



**BORDERS HEALTH BOARD**

**ANNUAL ACCOUNTS  
FINAL**

**2014/15**

**BORDERS HEALTH BOARD**

**DIRECTORS REPORT, ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2015**

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## **BORDERS HEALTH BOARD**

### **ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2015**

#### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

##### **Naming convention**

NHS Borders is the common name for Borders Health Board.

##### **1. Principal activities and review of the business and future developments**

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Operating and Financial Review report which is incorporated in this report.

##### **2. Date of issue**

The financial statements were approved and authorised for issue by the Board on 25 June 2015.

##### **3. Accounting convention**

The Annual Accounts and Notes have been prepared under the historical cost convention 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 through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers.

The statement of the accounting policies, which have been adopted, is shown at Note 1 (Pg 33).

##### **4. 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. For the financial years 2011/2012 to 2015/16 the Auditor General has appointed Scott-Moncrieff 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.

##### **5. Board membership**

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

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 2014 to 31<sup>st</sup> March 2015 were as follows:

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

Mr J Raine, Chair  
Mr J McLaren, Non-Executive Director  
Mrs P Alexander, Non-Executive Director  
Mrs K Hamilton, Non-Executive Director  
Mr D Davidson, Non-Executive Director  
Dr S Mather, Non-Executive Director  
Cllr C Bhatia, Non-Executive Director  
Dr D Steele, Non-Executive Director  
Mrs K McNicoll, Non Executive Director

## Executive Members

Mr C Campbell, Chief Executive to 31<sup>st</sup> December 2014

Dr E Baijal, Director of Public Health

Dr S MacDonald, Medical Director

Mrs J Davidson, Chief Executive (Interim) from 1<sup>st</sup> January 2015, Chief Operating Officer to 31<sup>st</sup> December 2014

Mrs C Gillie, Director of Finance

Mrs E Rodger, Director of Nursing & Midwifery

The Board members' responsibilities in relation to the accounts are set out in statements following this report.

### 6. Board members' and senior managers' interests

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health board as required by IAS 24 are disclosed in Note 27 (Pg 80).

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.

### 7. 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.

### 8. Pension Liabilities

The accounting policy note for pensions is provided in Note 1(Pg 40) and disclosure of the costs is shown within Note 23 (Pg 72) and the Note 2a staff numbers and costs (Pg 45).

### 9. Remuneration for non audit work

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

### 10. Value of Land

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

### 11. Public Services Reform (Scotland) Act 2010

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

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

### 12. Payment policy

The Scottish Government is committed to supporting business during the current economic climate 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 target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the NHS Board did endeavour 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:

	2014/15	2013/14
Average period of credit taken	6.96 days	7.89 days
Percentage of invoices by volume paid within 30 days	96%	95%
Percentage of invoices by value paid within 30 days	95%	94%
Percentage of invoices by volume paid within 10 days	87%	84%
Percentage of invoices by value paid within 10 days	82%	84%

### **13. Corporate governance**

The Board met bi-monthly during the year to progress the business of the NHS Board. The NHS Board is supported by a number of standing committees which are directly accountable to it:

- Clinical Governance
- Audit
- Staff Governance
- Public Governance
- Research Ethics
- Pharmacy Practices Committee

#### **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 appropriate systems are in place, which ensure that clinical governance and clinical risk management arrangements are working effectively to safeguard and improve the quality of clinical care.

The membership of the Clinical Governance Committee comprised Dr. S Mather who held the Chair of the Committee, Dr. D Steele, Mr. D Davidson and Mrs. K McNicoll. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2014/15.

Minutes of each Clinical Governance Committee meeting are noted by the full NHS Board.

#### **Audit Committee**

The purpose of the Audit Committee is to assist the NHS Board to deliver its responsibilities for the conduct of its business, including the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the NHS Board that an appropriate system of internal control has been in place throughout the year.

The Audit Committee comprised Dr. S Mather and Dr. D Steele. The Audit Committee chair is Mr D. Davidson. The Committee was supported by a number of stakeholders, including executive directors, internal audit and external audit, who were in attendance at the meetings during 2014/15.

Minutes of each Audit Committee meeting are noted by the full NHS Board.

#### **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 under the National Health Service Reform (Scotland) Act 2004 and the Staff Governance Standard. 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.

The membership of the Staff Governance Committee comprised Mr. J McLaren (Joint Chair), Mrs. P Alexander (Joint Chair), Dr. S Mather, and Dr. D Steele. The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2014/15.

Minutes of each Staff Governance Committee meeting are noted by the full NHS Board.

#### **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 membership of the Public Governance Committee comprised Dr. D Steele (Chair of the Committee), Mrs P. Alexander, Mrs K Hamilton, Mr. J McLaren (Employee Director), Cllr. C Bhatia (Scottish

Borders Council - Health) with representatives from the Public Partnership Forum, Community Council's Network, Borders Voluntary Community Care Forum, Princess Royal Trust, Borders Carers Centre and the Participation Network.

The Committee was supported by a number of stakeholders from NHS Borders who were in attendance at the meetings during 2014/15.

Minutes of each Public Governance Committee meeting are noted by the full NHS Board.

#### **Research Ethics**

NHS Borders refers any request for independent advice as to whether a given piece of research is ethical, and whether the dignity, rights, safety and wellbeing of individual research subjects are adequately protected to the South East Scotland Research and Ethics Service. During 2014/15 NHS Borders did not make any referrals to the South East Scotland Research and Ethics Service.

#### **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 met twice during 2014/15 on the 2nd and 15th May 2014.

The Committee is chaired by NHS Borders Non Executive Director Dr. D Steele (Chair) and has as members an NHS Borders employed pharmacist and 2 Independent Contractor Pharmacists, and 3 lay members.

Minutes of Pharmacy Practices Committee meetings are noted by the full NHS Board

#### **14. Health and Social Care Integration Joint Board**

During 2014/15 the Health and Social Care Integration Joint Board took forward integration in Borders as detailed in the Public Bodies (Joint Working) (Scotland) Bill. The Integration Joint Board also fulfilled the functions of the Community Health and Care Partnership (CHCP) until its removal from statute on 31st March 2015. Assurance of process has been given by Scottish Borders Council internal auditor who has supported the development of the Scheme of Integration for the Partnership together with the set up of the Legal and Governance framework which underpins the role and remit of the Integration Joint Board.

The Health and Social Care Integration Joint Board was chaired in 2014/15 by Councillor Catriona Bhatia.

Core membership of the Health & Social Care Integration Joint Board for the period 1 April 2014 to 31st March 2015 was:

##### NHS Members

Mrs. P Alexander (Vice Chair)  
Dr. D Steele  
Dr. S Mather  
Mr. D Davidson  
Dr. S Watkin  
Dr. J Kirk

##### Elected Members of Scottish Borders Council

Cllr. C Bhatia (Chair)  
Cllr. D Parker  
Cllr. A Aitchison  
Cllr. F Renton  
Cllr. J Mitchell  
Cllr J Torrance

The Board was supported by a number of officers and stakeholders who were in attendance at the meetings during 2014/15.

Minutes of each Health & Social Care Integration Joint Board meeting are formally noted by the full NHS Board.

**15. 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 they ought reasonably to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Board's auditors have been made aware of that information.

**16. Human resources**

As an Equal Opportunities employer NHS Borders is committed to supporting the equality and diversity agenda, and welcomes applications for employment from disabled persons and actively seeks to provide an environment where they, and any employees who become disabled, can contribute to the work of the Board. NHS Borders provides employees with information on matters of concern and interest to them as employees by means of an Intranet website, a monthly Corporate and Team brief, staff newsletter, updates on specific issues, the staff induction programme and through contracts of employment. NHS Borders consults employees or their representatives so their views are taken into account in decisions affecting their interests by utilising Area and Local Partnership Fora.

**17. Events after the end of the reporting period**

No events were recorded after the reporting period.

**18. 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 26 (Pg 79).

**19. Sickness Absence**

The sickness absence rate for 2014/15 was 4.8% compared to 4.3% for 2013/14

**20. Approval and signing of the directors' report**

The Accountable Officer authorised these financial statements for issue on 25 June 2015.

Signed



25 June 2015

Chief Executive (Interim)

## BORDERS HEALTH BOARD

### ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2015

#### STRATEGIC REPORT

##### 1. Principal activities and review of the year

The NHS Board was established in 1974 under the National Health Service (Scotland) Act 1974 and is responsible for commissioning health care services for the residents of the Scottish Borders, a total population of 116,563 (GP Practice List – March 2015, 116,442 - March 2014).

The NHS Board forms a local health system, with single governing boards responsible for improving the health of the local populations and delivering the healthcare they require. The overall purpose of the NHS Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the NHS Board is to:

- improve and protect the health of local people;
- improve health services for local people;
- focus clearly on health outcomes and people's experience of NHS Borders;
- promote integrated health and community planning by working closely with other local organisations;
- provide a single focus of accountability for the performance of NHS Borders; and
- involve the public in the design and delivery of healthcare services.

The functions of the NHS Board comprise:

- strategy development;
- resource allocation;
- financial stewardship;
- implementation and delivery of the Local Delivery Plan;
- performance management;
- appointment, appraisal and remuneration of senior executives;
- governance of NHS Borders, discharged through the Standing Committees; and
- ensure effective public involvement and engagement on NHS Borders' plans and performance.

The Healthcare Quality Strategy for Scotland was launched in May 2010 and provides the framework for those who deliver healthcare services in Scotland to work with partners and the public towards a shared vision of world leading, safe, effective and person-centred healthcare. Scottish Government's 2020 Vision states that: 'Our vision is that by 2020 everyone is able to live longer healthier lives at home, or in a homely setting.

With continuing focus on the Quality, moving towards the 20:20 vision, as well as national targets, local commitments and priorities, the Board's strategic aims are detailed in the approved 2013-16 Vision, Values and Corporate Objectives. Patient Safety remains the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.

During 2014/15 the consultation on the Board's Clinical Strategy was concluded with a summary and feedback report being presented to the Board. The Strategy is based on a range of key principles which will be applied to all services which will enable NHS Borders to tackle future challenges and continue to provide improved patient care over the next five years. As the initial step to implement the principles of the Clinical Strategy the Board, at its' meeting in February 2015, approved a review of all inpatient services.

In support of the corporate objectives during 2014/15 NHS Borders undertook and facilitated a wide range of activities which included

- **Capital Plan**
  - Progress on the Roxburgh Street Replacement Surgery Capital Project with Board approval to the Project Affordability Cap with NHS Scotland Procurement Partner Hub, supporting the planned start on construction during 2015.



- Development of the Business Case for the relocation of the Mental Health Rehabilitation Ward currently based on the Galavale Site.
- Progress on the Board's Estates Rationalisation Programme with planned disposal of the West Grove property, review of services located on the Galavale Site and work to release 2 properties which are currently rented.
- As part of future year capital planning a number of feasibility studies were also progressed to establish proposals which will upgrade the Pharmacy Department, Mental Health Inpatient Ward at Melburn Lodge and Theatre Ventilation Units at Borders General Hospital.
- The Board continues to invest in rolling replacement programmes for its Estate (£150k), Medical Equipment (£258k), Radiology Imaging Equipment (£250k) and Information Technology (£200k). A schedule of backlog maintenance for a number of its properties (£350k) and improvement in the hospital environment (£100k) were also progressed utilising capital resource.
- The Board introduced a Car Parking Management System on its main hospital site at Borders General Hospital. This system ensures increased accessibility for patient, relatives and visitors.
- **Managing Patient Flow in Hospitals – 3 year project**  
NHS Borders was successful in its application to become one of 4 NHS Scottish Boards embarking on a 3 year project to improve patient flow, which will improve the quality and efficiency of the patient's journey while being cared for in the Borders General Hospital. The Institute for Healthcare Optimization (IHO) will be supporting the project.
- **Measuring Patient Experience**  
Work is underway to develop a measure of patient satisfaction with their healthcare. NHS Borders will use this feedback to improve services.
- **Volunteer Development**  
NHS Borders through the appointment of a Volunteer Coordinator has identified a number of individuals who have volunteered to support services and patients.
- **Safety Measurement and Monitoring – Health Foundation Award**  
In April 2014 the Health Foundation published a Safety Measurement and Monitoring Framework prepared by Charles Vincent. NHS Borders following a successful interview process will begin testing of the framework at Board level and across a frailty pathway for older people. This will offer the opportunity to accelerate our local improvement work in patient safety and the care of older people.

NHS Borders performance against key financial and non financial targets is summarised in section 2 and 3 below.

In line with NHS Scotland's strategy NHS Borders is required to continuously improve the quality and efficiency of its services. A key element of the Board's plan to attain a financial breakeven outturn in 2014/15 was the achievement of its cost efficiency target. During the financial year £5.4m of savings were delivered. A key element of financial sustainability is the recurring element of the cost efficiency target. Within the overall target for increased efficiency the in year target of £2.07m recurring savings was also fully achieved. This ensures that there is no recurring requirement carried forward into the next financial year which would increase the financial risk for the organisation. All NHS boards are required to deliver a 3% efficiency and productivity gain per annum. For NHS Borders 2.75% cash releasing savings and 0.25% productivity gains were identified.

Full details of the above and the many other key Board achievements during 2014/15 will be published in the Board Annual Report which will be available early in 2015/16 from the office of the Chair and Chief Executive.

## 2. Financial Performance and Position

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

- Revenue resource limit – a resource budget for ongoing operations;
- Capital resource limit – a resource budget for net capital investment; and
- Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

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.

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

	Limit as set by SGHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
1 Core Revenue Resource Limit	204,102	204,031	71
Non Core Revenue Resource Limit	4,573	4,568	5
2 Core Capital Resource Limit	1,581	1,573	8
Non Core Capital Resource Limit	0	0	0
3 Cash Requirement	213,000	212,300	700

### MEMORANDUM FOR IN YEAR OUTTURN

£'000

Brought forward surplus from previous financial year

741

Saving against in year total Revenue Resource Limit

812

### Borders Health Board Charitable Funds Consolidation

Borders Health Board Endowment Funds (known as 'The Difference') have been consolidated into NHS Borders Exchequer Accounts in accordance with IAS 27 "Consolidated and Separate Financial Statements."

NHS Borders is the corporate trustee of the 'The Difference' and the charity's objectives are for the benefit of NHS Borders.

The main financial statements disclose the NHS Borders' financial position alongside that of the group (which is NHS Borders and 'The Difference').

### Provision for bad and doubtful debts (Pg 59)

The Board holds a provision for doubtful debts equating to £255,126 (2013/2014: £200,470).

### Outstanding Liabilities (Pg 63)

'Trade and other payables' due within one year have increased from £26.231m in 2013/2014 to £29.322m in 2014/15. This reflects the timing difference in relation to the receipt of allocations, income and the payment of invoices.

'Trade and other payables' due within one year as reported at 31<sup>st</sup> March 2015 include an accrual of £2.191m (2013/14: £2.069m) based on an assessment of the level of outstanding annual leave which is carried forward to 2015/16.

### Legal Obligations (Pg 65)

The Board has provided for £5.362m clinical and medical negligence compensation claims (2013/14: £6.953m), £3,004m for participation in the Clinical Negligence and Other Risks Indemnity Scheme (2013/14: £3,449m) and £1.522m pension obligations (2013/14: £1.515m) at 31<sup>st</sup> March 2015.

#### Sickness Absence

During the year ended 31<sup>st</sup> March 2015, the NHS Borders average sickness absence rate was 4.8% (2013/14: 4.3%).

#### Information Governance

##### Security Breaches

The number of security breaches of data protection/information reported through the NHS Borders Incident Reporting system was 143 for 2014/15 (179 in 2013/14). Breaches of data protection and information security are reported through the NHS Borders electronic incident reporting system which provides a record of the incident and the follow up actions and enables incidents to be tracked by members of the Information Governance Team.

##### Privacy Breaches

NHS Borders continues to operate the Privacy Breach Detection Software – FairWarning which was implemented as part of a Scottish Government programme during 2012. The software supports Health Boards to continue to keep patient information secure and confidential by logging the activity of users to clinical systems and patient management systems used within NHS Borders.

The management follow up process currently in place was agreed in partnership following revision during 2013.

During 2014/15, of the 9,785 potential incidents identified by FairWarning, 118 cases were investigated further. 35 were confirmed as actual incidents. Further action in respect of these incidents was taken in line with the management follow up process.

##### Patient Exemption Checking

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from dental and ophthalmic charges. These checks are targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has used the results of this testing to produce extrapolations in an attempt to quantify the level of income potentially lost to the NHS due to patient exemption fraud or error. CFS has previously accepted that these extrapolations may not be a reliable indicator of the actual level of fraud/error or of any underlying trend. It is not considered that this potential patient exemption fraud/error arises as a result of any significant weakness in the Board's system of internal control and the NHS Board is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of any patient exemption fraud/error occurring. NHS Borders will continue to work with CFS to ensure the maximum possible resource is available for health services in the Borders.

### **3. Performance against Key Non-Financial Targets**

The Board's Local Delivery Plan (LDP) submission in 2014/15 details targets for specified indicators of performance in four key areas; these are known as the HEAT targets, and cover Health improvement, Efficiency, Access and Treatment. As part of the Local Delivery Plan submission to the Scottish Government, the NHS Board is committed to achieving targets and also details a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks. The full HEAT target portfolio is detailed below.

Further information on performance against targets can be found as part of the NHS Board papers, specifically the HEAT Performance Scorecard, available on the NHS Borders website <http://www.nhsborders.org.uk>

#### **HEAT Target portfolio**

	TARGET CATEGORY	TARGET DESCRIPTION	MONITORING FREQUENCY	ACHIEVED TARGET
Health of Population	Target	To achieve 227 of 12 weeks successful quits in Smoking cessation in most deprived areas (cumulative)	Quarterly	N
	Standard	Increase by 50% the proportion of new-born children breastfed at 6-8 weeks	Monthly	N

	TARGET CATEGORY	TARGET DESCRIPTION	MONITORING FREQUENCY	ACHIEVED TARGET
Value and Sustainability	Target	Boards to operate within agreed revenue resource limit, capital resource limit and meet cash requirement	Monthly	Y
	Standard	80% of eKSF (electronic Knowledge & Skill Framework) annual reviews complete	Monthly	Y
	Standard	80% of Personal Development Plans (PDP's) recorded on eKsf	Monthly	N
	Standard	Sickness Absence Rate of 4%	Monthly	N
Quality	Target	18 Weeks RTT (Referral To Treatment): no waits over 12 weeks for outpatients	Monthly	N
	Target	18 weeks RTT: no waits over 12 weeks for inpatients	Monthly	N
	Target	18 weeks RTT: 90% performance for the Admitted Pathway	Monthly	N
	Target	18 weeks RTT: 90% performance for the Admitted Linked Pathway	Monthly	Y
	Target	18 weeks RTT: 90 % performance for the Non-admitted Pathway	Monthly	Y
	Target	18 weeks RTT: 90% performance for the Non-admitted Linked Pathway	Monthly	Y
	Target	Target of 90% for Combined Performance	Monthly	Y
	Target	Target of 90% for Combined Performance Linked Pathway	Monthly	Y
	Target	4 week waiting time for Diagnostics	Monthly	N
	Target	No CAMHS (Child & Adolescent Mental Health Services) waits over 18 weeks	Monthly	N
	Target	No Psychological Therapy waits over 18 weeks	Monthly	N
	Target	No Delayed Discharges over 2 weeks	Monthly	Y
	Target	90% of Alcohol/Drug Referrals into Treatment within 3 weeks	Monthly	Y
	Target	Target of 3,685 as emergency admissions aged 75 or over (per 1,000)	Monthly	N
	Target	Diagnosis of dementia (Target of 1116)	Monthly	N
	Target	90% of admissions to the Stroke Unit within 1 day of admission	Monthly	Y
	Standard	95% target for treatment within 62 days for Urgent Referrals of Suspicion of Cancer	Monthly	Y
	Standard	New patient did not attend (DNA) rate at 4%	Monthly	N
	Standard	98% target for treatment within 31 days of decision to treat for all Patients diagnosed with Cancer	Monthly	Y
	Standard	98% of waits for A&E under 4 hours	Monthly	N
	Standard	Same day surgery at 86%	Monthly	N
	Standard	Pre-operative stay reduced to 0.47 days	Monthly	Y
	Standard	Online Triage of Referrals at 90%	Monthly	Y

#### Key for Target Category

TARGET = denotes a 2014/15 Scottish Government HEAT Target

STANDARD = denotes this measure is not a current year Scottish Government HEAT target, however, NHS Borders continues to record and monitor performance as a standard,

During 2014/15 the Board continued to operate a corporate performance management and reporting framework. This included the ongoing development and review of Clinical Board/Clinical Executive performance scorecards and quarterly performance reviews, ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including HEAT targets, are reported to the Board on a regular basis. In addition, where the Board has achieved the national HEAT target NHS Borders has agreed that internally set 'stretch' targets will be used for monitoring performance in that area.

#### 4. Sustainability and Environmental Reporting

In conjunction with the Carbon Trust, the Board produced a Carbon Management Plan (CMP) aimed at addressing a reduction in the carbon impact substantially by 2016. The Board currently has an annual energy spend of almost £2m and a carbon footprint of 10,604 tonnes of CO<sub>2</sub>. In meeting proposed targets, NHS Borders will save £1.8m and avoid emissions of 7,396 tonnes of CO<sub>2</sub> in total over the 8 year period.

Key principles within the Board's CMP are detailed below:

- Raising staff awareness, education and training from the first day at work to the last day at work to encourage good housekeeping practices throughout the organisation's diverse property portfolio;
- Reducing energy consumption in buildings by reducing unnecessary usage (via "Switch Off" campaigns), increasing energy efficiency (heating, insulation and lighting) and prioritising and strengthening our approach to data monitoring;
- Reducing waste sent to landfill by improving waste minimisation and recycling initiatives within our property portfolio and reducing paper consumption;
- Reducing emissions from our vehicle fleet by procuring fuel efficient vehicles and low emission vehicles allied to specific driver training and improved monitoring of the fleet; and
- The introduction of carbon life cycle costing to the procurement process for all capital and revenue projects which will assist in assessing the efficiency of equipment and property and the related cost/carbon impact.

During 2014/15, a number of carbon reduction projects have been undertaken in-line with the CMP, funded by the Central Energy Efficiency Fund

- The installation of biomass boilers at Kelso and Knoll Community Hospitals, Huntlyburn and Melburn Lodge Mental Health Units and West Linton Health Centre continues to assist in reducing CO<sub>2</sub> emissions and to providing fuel security for the sites;
- The annual energy audit has been carried out on the complete property portfolio in respect of heating times and temperatures and adjustments made to provide optimal efficiency and a reduction in carbon emissions;
- Increased awareness and increase in number of videoconferencing facilities available throughout the organisation, allowing members of staff to attend meetings remotely, thereby reducing business travel CO<sub>2</sub> emissions;
- The continuation of the "Bike to Work Scheme" has resulted in excess of one hundred members of staff participating in the scheme, and the introduction of a "Liftshare" scheme utilising the intranet and the web and the introduction of a car share pass both linked to dedicated spaces in the main Borders General Hospital car park. This has led to a reduction in vehicles being utilised for travelling to work reducing staff travel to work CO<sub>2</sub> emissions;
- The utilisation of the National Procurement delivery service has led to more efficient purchase and delivery of goods, resulting in a reduction of delivery road mileage and a reduction in CO<sub>2</sub> emissions;
- The space utilisation project and property review carried out over the last two years has led to more efficient usage of the organisation buildings, leading to the organisations property portfolio being reduced by seven properties since 2012/13 with the resultant reduction in CO<sub>2</sub>.

NHS Borders has been monitoring its utility energy consumption, emissions and costs over a timeline in excess of 15 years and reports this information on an annual basis to Health Facilities Scotland (HFS) for inclusion in the NHS Scotland Annual Environmental Report. The information is also used to monitor compliance with HEAT targets which are reported by HFS quarterly. The latest available figures, from quarter 3 in 2014/15 compared with a 2009/10 base date, indicate that NHS Borders has achieved an energy efficiency reduction of 5.55% against a target of 4.29%, and a CO<sub>2</sub> reduction of 11.8% against a target of 12.6%.

## 5. Social, Community and Human Rights

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.

During 2014/15 NHS Borders produced (published, April 2015), a mainstreaming report detailing Board policies, embedded processes and activities undertaken in response to the legislative and regulatory framework in place.

This report provides an update against the NHS Borders Equality Outcomes, set in 2013. It provides a snapshot of how NHS Borders is progressing in the delivery of its vision of itself as an organisation which values diversity and promotes equality. Not only is the report a legislative requirement to detail progress on mainstreaming the Public Sector Equality Duty under the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, but it is a valuable tool for the organisation to continue to assess progress and plan further action.

Mainstreaming is a long term strategy that aims to make sure that the decisions that are taken are fully sensitive to the diverse needs and experiences of patients, carers, staff and members of the wider Scottish Borders community. This will improve decision making processes through providing better evidence and information and offers greater transparency and openness.

The revision and further development of new equality outcomes is planned in 2017.

## 6. NHS Borders Employee Gender Analysis

The following table details an analysis of the number of persons of each gender who were directors, senior managers (this would be staff on the NHS Executive and Senior Management pay scales) and employees of NHS Borders as at the 31<sup>st</sup> March 2015.

Staff Group	Female	Male	TOTAL
Directors	4	1	5
Senior Manager	11	8	19
Employees	3280	779	4059
TOTAL	3295	788	4083

## 7. NHS Scotland Superannuation Scheme


The NHS Scotland Superannuation Scheme is a multi-employer benefit scheme and as such recent revisions to IAS 19 require that NHS Borders include an indication of the level of the Board's participation in the scheme.

Information has been made available by the Scottish Public Pensions Agency (SPPA) which details that on the basis of level of employer contribution, NHS Borders in 2013-14 was 1.7% of the total contribution made to the NHS Scotland Pension Scheme.

NHS Borders employer contributions totalled £10,866,388 in 2013-14 with the total contribution made to the NHS Scotland Pension Scheme noted by SPPA as £640.5m.

The contribution levels for 2014-15 will be made available by SPPA in November 2015.

Signed  
Chief Executive (Interim)



25 June 2015

## REMUNERATION REPORT

### BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

#### Remuneration Committee

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

The purpose of the Committee is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health and Social Care Directorate.

The Remuneration Committee comprised Mr. J Raine, Mrs. K Hamilton, Dr. D Steele, John McLaren (Employee Director) and was chaired by Mr. J Raine. Mr. C Campbell (to 31st December 2014) and Mrs J Davidson (from 1st January 2015) and Mr. C Herbert (Head of Human Resources) 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 accordance with the work and recommendations of the Senior Salaries Review Body.

#### Determination of senior employee's remuneration

Remuneration levels are determined by the Remuneration Committee.

#### Performance Measurement

The Executive and Senior Manager Pay arrangements established by HDL (2006)23, HDL (2006)54 and amended by HDL (2006)59 and HDL (2007)15 are mandatory for all employing authorities in NHS Scotland. HDL(2006)54 announced the creation of a National Performance Committee and HDL(2007)15 revised the requirements 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. It is the responsibility of Health Boards and their Remuneration Committees, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to normal arrangements for internal and external audit.

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

#### Board Members and Senior Employees Remuneration Report

The Board Members and Senior Employees Remuneration report, shown on the following pages, details Board Members' and Senior Employee's remuneration, in bandings of £2,500 and £5,000. Changes to the Financial Reporting Manual (FReM) from reporting period 2013/14 required that a single remuneration figure be provided for Board Members and Senior Employees listed within the Remuneration Report. In addition separation of the details of remuneration from the details of pension values, in line with the Employee Pension Notice 380, has also been included for the current and previous year's figures.

#### Hutton Fair Pay Review

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

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

The ratio comparing March 2014 and March 2015 has reduced from 6.05 to 6.01 respectively. The reduction results from a combination of pay award uplift received by the Board employees and the highest earning Director.

**BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2014**

	Salary (Bands of £5,000)	Benefits in kind	Performance Related Bonus (Bands of £5,000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (Bands of £5,000)**	Total Remuneration (Bands of £5,000)	Note
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: Mr C Campbell	115-120			115-120		115-120	
Chief Operating Officer: Mrs J Davidson	85-90			85-90	0-5	90-95	
Director of Public Health: Dr E Bajjal	165-170			165-170		165-170	1
Director of Finance: Mrs C Gillie	65-70	2.2		70-75	20-25	90-95	
Medical Director: Dr S MacDonald	150-155			150-155		150-155	2
Nursing Director: Mrs E Rodger	75-80			75-80	5-10	80-85	3
<b>Non Executive Members</b>							
Chair - Mr J Raine	25-30			25-30			
Mr D Davidson	5-10			5-10			
Mrs C Duthie (to 31st July 2013)	0-5			5-10			
Mrs K Hamilton (from 1st August 2013)	0-5			0-5			
Mr A Lucas (to 30th November 2013)	5-10			5-10			
Dr S Mather (from 1st December 2013)	0-5			0-5			
Dr D Steele	5-10			5-10			
Mr J Hammond (to 31st October 2013)	5-10			5-10			
Mrs K McNicoll (from 1st November 2013)	0-5			0-5			4
Mrs P Alexander	5-10			5-10			
Mrs C Bhatia	5-10			5-10			
Employee Director :Mr J McLaren (from 2nd April 2013)	35-40	2.5		35-40	0-5	35-40	5
<b>Total</b>		<b>4.7</b>	<b>0.0</b>				

**Notes**

In accordance with the Financial Reporting Manual (FRM) and the Companies Act, 2013-14 is the first year that publication of the 'pension benefits' has been required. 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 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2013-14.

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 S MacDonald has accrued service in the Independent GP Practitioner and in the NHS Scotland Pension Schemes. Pension Benefits relate to Pension Equivalent Values which cannot be calculated across these 2 separate schemes.

3 - NHS Borders Nursing Director Mrs E Fleck is now known as Mrs E Rodger.

4 - Mrs K McNicoll was appointed as a Non Executive Director w.e.f 1st November 2013. Mrs McNicoll does not receive personal remuneration in relation to this appointment, Mrs McNicoll's Clinical Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.

5 - 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 (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2014**

	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2013	Cash Equivalent Transfer Value (CETV) at 31 March 2014	Real increase in CETV in year	Note
			£'000	£'000	£'000	
<b>Remuneration of:</b>						
<b>Executive Members</b>						
Chief Executive: Mr C Campbell	0-2.5*	35-37.5*	572	613	(7)	
	0-2.5#	107.5-110#				
Chief Operating Officer: Mrs J Davidson	0-2.5*	22.5-25*	360	388	(3)	
	0-2.5#	70-72.5#				
Director of Public Health: Dr E Bajjal	0-2.5*	57.5-60*	1177	1259	(5)	1
	0-2.5#	175-177.5#				
Director of Finance: Mrs C Gillie	0-2.5*	22.5-25*	408	456	17	
	2.5-5.0#	72.5-75#				
Medical Director: Dr S MacDonald	*	*	*	*	*	2
Nursing Director: Mrs E Rodger	0-2.5*	27.5-30*	466	510	81	3
	0-2.5#	82.5-85#				
<b>Non Executive Members</b>						
Chair - Mr J Raine						
Mr D Davidson						
Mrs C Duthie (to 31st July 2013)						
Mrs K Hamilton (from 1st August 2013)						
Mr A Lucas (to 30th November 2013)						
Dr S Malher (from 1st December 2013)						
Dr D Steele						
Mr J Hammond (to 31st October 2013)						
Mrs K McNicoll (from 1st November 2013)						4
Mrs P Alexander						
Mrs C Bhatia						
Employee Director :Mr J McLaren (from 2nd April 2013)	0-2.5*	7.5-10*	96	119	24	5
	0-2.5#	20-22.5#				
<b>Total</b>			<b>3079</b>	<b>3345</b>	<b>107</b>	

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

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

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 S Macdonald was appointed as NHS Borders Medical Director from 30th July 2012. Dr McDonald has accrued service within 2 separate pension schemes in relation to her General Medical Practitioner Independent Contract and the NHS Scotland Superannuation Scheme during her employment with NHS Borders, a consolidated position is not given.

3 - NHS Borders Nursing Director Mrs E Fleck is now known as Mrs E Rodger.

4 - Mrs K McNicoll was appointed as a Non Executive Director w.e.f 1st November 2013. Mrs McNicoll does not receive personal remuneration in relation to this appointment. Mrs McNicoll's Clinical Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.

5 - 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 REMUNERATION (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2016**

	Salary (Bands of £5,000)	Benefits in kind	Performance Related Bonus (Bands of £5,000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (Bands of £5,000)**	Total Remuneration (Bands of £5,000)	Note
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: Mr C Campbell (to 31st December 2014)	85-90			85-90	0-5	90-95	
Chief Operating Officer & Chief Executive (Interim): Mrs J Davidson	90-95			90-95		95-100	1
Director of Public Health: Dr E Bajjal	170-175			170-175	0-5	175-180	
Director of Finance: Mrs C Gillie	70-75	2.0		70-75	0-5	75-80	
Medical Director: Dr S MacDonald	155-160			155-160		155-160	2
Nursing Director: Mrs E Rodger	75-80			75-80	0-5	80-85	3
<b>Non Executive Members</b>							
Chair - Mr J Raine	25-30			25-30			
Mr D Davidson	5-10			5-10			
Mrs K Hamilton	5-10			5-10			
Dr S Mather	5-10			5-10			
Dr D Steele	5-10			5-10			
Mrs K McNicoll	5-10			5-10			4
Mrs P Alexander	5-10			5-10			
Mrs C Bhatia	5-10			5-10			
Employee Director :Mr J McLaren	40-45	1.5		40-45	0-5	45-50	5
<b>Total</b>		<b>3.5</b>	<b>0.0</b>				

**Notes**

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

The Board Members and Senior Employees Remuneration Report details all ministerial appointments made to the Board of NHS Borders.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2014-15.

- 1 - During 2014-15 Mrs J Davidson held the post of Chief Operating Officer (to 31st December 2014) and Chief Executive (Interim) (from 1st January 2015). The pension benefit calculations shown for the year relate to both posts
- 2 - The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contribute £50,000 per annum towards the Salary & Pension Contributions costs of the post.
- 3 - Dr S MacDonald has accrued service in the Independent GP Practitioner and in the NHS Scotland Pension Schemes. Pension Benefits relate to Pension Equivalent Values which cannot be calculated across these 2 separate schemes.
- 4 - Mrs McNicoll does not receive personal remuneration in relation to this appointment, Mrs McNicoll's Clinical Directorate receives funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.
- 5 - 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 (AUDITED INFORMATION)**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Real increase in pension At age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2014	Cash Equivalent Transfer Value (CETV) at 31 March 2015	Real increase in CETV in year	Note
			£'000	£'000	£'000	
<b>Remuneration of:</b>						
<b>Executive Members</b>						
Chief Executive: Mr C Campbell (to 31st December 2014)	0-2.5*	35-37.5*	620	651	18	1
	0-2.5#	110-112.5#				
Chief Operating Officer & Chief Executive (Interim): Mrs J Davidson	0-2.5*	22.5-25*	397	423	13	2
	0-2.5#	70-72.5#				
Director of Public Health: Dr E Baijal	0-2.5*	60-62.5*	1283	1346	41	3
	2.5-5.0#	182.5-185#				
Director of Finance: Mrs C Gillie	0-2.5*	25-27.5*	477	502	16	
	0-2.5#	77.5-80.0#				
Medical Director: Dr S MacDonald						4
Nursing Director: Mrs E Rodger	0-2.5*	27.5-30*	535	562	16	5
	0-2.5#	87.5-90#				
<b>Non Executive Members</b>						
Chair - Mr J Raine						
Mr D Davidson						
Mrs K Hamilton						
Dr S Malher						
Dr D Steele						
Mrs K McNicoll						6
Mrs P Alexander						
Mrs C Bhalia						
Employee Director :Mr J McLaren	0-2.5*	7.5-10*	122	131	6	7
	0-2.5#	22.5-25#				
<b>Total</b>			<b>3434</b>	<b>3615</b>	<b>110</b>	

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

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

The Board Members and Senior Employees Remuneration Report details all ministerial appointments made to the Board of NHS Borders.

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 2014/15 can be different from the 'CETV at end of period' reported for 2013/14.

- 1 - Mr C Campbell left NHS Borders employment on the 31st of December 2014.
- 2 - During 2014-2015 Mrs J Davidson held the post of Chief Operating Officer (to 31st of December 2014) and Chief Executive (Interim) (from 1st January 2015). The CETV calculations shown for the year relate to both posts.
- 3 - The post of Director of Public Health was appointed jointly by NHS Borders and the Local Authority, Scottish Borders Council. Scottish Borders Council financially contribute £50,000 per annum towards the Salary & Pension costs of the post.
- 4 - Dr S MacDonald was appointed as NHS Borders Medical Director from the 30th July 2012. Dr MacDonald has accrued service within 2 separate pension schemes in relation to her General Medical Practitioner Independent Contract and the NHS Scotland Superannuation Scheme, therefore a consolidated position on pension values is not given.
- 5 - NHS Borders Nursing Director Mrs E Fleck is now known as Mrs E Rodger.
- 6 - Mrs McNicoll does not receive personal remuneration in relation to this appointment. Mrs McNicoll's Clinical Directorate receive funding equivalent to the remuneration level to enable a time release of Mrs McNicoll to fulfil Non Executive duties.
- 7 - Mr J McLaren is employed as a Non Executive Director of NHS Borders Board for one day per week and by NHS Borders as Employee Director for four days per week.

**BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (AUDITED INFORMATION)**

**FOR THE YEAR ENDED 31 MARCH 2015**

**Hutton Fair Pay Review**

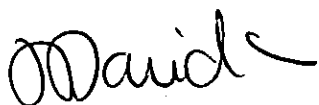
**2014-15**

Highest Earning Director's Total Remuneration (£'000s) Remuneration Report	175-180
Highest Earning Director's Total Remuneration (£'000s) Hutton	175-180
Median Total Remuneration	£28,412
Ratio	6.01

**2013-14**

Highest Earning Director's Total Remuneration (£'000s) Remuneration Report	165-170
Highest Earning Director's Total Remuneration (£'000s) Hutton	165-170
Median Total Remuneration	£27,983
Ratio	6.05

Signed



25th June 2015

Chief Executive (Interim)

## BORDERS HEALTH BOARD

### ANNUAL ACCOUNTS 2014/2015

#### STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE HEALTH BOARD

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

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- for 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 Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the accounts on a going concern basis.

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 1<sup>st</sup> January 2015.

Signed



25 June 2015

Chief Executive (Interim)

## BORDERS HEALTH BOARD

### ANNUAL ACCOUNTS 2014/2015

#### STATEMENT OF HEALTH BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 2015, 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 and prudent.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

Signed



25 June 2015

Chair

Signed



25 June 2015

Director of Finance

## **BORDERS HEALTH BOARD**

### **ANNUAL ACCOUNTS 2014/15**

#### **GOVERNANCE STATEMENT**

##### **Scope of Responsibility**

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

##### **Purpose of Internal Control**

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

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

The process within the organisation accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year ended 31 March 2015, and up to the date of approval of the annual report and accounts.

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

##### **Governance Framework**

The Accountable Officer is supported to discharge his responsibilities by the existence of the following Governance Framework.

- NHS Borders Board formally approved the organisational Vision, Values and Corporate Objectives at its meeting on 5th September 2013. The Corporate Objectives recognise Patient Safety as the Board's main priority and is at the heart of all of the services provided by NHS Borders. The Board has clear focus to provide patient care that is safe, effective and affordable.
- The Board continues to operate the Patient Safety Programme, which encompasses regular reporting to Board Members on national quality indicators and key performance indicators.
- During 2014/15 the Board operated a corporate performance management and reporting framework. This included the ongoing development and review of Clinical Board / Clinical Executive performance scorecards and quarterly performance reviews; ensuring focus on quality and safety as well as wider service performance issues. Progress against key performance targets, including HEAT targets, are reported to the Board on a regular basis.
- The standing committees of the Board including the Audit Committee refresh Terms of Reference on an annual basis as part of the update to the Board Code of Corporate Governance. This ensures explicit agreement of the purpose, core functions and delegated remit of each committee.
- The Board, to assess its effectiveness, agreed the introduction of a formal 360 review of the Board. The Board plans to report out from the 360 feedback and future development plans will be informed by this feedback. The Board Member development programme is in place for the all members of the Board with bi-monthly sessions concentrated on specific topics selected for their national strategic content, current relevance to the business of NHS Borders, issues concerning local service provision or

particular areas of interest from which knowledge and skills can be gained. The provision of such concentrated discussion promotes strengthening of the Executives and Non Executive Directors to achieve their strategic and operational roles.

- The Best Value Framework in place within NHS Borders ensures that all processes within NHS Borders have in-built Best Value elements and aim to achieve:-
  - Continuous improvement which will help ensure sustainable economic growth for the people of Scotland whilst maintaining an appropriate balance between quality and cost; and
  - Realising economy, efficiency, effectiveness, 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. The Framework details that Best Value is simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.

The Framework provides the assurance and evidence to demonstrate NHS Borders incorporates Best Value principles in everyday business.

- NHS Borders Code of Corporate Governance (CoCG) is in place and uses best practice in Corporate Governance as set out in reports such as Cadbury and Nolan, as well as guidance issued by the Scottish Government Health and Social Care Directorate (SGHSCD). The CoCG includes sections detailing how business is organised, members' code of conduct, standards of business conduct for NHS staff, the Counter Fraud Policy and Action Plan, reservation of powers and delegation of authority and standing financial instructions. The CoCG details fully the core functions of the Audit Committee and the other standing committees of the Board including the terms of reference which are reviewed and approved on an annual basis.
- The CoCG is reviewed on a quarterly basis by the CoCG Steering Group. A detailed report presenting recommendations from the Steering Group was approved by the Board at its meeting on 8th January 2015. The refreshed CoCG was then issued for use from 1st April 2015.
- The Board ensures it maintains strong financial governance supported by 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 Board has processes in place to ensure relevant laws and regulations as well as internal policies and procedures are implemented as required and that operationally compliance is achieved. 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 internal policies and procedures, as part of the risk assessed Annual Audit Plans, give assurance that compliance is achieved.
- NHS Borders 'Whistleblowing Arrangements' policy was signed off by the Area Partnership Forum in May 2012. This policy should be used to raise concerns where the interest of patients, staff or of NHS Borders is at risk. The Policy can be accessed via the Staff Intranet.
- The Board Remuneration Committee is in place to ensure compliance with mandatory requirements for the performance management of staff in the Executive cohort. Setting and agreeing performance objectives remains a key element of the performance management system for staff in the Executive and Senior Management cohorts within NHS Borders. Each member of staff covered by Executive and Senior Managers pay arrangements has an annual appraisal the results of which are considered by the Remuneration Committee.
- NHS Borders works in partnership to deliver, and continuously improve, the services it provides. The Areas Partnership Forum and Local Clinical Board Partnership Forums provide opportunity for management and staff side representatives to discuss, comment and agree organisational business. In addition as part of the work being progressed by the Board in response to the Health and Social Care



Integration agenda, a Integration Joint Board has been formed which is supported by the Local Authority and NHS Board Joint Staff Forum.

- During 2014/15 the Health and Social Care Integration Joint Board took forward integration in Borders as detailed in the Public Bodies (Joint Working) (Scotland) Bill. The Integration Joint Board also fulfilled the functions of the Community Health and Care Partnership (CHCP) until its removal from statute on 31st March 2015. Assurance of process has been given by Scottish Borders Council internal auditor who has supported the development of the Scheme of Integration for the Partnership together with the set up of the Legal and Governance framework which underpins the role and remit of the Integration Joint Board.
- The Board utilises many forms of communication including a monthly Corporate and Team Brief, Staff Newsletter, Chief Executive Open forum meetings, and the Intranet 'Ask the Board' facility,
- In accordance with 'IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the Borders Health Board Endowment Fund (known as 'The Difference'). The statement includes any relevant disclosure in respect of the Endowment Accounts. An assurance statement has been provided by the Chair of the Endowment Fund Board of Trustees as part of the Review of the Governance Framework together with an unqualified audit opinion from independently appointed auditors 'Geoghegans' following the 2014/15 audit of the Endowment Fund Financial Statements.

#### 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:

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

The control mechanisms are overseen and evaluated by the NHS Board, its standing committees (as detailed in the Directors' Report) 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 Healthcare Governance Steering Group
- the Information Governance Committee

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 Governance Committees of the Board
- The role of Internal and External Audit in providing the Board with assurance
- Statement on the Best Value Framework
- Third Party Assurance Reports
- Annual Fraud Report
- 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 signing off the Governance Statement.

## **Best Value**

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

## **Risk Assessment**

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

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

The Healthcare Governance Steering Group (HCGSG) holds the Risk portfolio for the Board. In carrying out its role the HCGSG has regular oversight and reporting of topics considered within Clinical Board and Support Services healthcare governance groups, as well as, through the Resilience Committee, Infection Control Committee, Occupational Health and Safety Forum and Research Governance Committee.

The Risk Management Strategy, Policies and supporting guidelines provides the overall risk management framework for NHS Borders. The HCGSG received reports on the implementation of the risk management arrangements throughout 2014/15. Actions were agreed for each Clinical Board to take forward to improve risk management.

The Resilience Committee, reporting to the HCGSG, is remitted to support the Chief Executive in the implementation of their duties in all areas of Resilience Planning within NHS Borders. The Committee has submitted a 2014/15 Annual Report detailing achievement against the annual work plan including work to progress the development, delivery and review of all aspects of NHS Borders local resilience process, i.e. emergency planning and business continuity management and compliance with the Civil Contingencies Act 2004 (Contingency Planning) (Scotland) Regulations 2005. The Committee received assurance letters as part of its own governance process from the Borders General Hospital, Primary & Community Services and Mental Health Clinical Boards.

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

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

During financial year 2014/15, the Information Governance Annual Assurance Report demonstrates that NHS Borders continues to embed the elements of information governance in the way business is conducted. Core business includes the Information Governance Action Plan - exception reporting, Information Governance Incident Reporting, Freedom of Information, Information Security, Records Management and Data Quality and Staff Awareness and Training as standing agenda items of the Committee.

## **Assurance Statement**

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

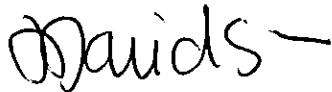
## **Disclosures**

During the year ended 31 March 2015 in accordance with its remit, the Board Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2014/15, 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 2014/15 Internal Audit Annual Report reported 3 high risks in the areas of Business Continuity Planning and Waste Management. The Board Audit Committee reviewed the Internal Audit Reports in full including the management responses given to all recommendations made by the Audit Team.

Progress against the implementation of the recommendations will be regularly reported to the Board Audit Committee.

Accountable Officer signature

A handwritten signature in black ink, appearing to read 'Davidson', with a horizontal line extending from the end.

Jane Davidson  
Chief Executive (Interim) and Accountable Officer  
25 June 2015

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

We have audited the financial statements of Borders Health Board and its group for the year ended 31 March 2015 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, the Consolidated Balance Sheet, the Statement of Consolidated Cash Flows, the Statement of Consolidated Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the board and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of affairs of the board and its group as at 31 March 2015 and of their net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 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.

## **Opinion on regularity**

In our 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.

## **Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly 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 Management Commentary for which the financial statements for the year are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.



Chris Brown  
For and on behalf of Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

25 June 2015

NHS BORDERS

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE  
AND SUMMARY OF RESOURCE OUTTURN  
FOR THE YEAR ENDED 31 MARCH 2015

Restated 2014 £'000		Note	2015 £'000	2015 £'000
	<b>Clinical Services Costs</b>			
175,477	Hospital and Community	4	178,385	
15,550	Less: Hospital and Community Income	8	13,603	
<u>159,927</u>				164,782
51,034	Family Health	5	52,486	
1,784	Less: Family Health Income	8	1,431	
<u>49,250</u>				<u>51,055</u>
<b>209,177</b>	<b>Total Clinical Services Costs</b>			<b>215,837</b>
1,936	Administration Costs	6	1,851	
<u>1,936</u>				1,851
4,528	Other Non Clinical Services	7	1,837	
2,369	Less: Other Operating Income	8	1,687	
<u>2,159</u>				<u>150</u>
<b>213,272</b>	<b>Net Operating Costs</b>			<b>217,838</b>

OTHER COMPREHENSIVE NET EXPENDITURE

2014 £'000		2015 £'000
(5,117)	Net (gain)/loss on revaluation of Property Plant and Equipment	(4,555)
(64)	Net (gain)/loss on revaluation of available for sales financial assets	(201)
<u>(5,181)</u>	<b>Other Comprehensive Expenditure</b>	<u>(4,756)</u>
<b>208,091</b>	<b>Total Comprehensive Expenditure</b>	<b>213,082</b>

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.

**NHS BORDERS**

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN (Cont.)**

**FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £'000	2015 £'000
<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>		
Net Operating Costs		217,838
Total Non Core Expenditure (see below)		(4,568)
FHS Non Discretionary Allocation		(9,618)
Donated Assets Income		106
Endowment Net Operating Costs		273
<b>Total Core Expenditure</b>		<b>204,031</b>
Core Revenue Resource Limit		204,102
<b>Saving/(excess) against Core Revenue Resource Limit</b>		<b>71</b>

**SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN**

Capital Grants to/(from) Other Bodies	86	
Depreciation/Amortisation	3,656	
Annually Managed Expenditure - Impairments	913	
Annually Managed Expenditure - Creation of Provisions	(294)	
Annually Managed Expenditure - Depreciation of Donated Assets	207	
<b>Total Non Core Expenditure</b>		<b>4,568</b>
Non Core Revenue Resource Limit		4,573
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>		<b>5</b>

**SUMMARY RESOURCE OUTTURN**

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	204,102	204,031	71
Non Core	4,573	4,568	5
<b>Total</b>	<b>208,675</b>	<b>208,599</b>	<b>76</b>

NHS BORDERS

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2015

Consolidated 2013 £'000	Board 2013 £'000	Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
111,621	111,621	112,924	112,924	Property, plant and equipment	11	114,544	114,544
272	272	249	249	Intangible assets	10	467	467
				Financial assets:			
2,845	0	2,918	0	Available for sale financial assets	14	3187	0
3,618	3,618	5,412	5,412	Trade and other receivables	13	3887	3887
<b>118,356</b>	<b>115,511</b>	<b>121,503</b>	<b>118,585</b>	<b>Total non-current assets</b>		<b>122,085</b>	<b>118,898</b>
				Current Assets:			
1,024	1,024	1,040	1,040	Inventories	12	1115	1115
				Financial assets:			
9,340	9,312	10,656	10,641	Trade and other receivables	13	9810	9772
1,410	261	621	135	Cash and cash equivalents	15	1016	328
540	540	695	695	Assets classified as held for sale	11c	315	315
<b>12,314</b>	<b>11,137</b>	<b>13,012</b>	<b>12,511</b>	<b>Total current assets</b>		<b>12,256</b>	<b>11,530</b>
<b>130,670</b>	<b>126,648</b>	<b>134,515</b>	<b>131,096</b>	<b>Total assets</b>		<b>134,341</b>	<b>130,428</b>
				Current liabilities			
(3,338)	(3,338)	(6,868)	(6,868)	Provisions	17	(4,268)	(4,268)
				Financial liabilities:			
(32,424)	(31,250)	(26,403)	(26,231)	Trade and other payables	16	(29,322)	(29,129)
0	0	0	0	Derivatives financial liabilities	28		
<b>(35,762)</b>	<b>(34,588)</b>	<b>(33,271)</b>	<b>(33,099)</b>	<b>Total current liabilities</b>		<b>(33,590)</b>	<b>(33,397)</b>
<b>94,908</b>	<b>92,060</b>	<b>101,244</b>	<b>97,997</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>100,751</b>	<b>97,031</b>
				Non-current liabilities			
(6,064)	(6,064)	(5,084)	(5,084)	Provisions	17	(5,640)	(5,640)
				Financial liabilities:			
(1,376)	(1,376)	(1,244)	(1,244)	Trade and other payables	16	(1,172)	(1,172)
<b>(7,440)</b>	<b>(7,440)</b>	<b>(6,328)</b>	<b>(6,328)</b>	<b>Total non-current liabilities</b>		<b>(6,812)</b>	<b>(6,812)</b>
<b>87,468</b>	<b>84,620</b>	<b>94,916</b>	<b>91,669</b>	<b>Assets less liabilities</b>		<b>93,939</b>	<b>90,219</b>
				Taxpayers' Equity			
50,815	50,815	54,390	54,390	General fund	SOCTE	49,152	49,152
33,805	33,805	37,279	37,279	Revaluation reserve	SOCTE	41,067	41,067
2,848	0	3,247	0	Fund held on Trust	SOCTE	3,720	0
<b>87,468</b>	<b>84,620</b>	<b>94,916</b>	<b>91,669</b>	<b>Total taxpayers' equity</b>		<b>93,939</b>	<b>90,219</b>

Adopted by the Board on 25 June 2015

*C. Aggie* Director of Finance

*David* Chief Executive (Interim)

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.



**NHS BORDERS**  
**STATEMENT OF CONSOLIDATED CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

Restated 2014 £'000		Note	2015 £'000	2015 £'000
	<b>Cash flows from operating activities</b>			
(213,272)	Net operating cost		(217,839)	
7,702	Adjustments for non-cash transactions		4,645	
(3,177)	(Increase) / decrease in trade and other receivables		2,373	
(16)	(Increase) / decrease in inventories		(75)	
(6,072)	Increase / (decrease) in trade and other payables		2,690	
2,550	Increase / (decrease) in provisions		(2,044)	
<u>(212,285)</u>	<b>Net cash outflow from operating activities</b>	31		<u>(210,250)</u>
	<b>Cash flows from investing activities</b>			
(4,255)	Purchase of property, plant and equipment		(1,514)	
(17)	Purchase of intangible assets		(254)	
(483)	Investment Additions		269	
650	Proceeds of disposal of property, plant and equipment		220	
(0)	Proceeds of disposal of intangible assets		(0)	
474	Receipts from sale of investments		201	
(0)	Interest received		(0)	
<u>(3,631)</u>	<b>Net cash outflow from investing activities</b>	31		<u>(1,078)</u>
	<b>Cash flows from financing activities</b>			
215,382	Funding		212,107	
(126)	Movement in general fund working capital		193	
215,256	Cash drawn down		212,300	
(129)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(75)	
<u>215,127</u>	<b>Net financing</b>	31		<u>212,225</u>
(789)	<b>Net increase / (decrease) in cash and cash equivalents in the period</b>			395
<u>1,410</u>	<b>Cash and cash equivalents at the beginning of the period</b>			<u>621</u>
<u>621</u>	<b>Cash and cash equivalents at the end of the period</b>			<u>1,016</u>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
(789)	Increase/(decrease) in cash in year			395
<u>1,410</u>	<b>Net debt/cash at 1 April</b>			<u>621</u>
<u>621</u>	<b>Net debt/cash at 31 March</b>			<u>1,016</u>

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.

NHS BORDERS

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

CONSOLIDATED SOCIETY

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2014		54,390	37,279	3,247	94,916
Restated balance at 1 April 2014		54,390	37,279	3,247	94,916
<b>Changes in taxpayers' equity for 2014-15</b>					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		4,555		4,555
Net gain/(loss) on revaluation/indexation of intangible assets	10				0
Net gain/(loss) on revaluation of available for sale financial assets	14			201	201
Impairment of property, plant and equipment	11		(913)		(913)
Impairment of intangible assets	10				0
Revaluation & impairments taken to operating costs	3		913		913
Transfers between reserves		767	(767)		0
Net operating cost for the year		(218,111)		272	(217,839)
<b>Total recognised income and expense for 2014-15</b>		<b>(217,345)</b>	<b>3,788</b>	<b>473</b>	<b>(213,084)</b>
<b>Funding:</b>					
Drawn down		212,300			212,300
<b>Movement in General Fund (Creditor) / Debtor</b>	cfs	<b>(193)</b>			<b>(193)</b>
<b>Balance at 31 March 2015</b>	BS	<b>49,152</b>	<b>41,067</b>	<b>3,720</b>	<b>93,939</b>

CONSOLIDATED SOCIETY (PRIOR YEAR)

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2013		55,142	33,805	2,848	91,795
Prior year adjustments for changes in accounting policy and material errors	25	(4,327)	0	0	(4,327)
Restated balance at 1 April 2013		50,815	33,805	2,848	87,468
<b>Changes in taxpayers' equity for 2013-14</b>					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		5,117		5,117
Net gain/(loss) on revaluation/indexation of intangible assets	10				0
Net gain/(loss) on revaluation of available for sale financial assets	14			65	65
Impairment of property, plant and equipment	11		(3,632)		(3,632)
Impairment of intangible assets	10				0
Revaluation & impairments taken to operating costs	3		3,632		3,632
Release of reserves to the statement of comprehensive net expenditure	11b				0
Transfers between reserves		1,643	(1,643)		0
Transfer of non current assets from other bodies		95			95
Pension reserve movements					0
Other non cash costs (please specify)		61			61
Net operating cost for the year		(213,606)		334	(213,272)
<b>Total recognised income and expense for 2013-14</b>		<b>(211,807)</b>	<b>3,474</b>	<b>399</b>	<b>(207,934)</b>
<b>Funding:</b>					
Drawn down		215,256			215,256
<b>Movement in General Fund (Creditor) / Debtor</b>		<b>126</b>			<b>126</b>
<b>Balance at 31 March 2014</b>	BS	<b>54,390</b>	<b>37,279</b>	<b>3,247</b>	<b>94,916</b>

The Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.

## **BORDERS HEALTH BOARD**

### **NOTES TO THE ACCOUNTS**

#### **1. ACCOUNTING POLICIES**

##### **1. Authority**

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 30 of this Accounting Policies note.

##### **2. Basis of Consolidation**

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

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

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

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

The consolidation has required the restatement of prior year comparatives including consolidating the opening Balance Sheet as at 1 April 2012.

The principal financial statements which have been restated are as follows:

- Consolidated Statement of Comprehensive Net Expenditure
- Consolidated Statement of Financial Position (Balance Sheet)
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Taxpayers Equity

Note 31 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

##### **3. Prior Year Adjustments**

A retrospective restatement has been recognised in these accounts arising from the changes to the accounting treatment for the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) as set out in Note 24 (Pg 73)

The opening general fund balance for 2013/14 has been reduced by £3,449,000. This amount represents the Board's share of the total liability of NHS Scotland as at 31st March 2013 as advised by Scottish Government

and based on information prepared by NHS Borders and the Central Legal Office. The amount is also recognised at Note 17.

#### 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. Standards, amendments and interpretations effective in 2014/15

There are no new standards, amendments or interpretations early adopted in 2014/15.

#### 7. Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

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

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

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

Non discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of Property, Plant & Equipment 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 operating cost statement except where it results in the creation of a non-current asset such as property, plant and equipment.

#### 8. Property, plant and equipment

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

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

##### 8.1 Recognition

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

All assets falling into the following categories are capitalised:

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

## 8.2 Measurement

### Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

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

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets by applying appropriate price indices issued by SGHSCD. A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

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

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

### 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 operating cost statement. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

### Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the operating cost statement, 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.

### 8.3 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.

Depreciation is charged on each main class of tangible asset as follows:

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.
- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

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

## 9. Intangible Assets

### 9.1 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.

## 9.2 Measurement

Valuation:

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

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

Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the operating cost statement, 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'.

## 9.3 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:

- 1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life
- 3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Application Software	5-10 years
Software Licences	5-10 years

#### 10. Non-current assets held for sale

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

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

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

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.

#### 11. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. Donated assets are accounted for in accordance with ISA16 in the same way as other assets of the same type.

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

#### 12. 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 Operating Cost Statement. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.



### **13. Leasing**

#### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance cost. The annual finance cost is allocated to each period during the lease terms so as to produce a constant periodic rate of interest on the remaining balance of the liability using the implicit interest rate. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

#### **Operating leases**

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

#### **Leases of land and buildings**

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

### **14. Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

### **15. General Fund Receivables and Payables**

Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

### **16. 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.

## **17. 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.

## **18. Employee Benefits**

### **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.

### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. 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 operating cost statement 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 five 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 operating cost statement at the time the Board commits itself to the retirement, regardless of the method of payment.

## **19. 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' are assessed on an individual basis and 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.

## **20. Related Party Transactions**

Material related party transactions are disclosed in the Note 27 (Pg 80) in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4 (Pg 48).

## **21. 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 property, plant and equipment. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## 22. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet 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.

## 23. 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 19 (Pg 69) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 19 (Pg 69), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## 24. 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.

## 25. Financial Instruments

### Financial assets

#### Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Board does not trade in derivatives and does not apply hedge accounting.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

#### 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 operating cost statement.

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 operating cost statement.

**(b) Loans and receivables**

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the operating cost statement. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the operating cost statement.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the operating cost statement. Dividends on available-for-sale equity instruments are recognised in the operating cost statement when the Board's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the operating cost statement. Impairment losses recognised in the operating cost statement on equity instruments are not reversed through the income statement.

## **Financial Liabilities**

### **Classification**

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

**(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) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The NHS Board's other financial liabilities comprise trade and other payables in the balance sheet.

#### Recognition and measurement

Financial liabilities are recognised when the NHS Board Scotland becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet 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 operating cost statement.

#### (b) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 26. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in notes 4 to 7 for Hospital & Community, Family Health and Other Service and Administration Costs, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

### 27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held by the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. NHS Borders utilises the Government Banking Service Contract provided by Citi and Royal Bank of Scotland Group, funds held in these accounts should not be classed as commercial bank balances.

### 28. 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 balance sheet date:

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

- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet 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.

## 29. 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 29 (Pg 82) to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

## 30. 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 liabilities within the financial statements within the next financial year are addressed below.

**Equal Pay Claims:** NHS Borders has received 8 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. NHS Borders has used the advice from the NHS Scotland Central Legal Office and Equal Pay Unit to establish a total provision of £1,600 for inclusion in the 2014/15 accounts in relation to these claims.

**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 category 2 which have been assessed as having a probability of settlement.

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £000s	Other Staff £'000	Outward Secondees £'000	2015 Total £'000	2014 Total £'000
<b>STAFF COSTS</b>								
Salaries and wages	650	89	91,175	0	0	(645)	91,269	89,279
Social security costs	76	4	6,548	0	0	(59)	6,569	6,584
NHS scheme employers' costs	84	0	11,111	0	0	(84)	11,111	10,887
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	157	0	0	157	17
Agency staff	0	0	0	0	2,977	0	2,977	4,045
	<b>810</b>	<b>93</b>	<b>108,834</b>	<b>157</b>	<b>2,977</b>	<b>(788)</b>	<b>112,083</b>	<b>110,812</b>
Compensation for loss of office or early retirement	0	0	0	0	0	0	0	307
Pensions to former board members	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>810</b>	<b>93</b>	<b>108,834</b>	<b>157</b>	<b>2,977</b>	<b>(788)</b>	<b>112,083</b>	<b>111,119</b>

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 104 118

	2015 ANNUAL MEAN	2014 ANNUAL MEAN
<b>STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)</b>		
Administration Costs	27.5	27.8
Hospital and Community Services	2550.2	2,512.0
Non Clinical Services	73.4	74.8
Inward secondees	1.5	0.5
Agency staff	20.2	74.0
Outward Secondees	(13.6)	(13.4)
<b>Board Total Average Staff</b>	<b>2,659.2</b>	<b>2,675.7</b>
Disabled staff	19.4	18.9

The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure were: 2.0 2.0

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are given in Note 23 on page 72

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

	2015 Number	2014 Number
Other employees whose remuneration fell within the following ranges:		
<b>Clinicians</b>		
£ 50,001 to £ 60,000	51	45
£ 60,001 to £ 70,000	17	21
£ 70,001 to £ 80,000	10	9
£ 80,001 to £ 90,000	18	26
£ 90,001 to £100,000	21	16
£100,001 to £110,000	8	11
£110,001 to £120,000	15	6
£120,001 to £130,000	8	5
£130,001 to £140,000	10	10
£140,001 to £150,000	6	4
£150,001 to £160,000	7	6
£160,001 to £170,000	4	6
£170,001 to £180,000	1	1
£190,001 to £200,000	0	1
Total employees	<u>176</u>	<u>167</u>
<b>Other</b>		
£ 50,001 to £ 60,000	11	11
£ 60,001 to £ 70,000	8	8
£ 70,001 to £ 80,000	0	2
Total employees	<u>19</u>	<u>21</u>



# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

### 3. OTHER OPERATING COSTS

2014 £'000		Note	2015 £'000
	<b>Expenditure Not Paid In Cash</b>		
3,698	Depreciation	11	3,620
40	Amortisation	10	36
239	Depreciation Donated Assets	11b	207
3,632	Impairments on PPE charged to SOCNE	11	0
0	Loss on remeasurement of non-current assets held for resale	11c	913
(125)	Funding Of Donated Assets	11b	(106)
(57)	Loss/(Profit) on disposal of property, plant and equipment		(25)
207	Creation of Provisions		0
<b>7,634</b>	<b>Total Expenditure Not Paid In Cash</b>	CFS	<b>4,645</b>
	<b>Statutory Audit</b>		
167	External auditor's remuneration and expenses		169

The External Auditor did not undertake any non-audit work for the Board during the financial year 2014-15

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2014 £'000	BY PROVIDER	Note	2015 £'000
141,829	Treatment in Board area of NHSScotland Patients		144,345
25,796	Other NHSScotland Bodies		26,258
1,101	Health Bodies outside Scotland		1,082
3,274	Private sector		3,457
	Community Care		
2,689	Resource Transfer		2,856
389	Contributions to Voluntary Bodies and Charities		387
<b>175,078</b>	<b>Total NHSScotland Patients</b>		<b>178,385</b>
<b>399</b>	<b>Treatment of UK residents based outside Scotland</b>		<b>0</b>
<b>175,477</b>	<b>Total Hospital &amp; Community Health Service</b>	SOCNE	<b>178,385</b>

5. FAMILY HEALTH SERVICE EXPENDITURE

2014 £'000		Note	Unified Budget £'000	Non Disc £'000	2015 £'000
16,308	Primary Medical Services		16,654	-	16,654
24,434	Pharmaceutical Services		22,026	3,790	25,816
8,701	General Dental Services		3,075	5,349	8,424
1,591	General Ophthalmic Services		12	1,580	1,592
<b>51,034</b>	<b>Total</b>	SOCNE	<b>41,767</b>	<b>10,719</b>	<b>52,486</b>

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

### 6. ADMINISTRATION COSTS

2014 £'000		Note	2015 £'000
943	Board members' remuneration	2 (a)	903
73	Administration of Board Meetings and Committees		68
329	Corporate Governance and Statutory Reporting		378
340	Health Planning, Commissioning and Performance Reporting		253
67	Treasury Management and Financial Planning		73
43	Public Relations		63
141	Other		113
<u>1,936</u>	<b>Total administration costs</b>	<b>SOCNE</b>	<u>1,851</u>

### 7. OTHER NON CLINICAL SERVICES

2014 £'000		Note	2015 £'000
944	Compensation payments - Clinical		(2,029)
	Compensation payments - Other		(15)
221	Pension enhancement & redundancy		7
408	Patients' travel attending hospitals		441
671	Health Promotion		486
1,499	Public Health		1,786
64	Emergency Planning		63
61	Post Graduate Medical Education		46
4	Loss on disposal of non-current assets		25
305	Endowment Expenditure		569
351	Other		458
<u>4,528</u>	<b>Total Other Non Clinical Services</b>	<b>SOCNE</b>	<u>1,837</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

8. OPERATING INCOME

2014 £'000		Note	2015 £'000
	<b>Hospital and Community Health Services Income</b>		
	<b>NHSScotland Bodies</b>		
7,085	Boards		6,990
3,900	NHS Non-Scottish Bodies		3,377
	<b>Non NHS</b>		
22	Private Patients		9
178	Compensation Income		280
4,365	Other Hospital and Community Health Services income		2,947
<b>15,550</b>	<b>Total Hospital and Community Health Services Income</b>	<b>SOCNE</b>	<b>13,603</b>
	<b>Family Health Service Income</b>		
351	Unified		330
	<b>Non Discretionary</b>		
1,431	General Dental Services		1,100
2	General Ophthalmic Services		1
<b>1,784</b>	<b>Total Family Health Services Income</b>	<b>SOCNE</b>	<b>1,431</b>
	<b>Other Operating Income</b>		
58	Profit/(Loss) on disposal of non current assets		(25)
125	Dontated Asset Additions		106
639	Endowment Income		842
1,547	Other		764
<b>2,369</b>	<b>Total Other Operating Income</b>	<b>SOCNE</b>	<b>1,687</b>
<b>19,703</b>	<b>Total Income</b>		<b>16,721</b>
<b>7,085</b>	<b>Of the above, the amount derived from NHS bodies is</b>		<b>6,990</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

9. ANALYSIS OF CAPITAL EXPENDITURE

2014 £'000		Note	2015 £'000
	<b>EXPENDITURE</b>		
17	Acquisition of Intangible Assets	10	254
4,429	Acquisition of Property, plant and equipment	11	1,514
125	Donated Asset Additions	11b	106
<u>4,571</u>	<b>Gross Capital Expenditure</b>		<u>1,874</u>
	<b>INCOME</b>		
43	Net book value of disposal of Property, plant and equipment	11a	0
550	Value of disposal of Non-Current Assets held for sale	11c	195
125	Donated Asset Income		106
<u>718</u>	<b>Capital Income</b>		<u>301</u>
<u>3,853</u>	<b>Net Capital Expenditure</b>		<u>1,573</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

3,853	Core capital expenditure included above	1,573
<u>3,858</u>	<b>Core Capital Resource Limit</b>	<u>1,581</u>
<u>5</u>	<b>Saving/(excess) against Core Capital Resource Limit</b>	<u>8</u>
3,853	Total Capital Expenditure	1,573
<u>3,858</u>	<b>Total Capital Resource Limit</b>	<u>1,581</u>
<u>5</u>	<b>Saving/(excess) against Total Capital Resource Limit</b>	<u>8</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

10. INTANGIBLE ASSETS - CONSOLIDATED

Note	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation:</b>				
As at 1st April 2014	373	221	0	594
Additions	203	0	51	254
At 31st March 2015	576	221	51	848
<b>Amortisation</b>				
As at 1st April 2014	173	172	0	345
Provided during the year	36	0	0	36
At 31st March 2015	209	172	0	381
<b>Net Book Value at 1st April 2014</b>	200	49		249
<b>Net Book Value at 31 March 2015</b>	BS 367	49	51	467

INTANGIBLE ASSETS - BOARD

	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation:</b>				
As at 1st April 2014	373	221	0	594
Additions	203	0	51	254
At 31st March 2015	576	221	51	848
<b>Amortisation</b>				
As at 1st April 2014	173	172	0	345
Provided during the year	36	0	0	36
At 31st March 2015	209	172	0	381
<b>Net Book Value at 1st April 2014</b>	200	49	0	249
<b>Net Book Value at 31 March 2015</b>	BS 367	49	51	467

INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

	Software Licences	Information technology - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation:</b>				
As at 1st April 2013	373	204	0	577
Additions	0	17	0	17
At 31st March 2014	373	221	0	594
<b>Amortisation</b>				
As at 1st April 2013	160	145	0	305
Provided during the year	13	27	0	40
At 31st March 2014	173	172	0	345
<b>Net Book Value at 1st April 2013</b>	213	59	0	272
<b>Net Book Value at 31 March 2014</b>	BS 200	49	0	249

INTANGIBLE ASSETS - BOARD PRIOR YEAR

	Software Licences	IT - software	Assets Under Development	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation:</b>				
As at 1st April 2013	373	204	0	577
Additions	0	17	0	17
At 31st March 2014	373	221	0	594
<b>Amortisation</b>				
As at 1st April 2013	160	145	0	305
Provided during the year	13	27	0	40
At 31st March 2014	173	172	0	345
<b>Net Book Value at 1st April 2013</b>	213	59	0	272
<b>Net Book Value at 31 March 2014</b>	BS 200	49	0	249

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - CONSOLIDATED

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2014		4,759	101,401	1,522	15,756	4,262	842	570	129,112
Additions		0	37	27	1,245	38	0	167	1,514
Completions		0	0	0	0	0	0	0	0
Transfers		0	68	0	412	0	0	(480)	0
Transfers (to)/from non-current assets held for sale		(125)	(675)	0	0	0	0	0	(800)
Revaluation		248	4,269	0	0	0	0	0	4,517
At 31 March 2015		4,882	105,100	1,549	17,413	4,300	842	257	134,343
Depreciation									
At 1 April 2014		0	4,225	1,223	12,413	3,373	598	0	21,832
Provided during the year		0	2,192	98	862	404	64	0	3,620
Transfers (to)/from non-current assets held for sale		0	(72)	0	0	0	0	0	(72)
At 31 March 2015		0	6,345	1,321	13,275	3,777	662	0	25,380
Net book value at 1 April 2014		4,759	97,176	299	3,343	889	244	570	107,280
Net book value at 31 March 2015	BS	4,882	98,755	228	4,138	523	180	257	108,963
Open Market Value of Land In Land and Dwellings Included Above		4,882							
Asset financing:									
Owned		4,882	97,760	228	4,138	523	180	257	107,968
Finance leased		0	995	0	0	0	0	0	995
Net Book Value at 31 March 2015		4,882	98,755	228	4,138	523	180	257	108,963

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - BOARD

	Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2014		4,759	101,401	1,522	15,756	4,262	842	570	129,112
Additions		0	37	27	1,245	38	0	167	1,514
Completions		0	0	0	0	0	0	0	0
Transfers		0	68	0	412	0	0	(480)	0
Transfers (to)/from non-current assets held for sale		(125)	(675)	0	0	0	0	0	(800)
Revaluation		248	4,269	0	0	0	0	0	4,517
At 31 March 2015		4,882	105,100	1,549	17,413	4,300	842	257	134,343
Depreciation									
At 1 April 2014		0	4,225	1,223	12,413	3,373	598	0	21,832
Provided during the year		0	2,192	98	862	404	64	0	3,620
Transfers (to)/from non-current assets held for sale		0	(72)	0	0	0	0	0	(72)
At 31 March 2015		0	6,345	1,321	13,275	3,777	662	0	25,380
Net book value at 1 April 2014		4,759	97,176	299	3,343	889	244	570	107,280
Net book value at 31 March 2015	BS	4,882	98,755	228	4,138	523	180	257	108,963
Open Market Value of Land In Land and Dwellings Included Above		4,882							
Asset financing:									
Owned		4,882	97,760	228	4,138	523	180	257	107,968
Finance leased		0	995	0	0	0	0	0	995
Net Book Value at 31 March 2015		4,882	98,755	228	4,138	523	180	257	108,963

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - PRIOR YEAR CONSOLIDATED

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2013	4,311	93,317	1,522	15,561	4,247	842	4,197	123,997
Additions	138	3,704	0	93	15	0	479	4,429
Completions	251	3,761	0	102	0	0	(4,114)	0
Transfers	0	(51)	0	0	0	0	0	(51)
Transfers (to)/from non-current assets held for sale	0	(705)	0	0	0	0	0	(705)
Revaluation	214	4,895	0	0	0	0	8	5,117
Impairment Charge	(112)	(3,520)	0	0	0	0	0	(3,632)
Disposals	(43)	0	0	0	0	0	0	(43)
At 31 March 2014	4,759	101,401	1,522	15,756	4,262	842	570	129,112
Depreciation								
At 1 April 2013	0	2,119	1,112	11,434	2,935	534	0	18,134
Provided during the year	0	2,106	111	979	438	64	0	3,698
Transfers	0	0	0	0	0	0	0	0
At 31 March 2014	0	4,225	1,223	12,413	3,373	598	0	21,832
Net book value at 1 April 2013	4,311	91,198	410	4,127	1,312	308	4,197	105,863
Net book value at 31 March 2014	BS 4,759	97,176	299	3,343	889	244	570	107,280
Open Market Value of Land in Land and Dwellings Included Above	4,759							
Asset financing:								
Owned	4,759	96,137	299	3,343	889	244	570	106,241
Finance leased	0	1,039	0	0	0	0	0	1,039
Net Book Value at 31 March 2014	4,759	97,176	299	3,343	889	244	570	107,280

11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - PRIOR YEAR BOARD

Note	Land (including under buildings)	Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2013	4,311	93,317	1,522	15,561	4,247	842	4,197	123,997
Additions	138	3,704	0	93	15	0	479	4,429
Completions	251	3,761	0	102	0	0	(4,114)	0
Transfers	0	(51)	0	0	0	0	0	(51)
Transfers (to)/from non-current assets held for sale	0	(705)	0	0	0	0	0	(705)
Revaluation	214	4,895	0	0	0	0	8	5,117
Impairment Charge	(112)	(3,520)	0	0	0	0	0	(3,632)
Disposals	(43)	0	0	0	0	0	0	(43)
At 31 March 2014	4,759	101,401	1,522	15,756	4,262	842	570	129,112
Depreciation								
At 1 April 2013	0	2,119	1,112	11,434	2,935	534	0	18,134
Provided during the year	0	2,106	111	979	438	64	0	3,698
Transfers	0	0	0	0	0	0	0	0
At 31 March 2014	0	4,225	1,223	12,413	3,373	598	0	21,832
Net book value at 1 April 2013	4,311	91,198	410	4,127	1,312	308	4,197	105,863
Net book value at 31 March 2014	BS 4,759	97,176	299	3,343	889	244	570	107,280
Open Market Value of Land in Land and Dwellings Included Above	4,759							
Asset financing:								
Owned	4,759	96,137	299	3,343	889	244	570	106,241
Finance leased	0	1,039	0	0	0	0	0	1,039
Net Book Value at 31 March 2014	4,759	97,176	299	3,343	889	244	570	107,280



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - CONSOLIDATED

Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2014	10	5,419	2,140	0	7,569
Additions	0	0	101	5	106
Revaluation	0	38	0	0	38
At 31 March 2015	10	5,457	2,241	5	7,713
<b>Depreciation</b>					
At 1 April 2014	0	159	1,766	0	1,925
Provided during the year	0	104	103	0	207
At 31 March 2014	0	263	1,869	0	2,132
Net book value at 1 April 2014	10	5,260	374	0	5,644
Net book value at 31 March 2015	BS 10	5,194	372	5	5,581
	10				
<b>Open Market Value of Land in Land and Dwellings Included Above</b>					
<b>Asset financing:</b>					
Owned	10	5,194	372	5	5,581
Net Book Value at 31 March 2015	10	5,194	372	5	5,581

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - BOARD

Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2014	10	5,419	2,140	0	7,569
Additions	0	0	101	5	106
Revaluation	0	38	0	0	38
At 31 March 2015	10	5,457	2,241	5	7,713
<b>Depreciation</b>					
At 1 April 2014	0	159	1,766	0	1,925
Provided during the year	0	104	103	0	207
At 31 March 2015	0	263	1,869	0	2,132
Net book value at 1 April 2014	10	5,260	374	0	5,644
Net book value at 31 March 2015	BS 10	5,194	372	5	5,581
	10				
<b>Open Market Value of Land in Land and Dwellings Included Above</b>					
<b>Asset financing:</b>					
Owned	10	5,194	372	5	5,581
Net Book Value at 31 March 2015	10	5,194	372	5	5,581

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR CONSOLIDATED

Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2013	0	5,419	2,025	7,444
Additions	10	0	115	125
At 31 March 2014	10	5,419	2,140	7,569
Depreciation				
At 1 April 2013	0	55	1,631	1,686
Provided during the year	0	104	135	239
At 31 March 2014	0	159	1,766	1,925
Net book value at 1 April 2013	0	5,364	394	5,758
Net book value at 31 March 2014	BS 10	5,260	374	5,644
Open Market Value of Land in Land and Dwellings Included Above	10			
Asset financing:				
Owned	10	5,260	374	5,644
Net Book Value at 31 March 2014	10	5,260	374	5,644

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR BOARD

Note	Land (including under buildings)	Buildings (excluding dwellings)	Plant & Machinery	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2013	0	5,419	2,025	7,444
Additions	10	0	115	125
At 31 March 2014	10	5,419	2,140	7,569
Depreciation				
At 1 April 2013	0	55	1,631	1,686
Provided during the year	0	104	135	239
At 31 March 2014	0	159	1,766	1,925
Net book value at 1 April 2013	0	5,364	394	5,758
Net book value at 31 March 2014	BS 10	5,260	374	5,644
Open Market Value of Land in Land and Dwellings Included Above	10			
Asset financing:				
Owned	10	5,260	374	5,644
Net Book Value at 31 March 2014	10	5,260	374	5,644

# NHS BORDERS

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2015

#### 11 (c). ASSETS HELD FOR SALE

The following assets related to NHS Borders have been presented as held for sale following approval for sale by management of the Board. The completed date for sale of the assets is expected to be within the 12 months from 31st March 2015.

\*Orchard Park, St Boswells

\*Crumhaugh, Hawick

\*Westgrove, Melrose

During the year ended 31st March 2015, the Board completed the sale of the following properties:

\*Fenton Lodge, Duns.

#### ASSETS HELD FOR SALE - CONSOLIDATED

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2014		695	695
Transfers (to)/from property, plant and equipment	11a	728	728
Gain or losses recognised on remeasurement of non-current assets held for sale		(913)	(913)
Disposals for non-current assets held for sale		(195)	(195)
As at 31 March 2015	BS	315	315

#### ASSETS HELD FOR SALE - BOARD

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2014		695	695
Transfers (to)/from property, plant and equipment	11a	728	728
Transfers (to)/from intangible assets	10		0
Gain or losses recognised on remeasurement of non-current assets held for sale		(913)	(913)
Disposals for non-current assets held for sale		(195)	(195)
As at 31 March 2015	BS	315	315

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

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2013		540	540
Transfers (to)/from property, plant and equipment	11a	705	705
Disposals for non-current assets held for sale		(550)	(550)
As at 31 March 2014	BS	695	695

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

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2013		540	540
Transfers (to)/from property, plant and equipment	11a	705	705
Disposals for non-current assets held for sale		(550)	(550)
As at 31 March 2014	BS	695	695

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
107,280	107,280	Net book value of property, plant and equipment at 31 March			
5,644	5,644	Purchased	11a	108,963	108,963
		Donated	11b	5,581	5,581
<u>112,924</u>	<u>112,924</u>	Total	B S	<u>114,544</u>	<u>114,544</u>
		Total value of assets held under:			
1,039	1,039	Finance Leases		995	995
<u>1,039</u>	<u>1,039</u>			<u>995</u>	<u>995</u>
		Total depreciation charged in respect of assets held under:			
1,444	1,444	Finance leases		1,518	1,518
<u>1,444</u>	<u>1,444</u>			<u>1,518</u>	<u>1,518</u>

Land and buildings were fully revalued by GVA James Barr at 31st March 2015 on the basis of fair value (market value or depreciated replacement cost where appropriate).

The net impact was an increase in value of £4,555k which was credited to the revaluation reserve with respect to indexation. A total impairment charge of £913k was charged to the Statement of Consolidated Comprehensive Net Expenditure.

12. INVENTORIES

Consolidated 2013 £'000	Board 2013 £'000	Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
1,024	1,024	1,040	1,040	Finished Goods		1,115	1,115
<u>1,024</u>	<u>1,024</u>	<u>1,040</u>	<u>1,040</u>	Total Inventories	B S	<u>1,115</u>	<u>1,115</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

13. TRADE AND OTHER RECEIVABLES

Consolidated 2013 £'000	Board 2013 £'000	Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
14	14	198	198	Receivables due within one year			
2,284	2,284	2,732	2,732	NHSScotland		95	95
				SGHSCD		2,334	2,334
				Boards			
2,298	2,298	2,930	2,930	Total NHSScotland Receivables		2,429	2,429
256	266	1,258	1,258	NHS Non-Scottish Bodies		856	856
0	0	0	0	General Fund Receivable		0	0
195	195	196	196	VAT recoverable		192	192
1,784	1,784	2,163	2,163	Prepayments		3,118	3,118
55	55	84	84	Accrued Income		107	107
3,488	3,488	547	547	Other Receivables		439	401
0	0	1,750	1,750	Reimbursement of provisions		1,406	1,406
1,226	1,226	1,713	1,713	Other Public Sector Bodies		1,263	1,263
28	0	15	0	Endowment Account Receivables		0	0
9,340	9,312	10,656	10,641	Total Receivables due within one year	B 5	9,810	9,772
				Receivables due after more than one year			
3,618	3,618	5,412	5,412	NHSScotland			
				Reimbursement of Provisions		3,887	3,887
3,618	3,618	5,412	5,412	Total Receivables due after more than one year	B 5	3,887	3,887
12,958	12,930	16,068	16,053	TOTAL RECEIVABLES		13,697	13,659
156	156	200	200	The total receivables figure above includes a provision for impairments of :		255	255
				WGA Classification			
2,284	2,284	2,732	2,732	NHSScotland		2,334	2,334
195	195	196	196	Central Government Bodies		192	192
974	974	884	884	Whole of Government Bodies		640	640
266	266	1,258	1,258	Balances with NHS Bodies in England and Wales		856	856
9,739	9,711	10,998	10,983	Balances with bodies external to Government		9,675	9,637
12,958	12,930	16,068	16,053	Total		13,697	13,659
				Movements on the provision for impairment of receivables are as follows:			
	2014 £'000	2014 £'000				2015 £'000	2015 £'000
	156	156	At 1 April			200	200
	56	56	Provision for Impairment			57	57
	(12)	(12)	Receivables written off during the year as uncollectible			(2)	(2)
	0	0	Unused amounts reversed			0	0
	200	200	At 31 March			255	255

# NHS BORDERS

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 MARCH 2015

As of 31 March 2015, receivables with a carrying value of £275,497 (2014: £592,584) were impaired and provided for. The amount of the provision was £255,126 (2014: £200,470). The aging of these receivables is as follows:

2014 £'000	2014 £'000		2015 £'000	2015 £'000
60	60	3 to 6 months past due	39	39
140	140	Over 6 months past due	216	216
<u>200</u>	<u>200</u>		<u>255</u>	<u>255</u>

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

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2015, receivables with a carrying value of £3,768,007 (2014: £4,637,953) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

2014 £'000	2014 £'000		2015 £'000	2015 £'000
3,807	3,807	Up to 3 months past due	2,828	2,828
92	92	3 to 6 months past due	493	493
738	738	Over 6 months past due	447	447
<u>4,637</u>	<u>4,637</u>		<u>3,768</u>	<u>3,768</u>

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

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

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

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

2014 £'000	2014 £'000		2015 £'000	2015 £'000
16,068	16,053	The carrying amount of receivables are denominated in the following currencies:	13,697	13,659
		Pounds		
<u>16,068</u>	<u>16,053</u>		<u>13,697</u>	<u>13,659</u>

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

The fair value of long term other receivables is £3.887m (2013-14: £5.412m)

Pension liabilities are discounted at 1.3% (2013-14: 1.8%)

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 2013 £'000	Board 2013 £'000	Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
2,330	0	2,845	0	At 1 April		2,918	0
377	0	483	0	Additions		387	0
(317)	0	(474)	0	Disposals		(319)	0
0	0	0	0	Impairment recognised in SOCNE	3	0	0
455	0	64	0	Revaluation surplus/(deficit) transferred to equity		201	0
<u>2,845</u>	<u>0</u>	<u>2,918</u>	<u>0</u>	At 31 March		<u>3,187</u>	<u>0</u>
0	0	0	0	Current	BS	0	0
2,845	0	2,918	0	Non-current	BS	3,187	0
<u>2,845</u>	<u>0</u>	<u>2,918</u>	<u>0</u>	At 31 March		<u>3,187</u>	<u>0</u>
0	0	0	0	The carrying value includes an impairment provision of		0	0

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

15. CASH AND CASH EQUIVALENTS

	Note	At 01/04/14 £'000	Cash Flow £'000	At 31/03/15 £'000
Government Banking Service account balance		135	193	328
Cash at bank and in hand		0	0	0
Endowment Cash		486	202	688
<b>Total cash and cash equivalents - balance sheet</b>	<b>B S</b>	<b>621</b>	<b>395</b>	<b>1,016</b>
Overdrafts	16	0	0	0
<b>Total cash - cash flow statement</b>		<b>621</b>	<b>395</b>	<b>1,016</b>
		<b>CFS</b>		<b>CFS</b>
<b>CASH AND CASH EQUIVALENTS - PRIOR YEAR</b>				
	Note	At 01/04/13 £'000	Cash Flow £'000	At 31/03/14 £'000
Government Banking Service account balance		261	(126)	135
Cash at bank and in hand		0	0	0
Endowment Cash		1,149	(663)	486
<b>Total cash and cash equivalents - balance sheet</b>	<b>B S</b>	<b>1,410</b>	<b>(789)</b>	<b>621</b>
Overdrafts	16	0	0	0
<b>Total cash - cash flow statement</b>		<b>1,410</b>	<b>(789)</b>	<b>621</b>
		<b>CFS</b>		<b>CFS</b>

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.



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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

16. TRADE AND OTHER PAYABLES

Consolidated 2013 £'000	Board 2013 £'000	Consolidated 2014 £'000	Board 2014 £'000		Note	Consolidated 2015 £'000	Board 2015 £'000
2,224	2,224	3,251	3,251	Payables due within one year			
2,224	2,224	3,251	3,251	NHSScotland		2,722	2,722
				Boards		2,722	2,722
				Total NHSScotland Payables			
674	674	223	223	NHS Non-Scottish Bodies		18	18
261	261	135	135	Amounts Payable to General Fund		328	328
6,862	6,862	6,518	6,518	FHS Practitioners		5,804	5,804
2,500	2,500	2,278	2,278	Trade Payables		1,816	1,816
9,453	9,453	3,707	3,707	Accruals		8,885	8,885
869	869	678	678	Payments received on account		852	852
78	78	78	78	Net obligations under Finance Leases	22	75	75
2,116	2,116	2,091	2,091	Income tax and social security		2,061	2,061
1,436	1,436	1,559	1,559	Superannuation		1,549	1,549
2,204	2,204	2,069	2,069	Holiday Pay Accrual		2,191	2,191
1,293	1,293	2,799	2,799	Other Public Sector Bodies		2,199	2,199
1,280	1,280	845	845	Other payables		822	629
1,174	0	172	0	Endowment Account Payables		0	0
32,424	31,250	26,403	26,231	Total Payables due within one year	B 5	29,322	29,129
				Payables due after more than one year			
80	80	79	79	NHSScotland			
253	253	249	249	Net obligations under Finance Leases due within 2 years	22	84	84
993	993	869	869	Net obligations under Finance Leases due after 2 years but within 5 years	22	256	256
50	50	47	47	Net obligations under Finance Leases due after 5 years	22	785	785
1,376	1,376	1,244	1,244	Other payables		47	47
				Total Payables due after more than one year	B 5	1,172	1,172
33,800	32,626	27,647	27,475	Total Payables		30,494	30,301
				WGA Classification			
2,224	2,224	3,251	3,251	NHSScotland		2,722	2,722
2,116	2,116	2,091	2,091	Central Government Bodies		2,061	2,061
1,293	1,293	1,468	1,468	Whole of Government Bodies		931	931
674	674	223	223	Balances with NHS Bodies in England and Wales		18	18
27,493	26,319	20,614	20,442	Balances with bodies external to Government		24,762	24,569
33,800	32,626	27,647	27,475	Total		30,494	30,301

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

16. TRADE AND OTHER PAYABLES (CONT.)

Consolidated 2014 £'000	Board 2014 £'000		Consolidated 2015 £'000	Board 2015 £'000
1,275	1,275	Borrowings included above comprise:	1,200	1,200
1,275	1,275	Finance Leases	1,200	1,200
1,197	1,197	The carrying amount of the non-current borrowings are as follows	1,125	1,125
		Finance Leases		
1,197	1,197		1,125	1,125
1,197	1,197	The fair value of the non-current borrowings are as follows	1,197	1,197
		Finance Leases		
1,197	1,197		1,197	1,197
		The carrying amount of short term payables approximates their fair value.		
27,647	27,475	The carrying amount of payables are denominated in the following currencies:	30,494	30,301
		Pounds		
27,647	27,475		30,494	30,301

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

17. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2015 Total £'000	Note
At 1 April 2014	1,515	6,953	3,449	35	11,952	
Arising during the year	124	1,155	0	28	1,307	
Utilised during the year	(117)	(2,746)	0	(33)	(2,896)	
Unwinding of discount	0	0	0	0	0	
Reversed unutilised	0	0	(445)	(10)	(455)	
At 31 March 2015	1,522	5,362	3,004	20	9,908	

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.  
Other

Other Provisions include an amount of £1,600 in respect of the Board's estimated liability arising from equal pay claims. This relates to 8 claims.

Analysis of expected timing of discounted flows to 31 March 2015

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2015 Total £'000	
Payable in one year	115	1,129	3,004	20	4,268	B S
Payable between 2 - 5 years	450	1,340	0	0	1,790	
Payable between 6 - 10 years	527	1,675	0	0	2,202	
Thereafter	430	1,218	0	0	1,648	B S
Total as at 31 March 2015	1,522	5,362	3,004	20	9,908	

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2014 Total £'000	Note
At 1 April 2013	1,496	3,579	4,327	0	9,402	
Arising during the year	138	3,674	0	55	3,867	
Utilised during the year	(119)	(193)	0	0	(312)	
Unwinding of discount	0	(5)	0	0	(5)	
Reversed unutilised	0	(102)	(878)	(20)	(1,000)	
At 31 March 2014	1,515	6,953	3,449	35	11,952	

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.

Analysis of expected timing of discounted flows - to 31 March 2014

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2014 Total £'000	
Payable in one year	118	2,388	4,327	35	6,868	B S
Payable between 2 - 5 years	449	1,340	0	0	1,789	
Payable between 6 - 10 years	514	1,675	0	0	2,189	
Thereafter	434	1,550	(878)	0	1,106	B S
At 31 March 2014	1,515	6,953	3,449	35	11,952	

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

17. PROVISIONS - CONSOLIDATED AND BOARD

Analysis of expected timing of discounted flows - to 31 March 2013

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation In CNORIS £'000	Other £'000	2013 Total £'000	Notes
Payable in one year	118	3,220	0	0	3,338	B S
Payable between 2 - 5 years	447	359	4,327	0	5,133	
Payable between 6 - 10 years	504	0	0	0	504	
Thereafter	427	0	0	0	427	B S
At 31 March 2013	1,496	3,579	4,327	0	9,402	

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation In CNORIS £'000	Other £'000	Total £'000	
Current	118	3,220	0	0	3,338	B S
Non-current	1,378	359	4,327	0	6,064	B S
At 31 March 2013	1,496	3,579	4,327	0	9,402	

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

17b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2013 £'000	2014 £'000		Note	2015 £'000
3579	6988	Provision recognising individual claims against the NHS Board as at 31 March	17	5382
(3,618)	(7,162)	Associated CNORIS receivable at 31 March	13	(5,293)
4327	3449	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	17	3004
4288	3275	Net Total Provision relating to CNORIS at 31 March		3093

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

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

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

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

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

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

18. MOVEMENT ON WORKING CAPITAL BALANCES

2014 Net Movement £'000		Note	2014 Opening Balances £'000	2015 Closing Balances £'000	2015 Net Movement £'000
	<b>INVENTORIES</b>				
(16)	Balance Sheet	12	1,040	1,115	
(16)	Net Decrease/(Increase)				(75)
	<b>TRADE AND OTHER RECEIVABLES</b>				
(1,329)	Due within one year	13	10,641	9,772	
(1,794)	Due after more than one year	13	5,412	3,887	
			16,053	13,659	
			16,053	13,659	
(3,123)	Net Decrease/(Increase)				2,394
	<b>TRADE AND OTHER PAYABLES</b>				
(5,019)	Due within one year	16	26,231	29,129	
(132)	Due after more than one year	16	1,244	1,172	
(174)	Less: Property, Plant & Equipment (Capital) included in above		0	0	
126	Less: General Fund Creditor included in above	16	(135)	(328)	
129	Less: Lease and PFI Creditors included in above	16	(1,275)	(1,200)	
			26,065	28,773	
(5,070)	Net (Decrease)/Increase				2,708
	<b>PROVISIONS</b>				
2,550	Balance Sheet	17	11,952	9,908	
2,550	Net (Decrease)/Increase				(2,044)
(5,659)	NET MOVEMENT (Decrease)/Increase	CFS			2,983

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**19. CONTINGENT LIABILITIES**

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

<b>2014</b>	<b>Nature</b>	<b>2015</b>
<b>Value</b>		<b>Value</b>
<b>£'000</b>		<b>£'000</b>
<b>611</b>	<b>Clinical and medical compensation payments</b>	<b>821</b>
<b>96</b>	<b>Employer's liability</b>	<b>65</b>
<b>707</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>886</b>
	<b>CONTINGENT ASSETS</b>	
<b>475</b>	<b>Clinical and medical compensation payments</b>	<b>575</b>
<b>5</b>	<b>Employer's liability</b>	<b>5</b>
<b>480</b>		<b>580</b>

**20. EVENTS AFTER THE END OF THE REPORTING YEAR**

There are no post balance sheet events after the reporting period.

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

21. COMMITMENTS

The Board has the following Capital Commitments which have not been included in the accounts

2014		Property, plant and equipment	Intangible assets	2015 Total
£'000		£'000	£'000	£'000
	<b>Contracted</b>			
300	Primary Care Premises Modernisation	575		575
	Roxburgh Street Replacement Surgery	1,075		1,075
<u>300</u>	<b>Total</b>	<u>1,650</u>		<u>1,650</u>
	<b>Authorised but not Contracted</b>			
400	Rolling Replacement Programmes	500		500
450	Medical Equipment Replacement Programme	200		200
1,500	Statutory compliance and backlog maintenance property expenditure	500		500
0	Efficiency Programme / Estates Rationalisation / Service Redesign	975		975
267	Clinical Strategy	0		0
0	IM&T Infrastructure	650		650
0	IM&T Development	0	250	250
300	Car Parking	0		0
190	Project Management	240		240
595	Theatre Ventilation	950		950
<u>3,702</u>	<b>Total</b>	<u>4,015</u>	<u>250</u>	<u>4,265</u>



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

22. COMMITMENTS UNDER LEASES

Operating Leases

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

2014 £'000		Note	2015 £'000
	Obligations under operating leases comprise:		
	Land		
49	Not later than one year		49
50	Later than one year, not later than 2 years		51
157	Later than two year, not later than five years		161
548	Later than five years		493
	Buildings		
4	Not later than one year		0
	Other		
626	Not later than one year		509
348	Later than one year, not later than 2 years		304
140	Later than two year, not later than five years		94
0	Later than five years		0
	Amounts charged to Operating Costs in the year were:		
823	Hire of equipment (including vehicles)		745
85	Other operating leases		75
<u>908</u>	<b>Total</b>		<u>820</u>

Finance Leases

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

2014 £'000		Note	2015 £'000
	Obligations under Finance leases comprise:		
	Buildings		
387	Rentals due within one year	16	396
397	Rentals due between one and two years (inclusive)	16	407
1,251	Rentals due between two and five years (inclusive)	16	1,282
4,360	Rentals due after five years	16	3,922
6,395			6,007
(5,120)	Less interest element		(4,807)
<u>1,275</u>			<u>1,200</u>

## NHS BORDERS

### NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

#### 23. PENSION COSTS

- (a) NHS Borders participates in the NHS Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.
- (b) NHS Borders has no liability for other employers obligations to the multi-employer scheme.
- (c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- (d) (i) The scheme is an unfunded multi-employer defined benefit scheme.  
(ii) 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.  
(iii) The employer contribution rate for the period from 1 April 2015 will be 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.  
(iv) At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate.  
(v) The total employer contributions received for the NHS Scotland scheme in the year to 31 March 2014 were £640.5 million (see note 3 in the scheme accounts). NHS Borders level of participation in the scheme is 13.5% based on the proportion of employer contributions paid in 2013-14. Contributions collected in the year to 31 March 2015 will be published in November 2015.
- (e) Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	2015 £'000	2014 £'000
Pension cost charge for the year	11,111	10,887
Additional Costs arising from early retirement	0	307
Provisions/Liabilities/Pre-payments included in the Balance Sheet	1,522	1,515

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**24. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS**

Prior year adjustments which have been recognised in these Accounts are:

	Dr. £000	Cr. £000
Adjustment 1		
Note 7. Other Non clinical services	3449	
Note 17. Provisions		3449

A retrospective restatement has been recognised in these Accounts arising from the changes to the accounting treatment for CNORIS as set out at Note 1. Accounting Policies and Note 17b. Clinical Negligence and Other Risks Indemnity Scheme.

The opening general fund balance for 2013/14 has been reduced by £3,449,000. This amount represents the Board's share of the total liability of NHS Scotland as at 31st March 2013 as advised by the Scottish Government and and is based on information prepared by NHS Borders and the National Services Scotland Central Legal Office. The amount is recognised in Note 17.

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**25a. RESTATED SOCNE**

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Clinical Services Costs</b>			
Hospital and Community	175,477	0	175,477
Less: Hospital and Community Income	(15,550)	0	(15,550)
	<b>159,927</b>	<b>0</b>	<b>159,927</b>
Family Health Services	51,034	0	51,034
Less: Family Health Services Income	1,784	0	1,784
	<b>49,250</b>	<b>0</b>	<b>49,250</b>
<b>Total Clinical Services Costs</b>	<b>209,177</b>	<b>0</b>	<b>209,177</b>
Administration Costs	1,936	0	1,936
	<b>1,936</b>	<b>0</b>	<b>1,936</b>
Other Non Clinical Services	5,406	3,449	8,855
Less: Other Operating Income	2,369	0	2,369
	<b>3,037</b>	<b>3,449</b>	<b>6,486</b>
<b>Net Operating Costs</b>	<b>214,150</b>	<b>3,449</b>	<b>217,599</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

25b. RESTATED BALANCE SHEET

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Non-current assets</b>			
Property, plant and equipment	112,924	0	112,924
Intangible assets	249	0	249
Financial assets:	0	0	0
Available for sale financial assets	2,918	0	2,918
Trade and other receivables	5,412	0	5,412
	<b>121,503</b>	<b>0</b>	<b>121,503</b>
<b>CURRENT ASSETS</b>			
Inventories	1,040	0	1,040
Financial assets:			
Trade and other receivables	10,656	0	10,656
Cash and cash equivalents	621	0	621
Assets classified as held for sale	695	0	695
	<b>13,012</b>	<b>0</b>	<b>13,012</b>
<b>TOTAL ASSETS</b>	<b>134,515</b>	<b>0</b>	<b>134,515</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(2,541)	(2,035)	(4,576)
Financial liabilities:			
Trade and other payables	(26,403)	0	(26,403)
Derivatives financial liabilities	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>(28,944)</b>	<b>(2,035)</b>	<b>(30,979)</b>
<b>NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>105,571</b>	<b>(2,035)</b>	<b>103,536</b>
<b>Non-current liabilities</b>			
Provisions	(5,962)	(1,414)	(7,376)
Financial liabilities:			
Trade and other payables	(1,244)	0	(1,244)
<b>Total non-current liabilities</b>	<b>(7,206)</b>	<b>(1,414)</b>	<b>(8,620)</b>
<b>Assets less liabilities</b>	<b>98,365</b>	<b>(3,449)</b>	<b>94,916</b>
<b>TAXPAYERS' EQUITY</b>			
General Fund	57,839	(3,449)	54,390
Revaluation Reserve	37,279	0	37,279
Other Reserves	3,247	0	3,247
<b>Total taxpayers' equity</b>	<b>98,365</b>	<b>(3,449)</b>	<b>94,916</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

25c. RESTATED CASH FLOW STATEMENT

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Cash flows from operating activities</b>			
Net operating cost	(214,150)	(3,449)	(217,599)
Adjustments for non-cash transactions	7,702	3,449	11,151
(Increase) / decrease in trade and other receivables	(3,177)	0	(3,177)
(Increase) / decrease in inventories	(16)	0	(16)
Increase / (decrease) in trade and other payables	(6,072)	0	(6,072)
Increase / (decrease) in provisions	3,428	0	3,428
<b>Net cash outflow from operating activities</b>	<b>(212,285)</b>	<b>0</b>	<b>(212,285)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(4,255)	0	(4,255)
Purchase of intangible assets	(17)	0	(17)
Investment Additions	(483)	0	(483)
Proceeds of disposal of property, plant and equipment	650	0	650
Proceeds of disposal of intangible assets	0	0	0
Receipts from sale of investments	474	0	474
<b>Net cash outflow from investing activities</b>	<b>(3,631)</b>	<b>0</b>	<b>(3,631)</b>
<b>Cash flows from financing activities</b>			
Funding	215,382	0	215,382
Movement in general fund working capital	(126)	0	(126)
Cash drawn down	215,256	0	215,256
Interest element of finance leases and on-balance sheet PFI/PPP contracts	(129)	0	(129)
<b>Net Financing</b>	<b>215,127</b>	<b>0</b>	<b>215,127</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>(789)</b>	<b>0</b>	<b>(789)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,410</b>		<b>1,410</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>621</b>	<b>0</b>	<b>621</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
Increase/(decrease) in cash in year	(789)	0	(789)
Net debt/cash at 1 April	1,410	0	1,410
<b>Net debt/cash at 31 March</b>	<b>621</b>	<b>0</b>	<b>621</b>

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

### 26. FINANCIAL INSTRUMENTS

#### a ) FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial Assets

##### CONSOLIDATED

At 31 March 2015

Assets per balance sheet

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.

Cash and cash equivalents

Note	Loans and Receivables £'000	Total £'000
13	2,665	2,665
15	1,016	1,016
	<b>3,681</b>	<b>3,681</b>

##### BOARD

At 31 March 2015

Assets per balance sheet

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.

Cash and cash equivalents

Note	Loans and Receivables £'000	Total £'000
13	2,627	2,627
15	328	328
	<b>2,955</b>	<b>2,955</b>

##### CONSOLIDATED (Prior Year)

At 31 March 2014

Assets per balance sheet

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.

Cash and cash equivalents

Note	Loans and Receivables £'000	Total £'000
13	3,617	3,617
15	621	621
	<b>4,238</b>	<b>4,238</b>

##### BOARD (Prior Year)

At 31 March 2014

Assets per balance sheet

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.

Cash and cash equivalents

Note	Loans and Receivables £'000	Total £'000
13	3,602	3,602
15	135	135
	<b>3,737</b>	<b>3,737</b>

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**26. FINANCIAL INSTRUMENTS**

**a) FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial Liabilities**

**CONSOLIDATED**

**At 31 March 2015**

**Liabilities per balance sheet**

	<b>Note</b>	<b>Other financial liabilities £'000</b>	<b>Total £'000</b>
Finance lease liabilities	16	1,200	1,200
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	22,915	22,915
		<hr/> <b>24,115</b>	<hr/> <b>24,115</b>

**BOARD**

**At 31 March 2015**

**Liabilities per balance sheet**

Finance lease liabilities	16	1,200	1,200
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	22,722	22,722
		<hr/> <b>23,922</b>	<hr/> <b>23,922</b>

**CONSOLIDATED (Prior Year)**

**At 31 March 2014**

**Liabilities per balance sheet**

Finance lease liabilities	16	1,275	1,275
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	19,424	19,424
		<hr/> <b>20,699</b>	<hr/> <b>20,699</b>

**BOARD (Prior Year)**

**At 31 March 2014**

**Liabilities per balance sheet**

Finance lease liabilities	16	1,275	1,275
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	19,252	19,252
		<hr/> <b>20,527</b>	<hr/> <b>20,527</b>



# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

### 26. FINANCIAL INSTRUMENTS, cont.

#### b) FINANCIAL RISK FACTORS

##### Exposure to Risk

The NHS Board's activities expose it to a variety of financial risks including the following:

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.

The Board has written credit control procedures.

##### a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with 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 maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31st March 2015				
Finance lease liabilities	74	84	257	785
Trade and other payables excluding statutory liabilities	22,722	0	0	32
<b>Total</b>	<b>22,796</b>	<b>84</b>	<b>257</b>	<b>817</b>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31st March 2014				
Finance lease liabilities	78	79	249	869
Trade and other payables excluding statutory liabilities	19,355	3	9	35
<b>Total</b>	<b>19,433</b>	<b>82</b>	<b>258</b>	<b>904</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) Cash flow 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 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.

## NHS BORDERS

### NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

#### 27. RELATED PARTY TRANSACTIONS

##### Scottish Government

NHS Borders is a child of the Scottish Government Health Department (SGHSCD). The SGHSCD is regarded as a related party. During the year, NHS Borders has had various material transactions with the Department and with other entities for which the department is regarded as the parent department.

##### Government departments and central government bodies

In addition, NHS Borders has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Scottish Public Pensions Agency (SPPA); Inland Revenue; HM Customs & Excise; Scottish Borders Council; and various NHS Bodies in England and Wales.

##### Borders Health Board Endowment Fund

The Health Board is the corporate trustee of charitable endowment funds of £3.720m as at 31st March 2015. (2014: £3.247m) as per these consolidated Group Accounts.

The Endowment Fund is supported in delivery of designated projects through secondment arrangements with NHS Borders staff. The following secondment charges were incurred by the Endowment Fund during 2014/15;

Fundraising Manager	1.0 wte (Part Year)	£18,903
Fundraising Support Officer	1.0 wte	£26,885
Breast Feeding Peer Support	0.6 wte	£7,993
Volunteer Co-ordinator	1.0 wte	£26,271

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 Fund 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.

##### Board members key managers or related parties

No Board member, key manager or other related party has undertaken any material transactions with the Board during the year.

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

28. SEGMENT INFORMATION

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

	2014					
	Clinical Executive	Family Health Services	Commissioning of Healthcare	Central & Support Costs	The Difference	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost 2014/15	127,483	47,520	25,857	17,250	(272)	217,838
	2013 - Restated					
	Clinical Executive	Family Health Services	Commissioning of Healthcare	Central & Support Costs	The Difference	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost 2013/14	127,569	46,340	24,309	15,388	(334)	213,272

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**29. THIRD PARTY ASSETS**

Third Party Assets managed by the Board consist of balances held for short and long stay patients, administered in line with the Board's Patient's Private Funds Policy.

	2014 £'000	Gross Inflows £'000	Gross Outflows £'000	2015 £'000
Monetary amounts such as bank balances and monies on deposit	92	151	(161)	82
Total Monetary Assets	92	151	(161)	82

**NHS BORDERS**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**30. EXIT PACKAGES**

**Current Year**

There were no compulsory redundancies or exit packages agreed in 2014-15.

**Prior Year**

There were no compulsory redundancies in 2013-14, all the exit packages were classified as other departures agreed.

Exit package cost band	2014
	Number of exit packages agreed
£25,000 - £50,000	3
£50,000 - £100,000	1
£100,000- £150,000	1
Total number exit packages by type	<u>5</u>
Total resource cost (£'000)	<u>307</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

31a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group 2014 £'000		Board 2015 £'000	Endowments 2015 £'000	Consolidated 2015 £'000
	<b>Clinical Services Costs</b>			
175,477	Hospital and Community	178,385	0	178,385
15,550	Less: Hospital and Community Income	13,603	0	13,603
159,927		164,782	0	164,782
51,034	Family Health	52,486	0	52,486
1,784	Less: Family Health Income	1,431	0	1,431
49,250		51,055	0	51,055
<b>209,177</b>	<b>Total Clinical Services Costs</b>	<b>215,837</b>	<b>0</b>	<b>215,837</b>
1,936	Administration Costs	1,851	0	1,851
0	Less: Administration Income	0	0	0
1,936		1,851	0	1,851
4,528	Other Non Clinical Services	1,268	569	1,837
2,369	Less: Other Operating Income	845	842	1,687
2,159		423	(273)	150
<b>213,272</b>	<b>Net Operating Costs</b>	<b>218,111</b>	<b>(273)</b>	<b>217,838</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

31b. CONSOLIDATED GROUP BALANCE SHEET

Group 2014 £'000		Note	Board 2015 £'000	Endowment 2015 £'000	Consolidated 2015 £'000
	<b>Non-current assets:</b>				
112,924	Property, plant and equipment	11	114,544	0	114,544
249	Intangible assets	10	467	0	467
	<b>Financial assets:</b>				
2,918	Available for sale financial assets	14	0	3,187	3,187
5,412	Trade and other receivables	13	3,887	0	3,887
<b>121,503</b>	<b>Total non-current assets</b>		<b>118,898</b>	<b>3,187</b>	<b>122,085</b>
	<b>Current Assets:</b>				
1,040	Inventories	12	1,115	0	1,115
	<b>Financial assets:</b>				
10,656	Trade and other receivables	13	9,772	95	9,867
621	Cash and cash equivalents	15	328	688	1,016
695	Assets classified as held for sale	11c	315	0	315
<b>13,012</b>	<b>Total current assets</b>		<b>11,530</b>	<b>783</b>	<b>12,313</b>
<b>134,515</b>	<b>Total assets</b>		<b>130,428</b>	<b>3,970</b>	<b>134,398</b>
	<b>Current liabilities</b>				
(6,868)	Provisions	17	(4,268)	0	(4,268)
	<b>Financial liabilities:</b>				
(26,403)	Trade and other payables	16	(29,129)	(250)	(29,379)
<b>(33,271)</b>	<b>Total current liabilities</b>		<b>(33,397)</b>	<b>(250)</b>	<b>(33,647)</b>
<b>101,244</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>97,031</b>	<b>3,720</b>	<b>100,751</b>
	<b>Non-current liabilities</b>				
(5,084)	Provisions	17	(5,640)	0	(5,640)
	<b>Financial liabilities:</b>				
(1,244)	Trade and other payables	16	(1,172)	0	(1,172)
<b>(6,328)</b>	<b>Total non-current liabilities</b>		<b>(6,812)</b>	<b>0</b>	<b>(6,812)</b>
<b>94,916</b>	<b>Assets less liabilities</b>		<b>90,219</b>	<b>3,720</b>	<b>93,939</b>
	<b>Taxpayers' Equity</b>				
54,390	General fund	SOCTE	49,152	0	49,152
37,279	Revaluation reserve	SOCTE	41,067	0	41,067
3,247	Funds Held on Trust	SOCTE	0	3,720	3,720
<b>94,916</b>	<b>Total taxpayers' equity</b>		<b>90,219</b>	<b>3,720</b>	<b>93,939</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

31c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board £'000	Endowment £'000	Group £'000		Board £'000	Endowment £'000	Consolidated £'000
(213,606)	334	(213,272)	<b>Cash flows from operating activities</b>	(218,111)	272	(217,839)
7,634	68	7,702	Net operating cost	4,645	0	4,645
0	0	0	Adjustments for non-cash transactions	0	0	0
0	0	0	Add back: interest payable recognised in net operating cost	0	0	0
0	0	0	Deduct: interest receivable recognised in net operating cost	0	0	0
(3,123)	(54)	(3,177)	Investment Income	0	0	0
(16)	0	(16)	(Increase) / decrease in trade and other receivables	2,394	(21)	2,373
(5,070)	(1,002)	(6,072)	(Increase) / decrease in inventories	(75)	0	(75)
2,550	0	2,550	Increase / (decrease) in trade and other payables	2,708	(18)	2,690
			Increase / (decrease) in provisions	(2,044)	0	(2,044)
<b>(211,631)</b>	<b>(654)</b>	<b>(212,285)</b>	<b>Net cash outflow from operating activities</b>	<b>(210,484)</b>	<b>233</b>	<b>(210,251)</b>
			<b>Cash flows from investing activities</b>			
(4,255)	0	(4,255)	Purchase of property, plant and equipment	(1,514)	0	(1,514)
(17)	0	(17)	Purchase of intangible assets	(254)	0	(254)
0	(483)	(483)	Investment Additions	0	269	269
650	0	650	Proceeds of disposal of property, plant and equipment	220	0	220
0	474	474	Receipts from sale of investments	0	201	201
<b>(3,622)</b>	<b>(9)</b>	<b>(3,631)</b>	<b>Net cash outflow from investing activities</b>	<b>(1,548)</b>	<b>470</b>	<b>(1,078)</b>
			<b>Cash flows from financing activities</b>			
215,382	0	215,382	Funding	212,107	0	212,107
(126)	0	(126)	Movement in general fund working capital	193	0	193
<b>215,256</b>	<b>0</b>	<b>215,256</b>	<b>Cash drawn down</b>	<b>212,300</b>	<b>0</b>	<b>212,300</b>
			<b>Capital element of payments in respect of finance leases and on-</b>			
(129)	0	(129)	<b>balance sheet PFI contracts</b>	(75)	0	(75)
<b>215,127</b>	<b>0</b>	<b>215,127</b>	<b>Net Financing</b>	<b>212,225</b>	<b>0</b>	<b>212,225</b>
			<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>193</b>	<b>145</b>	<b>338</b>
(126)	(663)	(789)	<b>Cash and cash equivalents at the beginning of the period</b>	<b>135</b>	<b>543</b>	<b>678</b>
261	1,149	1,410	<b>Cash and cash equivalents at the end of the period</b>	<b>328</b>	<b>688</b>	<b>1,016</b>
<b>135</b>	<b>486</b>	<b>621</b>	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
			Increase/(decrease) in cash in year	193	202	395
(126)	(663)	(789)	Net debt/cash at 1 April	135	486	621
261	1,149	1,410	<b>Net debt/cash at 31 March</b>	<b>328</b>	<b>688</b>	<b>1,016</b>
<b>135</b>	<b>486</b>	<b>621</b>				