



**BORDERS HEALTH BOARD**

**ANNUAL ACCOUNTS  
AND NOTES  
FINAL**

**2015/16**

**BORDERS HEALTH BOARD**

**ANNUAL ACCOUNTS AND NOTES FOR THE YEAR ENDED 31 MARCH 2016**

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## **PERFORMANCE REPORT**

### **a) OVERVIEW**

#### **1. Statement from the Chief Executive**

2015/16 was a challenging year for the Board but also one of significant achievement. We successfully delivered our financial targets for the year with efficiency savings of £6.9m re invested in front line services. During the year we have invested significantly again in both revenue and capital terms in order to ensure that the local population continue to enjoy access to quality health care services.

Preparing for health and social care integration was a key area of focus during 2015/16, working closely with the local authority to achieve the delegation of the functions, as set out in the scheme of integration, to the Scottish Borders Health and Social Care Integration Joint Board within the prescribed timescales.

Other key areas of achievement include consistent attainment of over 95% of all patients seen at our Emergency Department within four hours, delivery on the national cancer waiting times targets and good performance on a number of health preventions standards.

Services continue to respond to pressures arising from population demographics, changes in clinical practice and increased patient expectations by developing revised ways of working, strengthening the multidisciplinary team approach and encouraging greater involvement of patients and the population as a whole to take responsibility for the improvement of health and the delivery of local healthcare. An example of this is work the board has done in conjunction with the institute of healthcare optimisation on improving patient flow in theatres and scheduled care.

We have taken forward the process of engagement with the Borders community involving all stakeholders including patient forums on the testing of the principles in our Clinical Strategy with a focus primarily on inpatient services. The Board regularly receives updates on the workstreams that form part of the Health in your Hands project.

The dedication and professionalism shown by our staff has resulted in the key improvements to patient care we have successfully introduced throughout the year. In line with the corporate objectives the Board remains fully committed to promoting excellence in organisational behaviour. This will be further enforced by the introduction of a values based recruitment process, where employees are recruited based on qualifications, experience and demonstration of the core values of our organisation.

Full details of the above and the many other key Board achievements during 2015/16 will be published in the Board Annual Report which will be available during in 2016/17 from the office of the Chair and Chief Executive.



## PERFORMANCE REPORT

### a) OVERVIEW (cont)

#### 2. 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 117,029 as recorded on the GP Practice List as at 31<sup>st</sup> March 2016 (2014/15 - 116,563).

The NHS Board forms a local health system, with single a governing board responsible for improving the health of the local population 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 NHS Borders Code of Corporate Governance details the following as the overall purpose, role and functions of the Board.

The overall purpose of the Board is:

- To ensure the efficient effective and accountable governance of NHS Borders;
- To provide strategic leadership and direction;
- To focus on agreed outcomes;
- To work in partnership with the Integrated Joint Board and Scottish Borders Council to deliver the Strategic Commissioning Plan and associated outcomes.

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;
- Work in conjunction with the IJB to improve the wellbeing of people who use health and social care services
- Improve community planning within Scottish Borders through membership of the Community Planning Partnership;
- 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;
- Delivery of services as commissioned by the Scottish Borders Integrated Joint Board
- Appointment, appraisal and remuneration of senior executives;
- Appointment of consultant medical staff;
- Governance of NHS Borders, discharged through the Standing Committees; and
- Ensure effective public involvement and engagement on NHS Borders' plans and performance.

#### 3. Risk and Uncertainty

The Board's Local Delivery Plan summarises the key risks facing NHS Borders in the delivery of services together with the measures in place to mitigate those risks. The key challenge for the Board is to manage these risks in a way that ensures the continued delivery of quality clinical services, a high standard of



## **PERFORMANCE REPORT**

### **a) OVERVIEW (cont)**

#### **3. Risk and Uncertainty (Cont)**

operational performance whilst achieving our financial targets. Although the efficiency target was fully delivered in 2015/16, it is the first year in a significant period that the recurring element was not fully achieved and as such a financial deficit will be carried forward into the new financial year increasing the financial risk to the organisation in an already challenging financial environment.

Key identified risks include the impact of changing demographics with both overall population numbers and the proportion of elderly in the population rising year on year and this trend is forecast to continue.

Other identified risks include workforce, in terms of recruitment and the demographic profile of the Board's current workforce, together with a risk associated with a safe but aging IM&T, estates and equipment infrastructure.

## PERFORMANCE REPORT

### b) PERFORMANCE ANALYSIS

NHS Borders fully achieved its financial targets for 2015/16.

NHS Borders performance against key financial and non financial targets is detailed in sections 2.1 and 2.2 below.

#### 2.1 Financial Performance and Position

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

- 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 set by SGHSCD £000	Actual Outturn £000	Variance (Over)/ Under £000
Core Revenue Resource Limit	210,241	210,151	90
Non Core Revenue Resource Limit	3,968	3,968	0
Core Capital Resource Limit	2,375	2,369	6
Non Core Capital Resource Limit	0	0	0
Cash Requirement	216,678	216,678	0

<b>MEMORANDUM FOR IN YEAR OUTTURN</b> (illustrating what the Board financial position would be if no surplus had been brought forward from the previous financial year)	£000
Saving /(excess) against Revenue Resource Limit Outturn	90
Brought forward deficit (surplus) from previous financial year	812
<b>Saving /(excess) against in-year Revenue Resource Limit</b>	<b>902</b>

## PERFORMANCE REPORT

### b) PERFORMANCE ANALYSIS (Cont)

#### 2.1 Financial Performance and Position (Cont)

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 2015/16 was the achievement of its cost efficiency target. During the financial year the target was met in full with £6.911m of savings delivered. A key element of financial sustainability is the recurring element of the cost efficiency target. Within the overall target for increased efficiency the recurring target of £5.1m element was not fully achieved with a shortfall of £1.6m at the end of the financial year. This was the first year in a significant period of time that NHS Borders had failed to fully meet in year its savings target on a recurring basis. The shortfall of £1.6m will be carried forward into 2016/17 and as such increases the requirement for recurring savings for the new year by this amount.

- **Annual Accounts preparation and consolidation**

Consolidated within the Annual Accounts are the Borders Health Board Endowment Funds (known as 'The Difference') with International Accounting Standards (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 the consolidation of NHS Borders and 'The Difference'.

- **Capital Investment**

The Board approved and then delivered the following Capital Investment projects during 2015/16.

- Progress on the Roxburgh Street Replacement Surgery in Galashiels with the Procurement Partner Stage 1 approved and ongoing work on Stage 2 detailed design and construction contract. This included the demolition of the former Ambulance Station on the site for the new build which is anticipated will start early in 2016/17.
- Completion of an upgrade, reconfiguration and provision of additional accommodation at Selkirk Health Centre.
- Progress on the Board's Estates Rationalisation Programme with the disposal of 2 properties - West Grove, Melrose and 12-14 Roxburgh Street in Galashiels. The Board also relocated services from 2 rental properties to Board owned property.
- Completion of a significant IM&T Active Directory and Desktop Transformation Project covering the Borders General Hospital and all General Practitioner Health Centre sites.
- Relocation of Community Mental Health Teams and the Mental Health Crisis Team onto the Huntlyburn site in Melrose.
- Upgrade of the Mental Health Inpatient Ward at Melburn Lodge.
- Detailed design work for the planned replacement of the Theatre Ventilation Units at Borders General Hospital.
- Continuing investment in rolling replacement programmes for NHS Borders Estate (£751k) and Medical Equipment (£435k).



## PERFORMANCE REPORT

### b) PERFORMANCE ANALYSIS (Cont)

#### 2.1 Financial Performance and Position (cont)

- **Provisions and liabilities**

The following provisions and liabilities are included in the Board's 2015/16 Annual Accounts:

	<u>Page</u>	<u>2015/16</u>	<u>2014/15</u>
Provision for bad and doubtful debts	74	£266,814	£255,126
Trade and other payables (payable within 1 yr)	77	£35.434m	£29.322m
Accrual for outstanding Annual Leave	77	£2.133m	£2.191m
Clinical & Medical Legal Claims	79	£1.010m	£5.362m
Participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)	79	£3.801m	£3.004m
Pensions and similar obligations	79	£1.480m	£1.522m

- **Patient Exemption Checking**

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from dental and ophthalmic charges. These checks are targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has extrapolated these results to quantify the level of income potentially lost to 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.

#### 2.2 Performance against Key Non-Financial Targets

The Board's Local Delivery Plan (LDP) submission in 2015/16 details national standards for specified indicators of performance in four key areas; these are known as the HEAT standards, 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 standards and also details a specific trajectory of intermediate milestones. This is supplemented by an assessment of the main risks.

For a number of years, NHS Borders Board has reviewed the performance of the organisation at each Board meeting and this has been facilitated through the production of performance reports showing progress towards achievement of the range of national standards agreed through the local delivery plan process.

## PERFORMANCE REPORT

### b) PERFORMANCE ANALYSIS (Cont)

#### 2.2 Performance against Key Non-Financial Targets (cont)

##### 2015/16 End of Year Performance against HEAT Standards

The following table presents the assessment of performance in relation to the 2015/16 HEAT standards.

##### HEAT Target portfolio

	DESCRIPTION of STANDARD	MONITORING FREQUENCY	STANDARD STATUS
Health of Population	To achieve 117 of 12 weeks successful quits in Smoking cessation in most deprived areas (cumulative)	Quarterly	RED
Value and Sustainability	Boards to operate within agreed revenue resource limit, capital resource limit and meet cash requirement	Monthly	GREEN
	80% of eKSF (electronic Knowledge & Skill Framework) annual reviews complete	Monthly	AMBER
	80% of Personal Development Plans (PDP's) recorded on eKsf	Monthly	RED
	Sickness Absence Rate of 4%	Monthly	AMBER
Quality	18 Weeks RTT (Referral To Treatment): no waits over 12 weeks for outpatients	Monthly	RED
	18 weeks RTT: no waits over 12 weeks for inpatients	Monthly	RED
	18 weeks RTT: 90% performance for the Admitted Pathway	Monthly	RED
	18 weeks RTT: 90% performance for the Admitted Linked Pathway	Monthly	GREEN
	18 weeks RTT: 90 % performance for the Non-admitted Pathway	Monthly	GREEN
	18 weeks RTT: 90% performance for the Non-admitted Linked Pathway	Monthly	GREEN
	Target of 90% for Combined Performance	Monthly	GREEN
	Target of 90% for Combined Performance Linked Pathway	Monthly	GREEN
	No CAMHS (Child & Adolescent Mental Health Services) waits over 18 weeks	Monthly	RED
	No Psychological Therapy waits over 18 weeks	Monthly	RED
	No Delayed Discharges over 2 weeks	Monthly	RED
	90% of Alcohol/Drug Referrals into Treatment within 3 weeks	Monthly	GREEN
	Target of 3,685 as emergency admissions aged 75 or over (per 1,000)	Monthly	AMBER
	Diagnosis of dementia (Target of 1116)	Monthly	AMBER



## PERFORMANCE REPORT

### b) PERFORMANCE ANALYSIS (Cont)

#### 2.2 Performance against Key Non-Financial Targets (cont)

Quality (Cont)	DESCRIPTION of STANDARD	MONITORING FREQUENCY	STANDARD STATUS
	90% of admissions to the Stroke Unit within 1 day of admission	Monthly	GREEN
	95% target for treatment within 62 days for Urgent Referrals of Suspicion of Cancer	Monthly	GREEN
	New patient did not attend (DNA) rate at 4%	Monthly	RED
	95% target for treatment within 31 days of decision to treat for all Patients diagnosed with Cancer	Monthly	GREEN
	95% of waits for A&E under 4 hours	Monthly	GREEN
	Same day surgery at 86%	Monthly	AMBER
	Pre-operative stay reduced to 0.47 days	Monthly	GREEN

Full details 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>.

#### 2.3 Sustainability and Environmental Reporting

In conjunction with the Carbon Trust, the Board produced a Carbon Management Plan (CMP) aimed at addressing a reduction in our carbon impact substantially by 2016. The Board currently has an annual energy spend of almost £2m. 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 from April 2008.

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.

In line with the CMP a number of carbon reduction projects have been undertaken and also a space utilisation and property review carried out:

- The installation of biomass boilers at Hawick, Kelso and Knoll Community Hospitals, Huntlyburn and Melburn Lodge Mental Health Units and Stow and West Linton Health Centre continues to assist in reducing CO<sub>2</sub> emissions and to providing fuel security for the sites;



## PERFORMANCE REPORT

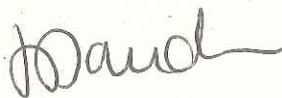
### b) PERFORMANCE ANALYSIS (Cont)

#### 2.3 Sustainability and Environmental Reporting (cont)

- The installation of LED lights to illuminate outdoor spaces and car parks within the Estate, has led to a reduction in energy use to illuminate these spaces, reduced CO<sub>2</sub> emissions and reduced light flare in the night sky.
- 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 expansion 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 continuation of the "Liftshare" scheme utilising the intranet and the web along with the introduction of a car share pass both linked to dedicated spaces in the main Borders General Hospital car park 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 three years has led to more efficient occupation of the organisation buildings, leading to the organisations property portfolio being reduced by seven properties with the resultant reduction in CO<sub>2</sub>.

NHS Borders has been monitoring its utility energy consumption, emissions and costs 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 standards which are reported by HFS quarterly. The latest available draft figures, from quarter 4 in 2015/16 compared with a 2009/10 base date, indicate that NHS Borders has achieved an energy efficiency reduction of 9.87% against a target of 5.85%, and a CO<sub>2</sub> reduction of 22.58% against a target of 16.71%.

Signed  
Chief Executive



23 June 2016

## THE ACCOUNTABILITY REPORT

### Corporate Governance Report

#### a) The Directors Report

##### **Naming Convention**

NHS Borders is the common name for Borders Health Board.

##### **Date of Issue**

The financial statements were approved and authorised for issue by the Board on 23 June 2016.

##### **Appointment of Auditors**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General has appointed Scott-Moncrieff to undertake the audit of NHS Borders for the period 2011/12 to 2015/16. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

##### **Board Membership**

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

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 2015 to 31<sup>st</sup> March 2016 were as follows:

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

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

##### **Executive Members**

Mrs J Davidson, Chief Executive  
Dr E Baijal, Director of Public Health (to 30<sup>th</sup> April 2015)  
Dr T Patterson, Interim Director of Public Health (from 1st May 2015)  
Mrs C Gillie, Director of Finance, Procurement, Estates and Facilities  
Dr S MacDonald, Medical Director (to 31<sup>st</sup> December 2015)  
Dr C Sharp, Interim Medical Director (from 1st January 2016)  
Mrs E Rodger, Director of Nursing, Midwifery & Acute Services

The Board members' responsibilities in relation to the accounts are set out in section c) of the Corporate Governance Report. (pg 15).

##### **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 29 (Pg 93).



## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### a) The Directors Report (cont)

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.

#### Directors' Third Party Indemnity Provisions

No third party indemnity has been in place for any Director of the Board at any time during the financial year.

#### Pension Liabilities

The accounting policy note for pensions is provided in Note 1(Pg 47) and disclosure of the costs is shown within Note 23 (Pg 85) and the Remuneration Report (Pgs 24 - 39 ).

#### 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.

#### Value of Land

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

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

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose 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>

#### 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:

	2015/16	2014/15
Average period of credit taken	9 days	7 days
Percentage of invoices paid within 30 days:		
- by volume	94%	96%
- by value	90%	95%
Percentage of invoices paid within 10 days:		
- by volume	83%	87%
- by value	76%	82%



## **THE ACCOUNTABILITY REPORT**

### **Corporate Governance Report (Cont)**

#### **a) The Directors Report (cont)**

##### **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; and each director has taken all the steps he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

##### **Events After the End of the Reporting Period**

The Clinical Medical Negligence legal obligation sum included in the accounts has been adjusted to include a reduction to the provision held in respect of a legal settlement agreement. This adjustment has been included following information received from the NHS Scotland Central Legal Office that the provision is no longer required.

##### **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 27 (Pg 91).

## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### b) The Statement of Accountable Officers' responsibilities

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

This designation carries with it, responsibility for:

- The propriety and regularity of financial transactions under my control;
- 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's 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



23 June 2016

Chief Executive

## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### c) The Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2016 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; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

Signed

*John Lam*

23 June 2016

Chair

Signed

*C. A. Gellie*

23 June 2016

Director of Finance



## **THE ACCOUNTABILITY REPORT**

### **Corporate Governance Report (Cont)**

#### **d) The Governance Statement**

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

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

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

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

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

The process within the organisation accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year ended 31 March 2016, and up to the date of approval of the annual report and accounts.

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

##### **Governance Framework**

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

##### **The Board**

The Board met bi-monthly during the year to progress the business of the NHS Board.

##### **Standing Committees**

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

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

## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### d) The Governance Statement (cont)

The remit of each standing committees is noted below:

##### **Clinical Governance Committee**

The purpose of the Clinical Governance Committee is to assist the NHS Board to deliver its statutory responsibility for the quality of healthcare that it provides. In particular, the Committee will seek to provide assurance to the Board that 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.

##### **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.

##### **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.

##### **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.

##### **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.

##### **Pharmacy Practices Committee**

The purpose of the Pharmacy Practices Committee is to consider applications for inclusion in the Board's pharmaceutical list, in accordance with the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009. The Committee did not meet during 2015/16 as no new applications were submitted.

##### Corporate Governance

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

- NHS Borders Board continued to work to the organisational Vision, Values and Corporate Objectives as set for the 3 year period 2013-16. 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 standards and key performance indicators.



## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### d) The Governance Statement (cont)

- During 2015/16 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 standards, are reported to the Board on a regular basis.
- The standing committees of the Board 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 Member development programme is in place for the all members of the Board with monthly sessions concentrated on specific topics selected for their national strategic content, current relevance to the business of NHS Borders, issues concerning local service provision or particular areas of interest from which knowledge and skills can be gained. The provision of such concentrated discussion promotes strengthening of the Executives and Non Executive Directors to achieve their strategic and operational roles.
- The standing committees, strategic and operational groups within the organisation are remitted to promote Best Value within NHS Borders thus ensure that all processes within the Board have in-built Best Value elements and aim to achieve:
  - Continuous improvement which will help ensure sustainable economic growth for the people of Scotland whilst maintaining an appropriate balance between quality and cost; and
  - Realising economy, efficiency, effectiveness, and equal opportunities requirements and contributing to the achievement of sustainable development.
- NHS Borders is fully aware that the Duty of Best Value principles are about creating an effective organisational context from which the NHS Borders can deliver its key outcomes. Best Value is considered by the Board as simply a codification of good governance and good management and therefore existing governance processes should be utilised wherever possible.
- By embedding Best Value in existing governance processes assurance and evidence can be held demonstrating 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 and presented for approval to the Health Board on an annual basis. A detailed report presenting recommended changes to the Code specifically linked to the creation of the Scottish Borders Health and Social Care Integrated Joint Board as a legal entity with effect from 1st April 2016 was presented to the Board in February 2016. A further discussion on recommended changes to the Code will be held with the Board at its meeting on 23rd June 2016.



## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### d) The Governance Statement (cont)

- 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 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. NHS Borders received recommendations from Scottish Government linked to a nation review and this will be taken forward with an updated policy planned to be considered by the Board during 2016/17.
- 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.
- The Scottish Borders Health and Social Care Integration Joint Board (IJB) was formed in shadow during 2014/15 and became a fully functioning legal entity on 1st April 2016. Working within the agreed Scheme of Integration to jointly deliver the outcomes detailed in the Scottish Borders Strategic Commissioning Plan the IJB is supported by the Local Authority and NHS Board Joint Staff Forum.
- During 2015/16 the Shadow IJB took forward integration in Borders as detailed in the Public Bodies (Joint Working) (Scotland) Act. NHS Borders agreed the Scheme of Integration for the IJB as well as supporting the development of the Legal and Governance framework which underpins the role and remit of the IJB. With effect from April 2016 NHS Borders provided resources to the IJB to undertake the functions delegated to it by the Health Board as set out in the Scheme of Integration.
- Assurance of process undertaken to set up the IJB has been given by Scottish Borders Council internal auditor. In addition during 2015/16 an audit of the set up of the IJB was undertaken as part of NHS Borders internal audit plan.
- 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; and
- In accordance with 'IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the Borders Health Board Endowment Fund (known as 'The Difference'). An unqualified audit opinion has been provided from the independently appointed auditors 'Geoghegans' following the 2015/16 audit of the Endowment Fund Financial Statements. The audit opinion includes that no significant issues were reported as part of the audit, with a number of recommendations being made which will be considered by the Trustees. This Governance Statement includes any relevant disclosure in respect of Endowment Funds.

## **THE ACCOUNTABILITY REPORT**

### **Corporate Governance Report (Cont)**

#### **d) The Governance Statement (cont)**

##### **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 this Governance Statement) and a number of other groups including:

- The Remuneration Committee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of Executive and Senior Manager Pay arrangements;
- Clinical Board responsibility for Risk Management; and
- 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 achieving the objectives of Best Value;
- Third Party Assurance Reports;
- Annual Fraud Report; and
- Report on Losses and Compensation (SFR18)

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

##### **Best Value**

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

##### **Risk Assessment**

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



## **THE ACCOUNTABILITY REPORT**

### **Corporate Governance Report (Cont)**

#### **d) The Governance Statement (cont)**

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

The Risk Management Strategy, policies and supporting guidelines provide the overall risk management framework for NHS Borders. The Board Risk Management arrangements were revised in 2015/16 with the operational accountability and responsibility structure being amended to reflect the clinical board governance groups directly reporting to the Clinical Executive Operational Group. This included the disbanding of the Healthcare Governance Steering Group. Strengthened operational lines of reporting between topic specific groups, the Clinical Boards and the Clinical Executive Operational Group are now in place in relation to healthcare governance. Scrutiny and assurance arrangements to NHS Borders Board remain unchanged but these will be strengthened by the receipt of more robust governance reports from the Clinical Boards as well as Support Services Directorate.

The Audit Committee reviewed a 2015/16 Organisational Risk Management Activity report at its meeting in December 2015 where all agreed risks as at 1st October 2015 were considered. The report detailed the Board's risk profile, risk ratings and risk type. The report noted the majority of NHS Borders risks were graded as medium risk. The report categorised the risk register over clinical, corporate, financial, health and safety and project risks.

An Audit and Review Protocol is in place that aims to continually improve the risk register information to ensure it is consistent, accurate and action plans linked to risk are robust. The audit will take place on a bi-annual basis. Risk owners have direct access to audit findings and recommendations with risk activity being reported to the Clinical Executive Operational Group in the Risk Management Report.

The Resilience Committee, reporting to the Clinical Executive Operational Group, is remitted to support the Chief Executive in the implementation of their duties in all areas of Resilience Planning within NHS Borders. The Committee has submitted a 2015/16 Annual Report detailing achievement against the annual work plan including work on 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 2015/16, 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.



## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### d) The Governance Statement (cont)

##### Disclosures

During the year ended 31 March 2016 in accordance with its remit, the Board Audit Committee undertook a comprehensive review of the NHS Borders Governance Framework for 2015/16, informed by a variety of sources but in particular the work of internal and external audit and assurances from those responsible for each of the governance streams. The following points were noted as part of this review:

##### 2014/15 Internal Audit - Implementation of recommendations to address identified high risks

The 2014/15 Internal Audit Annual Report reported 3 high risks in the areas of Business Continuity Planning and Waste Management. Progress updates and assurance has been given in relation to the full implementation of the recommendations made in these reports through regular reports presented to the Board Audit Committee.

##### 2015/16 Internal Audit - Annual Report

The Chief Internal Auditor Opinion for 2015/16 is noted as 'generally satisfactory with some improvements required'.

The opinion notes governance, risk management and control in relation to business critical areas is generally satisfactory. However there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievements of corporate objectives at risk.

This opinion is based on all audits undertaken during the year. The key factors that contributed to the opinion given can be summarised as follow;-

- Overall, three of the reports issued resulted in an overall rating of High Risk. These were the reviews of Training of Junior Medical Staff, Health & Safety and Mandatory Staff Training. Two reviews carried out in 2015/16 were given a rating of Medium, Hospitals Admissions and Discharges and Utilisation.
- Four specific High risks findings were identified in relation to the reviews of Mandatory Staff Training, Training of Junior Medical Staff and Health and Safety Management. The Executive has put an action plan in place to address these issues and progress is being made. It is anticipated that all recommendations will be addressed in 2016.

Senior Management within the organisation has agreed recommendations in relation to all audits undertaken and implementation of all recommendations will be monitored by the Audit Committee at each of its meetings during 2016/17.

##### 2016/17 HEAT Performance

Strong performance against HEAT standards remains a key priority across all areas of NHS Borders. The key challenge for the Board is to ensure the continued delivery of quality clinical services and a high standard of operational performance whilst achieving financial targets. Performance against HEAT standards has been varied over 2015/16 (details provided on pages 8&9 above). The Board is regularly updated on progress made and actions taken to achieve the required HEAT standards.

##### 2016/17 Financial Risk

The Board is facing a significant financial challenge in 2016/17 compounded by an element (£1.7m) of the 2015/16 recurring savings target which was not achieved in 2015/16 and will be carried forward into the new financial year. The Board approved a 2016/17 financial plan on 7th April 2016 which set out all the risks and assumptions. In line with the financial challenge the Board has approved the creation of a Financial Performance Group which will be set up early in 2016/17.

## THE ACCOUNTABILITY REPORT

### Corporate Governance Report (Cont)

#### d) The Governance Statement (cont)

##### Disclosures (Cont)

##### IM&T Infrastructure and Clinical Risk

The Board Corporate Risk Register details the lack of robust and comprehensive IM&T strategy and supporting infrastructure as high risk specifically with the increasing dependence of operational service delivery on key clinical systems. Plans are being progressed to make recommendation to the Board on actions and investment required to mitigate this risk.

##### Workforce

Delivery of the Board's services is dependent on having an appropriately skilled and available workforce. The Board continues to experience a risk in some services and specialities in terms of recruitment and the demographic profile of staff.

##### Integration Joint Board

The Board recognise the many opportunities Health and Social Care integration can bring to improve planning, service delivery and health and well being outcomes however the creation of the Integration Joint Board with its own approach and plan does add complexity to the commissioning and delivery of health and social care functions in the Scottish Borders.

##### Delayed Discharges

The challenge linked to Delayed Discharges has impacted, both from a patient flow and financial perspective across the health system. The creation of the Health and Social Care Integration Joint Board which will work across health and social care boundaries is expected to remove a number of existing barriers.

#### Accountable Officer signature



Jane Davidson  
Chief Executive and Accountable Officer  
23 June 2016



## **REMUNERATION AND STAFF REPORT**

### **a) 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. Mrs J Davidson 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 (FRM) 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.



## REMUNERATION AND STAFF REPORT

### a) Remuneration Report (cont)

#### Hutton Fair Pay Review (cont)

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 2015 and March 2016 has reduced from 6.01 to 5.75 respectively. The reduction results from a combination of pay award uplift received by the Board employees and the highest earning Director.

	2015/16	2014/15
Highest Earning Director's Total Remuneration (£'000s) Remuneration Report	160-165	175-180
Highest Earning Director's Total Remuneration (£'000s) Hutton	160-165	175-180
Median Total Remuneration	£28,671	£28,412
Ratio	5.75	6.01

## REMUNERATION AND STAFF REPORT

### b) Staff Report

The following tables and supporting narrative have been included to provide further analysis and definition to the staff cost figures and whole time equivalent/staff in post numbers included in the Board's Annual Account and Notes to the Accounts.

#### a) Remuneration Report - analysis of Board Members and those Senior Employees who hold executive posts by band

The following table provides analysis by total earnings banding for all Board Members and Senior Employees who hold executive posts as disclosed on the Remuneration Report (Pgs 24 - 39).

Total Remuneration (in bands of £5,000)	2016 Total Headcount	2015 Total Headcount
170-175	-	1
155-160	-	1
150-155	1	-
115-120	1	-
110-115	1	-
90-95	1	1
85-90	-	1
80-85	1	-
75-80	-	1
70-75	-	1
40-45	2	1
25-30	1	1
15-20	1	-
5-10	7	7
<b>Total</b>	<b>16</b>	<b>15</b>

The following table provides analysis by total remuneration banding for all Board Members and Senior Employees who hold executive posts as disclosed on the Remuneration Report (Pgs 24 - 39).

Total Remuneration (in bands of £5,000)	2016 Total Headcount	2015 Total Headcount
230-235	1	-
175-180	-	1
160-165	1	-
155-160	1	1
150-155	-	-
140-145	1	-
115-120	1	-
95-100	-	1
90-95	-	1
80-85	-	1
75-80	-	1
50-55	1	-
45-50	1	1
25-30	2	1
5-10	7	7
<b>Total</b>	<b>16</b>	<b>15</b>

## REMUNERATION AND STAFF REPORT

### b) Staff Report (Cont)

#### a) Remuneration Report - analysis of Board Members and Senior Employees who hold executive posts by band (cont)

The above information relates to total remuneration as required by the Financial Reporting Manual (FRM) and the Companies Act. Total remuneration includes details of 'pension benefits' as defined by the Treasury Employee Pension Note 380. Total earnings detailed in the Remuneration Report are those paid in the year with total remuneration being the notional sum inclusive of the EPN 380 pension benefit calculation. The total remuneration calculation aims to bring public bodies in line with other industries in disclosing an assessment of cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

#### b) Staff numbers

The following table provides analysis by whole time equivalent and headcount for all staff paid by the Board during 2015/16 and prior year 2014/15.

STAFF NUMBERS	WTE 2016 Annual Mean	WTE 2015 Annual Mean	Headcount 2016 Annual Mean	Headcount 2015 Annual Mean
Administration Costs (Note 6)	26.8	28.0	31	34
Hospital & Community Services (Note 3)	2566.5	2558.3	4433	4404
Non Clinical Services (Note 7)	81.1	73.4	116	108
<b>Board Total Average Staff</b>	<b>2674.4</b>	<b>2659.7</b>	<b>4580</b>	<b>4546</b>
Permanent Staff	2378.1	2273.8	3219	3056
Staff with Short Term Contract	185.7	285.4	471	622
Bank Staff	93.5	92.4	908	888
Inward Seconded	2.5	1.5	5	2
Agency Staff	28.2	20.2	-	-
Outward Seconded	(13.6)	(13.6)	(20)	(22)
<b>Board Total Average Staff</b>	<b>2674.4</b>	<b>2659.7</b>	<b>4580</b>	<b>4546</b>
Disabled Staff (Declared)	16.3	19.4	25	27
Special Advisers	-	-	-	-
WTE engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	0.8	2	2	4



## REMUNERATION AND STAFF REPORT

### b) Staff Report (Cont)

#### c) Staff Composition

The following table details the total headcount of staff in post by gender.

	2016			2015		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	4	5	2	4	6
Non-Executive Directors and Employee Director	4	5	9	4	5	9
Senior Employees (Remuneration Report)	2	0	2	0	0	0
Senior Employees (other)	4	7	11	4	6	10
Other	829	3724	4553	829	3692	4521
Total Headcount	840	3740	4580	839	3707	4546

#### d) Sickness absence data

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

	2016	2015
Sickness Absence Rate	4.36%	4.82%

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

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

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

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

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

## REMUNERATION AND STAFF REPORT

### b) Staff Report (Cont)

#### f) Expenditure on External Consultancy

The Board publishes information as required by the Public Services Reform Act (PSRA) 2010 on its public website

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

The Board has detailed below the total cash payments incurred during 2015/16 on External Consultancy Services. The Board has used the PSRA 2010 definition for Consultancy which includes a wide range of professional services such as management consultancy, IM&T consultancy, financial consultancy and regulatory requirement and construction and infrastructure related consultancy.

	2016		2015	
	Cost	% of Resource Outturn	Cost	% of Resource Outturn
<b>Total Resource Outturn</b>	<b>£210,151,000</b>		<b>£204,031,000</b>	
<b>Total External Consultancy</b>	<b>£491,698</b>	<b>0.220%</b>	<b>£457,920</b>	<b>0.224%</b>
Analysed by:				
Financial Regulatory Requirement	£243,221	0.116%	£214,769	0.105%
Financial Consultancy	£22,816	0.011%	£15,146	0.007%
Capital Works Consultancy	£189,067	0.089%	£133,261	0.065%
Management Consultancy	£9,735	0.004%	£34,296	0.017%
HR Consultancy	£6,629	0.003%	£5,100	0.002%
IM&T Consultancy	-	-	£36,930	0.018%
Legal Services	-	-	£300	<0.001%
Property Advice	£20,230	0.009%	£18,118	0.009%

Note - The financial year detailed in the above table relates to when the cash payment was processed which may not be the financial year in which the services were provided. This is consistent with the information published for the Public Services Reform Act 2010.



## REMUNERATION AND STAFF REPORT

### b) Staff Report (Cont)

#### g) Off Payroll Engagements

The Board has considered the Public Expenditure System (PES) guidance definitions of 'off payroll engagements'. The following 'off payroll engagements' meet the criteria as defined in the PES guidance which notes that the contractor is paid more than £220 per day and the contract has been in place for longer than six months:

	2016 Number	2015 Number
Number of existing engagements as of 31 March 2016	2	0
Of which, the number that have existed:		
for less than one year at the time of reporting	1	0
for between one and two years at the time of reporting	1	0
for between 2 and 3 years at the time of reporting	0	0
for between 3 and 4 years at the time of reporting	0	0
for 4 or more years at the time of reporting	0	0

For the off payroll engagements noted above, contractual clauses are included which detail that payment of Income Tax and National Insurance are the sole responsibility of the contractor and that NHS Borders is not liable for the arrangements the contractor has in place.

## REMUNERATION AND STAFF REPORT

### b) Staff Report (Cont)

#### h) Exit Packages

NHS Borders did not agree any exit packages in 2015/16 or 2014/15.

Signed



23rd June 2016

Chief Executive



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

**FOR THE YEAR ENDED 31 MARCH 2016**

	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £5,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: Mrs J Davidson	110-115	*	*	110-115	25-30	140-145	
Joint Director of Public Health: Dr E Bajjal (to 30th April 2015)	10-15	2.2	*	15-20	10-15	25-30	1
Interim Joint Director of Public Health: Dr T Patterson (from 1st May 2015)	150-155	*	*	150-155	5-10	155-160	2
Director of Finance: Mrs C Gillie	80-85	2.5	*	80-85	75-80	160-165	3
Medical Director: Dr S MacDonald (to 31st December 2015)	115-120	*	*	115-120	*	115-120	4
Interim Medical Director: Dr C Sharp (from 1st January 2016)	40-45	*	*	40-45	0	40-45	5
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	90-95	*	*	90-95	135-140	230-235	6
<b>Non Executive Members</b>							
Chair - Mr J Raine	25-30	*	*	25-30	*	25-30	
Mrs P Alexander	5-10	*	*	5-10	*	5-10	
Mrs C Bhatia	5-10	*	*	5-10	*	5-10	
Mr D Davidson	5-10	*	*	5-10	*	5-10	
Mrs K Hamilton	5-10	*	*	5-10	*	5-10	
Dr S Mather	5-10	*	*	5-10	*	5-10	
Mrs K McNicoll	5-10	*	*	5-10	*	5-10	
Dr D Steele	5-10	*	*	5-10	*	5-10	7
Employee Director :Mr J McLaren	40-45	*	*	40-45	5-10	50-55	8
<b>Total</b>		<b>4.7</b>				<b>0.0</b>	

## NOTES TO THE 2015/16 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

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

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

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2015-16.

1 - Dr E Bajjal retired from the post of Joint Director of Public Health on 30th April 2015, pension benefits information is given for the period up to the date of retirement.

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 - Mrs C Gillie assumed additional responsibilities during 2015/16 and holds the Executive Director portfolio of Finance, Procurement and Estates & Facilities

4 - Dr S MacDonald retired from post of Medical Director on 31st December 2015, pension benefits information is not given as Dr MacDonald holds 2 pension funds from her service as an Independent General Practitioner and her role with NHS Borders.

5 - Dr C Sharp was appointed as Interim Medical Director for the period 1st January 2016 - 31st March 2016, pension benefit information relates to this period

6 - Mrs E Rodger assumed additional responsibilities during 2015/16 and holds the Executive Director portfolio of Nursing, Midwifery and Acute Services.

7 - 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.

8 - 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 2016**

	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 2015 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2016 £'000	Real increase in CETV in year £'000	Note
<b>Remuneration of: Executive Members</b>						
Chief Executive: Mrs J Davidson	2-2.5* 0#	25-27.5* 72.5-75#	423	448	25	1
Joint Director of Public Health: Dr E Bajjal (to 30th April 2015)	0-2.5* 0-2.5#	60-62.5* 185-187.5#	1360	1411	50	2
Interim Joint Director of Public Health: Dr T Patterson (from 1st May 2015)	0-2.5* 2.5-5#	52.5-55* 157.5-160#	1082	1134	33	3
Director of Finance: Mrs C Gillie	2.5-5* 10-12.5#	30-32.5* 90-92.5#	507	597	80	
Medical Director: Dr S MacDonald (to 31st December 2015)	*	*	*	*	*	4
Interim Medical Director - Dr C Sharp (from 1st January 2016)	0-2.5* 0-2.5#	32.5-35* 100-102.5#	667	687	15	5
Nursing, Midwifery & Acute Services Director: Mrs E Rodger	5.0-7.5* 17.5-20#	35-37.5* 107.5-110#	566	712	133	
<b>Non Executive Members</b>						
Chair - Mr J Raine	*	*	*	*	*	
Mrs P Alexander	*	*	*	*	*	
Mrs C Bhatia	*	*	*	*	*	
Mr D Davidson	*	*	*	*	*	
Mrs K Hamilton	*	*	*	*	*	
Dr S Mather	*	*	*	*	*	
Mrs K McNicoll	*	*	*	*	*	6
Dr D Steele	*	*	*	*	*	
Employee Director: Mr J McLaren	0-2.5* 0-2.5#	7.5-10* 22.5-25#	133	145	8	7
<b>Total</b>			<b>4738</b>	<b>5134</b>	<b>344</b>	

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

#### NOTES TO THE 2015/16 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 2015/16 can be different from the 'CETV at end of period' reported for 2014/15.

From 1st April 2015 Mrs J Davidson transitioned to membership of the Career Average Revalued Earnings (CARE) NHS Pension Scheme.

1 - Pension benefits from the CARE pension scheme and from Mrs Davidson's membership of the 1995 NHS Scheme have been consolidated in this report. The CARE pension scheme does not accrue lump sum benefits.

2 - Dr T Patterson was appointed as Interim Director of Public Health from 1st May 2016, CETV figures relate from this date

3 - Dr E Bajjal retired from the post of Joint Director of Public Health on 30th April 2015, CETV figures have been calculated up to the date of retirement.

4 - Dr S MacDonald retired from post of Medical Director on 31st December 2015, pension fund information as Dr MacDonald has 2 separate pension funds relating to her service as an Independent General Practitioner and her role with NHS Borders.

5 - Dr C Sharp was appointed as Interim Medical Director for the period 1st January 2016 - 31st March 2016, CETV figures relate to this period.

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**

	Salary (Bands of £5,000) £'000	Benefits in kind £'000	Performance Related Bonus (Bands of £5,000) £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits (Bands of £5,000)** £'000	Total Remuneration (Bands of £5,000) £'000	Note
<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 & Midwifery 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		25-30	
Mr D Davidson	5-10			5-10		5-10	
Mrs K Hamilton	5-10			5-10		5-10	
Dr S Mather	5-10			5-10		5-10	
Dr D Steele	5-10			5-10		5-10	
Mrs K McNicoll	5-10			5-10		5-10	4
Mrs P Alexander	5-10			5-10		5-10	
Mrs C Bhatia	5-10			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 TO THE 2014/15 BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION REPORT

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

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

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

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

#### NOTES TO THE 2014/15 BOARD MEMBERS AND SENIOR EMPLOYEES PENSION VALUES

The Cash Equivalent Calculator used to calculate the above figures is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme factors as advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the 'CETV at start of period' for 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.



## **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 2016 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, 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 2015/16 Government Financial Reporting Manual (the 2015/16 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 Accountability Report, 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 Accounts and Notes 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 2016 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 2015/16 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 and Staff 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 Performance Report for the financial year for which the financial statements 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 and Staff 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

Date of signing: 23 June 2016

NHS BORDERS

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2016

2015 £'000		Note	2016 £'000	2016 £'000
	<b>Clinical Services Costs</b>			
178,385	Hospital and Community	4	184,953	
13,603	Less: Hospital and Community Income	8	13,908	
<u>164,782</u>				171,045
52,487	Family Health	5	54,304	
1,430	Less: Family Health Income	8	1,515	
<u>51,057</u>				<u>52,789</u>
<b>215,839</b>	<b>Total Clinical Services Costs</b>			<b>223,834</b>
1,851	Administration Costs	6	1,851	
<u>1,851</u>				1,851
1,837	Other Non Clinical Services	7	541	
1,687	Less: Other Operating Income	8	2,223	
<u>150</u>				<u>(1,682)</u>
<b>217,840</b>	<b>Net Operating Costs</b>			<b>224,003</b>

OTHER COMPREHENSIVE NET EXPENDITURE

2015 £'000		2016 £'000
(4,555)	Net (gain)/loss on revaluation of Property Plant and Equipment	(3,795)
(201)	Net (gain)/loss on revaluation of available for sales financial assets	133
<u>(4,756)</u>	Other Comprehensive Expenditure	<u>(3,662)</u>
<b>213,084</b>	<b>Total Comprehensive Expenditure</b>	<b>220,341</b>

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

NHS BORDERS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE (Cont.)

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £'000	2016 £'000
<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>		
Net Operating Costs		224,003
Total Non Core Expenditure (see below)		(3,968)
FHS Non Discretionary Allocation		(10,235)
Donated Assets Income		53
Endowment Net Operating Costs		298
<b>Total Core Expenditure</b>		<b>210,151</b>
Core Revenue Resource Limit		210,241
<b>Saving/(excess) against Core Revenue Resource Limit</b>		<b>90</b>

<b>SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN</b>		
Capital Grants to/(from) Other Bodies	0	
Depreciation/Amortisation	3,534	
Annually Managed Expenditure - Impairments	(866)	
Annually Managed Expenditure - Creation of Provisions	1,081	
Annually Managed Expenditure - Depreciation of Donated Assets	219	
<b>Total Non Core Expenditure</b>		<b>3,968</b>
Non Core Revenue Resource Limit		3,968
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>		<b>0</b>

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	210,241	210,151	90
Non Core	3,968	3,968	0
<b>Total</b>	<b>214,209</b>	<b>214,119</b>	<b>90</b>



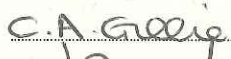
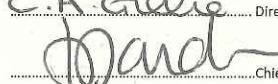
NHS BORDERS

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2016

Consolidated 2014 £'000	Board 2014 £'000	Consolidated 2015 £'000	Board 2015 £'000		Note	Consolidated 2016 £'000	Board 2016 £'000
112,924	112,924	114,544	114,544	Property, plant and equipment	11	117,424	117,424
249	249	467	467	Intangible assets	10	1,288	1,288
				Financial assets:			
2,918	0	3,187	0	Available for sale financial assets	14	3,027	0
5,412	5,412	3,887	3,887	Trade and other receivables	13	813	813
<b>121,503</b>	<b>118,585</b>	<b>122,085</b>	<b>118,898</b>	<b>Total non-current assets</b>		<b>122,552</b>	<b>119,525</b>
				<b>Current Assets:</b>			
1,040	1,040	1,115	1,115	Inventories	12	1,105	1,105
				Financial assets:			
10,656	10,641	9,810	9,772	Trade and other receivables	13	8,346	8,330
621	135	1,016	328	Cash and cash equivalents	15	1,300	270
695	695	315	315	Assets classified as held for sale	11c	100	100
<b>13,012</b>	<b>12,511</b>	<b>12,256</b>	<b>11,530</b>	<b>Total current assets</b>		<b>10,851</b>	<b>9,805</b>
<b>134,515</b>	<b>131,096</b>	<b>134,341</b>	<b>130,428</b>	<b>Total assets</b>		<b>133,403</b>	<b>129,330</b>
				<b>Current liabilities</b>			
(6,868)	(6,868)	(4,268)	(4,268)	Provisions	17	(1,663)	(1,663)
				Financial liabilities:			
(26,403)	(26,231)	(29,322)	(29,129)	Trade and other payables	16	(35,434)	(35,246)
<b>(33,271)</b>	<b>(33,099)</b>	<b>(33,590)</b>	<b>(33,397)</b>	<b>Total current liabilities</b>		<b>(37,097)</b>	<b>(36,909)</b>
<b>101,244</b>	<b>97,997</b>	<b>100,751</b>	<b>97,031</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>96,306</b>	<b>92,421</b>
				<b>Non-current liabilities</b>			
(5,084)	(5,084)	(5,640)	(5,640)	Provisions	17	(4,647)	(4,647)
				Financial liabilities:			
(1,244)	(1,244)	(1,172)	(1,172)	Trade and other payables	16	(1,079)	(1,079)
<b>(6,328)</b>	<b>(6,328)</b>	<b>(6,812)</b>	<b>(6,812)</b>	<b>Total non-current liabilities</b>		<b>(5,726)</b>	<b>(5,726)</b>
<b>94,916</b>	<b>91,669</b>	<b>93,939</b>	<b>90,219</b>	<b>Assets less liabilities</b>		<b>90,580</b>	<b>86,695</b>
				<b>Taxpayers' Equity</b>			
54,390	54,390	49,152	49,152	General fund	SOCTE	42,600	42,600
37,279	37,279	41,067	41,067	Revaluation reserve	SOCTE	44,095	44,095
3,247	0	3,720	0	Fund held on Trust	SOCTE	3,885	0
<b>94,916</b>	<b>91,669</b>	<b>93,939</b>	<b>90,219</b>	<b>Total taxpayers' equity</b>		<b>90,580</b>	<b>86,695</b>

Adopted by the Board on 23 June 2016

 Director of Finance  
 Chief Executive

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

**NHS BORDERS**  
**STATEMENT OF CONSOLIDATED CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

2015 £'000		Note	2016 £'000	2016 £'000
	<b>Cash flows from operating activities</b>			
(217,840)	Net operating cost		(224,003)	
4,645	Adjustments for non-cash transactions		2,607	
2,371	(Increase) / decrease in trade and other receivables		4,537	
(75)	(Increase) / decrease in inventories		10	
2,729	Increase / (decrease) in trade and other payables		6,154	
(2,044)	Increase / (decrease) in provisions		(3,598)	
<u>(210,214)</u>	<b>Net cash outflow from operating activities</b>	31		<u>(214,293)</u>
	<b>Cash flows from investing activities</b>			
(1,514)	Purchase of property, plant and equipment		(1,778)	
(254)	Purchase of intangible assets		(871)	
(385)	Investment Additions		(205)	
220	Proceeds of disposal of property, plant and equipment		507	
317	Receipts from sale of investments		233	
<u>(1,616)</u>	<b>Net cash outflow from investing activities</b>	31		<u>(2,114)</u>
	<b>Cash flows from financing activities</b>			
212,107	Funding		216,826	
193	Movement in general fund working capital		(58)	
212,300	Cash drawn down		216,768	
(75)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(77)	
<u>212,225</u>	<b>Net Financing</b>	31		<u>216,691</u>
395	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>			284
621	<b>Cash and cash equivalents at the beginning of the period</b>			<u>1,016</u>
<u>1,016</u>	<b>Cash and cash equivalents at the end of the period</b>			<u>1,300</u>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
395	Increase/(decrease) in cash in year			284
621	Net debt/cash at 1 April			<u>1,016</u>
<u>1,016</u>	<b>Net debt/cash at 31 March</b>			<u>1,300</u>

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

NHS BORDERS

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

CONSOLIDATED SOCIETY

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2015		49,152	41,067	3,720	93,939
Restated balance at 1 April 2015		49,152	41,067	3,720	93,939
Changes in taxpayers' equity for 2015-16					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		3,953		3,953
Net gain/(loss) on revaluation of available for sale financial assets	14			(133)	(133)
Impairment of property, plant and equipment	11		864		864
Revaluation & impairments taken to operating costs	3		(866)		(866)
Transfers between reserves		923	(923)		0
Net operating cost for the year		(224,301)		298	(224,003)
Total recognised income and expense for 2015-16		(223,378)	3,028	165	(220,186)
Funding:					
Drawn down		216,768			216,768
Movement in General Fund (Creditor) / Debtor	cfs	58			58
Balance at 31 March 2016	BS	42,600	44,095	3,885	90,580

CONSOLIDATED SOCIETY (PRIOR YEAR)

	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
Changes in taxpayers' equity for 2014-15					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11		4,555		4,555
Net gain/(loss) on revaluation of available for sale financial assets	14		0	201	201
Impairment of property, plant and equipment	11		(913)		(913)
Revaluation & impairments taken to operating costs	3		913		913
Transfers between reserves		767	(767)		0
Net operating cost for the year		(218,112)		272	(217,840)
Total recognised income and expense for 2014-15		(217,345)	3,788	473	(213,084)
Funding:					
Drawn down		212,300			212,300
Movement in General Fund (Creditor) / Debtor		(193)			(193)
Balance at 31 March 2015	BS	49,152	41,067	3,720	93,939

The Notes to the Accounts, numbered 1 to 30, 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.

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

A full review of the Board's capital asset classification categories has been completed during 2015/16. Restatement of balances by asset category has been reported under 'Transfers' on the capital notes 10, 11(a) and 11(b).

##### **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 2015/16**

There are no new standards, amendments or interpretations early adopted in 2015/16.

## 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 (RRL) is credited to the general fund.

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

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

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

Non discretionary funding outwith 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.

## 9.2 Measurement (cont)

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.



### **Finance leases (cont)**

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 29 (Pg 93) 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 62).

## **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 82) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 19 (Pg 82), 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 (cont)

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. During 2015/16 NHS Borders utilised 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 93) 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 a 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 9 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 £5,400 for inclusion in the 2015/16 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 2016

2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2016 Total	2015 Total
	£'000	£'000	£'000	£000s	£'000	£'000	£'000	£'000
<b>STAFF COSTS</b>								
Salaries and wages	628	90	91,271	0	0	(673)	91,316	91,269
Social security costs	38	4	6,572	0	0	(65)	6,549	6,569
NHS scheme employers' costs	124	0	12,284	0	0	(94)	12,314	11,111
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward secondees	0	0	0	133	0	0	133	157
Agency staff	0	0	0	0	3,708	0	3,708	2,977
	790	94	110,127	133	3,708	(832)	114,020	112,083
Compensation for loss of office or early retirement	0	0	0	0	0	0	0	0
Pensions to former board members	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>790</b>	<b>94</b>	<b>110,127</b>	<b>133</b>	<b>3,708</b>	<b>(832)</b>	<b>114,020</b>	<b>112,083</b>

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 71 104

STAFF NUMBERS  
(EMPLOYEES BY WHOLE TIME EQUIVALENT)

	2016 ANNUAL MEAN	2015 ANNUAL MEAN
Administration Costs	27	28
Hospital and Community Services	2,549	2,551
Non Clinical Services	81	73
Inward secondees	3	2
Agency staff	28	20
Outward Secondees	(14)	(14)
<b>Board Total Average Staff</b>	<b>2,674</b>	<b>2,660</b>
Disabled staff	16	19

The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure were: 1 2

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are given in Note 23 on page 85

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

	2016 Number	2015 Number
Other employees whose remuneration fell within the following ranges:		
<b>Clinicians</b>		
£ 50,001 to £ 60,000	52	51
£ 60,001 to £ 70,000	26	17
£ 70,001 to £ 80,000	14	10
£ 80,001 to £ 90,000	13	18
£ 90,001 to £100,000	16	21
£100,001 to £110,000	14	8
£110,001 to £120,000	10	15
£120,001 to £130,000	13	8
£130,001 to £140,000	5	10
£140,001 to £150,000	7	6
£150,001 to £160,000	6	7
£160,001 to £170,000	4	4
£170,001 to £180,000	0	1
£180,001 to £190,000	1	0
Total employees	<u>181</u>	<u>176</u>
<b>Other</b>		
£ 50,001 to £ 60,000	8	11
£ 60,001 to £ 70,000	5	8
£ 70,001 to £ 80,000	4	0
£80,0001 to £90,000	1	0
Total employees	<u>18</u>	<u>19</u>



# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 3. OTHER OPERATING COSTS

2015 £'000		Note	2016 £'000
	<b>Expenditure Not Paid In Cash</b>		
3,620	Depreciation	11	3,464
36	Amortisation	10	70
207	Depreciation Donated Assets	11b	219
0	Reversal of Impairments on PPE charged to SOCNE	11a	(896)
913	Loss on remeasurement of non-current assets held for resale	11c	30
(106)	Funding Of Donated Assets	11b	(53)
(25)	Loss/(Profit) on disposal of property, plant and equipment		(227)
0	Creation of Provisions		0
<b>4,645</b>	<b>Total Expenditure Not Paid In Cash</b>	CFS	<b>2,607</b>
	<b>Statutory Audit</b>		
169	External auditor's remuneration and expenses		173

The External Auditor did not undertake any non-audit work for the Board during the financial year 2015-16

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2015 £'000	BY PROVIDER	Note	2016 £'000
144,345	Treatment in Board area of NHSScotland Patients		146,698
26,258	Other NHSScotland Bodies		31,156
1,082	Health Bodies outside Scotland		1,003
3,457	Private sector		3,211
	<b>Community Care</b>		
2,856	Resource Transfer		2,603
387	Contributions to Voluntary Bodies and Charities		167
<b>178,385</b>	<b>Total NHSScotland Patients</b>		<b>184,838</b>
<b>0</b>	<b>Treatment of UK residents based outside Scotland</b>		<b>115</b>
<b>178,385</b>	<b>Total Hospital &amp; Community Health Service</b>	SOCNE	<b>184,953</b>

5. FAMILY HEALTH SERVICE EXPENDITURE

2015 £'000		Note	Unified Budget £'000	Non Disc £'000	2016 £'000
16,653	Primary Medical Services		16,758	-	16,758
25,815	Pharmaceutical Services		23,039	4,023	27,062
8,424	General Dental Services		3,025	5,816	8,841
1,595	General Ophthalmic Services		12	1,631	1,643
<b>52,487</b>	<b>Total</b>	SOCNE	<b>42,834</b>	<b>11,470</b>	<b>54,304</b>

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 6. ADMINISTRATION COSTS

2015 £'000		Note	2016 £'000
903	Board members' remuneration	2 (a)	884
68	Administration of Board Meetings and Committees		71
378	Corporate Governance and Statutory Reporting		353
253	Health Planning, Commissioning and Performance Reporting		270
73	Treasury Management and Financial Planning		78
63	Public Relations		86
113	Other		109
<b>1,851</b>	<b>Total administration costs</b>	<b>SOCNE</b>	<b>1,851</b>

### 7. OTHER NON CLINICAL SERVICES

2015 £'000		Note	2016 £'000
(2,029)	Compensation payments - Clinical		(3,556)
(15)	Compensation payments - Other		0
7	Pension enhancement & redundancy		(42)
441	Patients' travel attending hospitals		394
486	Health Promotion		729
1,786	Public Health		1,792
63	Emergency Planning		70
46	Post Graduate Medical Education		54
25	Loss on disposal of non-current assets		0
569	Endowment Expenditure		532
458	Other		568
<b>1,837</b>	<b>Total Other Non Clinical Services</b>	<b>SOCNE</b>	<b>541</b>



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

8. OPERATING INCOME

2015 £'000		Note	2016 £'000
	<b>Hospital and Community Health Services Income</b>		
	<b>NHSScotland Bodies</b>		
6,990	Boards		7,954
3,377	NHS Non-Scottish Bodies		3,005
	<b>Non NHS</b>		
9	Private Patients		3
280	Compensation Income		164
2,947	Other Hospital and Community Health Services income		2,782
<b>13,603</b>	<b>Total Hospital and Community Health Services Income</b>	<b>SOCNE</b>	<b>13,908</b>
	<b>Family Health Service Income</b>		
329	Unified		280
	<b>Non Discretionary</b>		
1,100	General Dental Services		1,234
1	General Ophthalmic Services		1
<b>1,430</b>	<b>Total Family Health Services Income</b>	<b>SOCNE</b>	<b>1,515</b>
	<b>Other Operating Income</b>		
(25)	Profit/(Loss) on disposal of non current assets		222
106	Dontated Asset Additions		53
842	Endowment Income		830
764	Other		1,118
<b>1,687</b>	<b>Total Other Operating Income</b>	<b>SOCNE</b>	<b>2,223</b>
<b>16,720</b>	<b>Total Income</b>		<b>17,646</b>
<b>11,209</b>	<b>Of the above, the amount derived from NHS bodies is</b>		<b>11,789</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

9. ANALYSIS OF CAPITAL EXPENDITURE

2015 £'000		Note	2016 £'000
	<b>EXPENDITURE</b>		
254	Acquisition of Intangible Assets	10	871
1,514	Acquisition of Property, plant and equipment	11	1,778
106	Donated Asset Additions	11b	53
<u>1,874</u>	<b>Gross Capital Expenditure</b>		<u>2,702</u>
	<b>INCOME</b>		
195	Value of disposal of Non-Current Assets held for sale	11c	280
106	Donated Asset Income		53
<u>301</u>	<b>Capital Income</b>		<u>333</u>
<u>1,573</u>	<b>Net Capital Expenditure</b>		<u>2,369</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

1,573	Core capital expenditure included above	2,369
<u>1,581</u>	Core Capital Resource Limit	<u>2,375</u>
<u>8</u>	<b>Saving/(excess) against Core Capital Resource Limit</b>	<u>6</u>
1,573	Total Capital Expenditure	2,369
<u>1,581</u>	Total Capital Resource Limit	<u>2,375</u>
<u>8</u>	<b>Saving/(excess) against Total Capital Resource Limit</b>	<u>6</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

10. INTANGIBLE ASSETS - CONSOLIDATED

Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
Cost or Valuation:				
As at 1st April 2015	576	221	51	848
Additions	0	871	0	871
Transfers	(224)	596	31	403
At 31st March 2016	352	1,688	82	2,122
Amortisation				
As at 1st April 2015	209	172	0	381
Provided during the year	13	57	0	70
Transfers	73	310	0	383
At 31st March 2016	295	539	0	834
Net Book Value at 1st April 2015	367	49	51	467
Net Book Value at 31 March 2016	BS 57	1,149	82	1,288

INTANGIBLE ASSETS - BOARD

	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
Cost or Valuation:				
As at 1st April 2015	576	221	51	848
Additions	0	871	0	871
Transfers	(224)	596	31	403
At 31st March 2016	352	1,688	82	2,122
Amortisation				
As at 1st April 2015	209	172	0	381
Provided during the year	13	57	0	70
Transfers	73	310	0	383
At 31st March 2016	295	539	0	834
Net Book Value at 1st April 2015	367	49	51	467
Net Book Value at 31 March 2016	BS 57	1,149	82	1,288

INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

	Software Licences £'000	Information technology - software £'000	Assets Under Development £'000	Total £'000
Cost or Valuation:				
As at 1st April 2014	373	221	0	594
Additions	203	0	51	254
At 31st March 2015	576	221	51	848
Amortisation				
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
Net Book Value at 1st April 2014	200	49	0	249
Net Book Value at 31 March 2015	BS 367	49	51	467

INTANGIBLE ASSETS - BOARD PRIOR YEAR

	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
Cost or Valuation:				
As at 1st April 2014	373	221	0	594
Additions	203	0	51	254
At 31st March 2015	576	221	51	848
Amortisation				
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
Net Book Value at 1st April 2014	200	49	0	249
Net Book Value at 31 March 2015	BS 367	49	51	467



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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 2015		4,882	105,100	1,549	17,413	4,300	842	257	134,343
Additions		0	434	50	722	12	0	560	1,778
Transfers		(494)	59	52	(56)	(76)	15	30	(470)
Transfers (to)/from non-current assets held for sale		(25)	(70)	0	0	0	0	0	(95)
Revaluation		0	3,752	0	0	0	0	0	3,752
Impairment Reversal		160	734	0	0	0	0	0	894
At 31 March 2016		4,523	110,009	1,651	18,079	4,236	857	847	140,202
Depreciation									
At 1 April 2015		0	6,345	1,321	13,275	3,777	662	0	25,380
Provided during the year		0	2,303	63	798	259	41	0	3,464
Transfers		0	(229)	19	48	(52)	39	0	(175)
Transfers (to)/from non-current assets held for sale		0	0	0	0	0	0	0	0
At 31 March 2016		0	8,419	1,403	14,121	3,984	742	0	28,669
Net book value at 1 April 2015		4,882	98,755	228	4,138	523	180	257	108,963
Net book value at 31 March 2016	BS	4,523	101,590	248	3,958	252	115	847	111,533
Open Market Value of Land in Land and Dwellings Included Above		4,523							
Asset financing:									
Owned		4,523	100,673	248	3,958	252	115	847	110,616
Finance leased		0	917	0	0	0	0	0	917
Net Book Value at 31 March 2016		4,523	101,590	248	3,958	252	115	847	111,533

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 2015		4,882	105,100	1,549	17,413	4,300	842	257	134,343
Additions		0	434	50	722	12	0	560	1,778
Completions		0	0	0	0	0	0	0	0
Transfers		(494)	59	52	(56)	(76)	15	30	(470)
Transfers (to)/from non-current assets held for sale		(25)	(70)	0	0	0	0	0	(95)
Revaluation		0	3,752	0	0	0	0	0	3,752
Impairment Reversal		160	734	0	0	0	0	0	894
At 31 March 2016		4,523	110,009	1,651	18,079	4,236	857	847	140,202
Depreciation									
At 1 April 2015		0	6,345	1,321	13,275	3,777	662	0	25,380
Provided during the year		0	2,303	63	798	259	41	0	3,464
Transfers (to)/from non-current assets held for sale		0	(229)	19	48	(52)	39	0	(175)
At 31 March 2016		0	8,419	1,403	14,121	3,984	742	0	28,669
Net book value at 1 April 2015		4,882	98,755	228	4,138	523	180	257	108,963
Net book value at 31 March 2016	BS	4,523	101,590	248	3,958	252	115	847	111,533
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Asset financing:									
Owned		4,523	100,673	248	3,958	252	115	847	110,616
Finance leased		0	917	0	0	0	0	0	917
Net Book Value at 31 March 2016		4,523	101,590	248	3,958	252	115	847	111,533

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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 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
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		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) - 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 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
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		0	0	0	0	0	0	0	0
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 2016

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 2015		10	5,457	2,241	5	7,713
Additions		0	0	53	0	53
Transfers		0	265	28	0	293
Revaluation		0	201	0	0	201
<b>At 31 March 2016</b>		<b>10</b>	<b>5,923</b>	<b>2,322</b>	<b>5</b>	<b>8,260</b>
<b>Depreciation</b>						
At 1 April 2015		0	263	1,869	0	2,132
Provided during the year		0	110	109	0	219
Transfers		0	0	18	0	18
<b>At 31 March 2016</b>		<b>0</b>	<b>373</b>	<b>1,996</b>	<b>0</b>	<b>2,369</b>
<b>Net book value at 1 April 2015</b>		<b>10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>
<b>Net book value at 31 March 2016</b>	BS	<b>10</b>	<b>5,550</b>	<b>326</b>	<b>5</b>	<b>5,891</b>
		<b>10</b>				
<b>Open Market Value of Land in Land and Dwellings Included Above</b>						
<b>Asset financing:</b>						
Owned		10	5,550	326	5	5,891
<b>Net Book Value at 31 March 2016</b>		<b>10</b>	<b>5,550</b>	<b>326</b>	<b>5</b>	<b>5,891</b>

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 2015		10	5,457	2,241	5	7,713
Additions		0	0	53	0	53
Transfers		0	265	28	0	293
Revaluation		0	201	0	0	201
<b>At 31 March 2016</b>		<b>10</b>	<b>5,923</b>	<b>2,322</b>	<b>5</b>	<b>8,260</b>
<b>Depreciation</b>						
At 1 April 2015		0	263	1,869	0	2,132
Provided during the year		0	110	108	0	218
Transfers		0	0	19	0	19
<b>At 31 March 2016</b>		<b>0</b>	<b>373</b>	<b>1,996</b>	<b>0</b>	<b>2,369</b>
<b>Net book value at 1 April 2015</b>		<b>10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>
<b>Net book value at 31 March 2016</b>	BS	<b>10</b>	<b>5,550</b>	<b>326</b>	<b>5</b>	<b>5,891</b>
<b>Open Market Value of Land in Land and Dwellings Included Above</b>		<b>10</b>				
<b>Asset financing:</b>						
Owned		10	5,550	326	5	5,891
<b>Net Book Value at 31 March 2016</b>		<b>10</b>	<b>5,550</b>	<b>326</b>	<b>5</b>	<b>5,891</b>



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FOR THE YEAR ENDED 31 MARCH 2016

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR 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
<b>At 31 March 2015</b>	<b>10</b>	<b>5,457</b>	<b>2,241</b>	<b>5</b>	<b>7,713</b>
<b>Depreciation</b>					
At 1 April 2014	0	159	1,766	0	1,925
Provided during the year	0	104	103	0	207
<b>At 31 March 2015</b>	<b>0</b>	<b>263</b>	<b>1,869</b>	<b>0</b>	<b>2,132</b>
<b>Net book value at 1 April 2014</b>	<b>10</b>	<b>5,260</b>	<b>374</b>	<b>0</b>	<b>5,644</b>
<b>Net book value at 31 March 2015</b>	<b>BS 10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>
<b>Open Market Value of Land in Land and Dwellings Included Above</b>	<b>10</b>				
<b>Asset financing:</b>					
Owned	10	5,194	372	5	5,581
<b>Net Book Value at 31 March 2015</b>	<b>10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR 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
<b>At 31 March 2015</b>	<b>10</b>	<b>5,457</b>	<b>2,241</b>	<b>5</b>	<b>7,713</b>
<b>Depreciation</b>					
At 1 April 2014	0	159	1,766	0	1,925
Provided during the year	0	104	103	0	207
<b>At 31 March 2015</b>	<b>0</b>	<b>263</b>	<b>1,869</b>	<b>0</b>	<b>2,132</b>
<b>Net book value at 1 April 2014</b>	<b>10</b>	<b>5,260</b>	<b>374</b>	<b>0</b>	<b>5,644</b>
<b>Net book value at 31 March 2015</b>	<b>BS 10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>
<b>Open Market Value of Land in Land and Dwellings Included Above</b>	<b>10</b>				
<b>Asset financing:</b>					
Owned	10	5,194	372	5	5,581
<b>Net Book Value at 31 March 2015</b>	<b>10</b>	<b>5,194</b>	<b>372</b>	<b>5</b>	<b>5,581</b>

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FOR THE YEAR ENDED 31 MARCH 2016

11 (c). ASSETS HELD FOR SALE

The following asset related to NHS Borders has 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 2016, Orchard Park, St Boswells.

Following the approval of the Business case to relocate the Mental Health Rehabilitation Ward to Crumhaugh House, Hawick, the asset was brought back into use in 2015/16.

During the year ended 31st March 2016, the Board completed the sale of the following properties:

\*Westgrove, Melrose

\*12-14 Roxburgh Street, Galashiels

ASSETS HELD FOR SALE - CONSOLIDATED

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2015		315	315
Transfers (to)/from property, plant and equipment	11a	95	95
Gain or losses recognised on remeasurement of non-current assets held for sale		(30)	(30)
Disposals for non-current assets held for sale		(280)	(280)
As at 31 March 2016	BS	100	100

ASSETS HELD FOR SALE - BOARD

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2015		315	315
Transfers (to)/from property, plant and equipment	11a	95	95
Transfers (to)/from intangible assets	10	0	0
Gain or losses recognised on remeasurement of non-current assets held for sale		(30)	(30)
Disposals for non-current assets held for sale		(280)	(280)
As at 31 March 2016	BS	100	100

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

	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

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2015 £'000	Board 2015 £'000		Note	Consolidated 2016 £'000	Board 2016 £'000
108,963	108,963	Net book value of property, plant and equipment at 31 March			
5,581	5,581	Purchased	11a	111,533	111,533
		Donated	11b	5,891	5,891
114,544	114,544	Total	B S	117,424	117,424
		Total value of assets held under:			
995	995	Finance Leases		917	917
995	995			917	917
		Total depreciation charged in respect of assets held under:			
1,518	1,518	Finance leases		1,596	1,596
1,518	1,518			1,596	1,596

Indexation has been applied to the Property assets as advised to the Board by an independent valuer, GVA James Barr. The level of indexation applied reflects a blended rate between BCIS details for cost and tender pricing together with wider market trends. Land has been noted as not being impacted by any significant change in market conditions and therefore no indexation has been applied to Land Assets. Property is held at fair value (market value or discounted replacement cost where appropriate).

The net impact of applying the indexation % was an increase in value of £3.795m over Property Assets (Owned and Donated), the full revaluation undertaken in 2014/15 totalled £4.555m, therefore indexation netted a decrease of £0.760m. The indexation sum of £3.795m was transacted to the Board's revaluation reserve. A net Impairment of £0.866m was paid back to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn. In 2014/15 the Board charged a total impairment of £0.913m to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

12. INVENTORIES

Consolidated 2014 £'000	Board 2014 £'000	Consolidated 2015 £'000	Board 2015 £'000		Note	Consolidated 2016 £'000	Board 2016 £'000
1,040	1,040	1,115	1,115	Finished Goods		1,105	1,105
1,040	1,040	1,115	1,115	Total Inventories	B S	1,105	1,105



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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

13. TRADE AND OTHER RECEIVABLES

Consolidated 2014 £'000	Board 2014 £'000	Consolidated 2015 £'000	Board 2015 £'000		Note	Consolidated 2016 £'000	Board 2016 £'000
				Receivables due within one year			
				NHSScotland			
198	198	95	95	SGHSCD		87	87
2,732	2,732	2,334	2,334	Boards		2,639	2,639
2,930	2,930	2,429	2,429	Total NHSScotland Receivables		2,726	2,726
1,258	1,258	856	856	NHS Non-Scottish Bodies		223	223
0	0	0	0	General Fund Receivable		0	0
196	196	192	192	VAT recoverable		425	425
2,163	2,163	3,118	3,118	Prepayments		2,005	2,005
84	84	107	107	Accrued income		133	133
547	547	439	401	Other Receivables		688	672
1,750	1,750	1,406	1,406	Reimbursement of provisions		267	267
1,713	1,713	1,263	1,263	Other Public Sector Bodies		1,879	1,879
15	0	0	0	Endowment Account Receivables		0	0
10,656	10,641	9,810	9,772	Total Receivables due within one year	B S	8,346	8,330
				Receivables due after more than one year			
				NHSScotland			
5,412	5,412	3,887	3,887	Reimbursement of Provisions		813	813
5,412	5,412	3,887	3,887	Total Receivables due after more than one year	B S	813	813
16,068	16,053	13,697	13,659	TOTAL RECEIVABLES		9,159	9,143
200	200	255	255	The total receivables figure above includes a provision for impairments of :		267	267
				WGA Classification			
2,732	2,732	2,334	2,334	NHSScotland		2,639	2,639
196	196	192	192	Central Government Bodies		425	425
884	884	640	640	Whole of Government Bodies		997	997
1,258	1,258	856	856	Balances with NHS Bodies in England and Wales		223	223
10,998	10,983	9,675	9,637	Balances with bodies external to Government		4,875	4,859
16,068	16,053	13,697	13,659	Total		9,159	9,143
				Movements on the provision for impairment of receivables are as follows:			
	2015 £'000	2015 £'000				2016 £'000	2016 £'000
	200	200	At 1 April			255	255
	57	57	Provision for Impairment			12	12
	(2)	(2)	Receivables written off during the year as uncollectible			0	0
	0	0	Unused amounts reversed			0	0
	255	255	At 31 March			267	267

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

		As of 31 March 2016, receivables with a carrying value of £456,859, (2015: £275,497) were impaired and provided for. The amount of the provision was £266,814(2015: £255,126). The ageing of these receivables is as follows:		
<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2015</b>	<b>2015</b>		<b>2016</b>	<b>2016</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
39	39	3 to 6 months past due	23	23
216	216	Over 6 months past due	244	244
<b>255</b>	<b>255</b>		<b>267</b>	<b>267</b>
		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 2016, receivables with a carrying value of £4,180,311 (2015: £3,768,007) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:		
<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2015</b>	<b>2015</b>		<b>2016</b>	<b>2016</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
2,828	2,828	Up to 3 months past due	2,424	2,424
493	493	3 to 6 months past due	130	130
447	447	Over 6 months past due	1,169	1,169
<b>3,768</b>	<b>3,768</b>		<b>3,723</b>	<b>3,723</b>
		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.		
<b>Consolidated</b>	<b>Board</b>	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.	<b>Consolidated</b>	<b>Board</b>
<b>2015</b>	<b>2015</b>	The carrying amount of receivables are denominated in the following currencies:	<b>2016</b>	<b>2016</b>
<b>£'000</b>	<b>£'000</b>	Pounds	<b>£'000</b>	<b>£'000</b>
13,697	13,659		9,159	9,143
<b>13,697</b>	<b>13,659</b>		<b>9,159</b>	<b>9,143</b>
		The carrying amount of short term receivables approximates their fair value.		
		The fair value of long term other receivables is £0.813m (2014-15: £3.887m)		
		Pension liabilities are discounted at 1.37% (2014-15: 1.3%)		

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 2014 £'000	Board 2014 £'000	Consolidated 2015 £'000	Board 2015 £'000			Consolidated 2016 £'000	Board 2016 £'000
					Note		
2,845	0	2,918	0	At 1 April		3,187	0
483	0	387	0	Additions		206	0
(474)	0	(319)	0	Disposals		(233)	0
0	0	0	0	Impairment recognised in SOCNE	3	0	0
64	0	201	0	Revaluation surplus/(deficit) transferred to equity		(133)	0
<u>2,918</u>	<u>0</u>	<u>3,187</u>	<u>0</u>	At 31 March		<u>3,027</u>	<u>0</u>
0	0	0	0	Current	B S	0	0
<u>2,918</u>	<u>0</u>	<u>3,187</u>	<u>0</u>	Non-current	B S	<u>3,027</u>	<u>0</u>
<u>2,918</u>	<u>0</u>	<u>3,187</u>	<u>0</u>	At 31 March		<u>3,027</u>	<u>0</u>
0	0	0	0	The carrying value includes an impairment provision of		0	0



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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

15. CASH AND CASH EQUIVALENTS

	Note	At 01 April 2015 £'000	Cash Flow £'000	At 31 March 2016 £'000
Government Banking Service account balance		328	(58)	270
Cash at bank and in hand		0	0	0
Endowment Cash		688	342	1,030
<b>Total cash and cash equivalents - balance sheet</b>	B S	<b>1,016</b>	<b>284</b>	<b>1,300</b>
Overdrafts	16	0	0	0
<b>Total cash - cash flow statement</b>		<b>1,016</b>	<b>284</b>	<b>1,300</b>
		CFS		CFS

CASH AND CASH EQUIVALENTS - PRIOR YEAR

	Note	At 01 April 2014 £'000	Cash Flow £'000	At 31 March 2015 £'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 S	<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>
		CFS		CFS

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

## NOTES TO THE ACCOUNTS

## 16. TRADE AND OTHER PAYABLES

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

16. TRADE AND OTHER PAYABLES (CONT.)

Consolidated 2015 £'000	Board 2015 £'000		Consolidated 2016 £'000	Board 2016 £'000
1,200	1,200	Borrowings included above comprise:	1,123	1,123
1,200	1,200	Finance Leases	1,123	1,123
1,125	1,125	The carrying amount of the non-current borrowings are as follows	1,038	1,038
1,125	1,125	Finance Leases	1,038	1,038
1,197	1,197	The fair value of the non-current borrowings are as follows	1,115	1,115
1,197	1,197	Finance Leases	1,115	1,115
		The carrying amount of short term payables approximates their fair value.		
30,494	30,301	The carrying amount of payables are denominated in the following currencies:	36,513	36,325
		Pounds		
30,494	30,301		36,513	36,325



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17. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2016 Total £'000	Note
At 1 April 2015	1,522	5,362	3,004	20	9,908	
Arising during the year	74	1,243	1,182	42	2,541	
Utilised during the year	(116)	(854)	(358)	(33)	(1,361)	
Unwinding of discount	0	0	(7)	0	(7)	
Reversed unutilised	0	(4,741)	(20)	(10)	(4,771)	
At 31 March 2016	1,480	1,010	3,801	19	6,310	

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 2016

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'000	2016 Total £'000	
Payable in one year	116	409	1,118	20	1,663	B S
Payable between 2 - 5 years	448	601	1,493	0	2,542	
Payable between 6 - 10 years	523	0	139	0	662	
Thereafter	393	0	1,051	(1)	1,443	B S
Total as at 31 March 2016	1,480	1,010	3,801	19	6,310	

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'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.

Analysis of expected timing of discounted flows - to 31 March 2015

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other (non endowment) £'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
At 31 March 2015	1,522	5,362	3,004	20	9,908	

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## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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

2014 £'000	2015 £'000		Note	2016 £'000
6,988	5,382	Provision recognising individual claims against the NHS Board as at 31 March	17	1,032
(7,162)	(5,293)	Associated CNORIS receivable at 31 March	13	(1,080)
3,449	3,004	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	17	3,801
3,275	3,093	Net Total Provision relating to CNORIS at 31 March		3,753

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

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

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

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

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

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

18. MOVEMENT ON WORKING CAPITAL BALANCES

2015 Net Movement £'000		Note	2015 Opening Balances £'000	2016 Closing Balances £'000	2016 Net Movement £'000
	<b>INVENTORIES</b>				
(75)	Balance Sheet	12	1,115	1,105	
(75)	Net Decrease/(Increase)				10
	<b>TRADE AND OTHER RECEIVABLES</b>				
869	Due within one year	13	9,772	8,330	
1,525	Due after more than one year	13	3,887	813	
			13,659	9,143	
			13,659	9,143	
2,394	Net Decrease/(Increase)				4,516
	<b>TRADE AND OTHER PAYABLES</b>				
2,898	Due within one year	16	29,129	35,246	
(72)	Due after more than one year	16	1,172	1,079	
	Less: Property, Plant & Equipment (Capital) included in above		0	0	
(193)	Less: General Fund Creditor included in above	16	(328)	(270)	
75	Less: Lease and PFI Creditors included in above	16	(1,200)	(1,123)	
			28,773	34,932	
2,708	Net (Decrease)/Increase				6,159
	<b>PROVISIONS</b>				
(2,044)	Balance Sheet	17	9,908	6,310	
(2,044)	Net (Decrease)/Increase				(3,598)
2,983	NET MOVEMENT (Decrease)/Increase	CFS			7,087



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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

19. CONTINGENT LIABILITIES

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

2015 Value £'000	Nature	2016 Value £'000
821	Clinical and medical compensation payments	813
65	Employer's liability	28
<b>886</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>841</b>
<b>CONTINGENT ASSETS</b>		
575	Clinical and medical compensation payments	625
5	Employer's liability	0
<b>580</b>		<b>625</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 2016

### 21. COMMITMENTS

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

2015		2016 Total
£'000		£'000
	<b>Contracted</b>	
575	Health Centre Modernisation	0
0	Melburn Lodge - Dementia Strategy	191
1,075	Roxburgh Street Replacement Surgery	2,125
0		0
<b>1,650</b>	<b>Total</b>	<b>2,316</b>
	<b>Authorised but not Contracted</b>	
500	Rolling Replacement Programmes	255
200	Medical Equipment Replacement Programme	110
500	Statutory compliance and backlog maintenance property expenditure	450
975	Efficiency Programme / Estates Rationalisation / Service Redesign	0
0	Clinical Strategy	550
0	Primary Care Premises Modernisation	1,500
650	IM&T Infrastructure	0
250	IM&T Development	0
240	Project Management & Feasibility Assessments	340
0	Uncommitted	201
950	Theatre Ventilation	1,485
0	GP Orders Comms	0
<b>4,265</b>	<b>Total</b>	<b>4,891</b>
<b>5,915</b>	<b>Total Capital Commitments</b>	<b>7,207</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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.

2015 £'000		Note	2016 £'000
	<b>Obligations under operating leases comprise:</b>		
	<b>Land</b>		
49	Not later than one year		51
51	Later than one year, not later than 2 years		52
161	Later than two year, not later than five years		165
493	Later than five years		436
	<b>Buildings</b>		
0	Not later than one year		0
	<b>Other</b>		
509	Not later than one year		520
304	Later than one year, not later than 2 years		313
94	Later than two year, not later than five years		115
0	Later than five years		0
	<b>Amounts charged to Operating Costs in the year were:</b>		
745	Hire of equipment (including vehicles)		680
75	Other operating leases		73
<b>820</b>	<b>Total</b>		<b>753</b>

Finance Leases

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

2015 £'000		Note	2016 £'000
	<b>Obligations under Finance leases comprise:</b>		
	<b>Buildings</b>		
396	Rentals due within one year	16	407
407	Rentals due between one and two years (inclusive)	16	417
1,282	Rentals due between two and five years (inclusive)	16	1,314
3,922	Rentals due after five years	16	3,473
6,007			5,611
(4,807)	Less interest element		(4,488)
<b>1,200</b>			<b>1,123</b>



# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 23. PENSION COSTS

- (a) The NHS Board participates in the National Health Service Superannuation Scheme for 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 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.
- (b) 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 31st March 2012. The next valuation will be as at 31st March 2016 and this will set contribution rates from 1st April 2019.
- (c) The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS Board will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19. NHS Borders has no liability for other employers obligations to the multi-employer scheme.
- (d) 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.
- (e) The employer contribution rate for the period from 1st April 2015 is 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.
- (f) At the last valuation a shortfall of £1.4billion 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 1st April 2015. This contribution is included in the 14.9% employers contribution rate.
- (g) The total employers contributions received for the NHS Scotland scheme in the year to 31st March 2015 were £659.8m. (Contributions collected in the year to 31st March 2016 will be published in November 2016)

NHS Borders level of participation in the scheme is 1.68% based on the proportion of employer contributions paid in 2014/15.

	2016 £'000	2015 £'000
Pension cost charge for the year	12,314	11,111
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Balance Sheet	1,480	1,522

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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

There have been no prior year adjustments in this years Accounts

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 25a. RESTATED SOCNE

	Previous Accounts 2015 £'000	Adjustment 1 £'000	These Accounts 2016 £'000
<b>Clinical Services Costs</b>			
Hospital and Community	178,385	0	178,385
Less: Hospital and Community Income	13,603	0	13,603
	<u>164,782</u>	<u>0</u>	<u>164,782</u>
Family Health Services	52,485	2	52,487
Less: Family Health Services Income	1,430	0	1,430
	<u>51,055</u>	<u>2</u>	<u>51,057</u>
<b>Total Clinical Services Costs</b>	<b><u>215,837</u></b>	<b><u>2</u></b>	<b><u>215,839</u></b>
<b>Administration Costs</b>			
	1,851	0	1,851
	<u>1,851</u>	<u>0</u>	<u>1,851</u>
Other Non Clinical Services	1,837	0	1,837
Less: Other Operating Income	1,687	0	1,687
	<u>150</u>	<u>0</u>	<u>150</u>
<b>Net Operating Costs</b>	<b><u>217,838</u></b>	<b><u>2</u></b>	<b><u>217,840</u></b>

The restatement noted above relates to a change in classification of Ophthalmology expenditure.



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

26. FINANCIAL INSTRUMENTS

a ) FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED		Loans and Receivables 2016 £'000	Total 2016 £'000
At 31 March 2016	Note		
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,923	2,923
Cash and cash equivalents	15	1,300	1,300
		<u>4,223</u>	<u>4,223</u>
BOARD		Loans and Receivables 2016 £'000	Total 2016 £'000
At 31 March 2016	Note		
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,907	2,907
Cash and cash equivalents	15	270	270
		<u>3,177</u>	<u>3,177</u>
CONSOLIDATED (Prior Year)		Loans and Receivables 2015 £'000	Total 2015 £'000
At 31 March 2015	Note		
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,665	2,665
Cash and cash equivalents	15	1,016	1,016
		<u>3,681</u>	<u>3,681</u>
BOARD (Prior Year)		Loans and Receivables 2015 £'000	Total 2015 £'000
At 31 March 2015	Note		
Assets per balance sheet			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	2,627	2,627
Cash and cash equivalents	15	328	328
		<u>2,955</u>	<u>2,955</u>

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 26. FINANCIAL INSTRUMENTS

#### a) FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial Liabilities

CONSOLIDATED		Other financial liabilities 2016 £'000	Total 2016 £'000
At 31 March 2016	Note		
Liabilities per balance sheet			
Finance lease liabilities	16	1,123	1,123
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	25,492	25,492
		<b>26,615</b>	<b>26,615</b>
BOARD		Other financial liabilities 2016	Total 2016
At 31 March 2016			
Liabilities per balance sheet			
Finance lease liabilities	16	1,123	1,123
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	16	25,304	25,304
		<b>26,427</b>	<b>26,427</b>
CONSOLIDATED (Prior Year)		Other financial liabilities 2015	Total 2015
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	22,915	22,915
		<b>24,115</b>	<b>24,115</b>
BOARD (Prior Year)		Other financial liabilities 2015	Total 2015
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
		<b>23,922</b>	<b>23,922</b>

# NHS BORDERS

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

### 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 2016				
Finance lease liabilities	85	84	264	690
Trade and other payables excluding statutory liabilities	22,873	6	9	26
<b>Total</b>	<b>22,958</b>	<b>90</b>	<b>273</b>	<b>716</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 2015				
Finance lease liabilities	74	84	257	785
Trade and other payables excluding statutory liabilities	22,722	6	9	32
<b>Total</b>	<b>22,796</b>	<b>90</b>	<b>266</b>	<b>817</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 2016

#### 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 £3.885m as at 31st March 2016. (2015: £3.027m) 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 2015/16;

Fundraising Manager	1.0 wte	£32,838
Fundraising Support Officer	1.0 wte	£27,756
Breast Feeding Peer Support	0.6 wte	£16,322
Volunteer Co-ordinator	1.0 wte	£28,362

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 2016

28. SEGMENT INFORMATION

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

	2015-16					2016
	Clinical Executive	Family Health Services	Commissioning of Healthcare	Central & Support Costs	The Difference	
	£'000	£'000	£'000	£'000	£'000	
Net operating cost 2015/16	132,678	49,195	26,714	15,714	(298)	224,003

	2014-15					2015
	Clinical Executive	Family Health Services	Commissioning of Healthcare	Central & Support Costs	The Difference	
	£'000	£'000	£'000	£'000	£'000	
Net operating cost 2014/15	127,483	47,520	25,857	17,251	(272)	217,839

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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.

	2015 £'000	Gross Inflows £'000	Gross Outflows £'000	2016 £'000
Monetary amounts such as bank balances and monies on deposit	82	152	(157)	76
Total Monetary Assets	82	152	(157)	76



NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

30a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group 2015 £'000		Board 2016 £'000	Endowments 2016 £'000	Consolidated 2016 £'000
	<b>Clinical Services Costs</b>			
178,385	Hospital and Community	184,953	0	184,953
13,603	Less: Hospital and Community Income	13,908	0	13,908
<u>164,782</u>		<u>171,045</u>	<u>0</u>	<u>171,045</u>
52,487	Family Health	54,304	0	54,304
1,430	Less: Family Health Income	1,515	0	1,515
<u>51,057</u>		<u>52,789</u>	<u>0</u>	<u>52,789</u>
<b>215,839</b>	<b>Total Clinical Services Costs</b>	<b>223,834</b>	<b>0</b>	<b>223,834</b>
1,851	Administration Costs	1,851	0	1,851
0	Less: Administration Income	0	0	0
<u>1,851</u>		<u>1,851</u>	<u>0</u>	<u>1,851</u>
1,837	Other Non Clinical Services	9	532	541
1,687	Less: Other Operating Income	1,393	830	2,223
<u>150</u>		<u>(1,384)</u>	<u>(298)</u>	<u>(1,682)</u>
<b>217,840</b>	<b>Net Operating Costs</b>	<b>224,301</b>	<b>(298)</b>	<b>224,003</b>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

30b. CONSOLIDATED GROUP BALANCE SHEET

Group 2015 £'000		Note	Board 2016 £'000	Endowment 2016 £'000	Consolidated 2016 £'000
	<b>Non-current assets:</b>				
114,544	Property, plant and equipment	11	117,424	0	117,424
467	Intangible assets	10	1,288	0	1,288
	Financial assets:				
3,187	Available for sale financial assets	14	0	3,027	3,027
3,887	Trade and other receivables	13	813	0	813
<u>122,085</u>	<b>Total non-current assets</b>		<u>119,525</u>	<u>3,027</u>	<u>122,552</u>
	<b>Current Assets:</b>				
1,115	Inventories	12	1,105	0	1,105
	Financial assets:				
9,867	Trade and other receivables	13	8,330	16	8,346
1,016	Cash and cash equivalents	15	270	1,030	1,300
315	Assets classified as held for sale	11c	100	0	100
<u>12,313</u>	<b>Total current assets</b>		<u>9,805</u>	<u>1,046</u>	<u>10,851</u>
<u>134,398</u>	<b>Total assets</b>		<u>129,330</u>	<u>4,073</u>	<u>133,403</u>
	<b>Current liabilities</b>				
(4,268)	Provisions	17	(1,663)	0	(1,663)
	Financial liabilities:				
(29,379)	Trade and other payables	16	(35,246)	(188)	(35,434)
<u>(33,647)</u>	<b>Total current liabilities</b>		<u>(36,909)</u>	<u>(188)</u>	<u>(37,097)</u>
<u>100,751</u>	<b>Non-current assets plus/less net current assets/liabilities</b>		<u>92,421</u>	<u>3,885</u>	<u>96,306</u>
	<b>Non-current liabilities</b>				
(5,640)	Provisions	17	(4,647)	0	(4,647)
	Financial liabilities:				
(1,172)	Trade and other payables	16	(1,079)	0	(1,079)
<u>(6,812)</u>	<b>Total non-current liabilities</b>		<u>(5,726)</u>	<u>0</u>	<u>(5,726)</u>
<u>93,939</u>	<b>Assets less liabilities</b>		<u>86,695</u>	<u>3,885</u>	<u>90,580</u>
	<b>Taxpayers' Equity</b>				
49,152	General fund	SOCTE	42,600	0	42,600
41,067	Revaluation reserve	SOCTE	44,095	0	44,095
3,720	Funds Held on Trust	SOCTE	0	3,885	3,885
<u>93,939</u>	<b>Total taxpayers' equity</b>		<u>86,695</u>	<u>3,885</u>	<u>90,580</u>

NHS BORDERS

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

30c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board 2015 £'000	Endowment 2015 £'000	Consolidated 2015 £'000		Board 2016 £'000	Endowment 2016 £'000	Consolidated 2016 £'000
			<b>Cash flows from operating activities</b>			
(218,112)	272	(217,840)	Net operating cost	(224,301)	298	(224,003)
4,645	0	4,645	Adjustments for non-cash transactions	2,607	0	2,607
2,394	(23)	2,371	(Increase) / decrease in trade and other receivables	4,516	21	4,537
(75)	0	(75)	(Increase) / decrease in inventories	10	0	10
2,708	21	2,729	Increase / (decrease) in trade and other payables	6,159	(5)	6,154
(2,044)	0	(2,044)	Increase / (decrease) in provisions	(3,598)	0	(3,598)
<b>(210,484)</b>	<b>270</b>	<b>(210,214)</b>	<b>Net cash outflow from operating activities</b>	<b>(214,607)</b>	<b>314</b>	<b>(214,293)</b>
			<b>Cash flows from investing activities</b>			
(1,514)	0	(1,514)	Purchase of property, plant and equipment	(1,778)	0	(1,778)
(254)	0	(254)	Purchase of intangible assets	(871)	0	(871)
0	(385)	(385)	Investment Additions	0	(205)	(205)
220	0	220	Proceeds of disposal of property, plant and equipment	507	0	507
0	317	317	Receipts from sale of investments	0	233	233
<b>(1,548)</b>	<b>(68)</b>	<b>(1,616)</b>	<b>Net cash outflow from investing activities</b>	<b>(2,142)</b>	<b>28</b>	<b>(2,114)</b>
			<b>Cash flows from financing activities</b>			
212,107	0	212,107	Funding	216,826	0	216,826
193	0	193	Movement in general fund working capital	(58)	0	(58)
<b>212,300</b>	<b>0</b>	<b>212,300</b>	<b>Cash drawn down</b>	<b>216,768</b>	<b>0</b>	<b>216,768</b>
			Capital element of payments in respect of finance leases and on-			
(75)	0	(75)	balance sheet PFI contracts	(77)	0	(77)
<b>212,225</b>	<b>0</b>	<b>212,225</b>	<b>Net Financing</b>	<b>216,691</b>	<b>0</b>	<b>216,691</b>
193	202	395	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	(58)	342	284
135	486	621	<b>Cash and cash equivalents at the beginning of the period</b>	328	688	1,016
<b>328</b>	<b>688</b>	<b>1,016</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>270</b>	<b>1,030</b>	<b>1,300</b>
			<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
193	202	395	Increase/(decrease) in cash in year	(58)	342	284
135	486	621	Net debt/cash at 1 April	328	688	1,016
<b>328</b>	<b>688</b>	<b>1,016</b>	<b>Net debt/cash at 31 March</b>	<b>270</b>	<b>1,030</b>	<b>1,300</b>