Greater Glasgow and Clyde

NHS Greater Glasgow and Clyde Annual Report and Consolidated Accounts For the Year Ended 31 March 2019

The images shown on the front cover are of the Queen Elizabeth University Hospital and the Royal Hospital for Children.

Performance Report

This Performance Report, part of the Annual Accounts, is designed to provide information on NHS Greater Glasgow and Clyde (NHSGGC), particularly its main objectives, strategies and principal risks The purpose of the Overview section is to provide the reader with a summary of sufficient information to understand NHSGGC, our purpose, the key risks to the achievement of our objectives and our main performance during the year.

Overview

Greater Glasgow Health Board ("the Board") was established on 1 April 1974, under the National Health Service (Scotland) Act 1972, with responsibility for providing health care services for the residents of Greater Glasgow. On 1 April 2006, the area covered by the Board was enlarged to include the Clyde area of the former Argyll and Clyde Health Board. NHSGGC serves a population of approximately 1.14m. The Board also provides a wide range of regional West of Scotland Services and National services.

Any references in these accounts to NHSGGC or the Board are taken to mean Greater Glasgow Health Board.

The Board is responsible for improving the health of its local population and delivering the healthcare it requires. The overall purpose of the Board is to provide strategic leadership and direction, and ensure the efficient, effective and accountable governance of the local NHS system.

Specific roles of the Board include:

- improving and protecting the health of the local people;
- providing an improved health service for local people;
- focusing clearly on health outcomes and people's experience of their local NHS system;
- promoting integrated health and community planning by working closely with other local organisations; and
- providing a single focus of accountability for the performance of the local NHS system.

The work of the Board includes:

- strategy development - to develop an Operational Plan for the area;
- implementation of the Operational Plan;
- resource allocation to address local priorities; and
- performance management of the local NHS system.

The Board remains the largest employer in Scotland with a total of 35,736 whole time equivalent (wte) staff, including 16,681 nursing and midwifery wte staff and 4,055 medical and dental wte staff. The Board has a revenue budget of £3.4bn and a capital budget of £53.9m. It contracts with 236 GP practices, 271 dental practices, 192 optometrists and 291 community pharmacies.

NHSGGC's structure comprises an Acute Division and a shared interest, with local authority partners, in six Health and Social Care Partnerships (HSCPs), which are overseen by Integration Joint Boards (IJBs). The HSCPs are joint organisations responsible for managing jointly provided services.

The Acute Division and HSCPs have responsibility for delivery of the Board's business objectives, and our performance against key targets is described later in this report. The Board provides services through approximately 6,000 beds across:

- 9 acute inpatient sites;
- The Beatson West of Scotland Cancer Centre;
- 61 health centres and clinics;
- 10 Mental Health Inpatient sites; and
- 6 Mental health long stay rehabilitation sites.

Our annual workload includes:

- around 496,000 emergency attendances;
- around 215,000 scheduled inpatients;
- over 1,000,000 outpatient appointments;
- around 7.5 million GP attendances;
- delivery of around 14,500 babies; and
- dispensing around 24 million prescriptions.

Chief Executive's Statement

Notwithstanding a number of challenges during 2018-19, the Board has achieved a number of successes and several noteworthy areas of progress during the year.

Healthcare Quality Strategy

In February 2019, the Board approved our Healthcare Quality Strategy for 2019-23. It is a framework which outlines how we intend to continuously improve the quality of care to our patients, carers and communities over the next five years. The provision of high quality health and social care services to our population is at the centre of everything we do. One of the key challenges for NHSGGC is how to improve and transform our services to meet the current and future health needs across all health and care settings. As our health and social care services change, we also need to make sure that the care that we provide to our patients and their families or carers is person centred and meets high standards of clinical quality and safety.

Moving Forward Together (MFT)

The Healthcare Quality Strategy will also link to the many other programmes and initiatives which build on our tradition of success. In particular, the MFT programme recognises the crucial role of our clinical and non clinical staff, in the delivery of our quality ambitions and emphasises the need to work together across geographical and organisational boundaries to make sure that people are at the centre of everything we do.

The MFT Programme is NHSGGC's transformational programme to deliver the National Clinical Strategy, Health and Social Care Delivery Plan and other associated National and Regional strategies and policies.

The aim of the Programme is to develop and deliver transformational change, aligned to National and Regional policies and strategies, and describe NHSGGC's delivery plan across the health and social care services provided by our staff, which is optimised for safe, effective, person centred and sustainable care to meet current and future needs of our population.

In tandem with the MFT Programme is the West of Scotland Regional planning work. This extensive programme has been on-going for 18 months, with key NHSGGC Executive Managers playing leading roles.

The Financial Improvement Programme (FIP)

The Board faced a significant financial challenge in 2018-19, equating to circa £93m (5%) savings and efficiencies. The scale of the financial challenge and difficulty in identifying and achieving recurring savings necessitated a different approach to achieving financial balance going forward.

This approach was to blend the existing short-term approach to cost reduction with a more strategic approach to delivering medium and longer-term financial sustainability. To make this work, the organisation required a culture and behavioural shift, with greater focus, pace and ambition around financial grip, achievement of savings and embedding sustainability and best value. We recognised the need for more organisational wide and centrally driven savings and efficiency initiatives, thereby establishing the FIP - a comprehensive programme to support the Board to return to recurring financial balance.

The programme, supported by external expertise for the 2018/19 year, is based on a proven methodology, and is underpinned by a robust and comprehensive governance process. This includes a Programme Board led by the Director of Finance with both myself, as Chief Executive, and the Employee Director as members. A Programme Management Office was established with a dedicated full-time Programme Lead and four dedicated project leaders.

The process involved a systematic and forensic analysis across every area of the Board to identify opportunities for savings and efficiencies. These have focused on areas of spend and working practices, identifying waste and the potential for efficiency improvements.

A number of workstreams were identified, each led by an Executive sponsor, and allocated a cash savings target totalling £93m. Each workstream has a series of substreams, supported with dedicated programme resource, including a finance and clinical lead (where relevant).

Despite falling short of the £93m target; (£41.7m shortfall), the FIP has been relatively successful. In addition to achieving in-year financial balance in 2018-19, the underlying recurring deficit is projected to be reduced from £67.8m to £50m.The FIP Programme is about to enter its second year. The temporary external support and expertise has ended, and one of the key objectives of the engagement was knowledge transfer. Consequently the FIP will now be taken forward by Senior Finance Management and the Programme Management Office.

We are now building on the learning from the FIP and identifying and working up further organisation wide initiatives to form the foundation of the FIP into 2019-20 and beyond. This work includes an assessment of how all areas of the FIP fit with the Board's MFT Programme, and the Government's Waiting Times Improvement Programme.

Overall, in terms of our financial performance, we achieved our 3 financial targets, recording a small surplus of £0.3m. However, despite successfully reducing the rate of operational overspend within the Acute Division, the Board utilised non-recurring funds to achieve year-end balance. A more detailed assessment of performance is provided later in this report. As we move forward into 2019-20, the Board continues to face a financial challenge of £75m, with a high level of recurring savings required. Achieving sustainable, recurring financial balance at current levels of service provision remains a key priority for the Board.

Infrastructure Investment

During 2018-19, we continued to make significant capital investment across our acute and community services. The new £17 million Gorbals Health and Care Centre opened to patients, users and the public in January 2019 and the new £20 million Woodside Health & Care Centre is due to open in July 2019. These projects represent more than the

modernisation of the existing facilities. As well as delivering a transformational improvement to the environment in which care is delivered, the new facilities offer an opportunity to reshape services from a patient and service user's perspective to provide care that is more integrated, accessible and efficient, as well as contributing to the wider goals of community regeneration and addressing health inequalities.

The new health and care centres are being delivered as a partnership between Glasgow City HSCP, NHSGGC, Glasgow City Council, Hub West Scotland and the local community.

Construction of the new £21 million Greenock Health and Care Centre also started in early 2019 with a target completion date of autumn 2020.

Our commitment to tackling health inequalities in the area and promoting social regeneration is clearly demonstrated by this centre and the benefits it will bring to local people.

This project is another excellent example of partnership working between Inverclyde HSCP, NHSGGC, Inverclyde Council, Hub West Scotland and the local community.

Construction on two new Mental Health in-patient wards at Stobhill Hospital started in early 2019 with a target completion date of summer 2020.One of the wards will be dedicated to adult acute in-patient care with the other being geared towards older adults with functional Mental Health issues.

Services at Stobhill are designed around the needs of patients in order to enhance the quality of care and speed up diagnosis and treatment. As a result, the hospital has improved the patient experience and enabled staff to work more effectively. The new wards will build on this and enable greater flexibility across Mental Health services and deliver modern facilities for patients and staff.

The two wards will see our patients staying in modern wards that are at the very forefront of modern Mental Health in-patient accommodation and will be designed to be much more than a simple replacement of the existing facility.

Our commitment to community health and social care investment is a priority and our track record is one of which the Board is proud.

An Initial Agreement has been approved by Scottish Government to improve services in North East Glasgow. The proposed hub will be a focal point for a wide range of health and care services for both the east end and the wider north east of Glasgow. The hub will facilitate the rationalisation of existing accommodation in the north east, enable investment to be focused on a smaller number of properties, support the longer term sustainability of the HSCP's building infrastructure and shift the balance of care from hospital to community, by providing fit for purpose and welcoming environments for the population of the area and the workforce. An Outline Business Case is in development and will be submitted to the Scottish Government by the end of 2019 to allow this to be considered for future funding.

We have also invested more than £6m in a range of diagnostic equipment for hospitals across Greater Glasgow and Clyde ensuring patients are getting access to the latest scanning and radiology equipment.

Inverclyde Royal Hospital, the Vale of Leven Hospital, Royal Alexandra Hospital, Glasgow Royal Infirmary, Gartnavel General Hospital, the Dental Hospital and the Institute of Neurosciences are all being provided with upgraded diagnostic equipment.

This is a major investment into diagnostic equipment across Greater Glasgow and Clyde which will ensure that more patients are undergoing diagnostic tests with state of the art equipment.

In total the Board invested some £53.9m during 2018-19 on new build schemes, a number of building refurbishment programmes across our estate, general medical equipment (including replacement of major diagnostic imaging and radiotherapy equipment) and e-Health equipment.

The Board also has a programme of estates rationalisation, with a number of locations vacated during the year. Sales were concluded in respect of sites previously vacated, including the former Johnstone Hospital, Broomhill Hospital and a residual part of the former Ruchill Hospital. Our estates rationalisation programme will continue into 2019-20 with the planned disposal of Lennox Castle Phase 2 and Stoneyetts Hospital Phase 1.

Technology Based Service Developments

The Board approved the NHSGGC Digital Strategy in August 2018. We are expanding the use of video consultations across hospital and community services in NHSGGC with funding provided from the Scottish Government's Technology Enabled Care Programme. Remote video consultations on physiotherapy for patients with respiratory conditions have now gone live in the north sector of Greater Glasgow and Clyde. Thanks to a new streamlined approach to physiotherapy advice patients can seek information virtually, by accessing the service through an app from a phone, PC or tablet rather than physically attending a traditional clinic setting.

Organ Donation Week saw a record number of kidney transplants carried out at the Queen Elizabeth University Hospital - the West of Scotland's kidney transplant centre. NHSGGC kidney transplant surgeons carried out 10 kidney transplants during the week – a more than 300% increase on the number carried out at the same time last year. Renal transplants are associated with improved patient survival and a vastly improved quality of life compared with dialysis. This is a direct result of our new infrastructure.

We launched the Speak Up! campaign, along with the six HSCPs in the area, to highlight the significant and growing problem of medicines waste and to encourage staff to help tackle it. Around half of all medication returned to pharmacists for disposal is not opened – meaning that people are ordering and receiving medication that they don't even start to use. The Speak Up! campaign asked staff to consider and act on medicines waste in their personal life and at work and provided information on repeat prescriptions, self-care, and the use of generic drugs rather than branded versions and ways in which staff can help tackle waste.

The Board has continued to develop and implement new ways of capturing the public's experiences of healthcare, to ensure that there is a range of ways for people to get in touch with us. These include face-to-face interviews with patients, postal surveys and feedback cards on wards. We have also been concentrating efforts on making the most of our online presence, particularly with regards to Care Opinion. We have been working to promote staff engagement with Care Opinion; increase the number of responders to feedback shared on the site; and focusing on a commitment to closing the loop on feedback. This work will continue in the next year, by working with more frontline teams to help them use Care Opinion more effectively for service improvement.

Some examples of how feedback has been used to enhance the service we provide are:

- A strong group of Public Partners has been recruited to sit on local Patient and Carer Experience Groups and over the last year have enjoyed their experience of being round the table at these meetings. Their contribution has been much valued, and the focus next year will be to continue to strengthen the role of the groups.
- Closing the loop on feedback, the Lead Midwife in Clyde responded as promptly to a story shared on Care Opinion by reconfiguring the outpatient waiting area to allow greater

privacy for those attending in difficult circumstances. She then shared what action she had taken back on Care Opinion, to let the patient know that their feedback had made a difference.

- Patient Stories are an important part of NHSGGC's Board meetings and the Patient Experience Team produced a patient story for each Board meeting last year. The team also worked to build capacity in frontline teams by piloting training in identifying and taking patient stories from their patients or carers. Twelve members of staff took part in this training, including Lead Nurses, a Senior Charge Nurse and AHPs.

Partnership Working

We partner each of the six local authorities within the Board's area in the delivery of strategic planning and service provision arrangements for Adult Health and Social Care Services; the partnerships operate as HSCPs. HSCPs are governed by IJBs with membership drawn equally from non-executive directors of the Board and Councillors from the respective Local Authorities.

These HSCPs are:

- East Dunbartonshire HSCP;
- East Renfrewshire HSCP;
- Glasgow City HSCP;
- Inverclyde HSCP;
- Renfrewshire HSCP; and
- West Dunbartonshire HSCP.

The Board and the HSCPs have continued to work in partnership with each other. All HSCPs continue to prioritise hospital discharge activity, with a focus on anticipatory planning and early discharge. Early assessment and engagement with patients and their families will ensure that the next stage of care is in place prior to patients being fit for discharge whenever possible. By supporting people to be discharged promptly bed days lost to delayed discharge will reduce

In addition to the above, our partner HSCPs have more dedicated priorities as follows;

- Providing greater self-determination and choice through ensuring service users and their carers are empowered to make their own choices about how they will live their lives and what outcomes they want to achieve.
- Enabling independent living for longer by working across all our care groups to support and empower people to continue to live healthy, meaningful and more personally satisfying lives as active members of their community for as long as possible.

Public Protection; ensuring that people, particularly the most vulnerable, are kept safe from harm, and that risks to individuals or groups are identified and managed appropriately.

All HSCPS are working with Primary Care to encourage people to attend the correct service for meeting their needs through promoting 'Know Who to Turn To' along with details of local services and supports. The development of the Primary Care Improvement Plan will provide further opportunities to deliver new ways of working and strengthen the contribution of other health and care professionals in supporting frequent A&E attendees.

All HSCPs and acute hospitals in Greater Glasgow and Clyde undertake enhanced care pathways work for areas identified as having potential to avoid admissions and reduce lengths of stay. This supports teams across better care at the right time, and where possible,

in settings other than hospital. HSCPs work with care homes and Primary Care to reduce avoidable admissions from care homes and residential homes. Where residents do require admission a consistent approach to transferring residents information, medication and personal belongings will be tested.

Through more effective use of the palliative care pathway and local resources, all HSCPs work in collaboration with local hospices to strengthen our supports to people in the community, minimising hospital admission, accelerating discharge and providing effective community support.

Staff Engagement and Development

Our staff in NHSGGC are the cornerstone in our constant drive towards providing excellence in our services. I am pleased to note the following successes during the year:

- The successful implementation of a staff engagement strategy for the Board's transformational change programme, MFT. This has resulted in positive feedback from well attended sessions which were delivered in partnership through members of the Area Partnership Forum.
- Excellent examples of NHSGGC working in partnership with external agencies, local authorities, schools and colleges to create access to training and jobs for a wide range of people e.g. Clyde Gateway and Skills Development Scotland. Integrated working in HSCPs which demonstrates how integrated services can deliver person-centred care in a community setting, e.g. The Independent Living Centre at Inverclyde HSCP.
- NHSGGC being awarded Level 2 Disability Confident status and publishing Guidelines for Managers to support them in the application of reasonable adjustments for staff with a disability.
- The smooth transition of Doctors and Dentist in Training across the West of Scotland to NHSGGC as the lead employer in the West Region.
- The continued implementation of the NHSGGC Staff Health Strategy.
- The introduction of a Succession Planning and Career Development Framework for all staff to support managers and staff on their career pathways.
- Work placements are also important in showcasing NHS careers and supporting people to make informed choices about possible career destinations. The School Work Experience and Adult Work experience policies support this activity and a has resulted in 640 placements in 2018/19.
- NHS GGC established its Project Search programme in 2013 and is now in its 6th year. This programme, delivered in partnership with Glasgow City Council and Glasgow Clyde College, provides support to young people with learning disabilities and/or autistic spectrum disorders. Through classroom training, placements and work coaching trainees are prepared for exposed to three different placements within Glasgow Royal Infirmary services. Placements included clinical and non-clinical opportunities. Since the programme started 35 young people have been supported into employment, 24 within NHS GGC and 11 with other employers.
- NHS GGC established its significantly sized Modern Apprenticeship programme in 2013. The programme was established to support the increased recruitment of young people within NHS GGC. 166 apprentices have been appointed since 2013 across 12 different apprenticeship frameworks

Equality and Diversity

Our work on equality and human rights aims to ensure equitable access to our services and to improve outcomes where we have identified that we need to make a significant difference for patients from equality groups. During the year, we continued to work to meet the mainstreaming and equality outcome actions contained in 'Meeting the requirements of Equality Legislation: A Fairer NHSGGC 2016-20'. A wide range of engagement has been undertaken in 2018-19 to ensure we are genuinely involving patients in improving our services.

Some highlights include:-

- Equality and human rights e-learning module - there has been a significant increase in the uptake of the introductory equality and human rights e-learning module: 71% of the workforce have successfully completed the e-learning module equating to around 28,400 employees (compared to 2,906 in 2017-18).
- British Sign Language (BSL) users - in October 2018 NHSGGC published its first BSL Action Plan as part of our duty under the BSL Scotland Act 2015. In order to develop the plan the Equality and Human Rights Team held 10 public engagement events with BSL users. In total, more than 100 BSL users participated in these events to inform the plan.
- Online patient feedback system - work was undertaken in 2018-19 to improve uptake of the online patient feedback system by people with protected characteristics, particularly Black and Minority Ethnic people.
- Interpreting Service - the provision of interpreting across NHSGGC was reviewed in 2018-19. The aims of the review were to promote greater consistency of good practice across the Interpreting Service, maximise the potential for efficient and effective working and ensure that the service is adequately resourced and sustainable in order to meet future demand.

  The Equality and Human Rights Team (EHRT) have focused on tests of change around human rights to assess ways of achieving long term impact of human rights approaches with staff and service users. In 2018-19 the EHRT supported HSCPs with their equality outcomes for service users on request and where efficiencies can be made by working together.

Performance

Whilst we again rose to the challenges of winter thanks to the dedication and commitment of our staff, during 2018-19 there were a number of key waiting times and access standards that continued to remain a challenge despite the range of improvement activity underway to address performance. For example, the demand and capacity programme that has been underway for each specialty across Acute or the financial improvement work streams also underway to review the potential to yield additional capacity. Both strategic programmes have been established to ensure amongst other things that we are able to maximise our capacity to enable more eligible Treatment Time Guarantees (TTG) patients to be treated for an inpatient/daycase procedure in addition to increasing the number of new outpatients with an outpatient appointment. Similarly, the additional non-recurring Access Funds that have been allocated to NHSGGC are being spent to further help reduce the number of patients waiting longer than the waiting time standards.

There is evidence of progress in some of the programmes of work particularly when compared with previous months or years' activity in that we are now seeing more new outpatients when compared to the same period last year and overall we are reducing the length of waits for patients accessing one of the eight key diagnostic tests.

This investment has delivered increased capacity in the short term which has facilitated improvement in the outpatient position and enabled the Board to deliver against revised trajectories, particularly in relation to outpatients and endoscopy.

Performance in relation to our compliance with the four hour A&E waiting time target has remained challenging. Compliance has been affected by the levels of growth in demand that have been experienced in the year to date. This has undoubtedly had an impact on our progress towards achieving some of our elective waiting times and access targets.

Our performance around the 62 day Cancer Waiting Times cancer standard has continued to be a key challenge. Pressures on particular specialities, such as urology and colorectal, have contributed to the challenging position. Measures in place to achieve long term sustainable improvements in performance include the recruitment of a Cancer Waiting Times Service Manager, the review of performance against Effective Cancer Framework Action Plan, and the development of reporting arrangements for cancer that are aligned to Sector/Directorate and TTG/OP reports to include performance, potential breaches, over 100 days.

Infection Control

There were three significant, unconnected, outbreaks of infection in Glasgow hospitals. In responding to these incidents, our immediate priority was the safety of our patients and staff. Additional measures were put in place to reinforce our strict infection control processes. In order that lessons could be learned from these incidents to further improve our safety and the quality of care we provide. There are separate internal and external reviews of our services and environment being carried out. These reviews will report in due course.

Within NHSGGC we have seen infection rates in our hospitals steadily reduce over several years. This has been achieved by embracing best practice such as the Scottish Patient Safety Programme. Working together, we must stay focused on this and strive to improve further the control and prevention of infection in our hospitals.

The Way Forward

As we move forward into 2019-20, the Board faces a range of challenges, particularly around the financial position and performance improvements. However, we remain fully committed to delivering the Scottish Government key priorities on waiting times improvement, investment in mental health and greater progress and pace in the integration of Health and Social Care.

The above narrative highlights some of the progress made in year around these key challenging areas; reducing the underlying recurring deficit to £50m and meeting the revised year end targets on out-patient and endoscopy waiting times.

However, there is much more to be done. The Board's Financial Plan identifies an efficiency challenge of £75m to be delivered through the FIP. Directors, local managers and HSCP colleagues are continuing to work to identify savings schemes and during the year ahead we will continue to work together to deliver more service re-design and more efficient ways of using our staff and financial resources to deliver services in the most effective way to all our patients.

We will also continue to strive to improve on our waiting time performance, particularly around cancer, TTG and unscheduled care. We have implemented a raft of measures, all outlined in our Annual Operational Plan. At the time of drafting this report, we are in the final stage of negotiation with the Scottish Government concerning funding. On a wider basis plans to address future challenges are detailed in our MFT Strategy. This sets out NHSGGC's vision for health and social care over the next 5-10 years. The aim of the Strategy is to

develop and deliver transformational change aligned to national policies and strategies including the national Health and Social Care Delivery Plan. The MFT strategy emphasises quality and the need to deliver safe, effective, person-centred and sustainable care to meet the current and future needs of our population. The strategy will also address the key challenge areas of workforce and technology and is designed to ensure the underlying commitment to shift the balance of care.

Performance Analysis

Financial performance

The Scottish Government Health and Social Care Directorates (SGHSCD) set 3 financial targets for NHS Boards:

- 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.

Boards are expected to contain their net expenditure within these limits and to report on any variation from the limits as set. Despite the recent Scottish Government announcement that Boards are now required to break-even over a three year period, NHSGGC still has the primary objective to break-even each year. Considerable work has been undertaken throughout the year to eliminate the forecast deficit, particularly around achievement of savings, containing costs (known and emerging) and maximisation of non-recurring sources. The Board has worked closely with Scottish Government throughout the year to identify potential funding sources to close the forecast in year gap.

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

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Deficit)/ Surplus £'000
1. Core Revenue Resource Limit	2,404,664	2,404,325	339
Non-core Revenue Resource Limit	102,153	102,153	0
Total Revenue Resource Limit	**2,506,817**	**2,506,478**	**339**
2. Core Capital Resource Limit	42,735	42,674	61
Non-core Capital Resource Limit	11,174	11,174	0
Total Capital Resource Limit	**53,909**	**53,848**	**61**
3. Cash Requirement	2,591,206	2,591,206	0

The following table shows what the Board's financial position would have been if no surplus had been brought forward from the previous year. It should also be noted that Boards are permitted only to carry forward a surplus on core activities to the following financial year.

Memorandum for in-year outturn	**£'000**
Reported Surplus in 2018-19	339
Less: brought forward core surplus from previous financial year	225
Surplus against in year Total Revenue Resource Limit	114

The 2018-19 Financial Plan approved by the Board in June 2018 projected a potential deficit of £29.0m. At 31 March 2019, the Board was able to report a break-even outturn, underpinned, however, by £55.8m of non-recurring support, as illustrated in the following table:

Area	Gross position £'m	Non-recurring relief £'m	Final reported position £'m
Acute	(42.6)	-	(42.6)
Partnerships (including HSCPs)	0.2	-	0.2
Corporate directorates	(13.1)	-	(13.1)
Corporate adjustments (non recurring)	-	55.8	55.8
Gross/Net Financial Position at 31 March 2019	**(55.5)**	**55.8**	**0.3**

Non-recurring support of £55.8m has been applied to reduce the underlying operational deficit, the majority of which is attributable to unachieved savings.

The FIP was launched in February 2018; it is now embedded and is receiving a significant amount of dedicated senior time and focus. Progress has been good to date, with the FIP Tracker recording savings projects totalling £56.4m on a full year effect basis and £42.3m for the current year.

The Acute Division reported an expenditure overspend of £42.6m. Of this, £41.5m was related to unachieved savings, an income under recovery of £0.5m and a £0.95m overspend is associated with non-pay expenditure. The balance is a pay expenditure underspend of £0.3m.The main pressures in pay are associated with medical (£2.9m) and nursing (£1.9m) salaries due to the cost of providing certain services in particular geographical locations, service demands and the requirement to cover sickness/absence and vacancy via bank and agency spend. Medical and nursing pay budgets are a key focus for cost containment initiatives and there was a stepped improvement particularly in the second half of the financial year for both these areas. The overspend in medical and nursing pay was offset by underspends in other pay areas.

Returning to month-on-month financial balance remains a priority and the adverse expenditure variances require to be addressed if this is to be achieved. Whilst the results for the first five months of the current year recorded overspends, during the second half of the year there were significant improvements, and shows an improved position compared with the previous financial year. However, Junior Doctors spend continues to be a significant area of overspend and presents a service issue. A drop in the number of trainees is rendering rotas difficult to fill.

Corporate Directorates reported an expenditure overspend of £13.1m. Expenditure is running close to budget for pay and non pay across all directorates. However, there is an overall shortfall against FIP savings targets resulting in the overspend at 31 March 2019.

The HSCPs have reported an expenditure underspend of £0.2m. HSCPs have all reported a breakeven out-turn with any surpluses transferred to reserves at the year end.

The initial level of Capital Resources (CRL) for 2018/19, approved at the June 2018 Board meeting, amounted to £55.2m. This included an amount of £5.9m to be generated from asset disposals which was subsequently revised to £3.8m due to the timing of receipts.
The overall level of resource was later increased to £59.5m, chiefly as a result of additional central capital being received from SGHSCD in respect of diagnostic imaging equipment. In order to best manage the Board's overall revenue and capital out-turn, a transfer of £10.2m from capital to revenue was proposed and agreed with the Scottish Government. This, and other minor adjustments, resulted in the final gross Capital Resources amounting to £48.6m.
One of the key financial targets that Health Boards are required to achieve each year is to operate within the CRL set by the SGHSCD. The Core CRL agreed with SGHSCD for 2018/19, and confirmed in the final year end allocation letter dated 3rd May 2019, amounted to £42.7m. Under NHS Accounting rules, Health Boards are required to compare net capital expenditure when comparing final spend against the Capital Resource Limit. The Board's net capital expenditure is derived by making certain adjustments to the total gross expenditure as detailed below.

The Board is facing another significant financial challenge in 2019-20 of £75m - equating to around 5% savings and efficiencies. The scale of the financial challenge and difficulty in identifying and achieving recurring savings necessitates a different approach to achieving financial balance going forward.

Bad debts
The provision for bad and doubtful debts increased from £2.047m as at 1 April 2018, to £2.723m as at 31 March 2019; these figures are included under trade and other receivables in Note 9.

Legal obligations
As at the year end the Board had legal obligations arising from clinical and medical negligence claims and other non-medical claims; details are provided in Note 13.

Details of PFI/HUB projects are provided in Note 17.

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.
The payment statistics (calculated by reference to invoice receipt date and relating only to non-NHS suppliers) were as follows:-

	2018-19	2017-18
Average period of credit taken	27 days	27 days
Percentage of invoices by volume paid within 30 days	94 %	94 %
Percentage of invoices by value paid within 30 days	96 %	96 %
Percentage of invoices by volume paid within 10 days	84 %	84 %
Percentage of invoices by value paid within 10 days	90 %	88 %

Social Matters

NHSGGC is committed to leading and promoting Equality and Diversity, equal opportunities and supporting human rights in terms of the provision of health services for the community it serves and in its practice as an exemplar employer.

NHSGGC is fully committed to the prevention of bribery and corruption, and the Bribery Act 2010 is reflected within the Standing Financial Instructions and the Code of Conduct for staff. A standard clause is included in Board contracts drawing the attention of suppliers to corrupt gifts and payments and the criminal nature of such offences under the legislation.

Endowment Funds

The accounts of the NHSGGC Endowments funds are consolidated with the NHSGGC financial statements. Endowments are money or properties donated to the Health Board, and are held in trust for purposes relating to services provided under the National Health Service (Scotland) Act 1978. The Endowment Funds have recorded an excess of income over expenditure for the year of £3.098m (2017-18, deficit £1.835m). The Board's Endowment fund had total net assets of £91.1m as at 31 March 2019. Expenditure from endowment funds amounted to £9.0m in the year and this included spending on research, equipment and patient/staff amenities as well as other specific projects approved by the Endowments Management Committee. Examples of some of the more significant grants made during the year included: Volunteering in the wider Community – support to further extend the volunteer programme into Inverclyde and Renfrewshire communities; Animation Public Spaces – a programme of regular exhibitions, art events and concerts in public spaces of NHSGGC hospitals; Biochemistry Clinical Trials – support to purchase a new mass spectrometer to facilitate advanced research and development within the unit; Health and Wellbeing of Children under 5 – a whole population study to assist the Scottish Government's commitment to reduce inequalities and improve life chances of all children; and the Staff Bursary Scheme - providing the opportunity for those who are interested in pursuing an educational qualification/course of study to apply for funding support.

Integration Joint Board Accounts

The accounts of the HSCPs are consolidated with the NHSGGC financial statements. On the basis that no single party controls the arrangement on its own and that any one of the parties can prevent any of the other parties from controlling the arrangement, the accounting situation for IJBs is defined in IFRS 11 Joint Arrangements. Joint control is defined as "the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control". IFRS 11 notes that a joint venture shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

Performance against key non-financial targets

The Local Delivery Plan (LDP) process was replaced in 2018-19 by a request for each NHS Board to submit an Annual Operational Plan, shared and aligned with the strategic plans of the relevant IJBs. This focussed primarily on performance, finance and workforce, concentrating on the key standards that are most important to patients.

This transitional step was designed to facilitate a greater understanding of the assumptions within local systems that underpin successful delivery of performance across the whole

system, aligning with the Regional Planning process which will set out in more detail the longer term approach to transformation.

The 2018-19 performance plan was developed in partnership with our Health and Social Care Partners to reduce demand for scheduled and unscheduled acute care and ensure that patients who no longer require acute care are discharged home or move into HSCP services in a timely manner.

The 2018-19 performance plan was also predicated on HSCPs developing local services to deliver care for more patients and reduce demand on acute services and avoid acute hospital interventions. Making rapid and sustained progress in each of these areas is essential to enable NHSGGC to reach and sustain both performance levels and the desired objective of shifting the balance of care.

Across NHSGGC there are robust governance arrangements in place for measuring, monitoring and reporting on performance. From live daily reporting of unscheduled care at operational site level, weekly performance reporting to Chief Executive, Executive Directors and Acute Directors, monthly reporting to Corporate Management Team, Acute Strategic Management Group and Directors Access Group looking at demand, capacity and overall performance to taking a broader and more strategic view of the whole system's performance bi-monthly at Acute Services Committee (ASC) and the Board.

Performance in relation to a number of our key waiting times and access targets remains challenging as does the Board's ability to consistently meet the 95% four hour A&E waiting time target. However, our performance in relation to a number of key health improvement targets remains on target.

NHSGGC has developed a performance management framework to monitor performance against all key Operational Plan targets. These targets have been embedded within the Board and ASC. Integrated Performance Report and considered at each Board and ASC meeting. For those measures highlighting an adverse variance greater than 5%, an accompanying exception report is also produced and considered by the Board providing detailed commentary on the improvement actions in place to bring performance back on target. Further information on performance targets can be found on the NHSGGC website at www.nhsggc.org.uk.

During 2018-19, performance against Local Delivery Plan targets is shown in the following table *(all data shown represent the latest validated data at the time of this report)*:

✓ We met the C.Difficile Infections target for the rolling year quarter ending December 2018.	✗ The number of MSA/MSSA Bacteraemia was above target for the rolling year quarter ending December 2018.
✓ For the month ending March 2019, 95.9% of our patients diagnosed with cancer began treatment within 31 days, exceeding the 95% target.	✗ For the month ending March 2019, 77.2% of patients referred urgently with a suspicion of cancer began treatment within 62 days of receipt of referral below the 95% target.
✓ For the quarter ending December 2018, 91.2% of all patients referred for a psychological therapy started treatment within 18 weeks of referral, exceeding the target of 90%. NHSGGC is the only Health Board in Scotland to meet this standard.	✗ As at March 2019, 74.6% of new outpatients on the waiting list had been waiting 12 weeks or less for a first new outpatient appointment, which is below the target of 95%.

✓ NHSGGC remained in financial balance and met the cash efficiency target at the end of March 2019.	✗ 71.8% of eligible inpatients/day cases seen were seen within the 12 week Treatment Time Guarantee during the quarter ending March 2019
✓ NHSGGC exceeded the 90% drug and alcohol waiting times target, with 95.0% of patients referred within three weeks for the quarter ending December 2018.	✗ 78.4% of our patients were treated within 18 weeks, against the 90% target for Referral To Treatment as at March 2019.
✓ 90.3% of Child and Adolescent Mental Health Services patients started treatment within the 18 weeks for the month ending March 2019.	✗ Performance in relation to the accident and emergency 4 hour time target remained challenging with 88.9% of patients waiting 4 hours or less, lower than the target of 95% as at March 2019.
✓ For the period from April to December 2018, there were 1,305 successful quit smoking attempts at 12 weeks post quit in our 40% most deprived areas, above our trajectory of 1,123 successful quits.	✗ The Board's overall sickness absence rate for the month ending February 2019 was 5.5%, against a 4% target.
✓ For the year ended March 2019, we delivered a total of 13,677 alcohol brief interventions, exceeding the target of 13,086 interventions.	
✓ 100% of eligible patients were screened for IVF treatment within 12 months exceeding the target of 90% at March 2019.	

As well as the actions detailed in the Chief Executive's Statement in respect of waiting and referral times, the Board has action plans in place to improve performance in each of the areas where targets have not been met.

Sustainability and Energy Management

NHSGGC is committed to reducing both its energy-based carbon emissions and its energy consumption. This will enable the Board to contribute towards the Scottish Government's aim to reduce greenhouse gas emissions by 50% by 2050 and to meet the interim target of a 42% reduction by 2020. The specific targets for NHSScotland were to reduce CO2 emissions for oil, gas, butane and propane usage annually by 3% from 2014-15 till 2020, and for NHSScotland to continue to reduce energy consumption annually by 1% from 2014-15 to 2020. The baseline year has subsequently been changed to 2015-16, with the approval of the NHS Scotland Health Facilities Scotland Energy Forum; however, the targets previously set are still in place.

In order to help facilitate meeting the targets, the NHS in Scotland and the Scottish Government have published a number of documents relating to Environmental targets and policies with which Health Boards are required to comply; these include:

- Environmental Management Policy for NHS Scotland
- Sustainable Development Strategy for NHSScotland
- A policy on Sustainable Development for NHS Scotland 2012
- Good Corporate Citizenship Model
- NHSScotland 2010-11 Annual National Environment Report
- Scottish Planning Policy (SSP 6) Renewable Energy
- Choosing Our Future: Scotland's Sustainable Development Strategy

The Board has recognised that moving towards these targets has the additional potential for significant benefits to the organisation around improving health and inequalities. A Sustainability Planning and Implementation Group was created to oversee the Board's Sustainability and Environment strategies and this group is responsible for driving change and action within the Board.

There are a number of policies, plans, and initiatives in place across the organisation to reduce energy and our carbon footprint. Whilst many of these initiatives have been successful, we are continuing to develop a comprehensive plan to bring together existing projects, increase the scale and range of projects and ensure that the Carbon Plan ethos becomes mainstream across every part of the organisation, forming an integral component of our planning processes.

The Board has been improving and developing its strategy for delivering upon a full range of Environmental Targets/Improvements. These proposals address the following target areas:-

- Sustainability and Procurement
- Environmental Management
- C02 Emissions
- Carbon Reduction

The Board is a participant in the Glasgow Climate Change Declaration Sustainable Glasgow and Climate Ready Clyde, both of which promote inter-agency working within the Glasgow and Clyde geographical boundaries, to improve how the organisation adapts to climate change issues and how these changes will affect the Board's ability to continue to deliver a high quality service.

A number of schemes and initiatives have been put in place during 2018/19 to support the reduction of energy and carbon to meet these targets. These initiatives include the following:

- Introduction of internal LED Lighting across a number of hospital ward areas;
- Conversion of a significant amount of hospital street lighting to LEDs;
- New boilers and controls in a number of health centres;
- Upgrading of building management systems across the estate;
- Greater utilisation of the Combined Heat and Power (CHP) plant at the QEUH;
- Further investment in the CHP plant at GRI.

J Grant
Chief Executive & Accountable Officer
25 June 2019

Accountability Report

Corporate Governance Report

Directors' Report

Date of Issue

The financial statements were approved and authorised for issue by the Board on 25 June 2019.

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 John Cornett, Audit Director, Audit Services Group, Audit Scotland to undertake the audit of NHSGGC. 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 Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of the Board 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 Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. Board Members are also Trustees of the Endowment Funds. The members of the Board who served during the year from 1 April 2018 to 31 March 2019 and up to the date of approval of these accounts were as follows:

Non-Executive Members

Mr J Brown CBE	Chair
Mr R Finnie	Vice-Chair
Cllr C Bamforth	Non-Executive Director; Councillor, East Renfrewshire Council
Ms S Brimelow OBE	Non-Executive Director
Ms M Brown	Non-Executive Director *(until 31 March 2019)*
Mr S Carr	Non-Executive Director
Cllr J Clocherty	Non-Executive Director; Councillor, Inverclyde Council
Mr A Cowan	Non-Executive Director
Prof A Dominiczak DBE	Non-Executive Director
Ms J Donnelly	Non-Executive Director
Ms J Forbes	Non-Executive Director
Mr I Fraser	Non-Executive Director *(until 31 July 2018)*
Cllr M Hunter	Non-Executive Director; Councillor, Glasgow City Council
Ms M Kerr	Non-Executive Director (from 1 April 2019)
Ms A Khan	Non-Executive Director (from 1 April 2019)
Dr D Lyons	Non-Executive Director
Mr A Macleod	Non-Executive Director
Mr J Matthews OBE	Non-Executive Director

Ms T McAuley OBE	Non-Executive Director *(until 31 July 2018)*
Cllr J McColl	Non-Executive Director; Councillor, West Dunbartonshire Council
Ms D McErlean	Employee Director
Cllr S Mechan	Non-Executive Director; Councillor, East Dunbartonshire Council
Ms A-M Monaghan	Non-Executive Director
Cllr I Nicolson	Non-Executive Director; Councillor, Renfrewshire Council
Mr I Ritchie	Non-Executive Director
Ms R Sweeney	Non-Executive Director
Ms A Thompson	Non-Executive Director
Ms F Tudoreanu	Non-Executive Director (from 1 April 2019)

Executive Members

Ms J Grant	Chief Executive
Dr J Armstrong	Medical Director
Dr L de Caestecker	Director of Public Health
Dr M McGuire	Nurse Director
Mr M White	Director of Finance

The Board members' responsibilities in relation to these financial statements are set out in the Statement of Health Board Members' Responsibilities in Respect of the Accounts on page 22.

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 Board as required by IAS 24 are disclosed in Note 20.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Head of Administration, Board Headquarters, JB Russell House, Gartnavel Royal Hospital, 1055 Great Western Road, Glasgow or can be found on the Board's website at https://www.nhsggc.org.uk/about-us/nhsggc-board/board-members-profiles/.

Directors' third party indemnity provisions

Individual members of the Board or the Board as a group are covered by the Board's Clinical Negligence and other Risks Indemnity Scheme in respect of potential claims against them.

Pension Liabilities

The accounting policy note for pensions is provided in Note 1, and disclosure of the costs is shown within Note 18 and the remuneration report.

Remuneration for non-audit work

During the year 2018-19 our auditors, Audit Scotland, received no fees in relation to non-audit work.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 require the SGHSCD 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.

The required information will be published on the Board's website www.nhsggc.org.uk.

Personal data related incidents

During the year there were a minor number of incidents reported relating to the confidentiality and security of personal data, including seven incidents relating to the loss or theft of IT equipment including laptops and tablets, all of which were encrypted. All incidents were investigated and appropriate action taken.

The Board reported seven confidentiality breaches to the Information Commissioner's Office (ICO); two breaches related to inappropriate access by staff and five related to patient data being sent to the wrong address. The Information governance department have carried out further training and support to areas in direct response to incidents.

All incidents were investigated by the ICO, and no action was taken against the Board with one breach still being investigated by the ICO.

All security thefts and breaches are reported quarterly to the Information Governance Steering Group.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as each of them is aware, there is no relevant audit information of which the Board's auditors have not been made aware. Each director has taken all steps that they ought reasonably to have taken as a director to make themselves aware of any relevant audit information and to establish that the Board's auditors have been made aware of that information.

Events after the end of the reporting period

The Board has no significant post balance sheet events to report.

Financial instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 19.

Statement of the Accountable Officer's responsibilities

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

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Board's disposal; and
- safeguarding the assets of the Board.

In preparing the Accounts I am required to comply with the requirements of the Financial Reporting Manual (FReM) 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 FReM have been followed and disclose and explain any material departures; and

- prepare the accounts on a going concern basis.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of 1st April 2017.

Statement of Health 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 2018 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 NHSScotland by Scottish Ministers;
- make judgements and estimates that are reasonable and prudent;
- state where applicable accounting standards as set out in the FReM 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 Board members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

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 NHSGGC. I have been supported in my role as Accountable Officer throughout the year by a multi-disciplinary management team, focused on ensuring the delivery of strategic objectives in a prudent, economical, efficient and effective manner.

Purpose of Internal Control

The system of internal control is based on an on-going process designed to identify, prioritise and manage the principal 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 the 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 Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the financial year 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.

NHS Endowments

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the NHSGGC Endowment Fund. This statement includes any relevant disclosure in respect of these Endowment Accounts.

Integration Joint Board Accounts

In accordance with IFRS 11 – Joint Arrangements, the Financial Statements consolidate the IJB Accounts of Glasgow, Inverclyde, Renfrewshire, East Dunbartonshire, East Renfrewshire and West Dunbartonshire. This statement includes any relevant disclosure in respect of these IJB Accounts.

Self assessment of performance

At the Annual Review held in March 2019, the Board assessed its own performance in the presentation of "2017-18 Annual Review Self Assessment". During the year, NHSGGC made significant progress against many of its Local Delivery Plan Standards and across a wide range of strategic programmes.

We delivered against a number of our health improvement objectives as highlighted in the Self Assessment, and either met or exceeded all of our relevant Local Delivery Plan Standards for that year. As detailed in the performance analysis on page 10, 2018-19 has presented

more of a challenge. We have also continued to maximise our role in reducing health inequalities as an employer, procurer, provider and advocate.

Progress has been maintained in delivering against key clinical governance priorities, including clinical risk management, quality of care, patient safety and patient experience. We continued to promptly and effectively respond to the unannounced Healthcare Environment Inspection (HEI) and Older People in Acute Hospital (OPAH) inspection reports.

We did, however, continue to face pressure in relation to achieving our inpatient/day case and new outpatient waiting times standards and a number of workstreams have been established to help deliver immediate and sustainable improvements. Further details on the Board's performance are given in the Performance Report.

Governance Framework

Under the terms of the Scottish Health Plan, the Board is a board of governance. Its purpose 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, focusing on agreed outcomes. During the year from 1 April 2018 to 31 March 2019, the Board met on six occasions.

At 31 March 2019 the Board comprised the Chair, twenty-three non-executive and five executive board members; of the non-executive members, six are Council Members nominated by their respective councils.

Board members are appointed by Scottish Ministers and are selected on the basis of their stakeholder position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The Board and its Standing Committees have clearly defined and documented roles and responsibilities, and the purpose of each committee is set out below. The non-executive members of the Standing Committees have the opportunity to scrutinise and challenge the Board's executive management.

The Board has an integrated approach to governance across clinical areas, performance management, staff and involving and engaging people in its services and developments. These are defined through the standing committees outlined below. These committees are charged with assessing performance of the Board and regularly receive relevant performance data for each of their respective areas. The Board itself receives at each meeting an Integrated Performance Report, which outlines performance over a period of time, with relevant actions to improve where relevant – presented by the responsible Director.

The Board has the following standing committees to support it, and which are directly accountable to it:

- Acute Services Committee (ASC);
- Area Clinical Forum;
- Audit and Risk Committee (ARC);
- Clinical and Care Governance Committee;
- Endowments Management Committee (a committee of the Endowment Trustees);
- Finance and Planning Committee (F&PC);
- Pharmacy Practices Committee;

- Public Health Committee; and
- Staff Governance Committee (SGC) (including Remuneration Sub-committee).

The Board undertakes, on an annual basis, a review of corporate governance arrangements to ensure that they are fit for purpose.

Acute Services Committee

The scope of the ASC comprises the functions of scrutiny, governance and strategic direction for Acute Services, covering the functions below:

- The quality function of services delivered to patients;
- Effective patient safety and governance systems;
- Delivery of Corporate Objectives, including those set out in the Annual Operational Plan;
- Financial Planning and Management (in conjunction with the F&PC);
- Staff and patient focused public involvement; and
- Ensuring that learning from performance issues drives improvement.

The areas of clinical governance, patient safety, quality and finance have been integrated in reporting terms and there is a focus on organisational change and capability for improvement.

The ASC met six times during the year. Members of the committee during the year were Mr R Finnie (Chair), Ms S Brimelow, Ms M Brown, Mr S Carr (Vice-Chair), Cllr J Clocherty, Cllr M Hunter, Ms T McAuley, Ms D McErlean, Ms A-M Monaghan, Mr I Ritchie and Ms A Thompson.

In addition to the members of the Committee, meetings were attended by other Board members, directors, chief officers and senior managers.

Area Clinical Forum

The role of the Area Clinical Forum is to represent the multi-professional view of the advisory structures for medical, dental, nursing and midwifery, pharmaceutical, optometric, professionals allied to medicine, healthcare scientists, psychology and community health partnerships to NHSGGC ensuring the involvement of all the professions across the local NHS system in the decision-making process.

NHSGGC has six fully functioning statutory Professional Advisory Committees. The statutorily established Professional Advisory Committees (some of which have sub-committee structures) are:

- Area Medical Committee;
- Area Nursing and Midwifery Committee;
- Area Dental Committee;
- Area Pharmaceutical Committee;
- Area Allied Health Professions and Healthcare Scientists Committee; and
- Area Optometric Committee.

Membership of the Area Clinical Forum comprises the Chair and Vice-Chair of each Professional Advisory Committee, along with the Chair and Vice-Chair of the Area Psychology Committee. The forum met five times during 2018-19, and was chaired by Ms A Thompson.

Audit and Risk Committee

The purpose of the ARC is to assist the Board and the Accountable Officer in delivering their responsibilities for the conduct of business, including the stewardship of funds under their control. In particular, the Committee seeks to provide assurance to the Board and the Accountable Officer that appropriate systems of internal control and risk management had been in place throughout the year. The ARC met on five occasions during 2018-19, and its members were Mr A Macleod (Chair), Mr S Carr, Mr R Finnie, Ms J Forbes (Vice-Chair), Dr D Lyons, Mr J Matthews, Cllr J McColl and Ms A-M Monaghan. In fulfilling its remit, the ARC was supported by the Audit Committee Executive Group, which met four times during the year.

Clinical and Care Governance Committee

Non-executive oversight of clinical governance arrangements across NHSGGC is provided by the Clinical Care and Governance Committee. Its functions are to:

- ensure clinical care and services provided by NHSGGC, including those provided in partnership with other organisations, are of an appropriate quality;
- ensure the clinical and care governance arrangements are effective, including interactions with other organisational arrangements, in improving and monitoring the quality of clinical care;
- provide assurance to the Board that NHSGGC is meetings its statutory and mandatory obligations relating the NHS Duty of Quality; and
- provide advice and assurance to the Board that clinical service proposals are consistent with the continued provision of safe and effective care.

The committee met four times during 2018-19, and its members were Ms S Brimelow (Chair), Cllr C Bamforth, Mr S Carr, Mr A Cowan, Prof A Dominiczak DBE, Mr I Fraser, Dr D Lyons, Ms D McErlean, Mr I Ritchie (Vice-Chair) and Ms A Thompson.

Endowments Management Committee

Responsibility for Board's Endowment Funds lies with the Trustees, who are all members of the Board. The Trustees have delegated to the Endowments Management Committee the role of reviewing proposals and making recommendations to the Trustees with respect to policies on expenditure and donations, investment strategy and any other matters that may assist the Trustees in discharging their duties.

The committee receives regular reports from the investment managers, and reviews the performance of the portfolio against relevant benchmarks and investment objectives. It also reviews reports on fund income and expenditure and the list of all the funds under stewardship. The Endowment Funds Accounts are audited by BDO.

During the year to 31st March 2019, the membership of the Endowments Management Committee comprised Mr I Ritchie (Chair), Cllr C Bamforth, Mr S Carr, Mr R Finnie (Vice-Chair), Ms J Forbes, Mr A MacLeod, Cllr J McColl, Ms D McErlean, Cllr I Nicolson and Ms R Sweeney. The committee met four times during the year.

Finance and Planning Committee

The remit of the F&PC is to oversee the financial and planning strategies of the Board, oversee the Board's Property and Asset Management and Strategic Capital Projects and provide a forum for discussion of common issues arising from the six Integrated Joint Boards.

The remit of the F&PC comprises the following core elements:

- Finance and Planning;
- Property and Asset Management; and
- Strategic/Capital Projects.

The committee considers the Board's Strategic and Integrated Business Planning activities, ensuring that strategic planning objectives are aligned with the Board's overall objectives, strategic vision and direction. It also ensures that the Property & Asset Management Strategy is aligned with the Clinical Strategy, and is supported by affordable and deliverable business cases and reviews overall development of major schemes including capital investment business cases.

The members of the F&PC were Mr J Brown (Chair), Ms S Brimelow, Ms M Brown, Mr S Carr (Vice-Chair from August 2018), Prof A Dominiczak DBE, Mr R Finnie, Ms J Forbes, Mr I Fraser (Vice-Chair till July 2018), Dr D Lyons, Mr A Macleod, Mr J Matthews, Ms T McAuley, Cllr S Mechan, Ms D McErlean, Mr I Ritchie and Ms R Sweeney. The committee met five times during 2018-19.

Pharmacy Practices Committee

The role of the Committee is to carry out the functions of NHSGGC in terms of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended), i.e. to prepare "the pharmaceutical list" – the list of those eligible to provide pharmaceutical services within the Board area.

The Committee is also empowered by NHSGGC, to exercise other functions as delegated to it under the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended) to the extent that those functions are not delegated to an officer of the Board under the Scheme of Delegation. NHS Board members who sat on the Pharmacy Practices Committee were Mr R Finnie (Chair), Mr A Cowan (Vice-Chair) and Mr I Fraser. In addition there are three professional advisers and three lay members. The committee met on three occasions during 2018-19.

Public Health Committee

The remit of the Public Health Committee is to promote public health and oversee population health activities and to develop a long term vision and strategy for public health.

Members of the committee during 2018-19 were Mr J Matthews (Chair), Ms M Brown, Mr A Cowan (Vice-Chair), Ms J Donnelly, Cllr M Hunter and Dr D Lyons. In addition there are eight professional advisors who are members of the committee. The committee met four times during the year.

Staff Governance Committee

The purpose of the SGC is to provide assurance to the Board that NHSGGC meets its obligations in relation to staff governance under the National Health Service Reform (Scotland) Act 2004 and the Staff Governance Standard. The SGC is a Committee of the Board. In particular, the Committee will seek to ensure that staff governance mechanisms are

in place that take responsibility for performance against the Staff Governance Standard and are accountable for progress towards achievement of the Standard.

During 2018-19 the committee met on four occasions and was jointly chaired by Ms D McErlean and Ms M Brown. The other members of the committee were Cllr J Clocherty, Mr A Cowan, Ms J Donnelly, Ms T McAuley, Cllr S Mechan and Ms R Sweeney.

The SGC also has a sub-committee which is responsible for the application and implementation of fair and equitable systems for pay and for performance management. The main role of the Remuneration 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 SGHSCD.

Whilst pay arrangements for NHS staff are determined under national arrangements, the pay arrangements for the Board's senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to SGHSCD guidance. The committee met twice during 2018-19, and, in accordance with SGHSCD guidance, it determined and reviewed the pay arrangements for the Board's senior managers whose posts are part of the Executive and Senior Management Cohorts, and ensured that a fair, equitable and effective system of performance management for these groups was in operation.

The members of the Remuneration Committee were Mr J Brown (Chair), Ms S Brimelow, Mr A Cowan, Mr R Finnie (Vice-Chair), Mr I Fraser, Mr J Matthews and Ms D McErlean.

Clinical Governance

The Clinical and Care Governance Committee monitors clinical governance arrangements and developments. The Chair of the Committee and the Medical Director, as designated Executive Lead for Clinical Governance, have joint responsibility for maintaining a sound system that supports the achievement of the aims and objectives of clinical governance. The Board Clinical Governance Forum supports the Executive Lead for Clinical Governance in the discharge of this responsibility.

Financial Governance

The oversight of financial planning and financial monitoring forms part of the role of the Board, the F&PC and the ASC. Regular reports on the Board's financial position are considered by these groups. The ARC has oversight of, and forms a view on, the systems of financial control within NHSGGC.

Information Governance

Good progress has been made with compliance with the General Data Protection Regulation (GDPR) which came into force in May 2018. An action plan was created which included establishing an Information Asset Register, staff and patient privacy notices and awareness and training for staff. The monitoring of compliance with GDPR continues. Internal audit carried out a review of our compliance with GDPR; they found that significant work had been undertaken to prepare for GDPR requirements, and that management, supported by the Information Governance team, have provided training to Information Asset Owners and staff as well as establishing effective processes for dealing with Subject Access Requests. They also found that Governance arrangements are in place through which GDPR progress is monitored.

The Information Governance Steering Group continues to meet quarterly to monitor IG compliance by reviewing regular reports on data breaches, security compliance, data

protection and records management training and subject access requests. The Group also reviews and approves all new and amendments to relevant policies. The IG Steering Group reports into the ARC.

The organisation has continued to manage and respond to the anticipated rise in Subject Access Requests, with requests being up 10% from previous years.

The IG team continues to provide the necessary support and training to ensure staff are aware of their obligations to protect patient and staff data by continued participation in training programmes, including mandatory training module, new managers training and specific training on data breaches.

A number of communications have been issued to staff to ensure continued awareness and compliance and to remind staff of the availability of support through training and guidance materials located on StaffNet.

In relation to cyber awareness, the National Cyber Security Centre issued ten Cyber Response Early Warning notices which were risk assessed and actioned. An Acceptable Use Policy was implemented and behavioural awareness promoted across the Board. Supporting the Public Sector Action Plan the Board gained Cyber Essentials accreditation for the GP IT environment and the board wide environment. The organisation continues to proactively monitor cyber compliance across staff groups through simulated phishing attacks and targeted training exercises.

Other governance arrangements

The conduct and proceedings of the Board are set out in its Standing Orders; the document specifies the matters which are solely reserved for the Board to determine, the matters which are delegated under the Scheme of Delegation and the matters which are remitted to a Standing Committee of the Board.

The Standing Orders also include the Code of Conduct that Board members must comply with, and, along with the Standing Financial Instructions, these documents are the focus of the Board's Annual Review of Governance Arrangements. The annual review also covers the remits of the Board's Standing Committees.

In addition to the Code of Conduct for Members, the Board has in place a Code of Conduct for Staff. This includes reference to the disclosure internally or externally by staff who have concerns about patient safety, malpractice, misconduct, wrongdoing or serious risk. There is also in place a well-established complaints system, whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment; information on our complaints procedures is available on the NHSGGC website.

All of the Board's executive directors undertake a review of their development needs as part of the annual performance management and development process. A leadership development framework is in place to offer a range of development activities to meet needs identified, with additional support from the Human Resources department when required. Access to external and national programmes in line with their development plans and career objectives is also available. During the year, board members completed a self-assessment process in line with the requirements of the Blueprint for Good Governance and DL (2019)02. An associated Action Plan has been developed which has been approved by the Board and will be monitored throughout the coming year. The Chief Executive is accountable to the Board through the Chair of the Board. Non-executive directors have a supported orientation

and induction to the organisation as well as a series of in depth development sessions identified during the year. Opportunities for development also exist, at a national level, for some specific non-executive roles such as Chairman and Area Clinical Forum Chairs.

Internal policies are created in line with the Board's Policy Development Framework, which ensures that there is a consistent and clear approach to policy development, consultation, approval, dissemination/communication, access to documents and review, and that NHSGGC complies with relevant legislation, governance, audit and controls assurance requirements. All policies, strategies or procedures are reviewed every three years as a minimum, or sooner if there is a specific legislative or service requirement or change in guidance, law or practice.

NHSGGC has a whistleblowing policy in place. The Board is committed to achieving the highest possible standards of service and the highest possible ethical standards in public life in all of its practices. To achieve these ends, it encourages staff to use internal mechanisms for reporting any malpractice or illegal acts or omissions by its staff. The Board wishes to create a working environment which encourages staff to contribute their views on all aspects of patient care and patient services. All staff have a duty to protect the reputation of the service they work within. The Board does not tolerate any harassment or victimisation of staff using this Policy, and treats this as a serious disciplinary offence, which will be dealt with under the Board's Disciplinary Policy and Procedure.

NHSGGC strives to consult with all of its key stakeholders. We do this in a variety of ways. How we inform, engage and consult with patients and the public in transforming hospitals and services is an important part of how we plan for the future. To fulfill our responsibilities for public involvement, we routinely communicate with, and involve, the people and communities we serve, to inform them about our plans and performance.

Public Partnership Forums provide a mechanism for promoting the routine involvement of local people in the design and delivery of the health services they use. This process of involvement is required before we can decide to begin consultation on a proposed service change.

We also strive to engage with staff; we have well established methods of communication (Staff Newsletter, Core Briefs and Team Briefs), and also the "Facing the Future Together" initiative which allows greater engagement with staff, and encourages more staff to be involved in contributing to decision making in the areas in which they work.

NHSGGC is committed to working in partnership with its staff, other public sector agencies and voluntary sector bodies. There are regular meetings of the Area Partnership Forum. The Board, in conjunction with the HSCPs, has well developed community planning processes to enable it to work effectively with local authorities and the voluntary sector to implement a whole system approach to providing patient care. This work is reported to, and monitored by, the Board through the HSCP committee structure.

Review of Adequacy and Effectiveness

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

- the executive directors and managers within the organisation who have responsibility for developing, implementing and maintaining internal controls across their areas;
- the work of the internal auditors, who submit regular reports to the organisation's ARC. Reports include the auditors' independent and objective opinion on the adequacy and

effectiveness of the organisation's systems of internal control together with recommendations for improvement; and

- statements made by the external auditors in their management letters and other reports.

The following processes have been applied in maintaining and reviewing the effectiveness of the system of internal control:

- The Board, along with its Standing Committees, met six times during 2018-19 to consider its plans and strategic direction, to allocate resources, to review the management of performance and to receive minutes and reports from its Standing Committees.
- Within the Acute Division, the Chief Operating Officer chairs monthly meetings of the Strategic Management Group (SMG).
- The Chief Executive chairs a monthly meeting of the Corporate Management Team, attended by the HSCP Chief Officers, Chief Operating Officer and other Directors comprising Finance, Medical, Nursing, Public Health, Human Resources, eHealth, Communications and the Employee Director. The focus of the group includes the development of proposals for the Board on financial and capital allocations and the Annual Operational Plan, approval of system-wide policy, ensuring Clinical Strategy/Transformational Plan reflects the population needs, monitoring variations in performance against local and national targets/guarantees, oversight of Board-wide functions including Civil Contingencies, e-Health, Facilities accommodation and property, board-wide service planning and approval of material investments and disinvestment propositions and review of the Risk Register. In addition the Board Corporate Directors meet weekly in an informal setting. This is also chaired by the Chief Executive and is attended by the Chief Operating Officer (Acute Services) and the Corporate Directors.
- The ARC provides assurance that an appropriate system of internal control is in place. The Committee met regularly throughout the year, reviewing the system of internal control.
- The Internal Auditors delivered their service based on an approved risk-based audit plan and is compliant with Public Sector Internal Audit Standards.
- The External Auditors also considered the adequacy of the processes put in place by the Chief Executive as Accountable Officer, as well as providing external assurance on the work of Internal Audit in 2018-19.
- Work has continued during the year to achieve the targets set out in the Annual Operational Plan. Reporting mechanisms have been further developed to ensure a culture of continuous improvement continues to be promoted.
- Staff objectives and development plans include where appropriate maintenance and review of internal controls.
- A performance on-line appraisal system is in place for senior staff with personal objectives and development plans designed to support the Board in the attainment of corporate objectives. The performance of other staff is assessed under the Knowledge and Skills Framework.
- An on-line Register of Staff Interests system is maintained. It ensures effective management control of the information held on the staff register of interests and identifies potential conflicts of interest.

- In accordance with the principles of best value, the board aims to foster a culture of continuous improvement. The Board's processes focus strongly on best value and is committed to ensuring that resources are used efficiently, effectively and economically, taking into consideration equal opportunities and sustainable development requirements.

Risk Assessment

NHSGGC has a Risk Management Strategy in place. It describes how we aim to provide high quality and safe services to the public it serves, in an environment which is safe for the staff it employs or contracts with, to provide services.

In fulfilling this aim, NHSGGC has established a robust and effective framework for the management of risk. The framework will be proactive in identifying and understanding risk and will build upon existing good practice and is integral to strategic and service planning, decision making, performance reporting and health care service delivery. The strategy is based on the belief that Risk Management is:

- a key activity to ensure the health and well-being of patients, visitors and staff;
- an inclusive and an integral part of our health care services and set against guiding risk management principles;
- implemented with good practice acknowledged and built upon; and
- a major corporate responsibility requiring strong leadership commitment and regular review.

We believe that the provision of high standards of health, safety and welfare within a risk management framework is fundamental to the provision of high standards of health care. The following principles underpin our approach to risk management in NHSGGC:

- A consistent and standard approach to risk management;
- Integral to strategic and service planning and informs performance review;
- Involvement of clinicians and key stakeholders to support effective prioritisation and to inform decision-making;
- Comprehensive and systematically integrated into all processes;
- Responsibility for management, escalation, monitoring and communication of key risks is clearly defined;
- Risk is managed at the operational level closest to the risk supported by clear escalation processes;
- All types of risks are considered including NHSGGC's strategic risks; and
- Provides assurance that effective systems are in place to manage risks.

All of the key areas within the organisation maintain a risk register; the high level risks that the Board needs to ensure are being managed are then consolidated into the Corporate Risk Register (CRR). The CRR summarises the main risks identified within each of the organisational areas, and the processes by which these risks are being managed, and is presented to the ARC for approval on a six monthly basis. Due to the complexity and size of the Organisation, each risk had an owner, and is allocated to a specific Committee of Governance, charged with overseeing the management and mitigation of each risk.

There is a strong application of risk management practices across the Board, particularly in clinical services. The Board is constantly reviewing risk management processes, under the guidance of the Risk Management Steering Group (RMSG). During the year, the RMSG has:

- reviewed and updated the structure and content of the CRR;
- engaged external support, in the form of a co-opted position on the RMSG;
- rolled-out the electronic risk register module further across the organisation; and
- ensured it has a more active role in ensuring a coherent and high quality description of risks and the associated controls.

The following are the highest risk rated areas (as recorded in the CRR) that the Board is managing:

- Achievement of elective waiting time targets in respect of: inpatient/outpatient and day case targets/TTG; diagnostic targets; cancer targets; and condition specific targets.
- Achievement of unscheduled care targets in respect of: managing emergency patient flows; and managing the impact on downstream bed management.
- Increased delays in discharging patients from hospital resulting in increased bed days and deterioration in condition of patients awaiting discharge.
- There is a significant financial challenge in-year, unlikely to be met through CRES. The reduction in funding and the underachievement of savings has required the use of non-recurring funds and reserves to balance.
- Inconsistent assessment and application of Child Protection procedures.
- Inconsistent assessment and application of Adult Support and Protection procedures.
- Management of the recent issues and concerns expressed relating to the QEUH and RHC, including: facilities and environmental issues; capacity flow across the south sector; and media scrutiny regarding patient care.

Management has implemented a range of control measures to mitigate the effects of each of these risks, and are also working on additional actions which will strengthen controls and further reduce the consequences.

In respect of clinical governance and risk management arrangements we continue to have:

- clearly embedded risk management structures throughout the organisation;
- a strong commitment to clinical effectiveness and quality improvement across the organisation;
- a sound cycle of annual clinical governance reporting arrangements for operational entities with devolved responsibilities; and
- a robust performance management framework that provides the context to support statistics with a high level of qualitative information.

Health and Safety

Following the Health and Safety Executive (HSE) inspection programme of February and March 2017, work has been on-going across the organisation to implement measures to rectify the contraventions identified. The HSE have received a further update of our HSE Implementation Plan in March 2019 and, although no formal response has been received, it has been agreed that a high level meeting will take place with the Director of Human Resources and Organisational Development, Head of Health and Safety and the HSE to discuss the content of the Plan and the on-going interactions with the organisation. This meeting is due to take place by the end of June 2019.

As part of the initial inspection programme, two Improvement Notices were served with regard to skin health of domestic staff. Both of these Notices have been fully complied with - one in September 2018 and the other in January 2019.

The HSE also served a separate Improvement Notice in November 2018 with regard to the use of respiratory protection and general infection control procedures within infectious diseases wards at QEUH. This Notice was fully complied with in January 2019 and work is on-going to roll out the face fit testing component of this Notice across the wider organization. A report on the progress with this was taken to the Health and Safety Forum in April 2019.

The governance group which monitors progress with the HSE Implementation Plan continues to meet on a monthly basis. Directors are provided with monthly plan updates on compliance, including training compliance data, highlighting areas of non-compliance whereby local action is required.

Integration

The Board has worked in partnership with the six councils, and has agreed principles for financial management including budget management, virement and terms of reference for IJB Audit Committees. Governance arrangements, which include internal audit, give assurance to the Board that each IJB is performing in line with its strategic plan.

Developments

The organisation continues its commitment to a process of ongoing development and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, in the period covering the year to 31 March 2019 and up to the signing of the accounts the organisation has continued to monitor, review and enhance its governance arrangements to support the organisational structure.

Significant Issues

The Board's internal auditors completed sixteen audit reviews during the year. There were no grade 4 recommendations raised (very high risk exposure) and no control objectives assessed as "Critical" where there was a fundamental absence or failure of key controls. Overall their reports can be summarised as follows:

- **Red rated – nil:** controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met;
- **Amber rated – three:** numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met;
- **Yellow rated – ten:** a few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met;
- **Green rated – three:** controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

It is the opinion of the Chief Internal Auditor that the three reports rated as amber should be reported in this Governance Statement; these reports are:

- **Sickness absence**
  Audit conclusion - the internal auditors recognised we have created a robust framework for managing sickness absence. They identified through sample testing, that in some cases managers and supervisors are not consistently using this information and adhering to documented processes to manage absences at both individual and team levels. They highlighted that absences may not be managed effectively in every instance which could prevent NHSGGC from lowering absence rates across the Board.

  Management response - actions have been identified, and agreed with managers, to ensure compliance with procedures and to improve the quality of data on sickness absence that will help the Board to improve its performance in this area.

- **Payroll**
  Audit conclusion – the audit review identified a number of weaknesses within NHSGGC's payroll procedures. These covered a number of different areas including the processing of amendments, staff bank payments, medical on-call supplements and Waiting List Initiative sessions.

  Management response - the capabilities of our new HR system, electronic Employees Support System (eESS), will help the Board address many of the recommendations raised in this report and should also improve the efficiency of the payroll processes.

- **Performance reporting**
  Audit conclusion – the internal auditors noted that whilst performance management arrangements in NHSGGC reflect good practice in many areas, there was significant room for improvement in some respects. NHSGGC had an 'Interim Annual Plan' in place for 2018-19 that set out the board's objectives for the year. This plan was put in place as an interim measure following the Scottish Government's suspension of the Annual Delivery Plan process and in recognition of the impact that MFT will have in shaping the strategic agenda.

  The plan was supplemented by a performance management plan that contained supporting actions and targets for measuring delivery of those objectives. The objectives and targets identified provide adequate coverage over the main activities of the health board and comprise an appropriate mix of qualitative and quantitative indicators. This enables NHSGGC to monitor their performance throughout the current year.

  Management response - significant enhancements have been identified that can be made to the performance management process to improve how performance against objectives is measured and reported. The auditors recommended that we produce a comprehensive performance framework to ensure organisation-wide performance is robustly measured and reported on. This includes ensuring all targets are SMART and contain adequate detail around how they will be delivered. This framework will support the production of performance reports that provide substantial assurance to the NHSGGC Board and minimise reporting duplication across the organisation.

Disclosures

With the exception of the matters noted above, no other significant control weaknesses or issues have arisen during the year, and no significant failures have arisen in the expected standards for good governance, risk management and control. Therefore, I have no other disclosures to report.

REMUNERATION REPORT AND STAFF REPORT

REMUNERATION REPORT

Information about the Remuneration Sub-committee, its membership and role are shown in the Governance Statement on Page 24.

The Directors' Remuneration report, which is shown on the following pages, details Board Members' and Senior Employees' remuneration, in bandings of £5,000. These bandings include any backdated salary payments made, and Board contributions made in respect of national insurance and pension.

As at 31st March 2019 (31st March 2018), the salaries of executive board members were as follows:-

J Grant £159,656 (£153,383); Dr J Armstrong £166,867 (£162,039); Dr L de Caestecker £169,106 (£166,936); Dr M McGuire £128,155 (£123,528) M White £136,651 (131,037).

The tables shown on pages 38 - 47 have been subject to audit.

REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - CURRENT YEAR (AUDITED INFORMATION)

	Taxable Salary (Bands of £5,000)	Performance Related Bonus (Bands of £5,000)	Benefits in kind - to nearest £100	Total Earnings in Year (bands of £5,000)	Pension Benefits	Total Remuneration (bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Real increase in pension at age 60 (Bands of £2,500)	Total accrued lump sum at age 60 at 31 March (bands of £5,000)	Real increase in lump sum at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2019	Cash Equivalent Transfer Value (CETV) at 31 March 2018	Real increase in CETV in year
Remuneration of:					£'000						£'000	£'000	£'000
Executive Members													
Chief Executive : J Grant	155 - 160	-	-	155 - 160	-	150 - 155	-	-	-	-	-	-	-
Director of Public Health : L de Caestecker	165 - 170	-	-	165 - 170	23	190 - 195	50 - 55	2.5 - 5.0	160 - 165	10.0 - 12.5	1,313	1,227	64
Medical Director : J Armstrong	165 - 170	-	-	165 - 170	25	190 - 195	20 - 25	2.5 - 5.0	-	-	318	254	40
Nurse Director : M McGuire	125 - 130	-	-	125 - 130	19	145 - 150	15 - 20	2.5 - 5.0	-	-	297	243	36
Director of Finance : M White (Note 3)	135 - 140	-	-	135 - 140	-	135 - 140	-	-	-	-	-	-	-
Non Executive Members													
The Chair : J Brown	40 - 45	-	-	40 - 45	-	40 - 45	-	-	-	-	-	-	-
C Bamforth	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
S Brimelow	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
M Brown (left 31.03.19)	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
S Carr	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
J Cloherty	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Cowan	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Dominiczak	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
J Donnelly	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
R Finnie	20 - 25	-	-	20 - 25	-	20 - 25	-	-	-	-	-	-	-
J Forbes	10 - 15	-	-	10 - 15	-	10 - 15	-	-	-	-	-	-	-
I Fraser (left 31.07.18)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
M Hunter	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
D Lyons	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
A Macleod	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
J Matthews	20 - 25	-	-	20 - 25	-	20 - 25	-	-	-	-	-	-	-
T McAuley (left 31.07.18)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
J McColl	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
D McErlean (Employee Director - this post is full time and the salary shown relates to the substantive post held and non-executive allowance)	45 - 50	-	-	45 - 50	6	50 - 55	10 - 15	0 - 2.5	30 - 35	2.5 - 5.0	239	204	31
S Mechan	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Monaghan	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
I Nicolson	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
I Ritchie	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
R Sweeney	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Thompson	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
Other Senior Employees													
Chief Operating Officer, Acute Division : G Archibald (left 31.12.18)	110 - 115	-	-	110 - 115	17	125 - 130	-	-	-	-	-	-	-
Interim Chief Operating Officer, Acute Division : J Best (from 01.02.19)	125 - 130	-	-	125 - 130	19	140 - 145	30 - 35	2.5 - 5.0	90 - 95	10.0 - 12.5	660	565	76
											2,827	**2,493**	**247**

Note:

1. CETV figures are notional calculations based on actuarial tables.

Prior Year CETV values have been adjusted due to factors provided by the Government's Actuary Department to the following:-

Director of Public Health : L de Caestecker	1,308	to	1,227
Medical Director : J Armstrong	251	to	254
Nurse Director : M McGuire	239	to	243
Employee Director : D McErlean	215	to	204
Chief Operating Officer, Acute Division : G Archibald (left 31.12.18)	464	to	-
Interim Chief Operating Officer, Acute Division : J Best (from 01.02.19)	578	to	565
	3,055		2,493

2. The Chief Executive is not a member of the pension scheme.

3. The Director of Finance is not a member of the pension scheme.

REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - PRIOR YEAR (AUDITED INFORMATION)

	Taxable Salary (Bands of £5,000)	Performance Related Bonus (Bands of £5,000)	Benefits in kind - to nearest £100	Total Earnings in Year (bands of £5,000)	Pension Benefits	Total Remuneration (bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Real increase in pension at age 60 (Bands of £2,500)	Total accrued lump sum at age 60 at 31 March (bands of £5,000)	Real increase in lump sum at age 60 at 31 March (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2018	Cash Equivalent Transfer Value (CETV) at 31 March 2017	Real increase in CETV in year
Remuneration of:					£'000						£'000	£'000	£'000
Executive Members													
Chief Executive : J Grant(from 01.04.17)	150 - 155	-	-	150 - 155	-	150 - 155	-	-	-	-	-	-	-
Director of Public Health : L de Caestecker	165 - 170	-	-	165 - 170	23	185 - 190	55 - 60	5.0 - 7.5	165 - 170	20.0 - 22.5	1,308	1,165	120
Medical Director : J Armstrong	170 - 175	-	-	170 - 175	26	195 - 200	15 - 20	2.5 - 5.0	-	-	251	203	23
Nurse Director : M McGuire	120 - 125	-	-	120 - 125	18	140 - 145	10 - 15	0 - 2.5	-	-	239	199	22
Director of Finance : M White (Note 3)	130 - 135	-	-	130 - 135	-	130 - 135	-	-	-	-	-	-	-
Non Executive Members													
The Chair : J Brown	65 - 70	-	-	65 - 70	-	65 - 70	-	-	-	-	-	-	-
C Bamforth (from 07.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
S Brimelow	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
M Brown	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
H Cameron (left 30.06.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
S Carr	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
G Casey (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
J Cloherty (left 30.04.17) (from 14.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Cowan	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
M Devlin (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
A Dominiczak	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
J Donnelly	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
R Finnie	20 - 25	-	-	20 - 25	-	20 - 25	-	-	-	-	-	-	-
J Forbes	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
I Fraser	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
M Hunter (from 01.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
M Kerr (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
A Lafferty (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
J Legg (left 20.06.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
D Lyons	10 - 15	-	-	10 - 15	-	10 - 15	-	-	-	-	-	-	-
A Macleod	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
M Macmillan (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
J Matthews	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
T McAuley	10 - 15	-	-	10 - 15	-	10 - 15	-	-	-	-	-	-	-
D McErlean (from 01.10.16) (Employee Director - this post is full time and the salary shown relates to the substantive post held and non-executive allowance)	40 - 45	-	-	40 - 45	5	45 - 50	5 - 10	0 - 2.5	25 - 30	2.5 - 5.0	215	189	23
J McColl (from 19.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
S Mechan (from 07.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Monaghan	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
I Nicolson (from 01.06.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
M O'Donnell (left 30.04.17)	0 - 5	-	-	0 - 5	-	0 - 5	-	-	-	-	-	-	-
I Ritchie	15 - 20	-	-	15 - 20	-	15 - 20	-	-	-	-	-	-	-
R Sweeney	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
A Thompson (from 01.07.17)	5 - 10	-	-	5 - 10	-	5 - 10	-	-	-	-	-	-	-
Other Senior Employees													
Chief Operating Officer, Acute Division : G Archibald	120 - 125	-	-	120 - 125	20	140 - 145	20 - 25	0 - 2.5	60 - 65	2.5 - 5.0	464	424	22
Interim Chief Operating Officer, Acute Division : J Best	120 - 125	-	-	120 - 125	18	135 - 140	25 - 30	0 - 2.5	80 - 85	5.0 - 7.5	578	515	46
											3,055	**2,695**	**256**

Note:

1. CETV figures are notional calculations based on actuarial tables.

Prior Year CETV values have been adjusted due to factors provided by the Government's Actuary Department to the following:-

Director of Public Health : L de Caestecker	1,132	to	1,165
Medical Director : J Armstrong	328	to	203
Nurse Director : M McGuire	-	to	199
Employee Director : D McErlean	184	to	189
Chief Operating Officer, Acute Division : G Archibald	412	to	424
Interim Chief Operating Officer, Acute Division : J Best	-	to	515
	2,056		2,695

2. The Chief Executive is not a member of the pension scheme.

3. The Director of Finance is not a member of the pension scheme.

Fair Pay Disclosure

	2019	2018
Range of Staff Remuneration	10 - 370	10 - 290
Highest earning Director's total remuneration (£)	165 -170	165 -170
Median total remuneration	26,122	26,226
Ratio	6.47	6.37

The banded remuneration of the highest paid director in NHS Greater Glasgow and Clyde Health Board in the financial year 2018/19 was £169,106 (2017/18 £166,936). This was 6.47 times (2017/18 6.37) the median remuneration of the workforce which was £26,122 (2017/18 £26,226).

The highest paid director in 2018/19 was the Director of Public Health of the Health Board. The earnings figures provided above for the highest earning Director includes total salary, non-consolidated performance related pay and any benefits in kind where appropriate.

In 2018/19 129 (2017/18 131) employees received remuneration in excess of the highest paid director. Remuneration ranged from £169,106 to £369,800.

STAFF REPORT

Other Employees whose remuneration fell within the following ranges :

	2019 Number	2018 Number
Clinicians		
£ 70,001 to £ 80,000	220	187
£ 80,001 to £ 90,000	149	185
£ 90,001 to £100,000	217	199
£100,001 to £110,000	194	182
£110,001 to £120,000	203	188
£120,001 to £130,000	161	172
£130,001 to £140,000	181	169
£140,001 to £150,000	131	119
£150,001 to £160,000	124	124
£160,001 to £170,000	96	77
£170,001 to £180,000	44	46
£180,001 to £190,000	33	27
£190,001 to £200,000	17	15
£200,001 and over	24	23
Other		
£ 70,001 to £ 80,000	130	117
£ 80,001 to £ 90,000	55	49
£ 90,001 to £100,000	12	11
£100,001 to £110,000	7	9
£110,001 to £120,000	4	4
£120,001 to £130,000	2	2

b) Staff Numbers and Costs

Staff Costs

	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	2019 £'000	2018 £'000
Salaries and Wages	761	348	1,349,803	0	0	(8,261)	1,342,651	1,300,370
Social Security Costs	99	22	141,840	0	0	(816)	141,145	134,457
NHS scheme employers' costs	67	6	169,959	0	0	(1,122)	168,910	163,369
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward Secondees	0	0	0	11,859	0	0	11,859	12,759
Agency Staff					20,142		20,142	23,822
	927	376	1,661,602	11,859	20,142	(10,199)	1,684,707	1,634,777
Compensation for loss of office	0	0	550	0	0	0	550	1,025
Pensions to former board members	0	0	0	0	0	0	0	0
TOTAL	**927**	**376**	**1,662,152**	**11,859**	**20,142**	**(10,199)**	**1,685,257**	**1,635,802**

Included in the total staff costs above were staff engaged directly on capital projects charged to capital expenditure of :	0	0

Staff Numbers

Whole Time Equivalent (WTE)

5.0	**25.0**	**35,706.6**	**191.3**	**347.3**	**(248.76)**	**36,026.4**	**36,228.1**

Included in the total staff numbers above were staff engaged directly on capital projects charged to capital expenditure of :	0	0
Included in the total staff numbers above were disabled staff of :	201	159
Included in the total staff numbers above were Special Advisors of :	0	0

Reconciliation to Income and Expenditure

	£'000
Total employee expenditure as above	**1,685,257**
Add: employee income included in Note 4	**10,199**
Total employee expenditure disclosed in note 3	**1,695,456**

c) Staff Composition – an analysis of the number of persons of each sex who were directors and employees

		2019 Headcount				2018 Headcount		
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	1	4	0	5	1	4	0	5
Non-Executive Directors and Employee Director	12	13	0	25	18	16	0	34
Senior Employee	39	51	0	90	46	67	0	113
Other	9,143	32,808	0	41,951	8,866	30,221	0	39,087
Grand Total	9,195	32,876	0	42,071	8,931	30,308	0	39,239

Note

The table above includes employees who have a substantive and bank post. Staff Numbers and Costs table on the previous page shows the WTE figure.

d) Sickness Absence Data

	2019	2018
Sickness Absence Rate	5.5%	5.1%

e) Employment of Staff with Disabilities

NHS Greater Glasgow and Clyde is strongly committed to equal opportunities as an employer to ensure that the talents and resources of employees are utilised to their full extent and that all applicants or employees are treated fairly and equally.

Policies specifically relating to employment of individuals with disabilities are set out within the following:

- NHS Greater Glasgow and Clyde Recruitment Process Guidance
- NHS Greater Glasgow and Clyde Workforce Change Policy and Procedure
- NHS Greater Glasgow and Clyde Equality, Diversity and Human Rights Policy

f) Facility Time Publication Requirements

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. *The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data* on the NHSGGC website

a) Trade Union (TU) representative – the total number of employees who were TU representatives during the relevant period.

Number of employees who were relevant union officials during the relevant period	244	FTE employee number	45.34

b) Percentage of time spent on facility time - How many employees who were TU representatives/ officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of Time	Number of Representatives
0%	0
1- 50%	219
51% - 99%	17
100%	8

c) Percentage of pay bill spent on facility time - percentage of the total pay bill spent on paying employees who were TU representatives for facility time during the relevant period.

Total Cost Of Facility Time	1,877,075
Total Paybill	1,676,775,102
Percentage of the Total Paybill spent on facility time calculated as : (total cost of facility time /total Paybill) x 100	0.112%

d) Paid TU activities - As a percentage of total paid facility time hours, how many hours were spent by employees who were TU representatives during the relevant period on paid TU activities.

Time spent on paid TU activities as a percentage of total paid facility time. Hours calculated as (total hours spent on TU activities by TU representatives during the relevant period / total paid facility time hours) x 100	100%

NHS Greater Glasgow and Clyde fully adheres to the Scottish Government Staff Governance Standards which includes staff being well informed, appropriately trained, involved in decisions which affect them, being treated fairly and consistently and provided with a safe working environment. NHS Greater Glasgow and Clyde applies all nationally agreed workforce policies which are in line with UK and European employment legislation. NHS Greater Glasgow and Clyde also works with appropriate statutory bodies that provide external scrutiny including the Health and Safety Executive.

g) Exit Packages – Current Year

Exit package cost band	Number of compulsory	Number of other departures agreed	2019 Total number of exit packages by cost band
<£10,000	0	4	4
£10,000 - £25,000	0	3	3
£25,000 - £50,000	0	1	1
£50,000 - £100,000	0	0	0
£100,000- £150,000	0	0	0
£150,000- £200,000	0	0	0
>£200,000	0	1	1
Total number exit packages by type	**0**	**9**	9
Total resource cost (£'000)	**0**	**550**	**550**

Exit Packages – Prior Year

Exit package cost band	Number of compulsory	Number of other departures agreed	2018 Total number Of exit packages by cost band
<£10,000	0	7	7
£10,000 - £25,000	0	9	9
£25,000 - £50,000	0	6	6
£50,000 - £100,000	0	4	4
£100,000- £150,000	0	1	1
£150,000- £200,000	0	0	0
>£200,000	0	1	1
Total number exit packages by type	**0**	**28**	**28**
Total resource cost (£'000)	**0**	**1,025**	**1,025**

PARLIAMENTARY ACCOUNTABILITY REPORT

LOSSES AND SPECIAL PAYMENTS

The write-off of the following losses and special payments has been approved by the board:

	No Of Cases	£'000
Losses	402	9,808

In the year to March 2019, the following balances in excess of £250,000 were written off:

Reference	Description	2019 £'000
	Loss of Equipment	NA
	Total Claims paid under CNORIS scheme	NA

In 2018-19, the Board was required to pay out £3.2M in respect of 5 claims individually greater than £250,000 settled under the CNORIS scheme (2017-18: £4M, 6 cases). Part payments had been made in relation to these settled cases and the value disclosed here is the total award. Further detail on the scheme can be found in Note 1 (accounting policies) of the annual accounts.

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in Note 13.

Fees and Charges

The Board had no commercial trading activity during 2018/19 where the full annual cost exceeded £1 million (2017/18 nil).

J Grant

Chief Executive & Accountable Officer
June 2019

Independent auditor's report to the members of NHS Greater Glasgow and Clyde, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Greater Glasgow and Clyde and its group for the year ended 31 March 2019 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 Government Financial Reporting Manual (the 2018/19 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board and its group as at 31 March 2019 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 28 January 2019. This is the first year of my appointment. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited

part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Cornett FCPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

26 June 2019

Consolidated Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

	Note	**2019 £'000**	2018 £'000
Staff Costs	3a	**1,695,456**	1,635,802
Other operating expenditure	3b		
Independent Primary Care Services		**374,647**	351,176
Drugs and medical supplies		**612,279**	610,520
Other health care expenditure		**2,096,943**	2,008,705
Gross expenditure for the year		**4,779,325**	4,606,203
Less: operating income		**(2,122,929)**	(2,009,818)
Joint Ventures accounted for on an equity basis	4	**(6,060)**	(11,498)
Net expenditure for the year		**2,650,336**	2,584,887

	2019 £'000	2018 £'000
OTHER COMPREHENSIVE NET EXPENDITURE/(INCOME)		
Net gain on revaluation of property, plant and equipment	**(30,030)**	(109,833)
Net gain on revaluation of intangibles	**(323)**	-
Net (gain)/loss on revaluation of available for sale financial assets	**(2,371)**	3
Other comprehensive income	**(32,724)**	(109,830)
Comprehensive net expenditure	**2,617,612**	2,475,057

	2019 £'000
SUMMARY OF CORE REVENUE RESOURCE OUTTURN	
Net expenditure	**2,650,336**
Total Non Core Expenditure (see below)	**(102,153)**
FHS Non Discretionary Allocation	**(155,226)**
Donated Assets Income	**928**
Endowment Net Operating Costs	**4,380**
Associates and Joint Ventures accounted for on an equity basis	**6,060**
Totals	**2,404,325**
Core Revenue Resource Limit	**2,404,664**
Saving against Core Revenue Resource Limit	**339**

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN	
Depreciation/Amortisation	**77,713**
Annually Managed Expenditure - Impairments	**6,441**
Annually Managed Expenditure - Creation of Provisions	**(15,481)**
Annually Managed Expenditure - Depreciation of Donated Assets	**1,451**
Additional SGHSCD non-core funding	**25,500**
IFRS PFI Expenditure	**6,529**
Total Non Core Expenditure	**102,153**

SUMMARY RESOURCE OUTTURN	
Core Expenditure	**2,404,325**
Non Core Expenditure	**102,153**
Total Net Expenditure	**2,506,478**
Core Revenue Resource Limit	**2,404,664**
Non Core Revenue Resource Limit	**102,153**
Total Revenue Resource Limit	**2,506,817**
Saving against Total Revenue Resource Limit	**339**

Consolidated Statement of Financial Position

Consolidated 2018 £'000	Board 2018 £'000		Note	Consolidated 2019 £'000	Board 2019 £'000
		NON CURRENT ASSETS			
2,197,668	2,197,528	Property, plant and equipment	7c	**2,196,757**	**2,196,757**
213	213	Intangible assets	6a	**768**	**768**
		Financial assets:			
85,036	857	Available for sale financial assets	10	**88,399**	**1,059**
30,591	-	Investment in joint ventures	22b	**36,651**	**-**
105,598	105,598	Trade and other receivables	9	**98,340**	**98,340**
2,419,106	2,304,196	**Total Non Current Assets**		**2,420,915**	**2,296,924**
		CURRENT ASSETS			
21,595	21,595	Inventories	8	**22,961**	**22,961**
1,259	1,259	Intangible assets	6b	**250**	**250**
		Financial assets:			
127,928	127,362	Trade and other receivables	9	**141,845**	**138,837**
1,695	752	Cash and cash equivalents	11	**6,063**	**5,386**
11,222	11,222	Assets classified as held for sale	7b	**5,621**	**5,621**
163,699	162,190			**176,740**	**173,055**
		CURRENT LIABILITIES			
(52,349)	(52,349)	Provisions	13a	**(78,435)**	**(78,435)**
		Financial liabilities:			
(323,591)	(322,064)	Trade and other payables	12	**(360,145)**	**(360,172)**
2,206,865	2,091,973	**Total assets less current liabilities**		**2,159,075**	**2,031,372**
		NON CURRENT LIABILITIES			
(276,789)	(276,789)	Provisions	13a	**(251,397)**	**(251,397)**
		Financial liabilities:			
(282,841)	(282,841)	Trade and other payables	12	**(290,288)**	**(290,288)**
(559,630)	(559,630)			**(541,685)**	**(541,685)**
1,647,235	1,532,343			**1,617,390**	**1,489,687**
		TAXPAYERS' EQUITY			
1,200,569	1,200,569	General Fund		**1,134,923**	**1,134,923**
331,774	331,774	Revaluation Reserve		**354,764**	**354,764**
30,591	-	Other reserves - joint ventures		**36,651**	**-**
84,301	-	Funds held on Trust		**91,052**	**-**
1,647,235	1,532,343			**1,617,390**	**1,489,687**

Adopted by the Board on 25 June 2019

M White
Director of Finance

J Grant
Chief Executive

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

	Note	**2019 £'000**	2018 £'000
NET OPERATING CASHFLOW			
Net expenditure	SoCTE	**(2,650,336)**	(2,584,887)
Adjustments for non cash transactions	2a	**81,763**	51,757
Interest payable	2b	**19,647**	20,093
Interest receivable	4	**-**	(5)
Investment Income		**(2,261)**	(1,822)
Movements in working capital	2c	**23,755**	(9,366)
Totals	22c	**(2,527,432)**	(2,524,230)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(62,875)**	(72,129)
Purchase of intangible assets		**(480)**	(462)
Investment Additions	10	**(16,198)**	(79,172)
Transfer of assets from other NHS bodies		**-**	(240)
Proceeds of disposal of property, plant and equipment		**13,725**	7,027
Proceeds of disposal of intangible assets		**175**	-
Receipts from sale of investments		**13,277**	53,158
Interest received		**2,261**	1,834
Net cash outflow from Investing Activities	22c	**(50,115)**	(89,984)
FINANCING			
Funding	SoCTE	**2,586,572**	2,601,510
Movement in general fund working capital	SoCTE	**4,634**	318
Cash drawn down		**2,591,206**	2,601,828
Capital element of payments in respect of finance leases and on balance sheet PFI Contracts	2c	**8,502**	3,793
Net cash inflow from financing	22c	**2,580,061**	2,585,528
Decrease in cash in year		**2,514**	(28,686)
Net cash at 1 April		**10,765**	39,451
Net cash at 31 March		**13,279**	10,765

Note:

The net cash balances above differ from those disclosed in Note 11 to these accounts due to the treatment of investment cash within endowments. This balance is included within Available For Sale Financial Assets in the balance sheet, and for current year was £7,216k (prior year £9,070k).

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserves - Joint Ventures £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2018		**1,200,569**	**331,774**	**30,591**	**84,301**	**1,647,235**
Changes in taxpayers' equity for 2018-19						
Net gain on revaluation / indexation of property, plant and equipment	7a	-	30,030	-	-	**30,030**
Net gain / (loss) on revaluation / indexation of intangible assets	10	-	323	-	-	**323**
Net gain on revaluation of available for sale financial assets	10	-	-	-	2,371	**2,371**
Impairment of property, plant and equipment	7a	-	(5,867)	-	-	**(5,867)**
Revaluation and impairments taken to operating costs	2a	-	7,080	-	-	**7,080**
Transfers between reserves		8,576	(8,576)	-	-	**-**
Other non cash costs		(18)	-	-	-	**(18)**
Net operating cost for the year		(2,660,776)	-	6,060	4,380	**(2,650,336)**
Total recognised income and expense for 2018-19		**(2,652,218)**	**22,990**	**6,060**	**6,751**	**(2,616,417)**
Funding:						
Drawn down	CFS	2,591,206	-	-	-	**2,591,206**
Movement in General Fund (creditor) / debtor	CFS	(4,634)	-	-	-	**(4,634)**
Balance at 31 March 2019	SOFP	**1,134,923**	**354,764**	**36,651**	**91,052**	**1,617,390**

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserves - Joint Ventures £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2017		**1,182,707**	**253,758**	**19,093**	**86,836**	**1,542,394**
Changes in taxpayers' equity for 2017-18						
Net gain on revaluation / indexation of property, plant and equipment	7a	-	109,833	-	-	**109,833**
Net gain / (loss) on revaluation of investments	10	-	-	-	16	**16**
Impairment of property, plant and equipment	7a	-	(7,460)	-	-	**(7,460)**
Impairment of intangible assets	6	-	-	-	-	**-**
Revaluation and impairments taken to operating costs	2a	-	(13,931)	-	-	**(13,931)**
Transfers between reserves		10,426	(10,426)	-	-	**-**
Other non cash costs		(240)	-	-	-	**(240)**
Net operating cost for the year		(2,593,834)	-	11,498	(2,551)	**(2,584,887)**
Total recognised income and expense for 2017-18		**(2,583,648)**	**78,016**	**11,498**	**(2,535)**	**(2,496,669)**
Funding:						
Drawn down	CFS	2,601,828	-	-	-	**2,601,828**
Movement in General Fund (creditor) / debtor	CFS	(318)	-	-	-	**(318)**
Balance at 31 March 2018	SOFP	**1,200,569**	**331,774**	**30,591**	**84,301**	**1,647,235**

1. ACCOUNTING POLICIES

1) Authority

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section (29) below.

a) Standards, amendments and interpretations effective in current year

The following accounting standards have been applied for the first time in 2018-19:

- IFRS 9 Financial Instruments

The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected loss impairment model; and a revised approach to hedge accounting.

- IFRS 15 Revenue from Contracts with Customers

The standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

Both standards have been applied retrospectively and without restatement of prior year figures.

b) Standards, amendments and interpretations early adopted this year

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

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

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

2) Basis of Consolidation

Consolidation:

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the NHSGGC 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 NHSGGC Endowment Fund is a charity registered with the Office of the Scottish Charity Regulator (OSCR) and is required to prepare and submit audited financial statements to OSCR on an annual basis.

The basis of consolidation is merger accounting. Any intra group transactions or balances between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of IJBs using the equity method of accounting. The Board has disclosed its interest in six Integration Joint Boards (IJBs); East Dunbartonshire, West Dunbartonshire, Glasgow City, Inverclyde, East Renfrewshire and Renfrewshire.

Note 22 to the Annual Accounts details how these consolidated financial statements have been prepared.

3) Retrospective Restatements
There have been no prior year adjustments included in the accounts.

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 and financial assets and liabilities (including derivative instruments) at fair value.

6) Funding
Most of the expenditure of the 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 Summary of Resource Outturn.

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

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

NHSGGC Endowment Funds:
All incoming resources are recognised when the Endowment Fund has received its entitlement to the resources, it is certain that that the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability.
Donations and legacies are credited to revenue on a receivable basis. Legacies are accounted for on receipt of correspondence from the personal representative indicating that payment of the legacy will be made.

All expenditure including grants is accounted for on an accruals basis and is only incurred where this will further the charitable objects of the NHSGGC Endowment Funds.
Expenditure is recognised when there is a legal or constructive obligation committing the fund to the expenditure.

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

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

7.1) Recognition
Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, 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:

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

7.2) Measurement
Valuation:
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.
All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

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

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

Valuations of all land and building assets are reassessed by valuers under a 5-year rolling programme of professional valuations, with the aim of assessing approximately 20% each year. Building Cost Information Service (BCIS) indices are used in the intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost 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.

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

Subsequent expenditure:
Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure (SOCNE). 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 SOCNE, 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 SOCNE. Any related balance on the revaluation reserve is transferred to the General Fund. Gains and losses on revaluation are reported in the SOCNE.

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

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

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

- Freehold land is considered to have an infinite life and is not depreciated.
- Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 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.
- Equipment is depreciated over the estimated life of the asset.
- 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	Asset Lives
Medical Equipment	5 – 15 years
Engineering Equipment	5 - 15 years
Catering Equipment	5 - 15 years
Vehicles	7 years
Information Technology	5 – 10 years
Other Office Equipment	5 years
Buildings - Structure	1 – 90 years
Buildings – External Works	1 – 90 years

8) Intangible Assets

8.1) Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:
Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.
Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Board intends to complete the asset and sell or use it;
- the Board has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Board to complete the development and sell or use the asset; and
- the Board can measure reliably the expenses attributable to the asset during development.

Expenditure so deferred is limited to the value of future benefits.

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 fixed assets where expenditure of at least £5,000 is incurred.

Carbon Emissions (Intangible Assets):
Participation in the Carbon Reduction Commitment (CRC) scheme gives rise to an asset for allowances held and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as CRC emission allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value.

When allowances are issued for less than their fair value, the difference between the amount paid and fair value is revaluation and charged to the general fund. The general fund is charged with the same proportion of the amount of the revaluation, which the amount of the grant bears to the acquisition cost of the asset.

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. This will usually be the present market price of the number of allowances required to cover emissions made up to the Statement of Financial Position date.

Websites:
Websites are capitalised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Board; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

8.2) Measurement

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

Subsequently intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured 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 SOCNE, in which case they are recognised in income.
Permanent decreases in asset values and impairments are charged gross to the SOCNE. Any related balance on the 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 SOCNE.

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'.

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

8.3) Amortisation

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

Amortisation is charged to the SOCNE on each main class of intangible asset as follows:-

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

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category	Asset Lives
Intangible Assets – Software Licences	1 – 5 years
Intangible Assets – EU ETS Allowances	1 – 5 years

9) Non-current assets held for sale

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

- 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.

10) Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

11) Sale of Property, plant and equipment, intangible assets and non-current assets held for sale

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

12) 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. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the SOCNE. 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.

In circumstances where the Board leases to others such transactions are accounted for in accordance with IFRS requirements. These leases are treated in a similar manner to the treatment noted above for Finance and Operating leases although in this case the Board is the lessor.

13) Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use

is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SOCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

14) General Fund Receivables and Payables

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

15) Inventories

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

16) Losses and Special Payments

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

17) Employee Benefits

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 (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation 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 SOCNE at the time the Board commits itself to the retirement, regardless of the method of payment.

18) Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the CNORIS scheme by the Scottish Government.

NHS Greater Glasgow and Clyde provides for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim 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.

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

19) Related Party Transactions

Material related party transactions are disclosed in the note 21 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

20) Value Added Tax

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

21) PFI Schemes/HUB/NPD Schemes

Transactions financed as revenue transactions through the Private Finance Initiative or alternative initiatives such as HUB or the Non Profit Distributing Model (NPD) are accounted for in accordance with the HM Treasury application of IFRIC 12, *Service Concession Arrangements,* outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-Statement of Financial Position. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the SOCNE. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the Statement of Financial Position over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Board. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 17. Where it is not possible to separate the finance element from the service element of unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge and the finance cost interest element are charged in the SOCNE.

22) Provisions

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

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 14 where an inflow of economic benefits is probable.

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

- 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

Business model:

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

Classification:

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

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

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

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

i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and

ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

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

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

i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and

ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets:
Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.
Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement:
Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.
Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

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

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

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

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

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

Financial Liabilities

Classification:
The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;

ii. they contain embedded derivatives; and/or

iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement:
Financial liabilities are recognised when the NHS Board becomes party to the contractual provisions of the financial instrument.
A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

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

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

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

(b) Amortised costs

Financial liabilities held at amortised cost 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 requirements of the Board. The Chief Executive Officer and the executive team are responsible for allocating resources and assessing performance of the operating segments.

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

27) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term

highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

28) Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in Note 21 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

29) Key sources of judgement and estimation uncertainty

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

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

- Provisions - Pensions and Similar Obligations. The Board has provided for estimated costs relating to pensions and similar obligations and reliance has been placed on details provided by the Scottish Public Pensions Agency in order to quantify the amounts provided.
- Provisions - Clinical and Medical Negligence claims. The Board has provided for estimated costs relating to clinical and medical negligence and reliance has been placed on details provided by the NHS Scotland Central Legal Office in order to quantify amounts provided.

2. NOTES TO THE CASH FLOW STATEMENT

2a. Consolidated adjustments for non-cash transactions

	Note	2019 £'000	2018 £'000
Expenditure Not Paid In Cash			
Depreciation	7a	**83,482**	80,032
Amortisation	6	**203**	59
Depreciation of donated assets	7a	**1,451**	1,556
Impairments on PPE charged to SoCNE		**2,814**	7,460
Net revaluation on PPE charged to SoCNE		**1,213**	(21,391)
Loss on re-measurement of non-current assets held for sale	7b	**3,053**	-
Funding Of Donated Assets	7a	**(928)**	(2,028)
Profit on disposal of intangible assets		**(130)**	-
Profit on disposal of property, plant and equipment		**(3,335)**	(2,433)
Associates and joint ventures accounted for on an equity basis	SoCNE	**(6,060)**	(11,498)
Total Expenditure Not Paid In Cash	CFS	**81,763**	51,757

2b. Interest payable recognised in operating expenditure

PFI Finance lease charges allocated in the year		**20,500**	20,292
Provisions - Unwinding of discount		**(853)**	(199)
Total		**19,647**	20,093

2c. Consolidated movements in working capital

	Note	Opening Balances £'000	Closing Balances £'000	Net Movement 2019 £'000	Net Movement 2018 £'000
INTANGIBLE ASSETS CURRENT					
Balance Sheet	6b	**1,259**	250		
Net Decrease				**1,009**	-
INVENTORIES					
Balance Sheet	8	**21,595**	22,961		
Net Decrease/(Increase)				**(1,366)**	580
TRADE AND OTHER RECEIVABLES					
Due within one year	9	**127,928**	141,845		
Due after more than one year	9	**105,598**	98,340		
Less: Capital included in above	-	**(16,110)**	(8,572)		
		217,416	231,613		
Net Increase				**(14,197)**	(25,205)
TRADE AND OTHER PAYABLES					
Due within one year	12	**323,591**	360,145		
Due after more than one year	12	**282,841**	290,288		
Less: Property, Plant & Equipment (Capital) included in above	-	**(48,594)**	(41,844)		
Less: General Fund Creditor included in above	12	**(752)**	(5,386)		
Less: Lease and PFI Creditors included in above	12	**(248,570)**	(257,072)		
		308,516	346,131		
Net Increase				**37,615**	10,827
PROVISIONS					
Statement of Financial Position	13a	**329,138**	329,832		
Net Increase				**694**	4,432
Net (Decrease)/Increase				**23,755**	(9,366)

3. OPERATING EXPENSES

3a. Employee expenditure

	2019	2018
	£'000	£'000
Medical and Dental	**434,090**	423,242
Nursing	**693,631**	663,517
Other Staff	**567,735**	549,043
Total	**1,695,456**	1,635,802

3b. Other operating expenditure

	2019	2018
	£'000	£'000
Independent Primary Care Services:		
General Medical Services	**185,779**	172,631
Pharmaceutical Services	**60,524**	55,016
General Dental Services	**101,425**	97,086
General Ophthalmic Services	**26,919**	26,443
Total	**374,647**	351,176
Drugs and medical supplies:		
Prescribed drugs Primary Care	**237,232**	238,396
Prescribed drugs Secondary Care	**225,065**	225,976
Medical Supplies	**149,982**	146,148
Total	**612,279**	610,520
Other health care expenditure		
Contribution to Integration Joint Boards	**1,374,024**	1,324,220
Goods and services from other NHSScotland bodies	**43,694**	39,414
Goods and services from other UK NHS bodies	**1,918**	1,716
Goods and services from private providers	**13,782**	16,189
Goods and services from voluntary organisations	**18,370**	21,714
Resource Transfer	**222,799**	212,326
Loss on disposal of assets	**465**	78
Other operating expenses	**414,201**	383,877
External Auditor's remuneration - statutory audit fee	**391**	392
- other services (details provided below)	**-**	-
Endowment Fund expenditure	**7,299**	8,779
Total	**2,096,943**	2,008,705
Total Other Operating Expenditure	**3,083,869**	2,970,401

There have been no services provided by the external auditors (Audit Scotland) other than the statutory audit.

Note: Larger value items within Other Operating Expenses included:		
Depreciation	**85,055**	81,647
Professional Fees & Charges	**52,886**	49,081
Equipment	**47,039**	39,621
PFI	**35,916**	31,725
Rates	**30,693**	30,877
Heating, Fuel & Power	**27,093**	25,519
Impairment/Pensions/Negligence Provision	**19,453**	2,666

4. OPERATING INCOME

	2019	2018
	£'000	£'000
Income from Scottish Government	**1,751**	1,276
Income from other NHS Scotland bodies	**608,211**	576,686
Income from NHS non-Scottish bodies	**3,724**	3,173
Income from private patients	**145**	164
Income for services commissioned by Integration Joint Board	**1,374,024**	1,324,179
Patient charges for primary care	**17,236**	15,714
Donations	**928**	2,028
Profit on disposal of assets	**3,930**	2,511
Contributions in respect of clinical and medical negligence claims	**25,154**	1,218
Interest received	**-**	5
Non NHS:		
Overseas patients (non-reciprocal)	**1,179**	1,011
Endowment Fund Income	**11,679**	6,228
Other	**74,968**	75,625
Total	**2,122,929**	2,009,818
Note: Larger value items within Other Operating Income included:		
Healthcare to other organisations inc Local Authorities and other Govn depts	**27,567**	28,338
Road Traffic Act	**10,801**	7,907
Rent of Premises Income	**3,999**	4,377
Dining Room Income	**3,349**	3,324
Laboratory Income	**2,790**	2,902

5. SEGMENTAL INFORMATION

	ACUTE	NHS COMMUNITY PARTNERSHIPS	CORPORATE	UNALLOCATED	FUNDS HELD ON TRUST	IJBs	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost	922,389	1,208,943	529,444	-	(4,380)	(6,060)	**2,650,336**
Total assets	-	-	-	2,469,979	92,511	30,591	**2,593,081**
Total liabilities	-	-	-	980,292	1,459	-	**981,751**
Revenue from external sources	579,080	64,507	93,639	-	11,679	1,374,024	**2,122,929**
Impairment losses recognised in SoCNE	-	-	-	-	7,080	-	**7,080**
Depreciation and amortisation	46	2	85,007	-	-	-	**85,055**
Non-current assets held for sale	-	-	-	5,621	-	-	**5,621**
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	-	-	-	53,708	-	-	**53,708**

PRIOR YEAR

	ACUTE	NHS COMMUNITY PARTNERSHIPS	CORPORATE	UNALLOCATED	FUNDS HELD ON TRUST	IJBs	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost	906,946	1,170,705	516,183	-	2,551	(11,498)	**2,584,887**
Total assets	-	-	-	2,466,293	85,921	30,591	**2,582,805**
Total liabilities	-	-	-	933,950	1,620	-	**935,570**
Revenue from external sources	554,273	64,618	60,520	-	6,228	1,324,179	**2,009,818**
Impairment losses recognised in SoCNE	-	-	-	166	-	-	**166**
Impairment reversals recognised in SoCNE	-	-	-	(14,097)	-	-	**(14,097)**
Depreciation and amortisation	47	2	81,598	-	-	-	**81,647**
Non-current assets held for sale	-	-	-	11,222	-	-	**11,222**
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	-	-	-	73,831	-	-	**73,831**

6a. INTANGIBLE ASSETS (NON CURRENT) - CONSOLIDATED AND BOARD

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
Cost or Valuation:			
At 1 April 2018	832	169	1,001
Additions	480	-	480
Revaluations	-	323	323
Disposals	-	(45)	(45)
At 31 March 2019	**1,312**	**447**	**1,759**
Amortisation			
At 1 April 2018	788	-	788
Provided during the year	122	81	203
At 31 March 2019	**910**	**81**	**991**
Net book value at 1 April 2018	44	169	213
Net book value at 31 March 2019	**402**	**366**	**768**

6a. INTANGIBLE ASSETS (NON CURRENT), cont. - CONSOLIDATED AND BOARD PRIOR YEAR

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
Cost or Valuation:			
At 1 April 2017	832	169	1,001
At 31 March 2018	**832**	**169**	**1,001**
Amortisation			
At 1 April 2017	729	-	729
Provided during the year	59	-	59
At 31 March 2018	**788**	**-**	**788**
Net book value at 1 April 2017	103	169	272
Net book value at 31 March 2018	**44**	**169**	**213**

6b. INTANGIBLE ASSETS (CURRENT) - CONSOLIDATED AND BOARD

	2019 £'000	2018 £'000
Carbon Reduction Commitment Allowances	**250**	1,259
Total	**250**	1,259

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2018	91,266	2,024,143	-	1,560	314,943	113,062	13,287	97,184	2,655,445
Additions - purchased	-	-	-	-	2,577	-	-	53,548	56,125
Additions - donated	500	-	-	-	22	-	-	406	928
Completions	-	59,922	-	-	12,024	7,135	291	(79,372)	-
Revaluations	(87)	20,073	-	-	-	-	-	-	19,986
Impairment charges	(1,184)	-	-	-	-	-	-	(1,630)	(2,814)
Disposals - purchased	(247)	-	-	(59)	(3,912)	-	-	-	(4,218)
At 31 March 2019	**90,248**	**2,104,138**	**-**	**1,501**	**325,654**	**120,197**	**13,578**	**70,136**	**2,725,452**
Depreciation									
At 1 April 2018	-	133,149	-	1,289	213,882	100,632	8,825	-	457,777
Provided during the year - purchased	-	52,972	-	64	21,321	7,451	1,674	-	83,482
Provided during the year - donated	-	158	-	11	1,028	-	254	-	1,451
Revaluations	-	(10,044)	-	-	-	-	-	-	(10,044)
Disposals - purchased	-	-	-	(59)	(3,912)	-	-	-	(3,971)
At 31 March 2019	**-**	**176,235**	**-**	**1,305**	**232,319**	**108,083**	**10,753**	**-**	**528,695**
Net book value at 1 April 2018	91,266	1,890,994	-	271	101,061	12,430	4,462	97,184	2,197,668
Net book value at 31 March 2019	**90,248**	**1,927,903**	**-**	**196**	**93,335**	**12,114**	**2,825**	**70,136**	**2,196,757**
Open Market Value of Land in Land and Dwellings Included Above	**6,495**		**-**						
Asset financing:									
Owned - purchased	89,580	1,621,892	-	166	87,793	12,114	2,570	70,135	1,884,250
Owned - donated	668	8,239	-	30	5,542	-	255	1	14,735
On-balance sheet PFI contracts	-	297,772	-	-	-	-	-	-	297,772
Net book value at 31 March 2019	**90,248**	**1,927,903**	**-**	**196**	**93,335**	**12,114**	**2,825**	**70,136**	**2,196,757**

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2018	91,126	2,024,143	-	1,560	314,943	113,062	13,287	97,184	2,655,305
Additions - purchased	-	-	-	-	2,577	-	-	53,548	56,125
Additions - donated	500	-	-	-	22	-	-	406	928
Completions	-	59,922	-	-	12,024	7,135	291	(79,372)	-
Revaluations	(87)	20,073	-	-	-	-	-	-	19,986
Impairment charges	(1,184)	-	-	-	-	-	-	(1,630)	(2,814)
Disposals - purchased	(107)	-	-	(59)	(3,912)	-	-	-	(4,078)
At 31 March 2019	**90,248**	**2,104,138**	**-**	**1,501**	**325,654**	**120,197**	**13,578**	**70,136**	**2,725,452**
Depreciation									
At 1 April 2018	-	133,149	-	1,289	213,882	100,632	8,825	-	457,777
Provided during the year - purchased	-	53,132	-	64	21,321	7,451	1,674	-	83,642
Provided during the year - donated	-	158	-	11	1,028	-	254	-	1,451
Revaluations	-	(10,204)	-	-	-	-	-	-	(10,204)
Disposals - purchased	-	-	-	(59)	(3,912)	-	-	-	(3,971)
At 31 March 2019	**-**	**176,235**	**-**	**1,305**	**232,319**	**108,083**	**10,753**	**-**	**528,695**
Net book value at 1 April 2018	91,126	1,890,994	-	271	101,061	12,430	4,462	97,184	2,197,528
Net book value at 31 March 2019	**90,248**	**1,927,903**	**-**	**196**	**93,335**	**12,114**	**2,825**	**70,136**	**2,196,757**
Open Market Value of Land in Land and Dwellings Included Above	**6,495**		**-**						
Asset financing:									
Owned - purchased	89,580	1,626,514	-	166	87,793	12,114	2,570	70,135	1,888,872
Owned - donated	668	8,239	-	30	5,542	-	255	1	14,735
On-balance sheet PFI contracts	-	293,150	-	-	-	-	-	-	293,150
Net book value at 31 March 2019	**90,248**	**1,927,903**	**-**	**196**	**93,335**	**12,114**	**2,825**	**70,136**	**2,196,757**

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2017	92,227	1,882,990	-	1,581	306,583	112,830	12,377	83,823	2,492,411
Additions - purchased	-	-	-	-	4,952	-	-	72,399	77,351
Additions - donated	-	225	-	-	278	-	-	1,525	2,028
Completions	-	48,106	-	-	11,315	232	910	(60,563)	-
Transfers (to) / from non-current assets held for sale	(400)	-	-	-	-	-	-	-	(400)
Revaluations	468	100,232	-	-	-	-	-	-	100,700
Impairment charges	(979)	(7,410)	-	-	-	-	-	-	(8,389)
Disposals - purchased	(50)	-	-	(21)	(8,115)	-	-	-	(8,186)
Disposals - donated	-	-	-	-	(70)	-	-	-	(70)
At 31 March 2018	**91,266**	**2,024,143**	**-**	**1,560**	**314,943**	**113,062**	**13,287**	**97,184**	**2,655,445**
Depreciation									
At 1 April 2017	-	94,063	-	1,232	198,869	93,296	6,933	-	394,393
Provided during the year - purchased	-	48,886	-	67	22,105	7,336	1,638	-	80,032
Provided during the year - donated	-	262	-	11	1,029	-	254	-	1,556
Revaluations	-	(9,133)	-	-	-	-	-	-	(9,133)
Impairment charges	-	(929)	-	-	-	-	-	-	(929)
Disposals - purchased	-	-	-	(21)	(8,051)	-	-	-	(8,072)
Disposals - donated	-	-	-	-	(70)	-	-	-	(70)
At 31 March 2018	**-**	**133,149**	**-**	**1,289**	**213,882**	**100,632**	**8,825**	**-**	**457,777**
Net book value at 1 April 2017	92,227	1,788,927	-	349	107,714	19,534	5,444	83,823	2,098,018
Net book value at 31 March 2018	**91,266**	**1,890,994**	**-**	**271**	**101,061**	**12,430**	**4,462**	**97,184**	**2,197,668**
Open Market Value of Land in Land and Dwellings Included Above	**1,975**		**-**						
Asset financing:									
Owned - purchased	91,097	1,599,160	-	230	94,865	12,430	3,953	95,293	1,897,028
Owned - donated	169	6,301	-	41	6,196	-	509	1,891	15,107
On-balance sheet PFI contracts	-	285,533	-	-	-	-	-	-	285,533
Net book value at 31 March 2018	**91,266**	**1,890,994**	**-**	**271**	**101,061**	**12,430**	**4,462**	**97,184**	**2,197,668**

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2017	92,087	1,882,990	-	1,581	306,583	112,830	12,377	83,823	2,492,271
Additions - purchased	-	-	-	-	4,952	-	-	72,399	77,351
Additions - donated	-	225	-	-	278	-	-	1,525	2,028
Completions	-	48,106	-	-	11,315	232	910	(60,563)	-
Transfers (to) / from non-current assets held for sale	(400)	-	-	-	-	-	-	-	(400)
Revaluations	468	100,232	-	-	-	-	-	-	100,700
Impairment charges	(979)	(7,410)	-	-	-	-	-	-	(8,389)
Disposals - purchased	(50)	-	-	(21)	(8,115)	-	-	-	(8,186)
Disposals - donated	-	-	-	-	(70)	-	-	-	(70)
At 31 March 2018	**91,126**	**2,024,143**	**-**	**1,560**	**314,943**	**113,062**	**13,287**	**97,184**	**2,655,305**
Depreciation									
At 1 April 2017	-	94,063	-	1,232	198,869	93,296	6,933	-	394,393
Provided during the year - purchased	-	48,886	-	67	22,105	7,336	1,638	-	80,032
Provided during the year - donated	-	262	-	11	1,029	-	254	-	1,556
Revaluations	-	(9,133)	-	-	-	-	-	-	(9,133)
Impairment charges	-	(929)	-	-	-	-	-	-	(929)
Disposals - purchased	-	-	-	(21)	(8,051)	-	-	-	(8,072)
Disposals - donated	-	-	-	-	(70)	-	-	-	(70)
At 31 March 2018	**-**	**133,149**	**-**	**1,289**	**213,882**	**100,632**	**8,825**	**-**	**457,777**
Net book value at 1 April 2017	92,087	1,788,927	-	349	107,714	19,534	5,444	83,823	2,097,878
Net book value at 31 March 2018	**91,126**	**1,890,994**	**-**	**271**	**101,061**	**12,430**	**4,462**	**97,184**	**2,197,528**
Open Market Value of Land in Land and Dwellings Included Above	**1,975**		**-**						
Asset financing:									
Owned - purchased	90,957	1,599,160	-	230	94,865	12,430	3,953	95,293	1,896,888
Owned - donated	169	6,301	-	41	6,196	-	509	1,891	15,107
On-balance sheet PFI contracts	-	285,533	-	-	-	-	-	-	285,533
Net book value at 31 March 2018	**91,126**	**1,890,994**	**-**	**271**	**101,061**	**12,430**	**4,462**	**97,184**	**2,197,528**

7b. ASSETS HELD FOR SALE

The Board's Property Committee has approved the following to be presented as held for sale; Drumchapel Hospital, Stoneyetts (part), Lennox Castle Hospital and Grange Road. The following were disposed from assets held for sale during the year; Acorn St Day Hospital, Broomhill Hospital, Johnstone Hospital and Stoneyetts (part disposed).

ASSETS HELD FOR SALE - CONSOLIDATED AND BOARD

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2018		11,222	11,222
Gain or losses recognised on re-measurement of non-current assets held for sale		(3,053)	(3,053)
Disposals of non-current assets held for sale		(2,548)	(2,548)
At 31 March 2019		**5,621**	**5,621**

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

	Note	Property, Plant & Equipment £'000	Total £'000
At 1 April 2017		14,222	14,222
Transfers from property, plant and equipment		400	400
Disposals of non-current assets held for sale		(3,400)	(3,400)
At 31 March 2018		**11,222**	**11,222**

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2018 £'000	Board 2018 £'000		**Consolidated 2019 £'000**	**Board 2019 £'000**
		Net book value of property, plant and equipment at 31 March		
2,182,561	2,182,421	Purchased	**2,182,022**	**2,182,022**
15,107	15,107	Donated	**14,735**	**14,735**
2,197,668	2,197,528	**Total**	**2,196,757**	**2,196,757**
1,975	1,975	Net book value related to land valued at open market value at 31 March	**6,495**	**6,495**
		Total value of assets held under:		
285,533	285,533	PFI and PPP Contracts	**297,772**	**293,150**
285,533	285,533	**Total**	**297,772**	**293,150**
		Total depreciation charged in respect of assets held under:		
5,495	5,495	PFI and PPP contracts	**5,976**	**5,976**
5,495	5,495	**Total**	**5,976**	**5,976**

Note:
Land and buildings were fully revalued by the Valuation Office Agency at 31 March 2014 on the basis of fair value (market value or depreciated replacement cost where appropriate). These values have been updated in the intervening period using indices and various specific property revaluations supplied by the Valuation Office Agency. The valuer was RICS registered.

In the year 2018-19 the net impact was an increase in value of £29,879k for Purchased Assets and £151k for Donated Assets. In 2017-18 the value of Purchased Assets increased by £102,007k and the value of Donated Assets by £366k.

7d. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2019 £'000	2018 £'000
Expenditure			
Acquisition of intangible assets	6	**480**	-
Acquisition of property, plant and equipment	7a	**56,125**	77,351
Donated asset additions	7a	**928**	2,028
Gross Capital Expenditure		**57,533**	79,379
Income			
Net book value of disposal of intangible assets	6	**45**	
Net book value of disposal of property, plant and equipment	7a	**247**	114
Value of disposal of non-current assets held for sale	7b	**2,548**	3,400
HUB - repayment of investment		**57**	6
Donated asset income		**928**	2,028
Capital Income		**3,825**	5,548
Net Capital Expenditure		**53,708**	73,831
Summary of Capital Resource Outturn			
Core Capital Expenditure included above		**42,534**	46,260
Core Capital Resource Limit		**42,735**	46,264
Saving against Core Capital Resource Limit		**201**	4
Non Core Capital Expenditure included above		**11,174**	27,571
Total Capital Expenditure		**53,708**	73,831
Total Capital Resource Limit		**53,909**	73,835
Saving against Total Capital Resource Limit		**201**	4

8. INVENTORIES

Consolidated 2018 £'000	Board 2018 £'000		Consolidated 2019 £'000	Board 2019 £'000
21,595	21,595	Raw materials and consumables	**22,961**	**22,961**
21,595	21,595	**Total Inventories**	**22,961**	**22,961**

9. TRADE AND OTHER RECEIVABLES

Consolidated 2018 £'000	Board 2018 £'000		Consolidated 2019 £'000	Board 2019 £'000
		Receivables due within one year		
		NHSScotland		
478	478	Scottish Government Health & Social Care Directorate	**1,285**	**1,285**
53,226	53,226	Boards	**41,142**	**41,142**
53,704	53,704	**Total NHSScotland Receivables**	**42,427**	**42,427**
1,266	1,266	NHS non-Scottish bodies	**1,793**	**1,793**
2,411	2,411	VAT recoverable	**2,676**	**2,676**
17,211	17,211	Prepayments	**17,606**	**17,606**
4,712	4,712	Accrued income	**12,792**	**12,792**
24,200	23,634	Other receivables	**21,755**	**18,747**
18,777	18,777	Reimbursement of provisions	**36,269**	**36,269**
5,647	5,647	Other public sector bodies	**6,527**	**6,527**
127,928	127,362	**Total Receivables due within one year**	**141,845**	**138,837**
		Receivables due after more than one year		
7,096	7,096	Other receivables	**136**	**136**
98,502	98,502	Reimbursement of provisions	**98,204**	**98,204**
105,598	105,598	**Total Receivables due after more than one year**	**98,340**	**98,340**
233,526	232,960	**TOTAL RECEIVABLES**	**240,185**	**237,177**
2,047	2,047	The total receivables figure above includes a provision for impairments	**2,723**	**2,723**

9. TRADE AND OTHER RECEIVABLES (cont)

Consolidated 2018 £'000	Board 2018 £'000		Consolidated 2019 £'000	Board 2019 £'000
		Movements on the provision for impairment of receivables are as follows:		
1,464	1,464	At 1 April	**2,047**	**2,047**
1,206	1,206	Provision for impairment	**2,183**	**2,183**
-	-	Receivables written off during the year as uncollectable	**(995)**	**(995)**
(623)	(623)	Unused amounts reversed	**(512)**	**(512)**
2,047	2,047	At 31 March	**2,723**	**2,723**

As of 31 March 2019, receivables with a carrying value of £2,723k (2018: £2,047k) were impaired and provided for. The ageing of these receivables is as follows:

£'000	£'000		**£'000**	**£'000**
-	-	3 to 6 months past due	**720**	**720**
2,047	2,047	Over 6 months past due	**2,003**	**2,003**
2,047	2,047		**2,723**	**2,723**

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

As at 31 March 2019, receivables with a carrying value of £7,149k (2018: £5,693k) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

£'000	£'000		**£'000**	**£'000**
3,862	3,862	Up to 3 months past due	**4,386**	**4,386**
961	961	3 to 6 months past due	**1,106**	**1,106**
870	870	Over 6 months past due	**1,657**	**1,657**
5,693	5,693		**7,149**	**7,149**

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 believes that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

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

Receivables that are neither past due nor impaired are shown by their credit risk below:

£'000	£'000	Counterparties with external credit ratings	**£'000**	**£'000**
225,220	225,220	Existing customers with no defaults in the past	**230,313**	**227,305**
225,220	225,220	Total neither past due or impaired	**230,313**	**227,305**

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.

£'000	£'000	The carrying amount of receivables are denominated in the following currencies:	**£'000**	**£'000**
233,526	232,960	Pounds	**240,185**	**237,177**
233,526	232,960		**240,185**	**237,177**

All non-current receivables are due within 6 years (2017-18: 6 years) from the balance sheet date.
The carrying amount of short term receivables approximates their fair value.
The fair value of long term other receivables is £136k (2017-18: £7,096k).

10. INVESTMENTS

Consolidated 2018 £'000	Board 2018 £'000		**Consolidated 2019 £'000**	**Board 2019 £'000**
85,036	857	Other	**88,399**	**1,059**
85,036	857	**Total Available For Sale Financial Assets**	**88,399**	**1,059**
82,711	863	At 1 April	**85,036**	**857**
79,172	-	Additions	**16,198**	**259**
(76,850)	(6)	Disposals	**(15,188)**	**(57)**
3	-	Revaluation surplus / (deficit) transferred to equity	**2,353**	**-**
85,036	857	**At 31 March**	**88,399**	**1,059**
85,036	857	Non-current	**88,399**	**1,059**
85,036	857	**At 31 March**	**88,399**	**1,059**

Note:

A repayment of £57k was received in relation to subordinated debt for HUB schemes. The carrying value of investments is less any material impairment. The consolidated investment also includes endowment invested funds £87.3M of which £65.9M relates to restricted funds.

11. CASH AND CASH EQUIVALENTS	At 31 March 2019 £'000	At 1 April 2018 £'000
Government Banking Service	**224**	131
Commercial banks and cash in hand	**5,162**	621
Endowment cash	**677**	943
Total Cash - SOFP/CFS	**6,063**	1,695

Note:

Cash at bank is with major UK banks, regulated by UK authorities. The credit risk assocated with cash at bank is considered to be low.

12. TRADE AND OTHER PAYABLES

Consolidated 2018 £'000	Board 2018 £'000		**Consolidated 2019 £'000**	**Board 2019 £'000**
		Payables due within one year		
		NHSScotland		
108	108	Scottish Government Health & Social Care Directorate	**56**	**56**
8,500	8,500	Boards	**12,694**	**12,694**
8,608	8,608	**Total NHSScotland Payables**	**12,750**	**12,750**
842	842	NHS Non-Scottish bodies	**855**	**855**
752	752	Amounts payable to General Fund	**5,386**	**5,386**
43,712	43,712	FHS practitioners	**42,144**	**42,144**
11,167	11,167	Trade payables	**10,984**	**10,984**
138,982	138,982	Accruals	**145,203**	**145,203**
26,815	26,815	Deferred income	**33,360**	**33,360**
100	100	Payments received on account	**216**	**216**
4,992	4,992	Net obligations under PPP / PFI Contracts	**5,596**	**5,596**
34,961	34,961	Income tax and social security	**37,923**	**37,923**
22,467	22,467	Superannuation	**23,509**	**23,509**
7,655	7,655	Holiday pay accrual	**8,186**	**8,186**
14,241	14,241	Other public sector bodies	**29,078**	**29,078**
8,297	6,770	Other payables	**4,955**	**4,982**
323,591	322,064	**Total Payables due within one year**	**360,145**	**360,172**
		Payables due after more than one year		
5,393	5,393	Net obligations under PPP / PFI contracts due within 2 years	**6,020**	**6,020**
18,916	18,916	Net obligations under PPP / PFI contracts due after 2 years but within 5 years	**21,189**	**21,189**
219,269	219,269	Net obligations under PPP / PFI contracts due after 5 years	**224,267**	**224,267**
2,483	2,483	Deferred income	**2,331**	**2,331**
36,780	36,780	Other payables	**36,481**	**36,481**
282,841	282,841	**Other payables**	**290,288**	**290,288**
606,432	604,905	**TOTAL PAYABLES**	**650,433**	**650,460**

12. TRADE AND OTHER PAYABLES (cont)

Consolidated 2018 £'000	Board 2018 £'000		**Consolidated 2019 £'000**	**Board 2019 £'000**
		Borrowings included above comprise:		
248,570	248,570	PFI contracts	**257,072**	**257,072**
248,570	248,570		**257,072**	**257,072**
		The carrying amount and fair value of the non-current borrowings are as follows		
		Carrying amount		
243,578	243,578	PFI contracts	**251,476**	**251,476**
243,578	243,578		**251,476**	**251,476**
		Fair value		
243,578	243,578	PFI contracts	**251,476**	**251,476**
243,578	243,578		**251,476**	**251,476**
		The carrying amount of short term payables approximates their fair value.		
		The carrying amount of payables are denominated in:		
606,432	604,905	Pounds	**650,433**	**650,460**
606,432	604,905		**650,433**	**650,460**

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	Total at 31 March 2019	Total at 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	50,753	87,959	187,923	2,503	**329,138**	324,706
Arising during the year	258	33,601	29,971	1,988	**65,818**	63,204
Utilised during the year	(2,932)	(6,167)	(8,584)	(625)	**(18,308)**	(14,745)
Unwinding of discount	(459)	-	(394)	-	**(853)**	(199)
Reversed unutilised	(6,985)	(14,191)	(23,942)	(845)	**(45,963)**	(43,828)
Totals	**40,635**	**101,202**	**184,974**	**3,021**	**329,832**	329,138

The amounts shown above in relation to Clinical & Medical Legal Claims against NHSGGC are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows to 31 March 2019

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	Total at 31 March 2019	Total at 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Payable in one year	3,402	44,284	28,524	2,225	**78,435**	52,349
Payable between 2 - 5 years	13,374	56,918	97,929	796	**169,017**	189,329
Payable between 6 - 10 years	12,973	-	8,155	-	**21,128**	19,069
Thereafter	10,886	-	50,366	-	**61,252**	68,391
Totals	**40,635**	**101,202**	**184,974**	**3,021**	**329,832**	329,138

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.29% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 36 years.

Clinical & Medical Legal Claims against the Board

The Board holds a provision to meet costs of all outstanding and potential cliical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 5 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

Participation in CNORIS

The Boards holds a provision for Participation in the CNORIS scheme which recognises that CNORIS is a shared risk scheme for NHS Scotland bodies. This provision recognises the liability for future payments that it is probable that the Board will incur based on their share of the overall CNORIS scheme liability for NHS Scotland.

Other (non-endowment)

The Board retains provisions in respect of other long term liabilities including all non medical claims notified through the Scottish NHS Central Legal Office. It is expected that these provisions may take up to 5 years to be fully utilised.

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

2018 £'000		**2019 £'000**
90,462	Provision recognising individual claims against the NHS Board as at 31 March	**104,223**
(117,279)	Associated CNORIS receivable at 31 March	**(134,473)**
187,923	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	**184,974**
161,106	**Net Total Provision relating to CNORIS at 31 March**	**154,724**

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

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

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

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

Further information on the scheme can be found at: http://www.clo.scot.nhs.uk/our-services/cnoris.aspx

14. CONTINGENT LIABILITIES/ASSETS

CONTINGENT LIABILITIES

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

(i) Negligence Claims

	Clinical & Medical Negligence £'000	Employer's Liability £'000	Total £'000
At 1 April 2018	104,099	1,894	**105,993**
Increase in value of claims	51,235	344	**51,579**
New claims arising during the year	46,582	1,686	**48,268**
Crystallised liabilities	(308)	(263)	**(571)**
Expired	(14,559)	(892)	**(15,451)**
At 31 March 2019	**187,049**	**2,769**	**189,818**

(ii) Waste Electronic and Electrical Equipment Regulations

The Waste Electronic and Electrical Equipment Regulations 2006 came into force on 1 July 2007. Where waste arises from assets obtained prior to 13 August 2005 the Board will be responsible for the cost of collection, treatment recovery and environmentally sound disposal after 1 July 2007. If however a direct replacement is purchased then the cost of disposal will fall directly on the supplier. The Board's current accounting policy is to incur such costs as they fall due. It is not possible to quantify the potential additional costs that the Board might be exposed to in respect of disposal of equipment purchased prior to 13 August 2005 as there is no reliable disposal cost per item of equipment and it is unknown what items will be directly replaced.

CONTINGENT ASSETS

The following contingent assets have not been provided for in the Accounts:	**2019**	2018
	£'000	£'000
Reimbursement of Contingent Liability re Negligence Claims (from CNORIS scheme) as follows:		
Clinical & Medical Negligence	**184,745**	102,003
Employer's Liability	**1,858**	1,125
Total	**186,603**	103,128

15. COMMITMENTS

Capital Commitments

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

	2019	2018
	£'000	£'000
Contracted		
Acute Services Projects	**7,237**	11,430
Radiotherapy	**-**	2,589
Primary Care	**245**	-
Total	**7,482**	14,019
Authorised but not Contracted		
Acute Services Projects	**5,479**	3,192
HUB Projects	**541**	1,527
Radiotherapy Equipment Replacement	**4,597**	-
Total	**10,617**	4,719

16. 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:

Obligations under operating leases comprise:	2019	2018
	£'000	£'000
Buildings		
Not later than one year	**4,385**	4,323
Later than one year, not later than 2 years	**3,374**	3,781
Later than two year, not later than five years	**7,573**	8,542
Later than five years	**10,536**	12,083
Other		
Not later than one year	**1,619**	1,908
Later than one year, not later than 2 years	**497**	705
Later than two year, not later than five years	**128**	208
Amounts charged to Operating Costs in the year were:		
Hire of equipment (including vehicles)	**2,365**	2,607
Other operating leases	**6,281**	6,039
Total	**8,646**	8,646

Aggregate Rentals Receivable in the year		
Total of Operating Leases	**3,999**	3,457

17. COMMITMENTS UNDER PFI/HUB CONTRACTS - On balance Sheet

The Board has the following PFI/HUB contracts.

1. Larkfield Unit - Day Hospital Elderly Care Facility. PFI contract commenced with Quayle Munro Ltd on 1 November 2000 for a period of 25 years. Estimated capital value at commencement £9.1M.

2. Southern General Hospital - Elderly Bed Facility (210 Beds). PFI contract commenced with Carillion Private Finance on 1 April 2001 for a period of 28 years. Estimated capital value at commencement £11.1M.

3. Gartnavel Royal Hospital - Mental Health Facility (117 Beds). PFI contract commenced with Robertson Capital Projects Ltd on 1 October 2007 for a period of 30 years. Estimated capital value at commencement £17.7M.

4. Stobhill Rowanbank Clinic - Mental Health Secure Care Centre (74 Beds). PFI contract commenced with Quayle Munro Ltd on 1 May 2007 for a period of 35 years. Estimated capital value at commencement £19M.

5. Stobhill Hospital - Ambulatory Care and Diagnostic Treatment Centre. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 1 April 2009 for a period of 30 years. Estimated capital value at commencement £78.7M.

6. Victoria Hospital - Ambulatory Care and Diagnostic Treatment Centre. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 1 April 2009 for a period of 30 years. Estimated capital value at commencement £99.3M.

7. Stobhill Hospital - Ambulatory Care and Diagnostic Treatment Centre 60 Bed extension. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 25 February 2011 for a period of 30 years. Estimated capital value at commencement £15.8M.

8. Eastwood Health and Care Centre. HUB contract commenced with HUB West Scotland Project Co. on 3 June 2016 for a period of 25 years. Estimated capital value at commencement £9.1M.

9. Maryhill Health and Care Centre. HUB contract commenced with HUB West Scotland Project Co. on 15 July 2016 for a period of 25 years. Estimated capital value at commencement £12.4M.

10. Inverclyde Orchardview. HUB contract commenced with HUB West Scotland Project Co. on 17 July 2017 for a period of 25 years. Estimated capital value at commencement £8.4M.

11. Gorbals Health and Care Centre. HUB contract commenced with HUB West Scotland Project Co. on 6 November 2018 for a period of 25 years. Estimated capital value at commencement £13.6M.

17. COMMITMENTS UNDER PFI/HUB CONTRACTS - On balance Sheet (cont)

Under IFRIC 12 the asset is treated as an asset of the Board and included in the Board's accounts as a non current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements; imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

Gross Minimum Lease Payments	**Larkfield**	**SGH Eld Bed**	**Gart Royal**	**Stb Rwbnk**	**Stb ACAD**	**Vic ACAD**	**Stb ACAD 60 Bed Ext**	**Eastwood**	**Maryhill**	**Inverclyde**	**Gorbals**	**2019 Totals**	2018 Totals
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Rentals due within 1 year	790	1,064	1,455	1,549	6,972	8,812	1,672	882	1,180	719	1,198	**26,293**	25,096
Due within 1 to 2 years	790	1,064	1,455	1,549	6,972	8,812	1,672	882	1,180	719	1,198	**26,293**	25,096
Due within 2 to 5 years	2,370	3,192	4,364	4,646	20,916	26,439	5,015	2,646	3,540	2,157	3,594	**78,879**	75,285
Due after 5 years	1,580	5,320	20,365	29,428	111,550	141,010	26,745	15,876	21,240	13,661	23,957	**410,732**	411,870
Total	**5,530**	**10,640**	**27,639**	**37,172**	**146,410**	**185,073**	**35,104**	**20,286**	**27,140**	**17,256**	**29,947**	**542,197**	537,347

Less Interest Element	**Larkfield**	**SGH Eld Bed**	**Gart Royal**	**Stb Rwbnk**	**Stb ACAD**	**Vic ACAD**	**Stb ACAD 60 Bed Ext**	**Eastwood**	**Maryhill**	**Inverclyde**	**Gorbals**	**Totals**	Totals
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Rentals due within 1 year	(303)	(596)	(1,072)	(1,280)	(5,605)	(7,086)	(1,441)	(747)	(991)	(581)	(995)	**(20,697)**	(20,104)
Due within 1 to 2 years	(269)	(556)	(1,044)	(1,260)	(5,495)	(6,945)	(1,441)	(736)	(976)	(571)	(980)	**(20,273)**	(19,703)
Due within 2 to 5 years	(570)	(1,393)	(2,944)	(3,641)	(15,730)	(19,885)	(4,095)	(2,128)	(2,819)	(1,646)	(2,839)	**(57,690)**	(56,369)
Due after 5 years	(155)	(1,135)	(7,854)	(14,084)	(50,106)	(63,339)	(13,590)	(7,891)	(10,403)	(6,294)	(11,614)	**(186,465)**	(192,601)
Total	**(1,297)**	**(3,680)**	**(12,914)**	**(20,265)**	**(76,936)**	**(97,255)**	**(20,567)**	**(11,502)**	**(15,189)**	**(9,092)**	**(16,428)**	**(285,125)**	(288,777)

Present value of minimum lease payments	**Larkfield**	**SGH Eld Bed**	**Gart Royal**	**Stb Rwbnk**	**Stb ACAD**	**Vic ACAD**	**Stb ACAD 60 Bed Ext**	**Eastwood**	**Maryhill**	**Inverclyde**	**Gorbals**	**Totals**	Totals
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Rentals due within 1 year	487	468	383	269	1,367	1,726	231	135	189	138	203	**5,596**	4,992
Due within 1 to 2 years	521	508	411	289	1,477	1,867	231	146	204	148	218	**6,020**	5,393
Due within 2 to 5 years	1,800	1,799	1,420	1,005	5,186	6,554	920	518	721	511	755	**21,189**	18,916
Due after 5 years	1,425	4,185	12,511	15,344	61,444	77,671	13,155	7,985	10,837	7,367	12,343	**224,267**	219,269
Total	**4,233**	**6,960**	**14,725**	**16,907**	**69,474**	**87,818**	**14,537**	**8,784**	**11,951**	**8,164**	**13,519**	**257,072**	248,570

Service elements due in future periods	**Larkfield**	**SGH Eld Bed**	**Gart Royal**	**Stb Rwbnk**	**Stb ACAD**	**Vic ACAD**	**Stb ACAD 60 Bed Ext**	**Eastwood**	**Maryhill**	**Inverclyde**	**Gorbals**	**Totals**	Totals
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	£'000
Rentals due within 1 year	322	305	766	547	1,648	2,083	370	108	84	49	86	**6,368**	6,145
Due within 1 to 2 years	330	313	785	561	1,689	2,135	379	111	86	50	88	**6,527**	6,301
Due within 2 to 5 years	1,041	987	2,476	1,768	5,324	6,730	1,196	348	270	159	278	**20,577**	19,858
Due after 5 years	738	1,817	14,319	14,825	36,126	45,666	8,115	2,731	2,120	1,331	2,483	**130,271**	134,953
Total	**2,431**	**3,422**	**18,346**	**17,701**	**44,787**	**56,614**	**10,060**	**3,298**	**2,560**	**1,589**	**2,935**	**163,743**	167,257
Total commitments	**6,664**	**10,382**	**33,071**	**34,608**	**114,261**	**144,432**	**24,597**	**12,082**	**14,511**	**9,753**	**16,454**	**420,815**	415,827

	2019	2018
	£'000	£'000
Interest charges	20,500	20,292
Service charges	6,162	6,144
Principal repayment	5,070	-
Other charges	6,777	6,138
Total	**38,509**	**32,574**

Contingent rents recognised as an expense in the period were;

	2019	2018
	£'000	£'000
Contingent rents (included in Other charges)	**6,777**	**6,138**

18. PENSION COSTS

(a) The Board participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

(b) The Board has no liability for other employers obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

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

(iii) The employer contribution rate for the period from 1 April 2015 was 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

(iv) At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate

(v) The Board's level of participation in the scheme is 21.3% based on the proportion of employer contributions paid in 2017-18.

The new NHS Pension Scheme (Scotland) 2015
From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2018-19 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)
This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk.

National Employment Savings Trust (NEST)
The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.
NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

Pension members can chose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.
NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.
NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

	2019	2018
	£'000	£'000
Pension cost charge for the year	**168,910**	163,369
Additional costs arising from early retirement	**550**	1,025
Provisions / liabilities / prepayments included in the Statement of Financial Position	**40,635**	50,753
Pension costs for the year for staff transferred from local authority	**-**	-

19. FINANCIAL INSTRUMENTS

19. (a) FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED	Note	Loans and Receivables	Assets at Fair Value through Profit and Loss	Available for Sale	Total at 31 March 2019	Total at 31 March 2018
		£'000	£'000	£'000	£'000	£'000
Investments	10	-	-	88,399	**88,399**	85,036
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	43,003	-	-	**43,003**	42,921
Cash and cash equivalents	11	6,063	-	-	**6,063**	1,695
Totals		**49,066**	**-**	**88,399**	**137,465**	129,652

BOARD	Note	Loans and Receivables	Assets at Fair Value through Profit and Loss	Available for Sale	Total at 31 March 2019	Total at 31 March 2018
		£'000	£'000	£'000	£'000	£'000
Investments	10	-	-	1,059	**1,059**	857
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	39,995	-	-	**39,995**	42,355
Cash and cash equivalents	11	5,386	-	-	**5,386**	752
Totals		**45,381**	**-**	**1,059**	**46,440**	43,964

Financial Liabilities

CONSOLIDATED	Note	Liabilities at at Fair Value through Profit and Loss	Other Financial Liabilites	Total at 31 March 2019	Total at 31 March 2018
		£'000	£'000	£'000	£'000
PFI Liabilities	12	-	257,072	**257,072**	248,570
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	-	283,488	**283,488**	262,528
Totals		**-**	**540,560**	**540,560**	511,098

BOARD	Note	Liabilities at at Fair Value through Profit and Loss	Other Financial Liabilites	Total at 31 March 2019	Total at 31 March 2018
		£'000	£'000	£'000	£'000
PFI Liabilities	12	-	257,072	**257,072**	248,570
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	-	283,515	**283,515**	261,001
Totals		**-**	**540,587**	**540,587**	509,571

19. FINANCIAL INSTRUMENTS

19. (b) FINANCIAL RISK FACTORS

Exposure to Risk

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

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Board is not exposed to the degree of financial risk faced by business entities.

The Board is not exposed to foreign currency risk. The consolidated group does have some exposure to foreign investments.

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 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 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
AS AT 31 MARCH 2019				
PFI/HUB Liabilities	5,596	6,020	21,189	224,267
Trade and other payables excluding statutory liabilities	247,007	1,522	4,568	30,391
Totals	**252,603**	**7,542**	**25,757**	**254,658**

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
	£'000	£'000	£'000	£'000
At 31 March 2018				
PFI/HUB Liabilities	4,992	5,393	18,916	219,269
Trade and other payables excluding statutory liabilities	225,748	1,474	4,420	30,886
Totals	**230,740**	**6,867**	**23,336**	**250,155**

c) Market Risk

The 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 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 Board is not exposed to foreign currency risk. The consolidated group does have some exposure to foreign investments.

20. (c) 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.

20. RELATED PARTY TRANSACTIONS

The Board had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HM Revenue and Customs.

The Board also had the following Related Party Transactions during the year:-

Related Party	Details of Related Party Transaction	Details of Related Party
British Heart Foundation	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £92,951. Year end balances - debtor £82,951.	Prof A Dominiczak DBE, Non-Executive Director was also a Trustee of the British Heart Foundation.
CIPFA	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - expenditure £9,360.	Mr M White, Executive Director was also a Junior Vice-Chair of CIPFA.
East Dunbartonshire Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £448,000, expenditure £17,502,000. Year end balances - debtor £298,000, creditor £495.	Councillor S Mechan, Non-Executive Director was also an elected member of East Dunbartonshire Council.
East Renfrewshire Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £492,000, expenditure £12,290,000. Year end balances - debtor £91,000, creditor £12,690.	Councillor C Bamforth, Non-Executive Director was also an elected member and Vice-Chair of East Renfrewshire Council.
Glasgow Association for Mental Health	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - expenditure £46,516. Year end balances - creditor £3,856.	Ms M Brown, Non-Executive Director was also a Board Member of Glasgow Association for Mental Health.
Glasgow City Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £5,406,000, expenditure £31,447,000. Year end balances - debtor £3,604,000, creditor £52,380.	Councillor M Hunter, Non-Executive Director was also an elected member of Glasgow City Council.
Inverclyde Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £832,000, expenditure £20,609,000. Year end balances - debtor £119,000, creditor £151,894.	Councillor J Clocherty, Non-Executive Director was also an elected member of Inverclyde Council.
Mental Health Foundation	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - expenditure £5,617.	Dr L de Caestecker, Executive Director was also a Trustee of the Mental Health Foundation.
NHS Health Scotland	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £189,474, expenditure £8,000. Year end balances - debtor £52,734, creditor £2,000.	Mr J Brown CBE, Chairman, Non-Executive Director was also a Chair of the Corporate Governance Steering Group and the Global Citizenship Programme of NHS Health Scotland.
Renfrewshire Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £1,957,000, expenditure £37,059,000. Year end balances - debtor £883,000, creditor £73,874.	Councillor I Nicolson, Non-Executive Director was also an elected member of Renfrewshire Council.
Tayside Health Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £4,544,292, expenditure £3,445,000. Year end balances - debtor £263,573, creditor £598,164.	Mr J Brown CBE, Chairman, Non-Executive Director was also interim Chair of Tayside Health Board.
University of Glasgow	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £9,370,243, expenditure £8,220,414. Year end balances - debtor £1,345,336, creditor £331,092.	Dr L de Caestecker, Executive Director was also an Honorary Professor of University of Glasgow. Prof A Dominiczak DBE, Non-Executive director, was also Head of College of Medical, Veterinary and Life Sciences and thus in charge of Medical School of University of Glasgow.
West Dunbartonshire Council	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £1,794,000, expenditure £11,464,000. Year end balances - debtor £214,000, creditor £60,134.	Councillor J McColl, Non-Executive Director was also an elected member and leader of West Dunbartonshire Council.
NHS Greater Glasgow and Clyde Endowment Funds	NHS Greater Glasgow and Clyde Endowment Funds had total fund balances of £91,052,000 in 2018-19 and a year end creditor balance of £1,486,000.	NHS Greater Glasgow and Clyde Endowment Funds are managed by Trustees who are the members of the Board.
East Dunbartonshire IJB	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £103,228,000, expenditure £103,228,000.	Ms J Forbes, Non-Executive Director was a member and Chair of East Dunbartonshire Integration Joint Board. Cllr S Mechan and Mr I Ritchie, Non-Executive Directors, were also members of East Dunbartonshire Integration Joint Board. Dr M McGuire, Executive Director, was also a member of East Dunbartonshire Integration Joint Board.
East Renfrewshire Integration Joint Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £89,485,000, expenditure £89,485,000.	Cllr C Bamforth, Non-Executive Director, was also a Chair of East Renfrewshire Integration Joint Board. Ms M Brown, Non-Executive Director, was also a Vice-Chair of East Renfrewshire Integration Joint Board. Mr J Matthews OBE and Ms A-M Monaghan, Non-Executive Directors, were also members of East Renfrewshire Integration Joint Board.
Glasgow City Integration Joint Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £804,952,000, expenditure £804,952,000.	Mr S Carr, Non-Executive Director, was also a Chair of Glasgow City Integration Joint Board. Ms J Donnelly, Mr R Finnie, Ms J Forbes, Cllr M Hunter, Mr J Matthews OBE, Ms A-M Monaghan and Ms R Sweeney, Non-Executive Directors, were also members of Glasgow City Integration Joint Board. Mr M White, Executive Director was also a member of Glasgow City Integration Joint Board.
Inverclyde Integration Joint Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £103,885,000 expenditure £103,885,000.	Mr S Carr, Mr A Cowan, Cllr J Clocherty and Ms D McErlean, Non-Executive Directors, were also members of Inverclyde Integration Joint Board.
Renfrewshire Integration Joint Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £163,203,000, expenditure £163,203,000.	Ms M Brown, Dr L de Caestecker, Dr D Lyons and Ms D McErlean, Non-Executive Directors, were also members of Renfrewshire Integration Joint Board.
West Dunbartonshire Integration Joint Board	NHS Greater Glasgow and Clyde had the following transactions in 2018-19 - income £109,271,000, expenditure £109,271,000.	Mr A Macleod, Non-Executive Director, was also a Chair of West Dunbartonshire Integration Joint Board. Cllr J McColl, Ms R Sweeney and Ms A Thomson, Non-Executive Directors, were also members of West Dunbartonshire Integration Joint Board.

21. THIRD PARTY ASSETS

	At 1 April 2018 £'000	Gross Inflows £'000	Gross Outflows £'000	At 31 March 2019 £'000
Monetary amounts such as bank balances and monies on deposit	3,428	1,921	(2,214)	**3,135**
Total Third Party Assets	**3,428**	**1,921**	**(2,214)**	**3,135**

Third Party Assets managed by the Board consist of balances on Patients' Private Funds Accounts.

Note:
The figures included above for Patients Private Funds Accounts have not yet been audited. Draft figures are included at this stage.

22. (a) CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

	Board	Endowment	Intra Group adjustment	E Dunb IJB	W Dunb IJB	E Ren IJB	Ren IJB	Glasgow City IJB	Inverclyde IJB	Group	Group
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total income and expenditure											
Employee expenditure	1,695,456	-	-	-	-	-	-	-	-	1,695,456	1,635,802
Other operating expenditure											
Independent Primary Care Services	374,647	-	-	-	-	-	-	-	-	374,647	351,176
Independent Primary Care Services	612,279	-	-	-	-	-	-	-	-	612,279	610,520
Drugs and medical supplies	2,089,644	8,991	(1,692)	-	-	-	-	-	-	2,096,943	2,008,705
Totals	**4,772,026**	**8,991**	**(1,692)**	**-**	**-**	**-**	**-**	**-**	**-**	**4,779,325**	4,606,203
Less: operating income	(2,111,250)	(13,371)	1,692	-	-	-	-	-	-	(2,122,929)	(2,009,818)
Joint Ventures accounted for on an equity basis	-	-	-	1,486	(519)	(264)	1,732	(7,752)	(743)	(6,060)	(11,498)
Net Expenditure	**2,660,776**	**(4,380)**	**-**	**1,486**	**(519)**	**(264)**	**1,732**	**(7,752)**	**(743)**	**2,650,336**	2,584,887

Note:
1. Other health care expenditure - £1,692k. Represents income transferred by the Board to Endowments in 2018-19. This is shown as expenditure in the Board's financial statements.
2. Operating Income - £1,692k. Represents the value of R&D income transferred to Endowments by the Board in 2018-19. This is shown as income in the Endowment accounts.
3. Realised gains from endowment investments of £1,282k have been recognised in the operating income line.
4. Joint Ventures accounted for on an equity basis discloses the Board's share of any current year surplus or deficit for each Integration Joint Board.

22. (b) CONSOLIDATED GROUP BALANCE SHEET

	Board	Endowment	Intra Group adjustment	E Dunb IJB	W Dunb IJB	E Ren IJB	Ren IJB	Glasgow City IJB	Inverclyde IJB	Group	Group
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:											
Property, plant and equipment	2,196,757	-	-	-	-	-	-	-	-	2,196,757	2,197,668
Intangible assets	768	-	-	-	-	-	-	-	-	768	213
Financial assets:											
Available for sale financial assets	1,059	87,340	-	-	-	-	-	-	-	88,399	85,036
Investment in joint ventures	-	-	30,591	(1,486)	519	264	(1,732)	7,752	743	36,651	30,591
Trade and other receivables	98,340	-	-	-	-	-	-	-	-	98,340	105,598
Total non-current assets	2,296,924	87,340	30,591	(1,486)	519	264	(1,732)	7,752	743	**2,420,915**	**2,419,106**
Current Assets:											
Inventories	22,961	-	-	-	-	-	-	-	-	22,961	21,595
Intangible assets	250	-	-	-	-	-	-	-	-	250	1,259
Financial assets:											
Trade and other receivables	138,837	4,494	(1,486)	-	-	-	-	-	-	141,845	127,928
Cash and cash equivalents	5,386	677	-	-	-	-	-	-	-	6,063	1,695
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial assets	-	-	-	-	-	-	-	-	-	-	-
Assets classified as held for sale	5,621	-	-	-	-	-	-	-	-	5,621	11,222
Total current assets	173,055	5,171	(1,486)	-	-	-	-	-	-	**176,740**	**163,699**
Total assets	**2,469,979**	**92,511**	**29,105**	**(1,486)**	**519**	**264**	**(1,732)**	**7,752**	**743** -	**2,597,655**	**2,582,805**
Current liabilities:											
Provisions	(78,435)	-	-	-	-	-	-	-	-	(78,435)	(52,349)
Financial liabilities:											
Trade and other payables	(360,172)	(1,459)	1,486	-	-	-	-	-	-	(360,145)	(323,591)
Derivatives financial liabilities	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	**(438,607)**	**(1,459)**	**1,486**	**-**	**-**	**-**	**-**	**-**	**-**	**(438,580)**	**(375,940)**
Non-current assets plus/less net current assets/liabilities	**2,031,372**	**91,052**	**30,591**	**(1,486)**	**519**	**264**	**(1,732)**	**7,752**	**743**	**2,159,075**	**2,206,865**
Non-current liabilities											
Provisions	(251,397)	-	-	-	-	-	-	-	-	(251,397)	(276,789)
Financial liabilities:											
Trade and other payables	(290,288)	-	-	-	-	-	-	-	-	(290,288)	(282,841)
Liabilities in associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities	**(541,685)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(541,685)**	**(559,630)**
Assets less liabilities	**1,489,687**	**91,052**	**30,591**	**(1,486)**	**519**	**264**	**(1,732)**	**7,752**	**743**	**1,617,390**	**1,647,235**
TAXPAYERS' EQUITY											
General fund	1,134,923	-	-	-	-	-	-	-	-	1,134,923	1,200,569
Revaluation reserve	354,764	-	-	-	-	-	-	-	-	354,764	331,774
Other reserves	-	-	-	-	-	-	-	-	-	-	-
Other reserves - joint venture	-	-	30,591	(1,486)	519	264	(1,732)	7,752	743	36,651	30,591
Funds Held on Trust	-	91,052	-	-	-	-	-	-	-	91,052	84,301
	1,489,687	**91,052**	**30,591**	**(1,486)**	**519**	**264**	**(1,732)**	**7,752**	**743**	**1,617,390**	**1,647,235**

Note:
The intra group adjustments above relate to amounts owed to the Board by Endowments as at the financial year end.

22. (c) CONSOLIDATED STATEMENT OF CASHFLOWS

Group 2018 £'000		Board 2019 £'000	Endowment 2019 £'000	E Dunb IJB 2019 £'002	W Dunb IJB 2019 £'003	E Ren IJB 2019 £'004	Ren IJB 2019 £'005	Glasgow City IJB 2019 £'006	Inverclyde IJB 2019 £'007	Group 2019 £'000
	NET OPERATING CASHFLOW									
(2,584,887)	Net operating cost	(2,660,776)	4,380	(1,486)	519	264	(1,732)	7,752	743	(2,650,336)
51,757	Adjustments for non cash transactions	87,823	-	1,486	(519)	(264)	1,732	(7,752)	(743)	81,763
20,093	Interest payable	19,647	-	-	-	-	-	-	-	19,647
(5)	Interest receivable	-	-	-	-	-	-	-	-	-
(1,822)	Investment Income	-	(2,261)	-	-	-	-	-	-	(2,261)
(9,366)	Net movement on working capital	27,733	(3,978)	-	-	-	-	-	-	23,755
(2,524,230)	**Net cash outflow from operating activities**	**(2,525,573)**	**(1,859)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,527,432)**
	INVESTING ACTIVITIES									
(72,129)	Purchase of property, plant and equipment	(62,875)	-	-	-	-	-	-	-	(62,875)
(462)	Transfer of assets (to)/from other NHS bodies	(480)	-	-	-	-	-	-	-	(480)
(79,172)	Purchase of intangible assets	(259)	(15,939)	-	-	-	-	-	-	(16,198)
(240)	Investment Additions	-	-	-	-	-	-	-	-	-
7,027	Proceeds of disposal of property, plant and equipment	13,585	140	-	-	-	-	-	-	13,725
-	Proceeds of disposal of intangible assets	175	-	-	-	-	-	-	-	175
53,158	Receipts from sale of investments	-	13,277	-	-	-	-	-	-	13,277
1,834	Interest received	-	2,261	-	-	-	-	-	-	2,261
(89,984)	Net cash outflow from Investing Activities	**(49,854)**	**(261)**	**-**	**-**	**-**	**-**	**-**	**-**	**(50,115)**
	FINANCING									
2,601,510	Funding	2,586,572	-	-	-	-	-	-	-	2,586,572
318	Movement in general fund working capital	4,634	-	-	-	-	-	-	-	4,634
2,601,828	Cash drawn down	2,591,206	-	-	-	-	-	-	-	2,591,206
3,793	Capital element of payments in respect of finance leases and on balance sheet PFI Contracts	8,502	-	-	-	-	-	-	-	8,502
199	Interest paid	853	-	-	-	-	-	-	-	853
(20,292)	Interest element of finance leases and on balance sheet PFI Contracts	(20,500)	-	-	-	-	-	-	-	(20,500)
2,585,528	Net cash inflow from financing	**2,580,061**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,580,061**
(28,686)	**Increase in cash in year**	**4,634**	**(2,120)**	**-**	**-**	**-**	**-**	**-**	**-**	**2,514**
39,451	Net cash at 1 April	752	10,013	-	-	-	-	-	-	10,765
10,765	**Net cash at 31 March**	**5,386**	**7,893**	**-**	**-**	**-**	**-**	**-**	**-**	**13,279**

Greater Glasgow Health Board

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.

4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 8 February 2006