures	0	0	4,448	4,448
5,656	Funds held on Trust	0	5,279	0	5,279
<b>69,046</b>	<b>Total taxpayers' equity</b>	<b>71,619</b>	<b>5,279</b>	<b>4,448</b>	<b>81,346</b>

NOTES TO THE ACCOUNTS

22c. CONSOLIDATED STATEMENT OF CASHFLOWS

Restated			Restated					
Board	Endowment	Consolidated	Board	Endowment	Consolidated	Board	Endowment	Consolidated
2022	2022	2022	2023	2023	2023	2023	2023	2023
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
			<b>Note</b>					
<b>Cash flows from operating activities</b>								
(310,700)	(226)	(310,926)		(317,913)	20	(317,893)		
(3,157)	0	(3,157)	2	15,072	0	15,072		
360	0	360	2	27	0	27		
0	0	0	4	0	0	0		
0	0	0		0	0	0		
18,281	(348)	17,933	2	(11,862)	(299)	(12,161)		
<b>(295,216)</b>	<b>(574)</b>	<b>(295,790)</b>		<b>(314,676)</b>	<b>(279)</b>	<b>(314,955)</b>		
<b>Net cash outflow from operating activities</b>								
<b>Cash flows from investing activities</b>								
(5,194)	0	(5,194)		(2,739)	0	(2,739)		
0	0	0		(1,285)	0	(1,285)		
0	(197)	(197)		(124)	(332)	(456)		
0	0	0		0	0	0		
54	0	54		0	0	0		
0	0	0		0	0	0		
0	975	975		0	6	6		
0	0	0		0	0	0		
<b>(5,140)</b>	<b>778</b>	<b>(4,362)</b>		<b>(4,148)</b>	<b>(326)</b>	<b>(4,474)</b>		
<b>Net cash outflow from investing activities</b>								
<b>Cash flows from financing activities</b>								
301,909	0	301,909		318,668	0	318,668		
(1,094)	0	(1,094)		550	0	550		
<b>300,815</b>	<b>0</b>	<b>300,815</b>		<b>319,218</b>	<b>0</b>	<b>319,218</b>		
(57)	0	(57)		(702)	0	(702)		
(360)	0	(360)	2	(27)	0	(27)		
<b>300,398</b>	<b>0</b>	<b>300,398</b>		<b>318,489</b>	<b>0</b>	<b>318,489</b>		
<b>Net Financing</b>								
42	204	245		(335)	(605)	(940)		
403	576	979		444	780	1,224		
<b>445</b>	<b>780</b>	<b>1,224</b>	11	<b>109</b>	<b>175</b>	<b>284</b>		
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>								
<b>Cash and cash equivalents at the beginning of the year</b>								
<b>Cash and cash equivalents at the end of the period</b>								
<b>Reconciliation of net cash flow to movement in net debt / cash</b>								
42	204	245		(335)	(605)	(940)		
403	576	979		444	780	1,224		
<b>445</b>	<b>780</b>	<b>1,224</b>		<b>109</b>	<b>175</b>	<b>284</b>		
<b>Net debt / cash at 31 March</b>								

## NOTES TO THE ACCOUNTS

## 23. RESTATED PRIMARY STATEMENTS

## 23a. RESTATED SoCNE

	Previous Accounts £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	These Accounts £000
<b>Total income and expenditure</b>					
Employee expenditure	157,424	0	0	0	157,424
Other expenditure					0
Independent Primary Care Services	35,277	0	0	0	35,277
Drugs and medical supplies	51,571	0	0	0	51,571
Other health care expenditure	280,321	(1,500)	(1,855)	0	276,966
Less: operating income	(202,134)	0	0	0	(202,134)
Associates and joint ventures accounted for on an equity basis	(8,178)	0	0	0	(8,178)
<b>Net expenditure for the year</b>	<b>314,281</b>	<b>(1,500)</b>	<b>(1,855)</b>	<b>0</b>	<b>310,926</b>

## 21b. RESTATED STATEMENT OF FINANCIAL POSITION

	Previous Accounts £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	These Accounts £000
<b>Non-current assets</b>					
Property, plant and equipment	139,380	0	0	0	139,380
Intangible assets	830	0	0	0	830
Financial assets:					
Available for sale financial assets	4,791	0	0	0	4,791
Investments in associates and joint ventures	13,298	0	0	0	13,298
Trade and other receivables	0	0	0	0	0
	<b>158,299</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>158,299</b>
<b>CURRENT ASSETS</b>					
Inventories	1,807	0	0	0	1,807
Intangible assets	0	0	0	0	0
Financial assets:					
Trade and other receivables	7,471	0	0	0	7,471
Cash and cash equivalents	1,224	0	0	0	1,224
Available for sale financial assets	0	0	0	0	0
Derivatives financial assets	0	0	0	0	0
Assets classified as held for sale	100	0	0	0	100
	<b>10,602</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,602</b>
<b>TOTAL ASSETS</b>	<b>168,901</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,901</b>
<b>CURRENT LIABILITIES</b>					
Provisions	(7,251)	0	0	0	(7,251)
Financial liabilities:					
Trade and other payables	(84,354)	1,098	1,855	0	(81,401)
Derivatives financial liabilities	0	0	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>(91,605)</b>	<b>1,098</b>	<b>1,855</b>	<b>0</b>	<b>(88,652)</b>
<b>NON-CURRENT ASSETS PLUS / LESS NET CURRENT ASSETS / LIABILITIES</b>	<b>77,296</b>	<b>1,098</b>	<b>1,855</b>	<b>0</b>	<b>80,249</b>
<b>Non-current liabilities</b>					
Provisions	(9,958)	0	0	0	(9,958)
Financial liabilities:					
Trade and other payables	(1,645)	400	0	0	(1,245)
Derivatives financial liabilities	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>(11,603)</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>(11,203)</b>
Assets less liabilities	<b>65,693</b>	<b>1,498</b>	<b>1,855</b>	<b>0</b>	<b>69,046</b>
<b>TAXPAYERS' EQUITY</b>					
General Fund	(8,748)	1,500	1,855	0	(5,393)
Revaluation Reserve	55,486	0	0	0	55,486
Other Reserve - associates and joint ventures	13,298	0	0	0	13,298
Funds held on Trust	5,656	0	0	0	5,656
<b>Total taxpayers' equity</b>	<b>65,692</b>	<b>1,500</b>	<b>1,855</b>	<b>0</b>	<b>69,046</b>

## NOTES TO THE ACCOUNTS

## 23c. RESTATED CASH FLOW STATEMENT

	Previous Accounts £000	Adjustment 1 £000	Adjustment 2 £000	Adjustment 3 £000	These Accounts £000
<b>Cash flows from operating activities</b>					
Net operating expenditure	(314,281)	1,500	1,855	0	(310,926)
Adjustments for non-cash transactions	(3,157)	0	0	0	(3,157)
Add back: interest payable recognised in net operating expenditure	360	0	0	0	360
Deduct: interest receivable recognised in net operating expenditure	0	0	0	0	0
Investment income	0	0	0	0	0
Movements in working capital	17,933	0	0	0	17,933
<b>Net cash outflow from operating activities</b>	<b>(299,145)</b>	<b>1,500</b>	<b>1,855</b>	<b>0</b>	<b>(295,790)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(5,194)	0	0	0	(5,194)
Purchase of intangible assets	0	0	0	0	0
Investment additions	(197)	0	0	0	(197)
Transfer of assets to/(from) other NHS bodies	0	0	0	0	0
Proceeds of disposal of property, plant and equipment	54	0	0	0	54
Proceeds of disposal of intangible assets	0	0	0	0	0
Receipts from sale of investments	974	0	0	0	974
Interest received	0	0	0	0	0
<b>Net cash outflow from investing activities</b>	<b>(4,363)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,363)</b>
<b>Cash flows from financing activities</b>					
Funding	301,909	0	0	0	301,909
Movement in General Fund working capital	2,260	(1,500)	(1,855)	0	(1,095)
<b>Cash drawn down</b>	<b>304,169</b>	<b>(1,500)</b>	<b>(1,855)</b>	<b>0</b>	<b>300,814</b>
balance sheet PFI contracts	(57)	0	0	0	(57)
Interest paid	0	0	0	0	0
contracts	(360)	0	0	0	(360)
<b>Net Financing</b>	<b>303,752</b>	<b>(1,500)</b>	<b>(1,855)</b>	<b>0</b>	<b>300,397</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>245</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>245</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>979</b>				<b>979</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,224</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>					
Increase / (decrease) in cash in year	245	0	0	0	245
Net debt / cash at 1 April	979	0	0	0	979
<b>Net debt / cash at 31 March</b>	<b>1,224</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,224</b>

## 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 'R. McV.', written over a horizontal line.

Signed by the authority of the Scottish Ministers

Dated 22 MARCH 2022