



GRAMPIAN HEALTH BOARD  
**Annual Accounts**  
Year Ended 31st March 2015



**GRAMPIAN HEALTH BOARD**  
**(Commonly known as NHS Grampian)**

**ANNUAL ACCOUNTS**

**YEAR ENDED 31 MARCH 2015**

# GRAMPIAN HEALTH BOARD

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# **GRAMPIAN HEALTH BOARD**

## **ANNUAL ACCOUNTS**

### **DIRECTORS' REPORT**

#### **Naming Convention**

NHS Grampian is the common name of Grampian Health Board.

NHS Grampian Endowment Funds is the common name for the Grampian Health Board Endowment Fund.

#### **Date of Issue**

The Accountable Officer authorised these financial statements for issue on 29 June 2015.

#### **Going Concern**

After making enquiries, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis are included in note 1 of the accounts.

#### **Accounting Convention**

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Annual Accounts consolidate the results of the Grampian Health Board Endowment Fund (operating as NHS Grampian Endowment Funds.) The basis of consolidation used is Merger Accounting. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, available for sale financial assets. The accounts have been prepared under a direction issued by the Scottish Ministers, which is reproduced on page 74 of these accounts. The statement of the accounting policies, which have been adopted, is shown at Note 1 to the Accounts.

#### **Appointment of Auditor**

The Public Finance and Accountability (Scotland) Act 2000, places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2011/12 to 2015/16, the Auditor General appointed Deloitte LLP, to undertake the audit of Grampian Health Board. The general duties of the auditor 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.

The Trustees of NHS Grampian Endowment Funds appointed Deloitte LLP as external auditor, effective for the financial years 2011/12 to 2015/16.

#### **Role of the Board**

Grampian Health Board was established in 1972 under the National Health Services (Scotland) Act 1972 and is responsible for commissioning services for the residents of Grampian, a total population of over half a million people.

NHS Boards form a local health system, with single governing boards responsible for improving the health of their local populations and delivering the healthcare they require. The role of the Board is to:

- a) deliver patient centred, safe and effective health care to the population of Grampian;
- b) improve and protect the health of local people;
- c) improve health services for local people;
- d) reduce health inequalities;
- e) focus clearly on health outcomes and people's experience of their local NHS system;
- f) promote integrated health and community planning by working closely with other local organisations; and
- g) provide a single focus of accountability for the performance of the local NHS system.

# GRAMPIAN HEALTH BOARD

## DIRECTORS' REPORT (continued)

All Board members are also trustees of the NHS Grampian Endowment Funds which was established by the NHS (Scotland) Act 1978 and is a Registered Charity subject to the legal framework of the Charities and Trustee Investment (Scotland) Act 2005.

The charitable purpose of NHS Grampian Endowment Funds is to enhance healthcare and patient welfare in Grampian, through:

- a) improvement of the physical and mental health of the Grampian Health Board's population and our staff;
- b) prevention, diagnosis and treatment of illness;
- c) provision of services and facilities in connection with the above; and
- d) research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or any other matters relating to the health service as the trustees see fit.

### Board Membership

Board members are selected and appointed through the public appointment process on the basis of their current organisational roles and/or 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 NHS Grampian as a whole, working in partnership to improve health and healthcare services. The following served as members of the Board during the year:

**Chairman :** Councillor Bill Howatson (to 31 December 2014)  
Professor Stephen Logan (from 1 January 2015)

**Vice Chairman :** Mr Charles Muir (to 31 December 2014)

#### Non-Executive Members:

Mr David Anderson  
Mrs Rhona Atkinson (from 1 January 2015)  
Mr Raymond Bisset  
Councillor Stewart Cree  
Councillor Barney Crockett  
Mrs Sharon Duncan  
Professor Mike Greaves  
Mrs Linda Juroszek (to 31 July 2014)  
Mrs Christine Lester  
Dr Lynda Lynch  
Mr Terry Mackie  
Dr Helen Moffat (from 1 October 2014)  
Mr Jonathan Passmore  
Councillor Anne Robertson  
Mr Michael Scott (to 31 December 2014)  
Mr Eric Sinclair (from 1 January 2015)

#### Executive Members:

Mr Richard Carey Chief Executive (to 30 November 2014)  
Dr Roelf Dijkhuizen Medical Director (to 4 October 2014)  
Dr Nick Fluck Medical Director (from 1 October 2014)  
Mr Alan Gray Director of Finance  
Sir Lewis Ritchie Director of Public Health (to 31 October 2014)  
Mrs Elinor Smith Director of Nursing and Quality  
Mr Malcolm Wright Chief Executive (from 1 December 2014)

The Board members' responsibilities in relation to the accounts are set out in a statement on page 21.

### Board Members' Interests

The Register of Interests of Board Members is held at Summerfield House, 2 Eday Road, Aberdeen and may be inspected by members of the public by contacting the Legal Advisor on 01224 558496. The Board Members have declared in the register of interests any potential business or other relationship, which they felt could influence, or could be seen to influence, the exercise of their judgement. For 2014/15 there were no interests, other than those discharged as a Trustee of NHS Grampian Endowment Funds that required disclosure in the accounts under IAS 24.

# GRAMPIAN HEALTH BOARD

## DIRECTORS' REPORT (continued)

### Corporate Governance

The NHS Grampian Board is a board of governance which meets regularly throughout the year and has adopted a schedule of matters reserved for its decision. The overall role of the Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The main functions of the Board comprise:

- strategy development and implementation;
- resource allocation;
- implementation of the Local Health Plan; and
- performance management.

The Board operates within an assurance framework which delegates specific governance functions to five key sub committees as follows:

#### Clinical Governance Committee

The Clinical Governance Committee meets four times per year. The main duties are as follows:

- Provide a strategic oversight of systems and procedures for clinical governance arrangements;
- Support and monitor the implementation of dynamic clinical governance arrangements;
- Report regularly to the Board on the progress and effectiveness of the clinical governance arrangements; and
- Promote a fair and just culture to encourage continuous quality improvement within all of NHS Grampian's clinical services.

**Membership:** Mr Charles Muir (Chair to 31 December 2014), Professor Mike Greaves (Chair from 1 January 2015), Councillor Bill Howatson (to 31 December 2014), Dr Lynda Lynch (from 1 January 2015), Mr Terry Mackie, Councillor Anne Robertson (from 1 January 2015), Mr Michael Scott (to 31 December 2014), Mr Eric Sinclair (from 1 January 2015) and a public representative.

#### Staff Governance Committee

The Staff Governance Committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level. The Committee also oversees the implementation of the five staff governance standards. The five standards entitle staff to be: well informed; appropriately trained; involved in decisions that affect them; treated fairly and consistently; and provided with an improved and safe working environment. The Committee meets four times per year.

**Membership:** Mr Terry Mackie (Chair), Mr David Anderson, Mrs Sharon Duncan, Councillor Bill Howatson (to 31 December 2014), Professor Stephen Logan (from 1 January 2015), Dr Lynda Lynch (from 1 August 2014), Councillor Anne Robertson and Mr Michael Scott (to 31 December 2014). There is Executive Director and Staff Side representation at each meeting.

#### Audit Committee

The Audit Committee meets four times a year. Its main duties include:

- The review of internal and external audit arrangements;
- The regular review of findings and associated management action arising from internal and external audit activity;
- The review and monitoring of adherence to the Board's Standing Orders and Standing Financial Instructions; and
- Ensuring that effective internal control systems are maintained and corporate governance matters are observed.

**Membership:** Mr David Anderson (Chair), Mrs Rhona Atkinson (from 1 January 2015), Councillor Barney Crockett, Mrs Sharon Duncan, Professor Mike Greaves and Dr Lynda Lynch.

#### Performance Governance Committee

The Performance Governance Committee (PGC) monitors and supports performance management arrangements across NHS Grampian and promotes a culture of continuous, system wide performance improvement. The PGC has three sub committees, one for each of the Community Health Partnerships.

# GRAMPIAN HEALTH BOARD

## DIRECTORS' REPORT (continued)

**Membership:** Councillor Bill Howatson (Chair to 31 December 2014), Professor Stephen Logan (Chair from 1 January 2015), Mrs Rhona Atkinson (from 1 January 2015), Mr Raymond Bisset, Councillor Stewart Cree (from 1 January 2015), Mrs Sharon Duncan, Mrs Christine Lester, Mr Charles Muir (to 31 December 2014) and Mr Michael Scott (to 31 December 2014).

### **Patient Focus and Public Involvement Committee**

The Patient Focus and Public Involvement Committee meet four times per year. The Committee ensures that the public is appropriately involved in the decision making process of NHS Grampian.

**Membership:** Mrs Christine Lester (Chair), Mrs Linda Juroszek (to 31 July 2014), Mr Jonathan Passmore and Councillor Anne Robertson. There is also Executive Director and extensive staff, clinical, management and public representation attendance at meetings.

The Board has the following additional sub committees which support the strategic and operational management of the organisation:

### **Endowment Committee**

**Chairperson:** Mr Raymond Bisset.

The Endowment Committee oversees the management of the NHS Grampian Endowment Funds, which had assets at 31 March 2015 valued at £44.7million (31 March 2014 valued at £42.6 million).

### **Clinical Ethics Committee**

**Chairperson:** Dr Ruth Stephenson, Consultant Anaesthetist.

The Clinical Ethics Committee provides advice to all professionals and organisations within NHS Grampian on ethical matters and to raise their awareness of ethics, as distinct from the specific issues of research ethics. Membership is drawn from medical clinicians from primary and secondary care and public health; non medical clinicians; a non executive member of the Board; a member of the public; and members with expertise in ethics/philosophy and theology.

### **Discipline Committee**

The Discipline Committee investigates matters relating to services provided by family health service practitioners and comprises a solicitor chairperson and lay and practitioner members.

### **Spiritual Care Committee**

**Chairperson:** Councillor Bill Howatson (to 31 December 2014), Mrs Rhona Atkinson (from 1 January 2015)

The Spiritual Care Committee supports the integrated planning and delivery of spiritual care services within NHS Grampian.

### **Other Committees**

#### **North of Scotland Research Ethics Committees**

The North of Scotland Research Ethics Committees provide independent advice on the extent to which proposals for research studies comply with recognised ethical standards. These committees are not formal sub committees of the Board but operate on a regional basis serving the North of Scotland including Grampian, Highland and Islands, Orkney and Shetland. The purpose of a Research Ethics Committee in reviewing proposed studies is to protect the dignity, rights, safety and well being of all actual or potential research participants. There are two Committees which meet approximately once a month. The Committees comprise lay members, expert members, nurses, other clinicians, pharmacists and research scientists.

Committee 1 Chair: Professor Helen Galley, Chair of Anaesthesia and Intensive Care.

Committee 2 Chair: Dr Alex Johnstone, Non-Medical Research Specialist.

# GRAMPIAN HEALTH BOARD

## DIRECTORS' REPORT (continued)

### Remuneration Committee

The Board also has a Remuneration Committee details of which are included within the Remuneration Report on pages 7 to 10 of these Annual Accounts.

### Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditor is unaware; and each director has taken all the steps that he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditor is aware of that information.

### Pension Liabilities

The accounting policy for pensions is provided in Note 1 to the Accounts and disclosure of the costs is shown within Note 23 and the Remuneration Report.

### Remuneration for Non Audit Work

Deloitte LLP, the Board's external auditor, received no fees for non audit related work during 2014/15 (2013/14 nil). PricewaterhouseCoopers who provide an Internal Audit Service to NHS Grampian were paid £5,500 before VAT for non-audit work (2013/14 £38,000).

### Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose duties on NHS Grampian to publish information on expenditure, economic sustainability and efficiency as soon as is reasonably practicable after the end of each financial year. The information required to comply with these disclosure requirements is not an integral part of the Annual Accounts and is displayed on the NHS Grampian website at the following [Link](#)

### Personal Data Related Incidents

NHS Grampian formally reported personal data related incidents to the Information Commissioners Office on four occasions during 2014/15.

### Payment Policy

NHS Grampian is committed to supporting the Scottish Government in helping businesses during the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies and NHS Grampian is actively working towards achievement of this accelerated payment target.

In 2014/15, the average credit taken was 13 days (2013/14: 6 days).

In 2014/15 92% of invoices by value (2013/14 98%) and 87% of invoices by volume (2013/14 97%) were paid within 30 days.

In 2014/15 83% of invoices by value (2013/14 94%) and 75% of invoices by volume (2013/14 92%) were paid within 10 days.

### Workforce

As part of our adherence to the NHS Scotland Staff Governance Standards, the organisation engages and consults employees or their representatives so their views are taken into account in decisions affecting their interests through the Grampian Partnership process. NHS Grampian has invested in five full time partnership representatives released from their substantive roles, who represent the interests of all staff. NHS Grampian provides employees with information on matters of concern to them as employees through a range of communication methods including the local intranet, Team Brief, global e-mails and the Upfront Newspaper. As an equal opportunities employer, NHS Grampian welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Board.



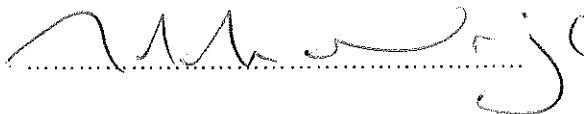
# GRAMPIAN HEALTH BOARD

## Events after the end of the reporting period

No events occurred after the end of the financial year and before the date of publication that will have a material impact on the content of these accounts as presented.

## 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 24.

A handwritten signature in black ink, appearing to read 'Malcolm Wright', written over a horizontal dotted line.

**Malcolm Wright**  
**Chief Executive**  
**Grampian Health Board**

**29 June 2015**

# GRAMPIAN HEALTH BOARD

## REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2015

Publication of pension benefits is required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2014/15.

	Salary (bands of £5,000)	Performance Related Bonus (bands of £5,000)	Benefits in Kind	Sub Total earnings paid in 2014/15 (bands of £5,000)	Value of Pension Benefits (to be paid over 20 years following retirement)	Total Remuneration (bands of £5,000)	Total accrued pension at 31 March 2015 (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Total accrued lump sum at pensionable age at 31 March 2015 (bands of £5,000)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31/03/14	Cash Equivalent Transfer Value (CETV) at 31/03/15	Real increase in CETV in year
Note	£000	£000	£000	£000	£000	£000	£000	(bands of £2,500)	£000	(bands of £2,500)	£000	£000	£000
<b>Remuneration of:</b>													
<b>Executive Members</b>													
a	165-170	0	1.1	165-170	12	175-180	60-65	0-2.5	190-195	2.5-5	1,288	1,363	75
b	45-50	0	0.0	45-50	4	85-90	65-70	5-7.5	205-210	17.5-20	1,334	1,507	173
c	90-95	0	0.4	90-95	4	90-95	45-50	0-2.5	140-145	0-2.5	1,021	1,085	74
d	85-90	0	0.3	85-90	20	105-110	45-50	2.5-5	145-150	7.5-10	811	882	71
e	115-120	0	3.1	115-120	21	135-140	5-10	0-2.5	0	0	59	84	25
f	105-110	0	3.4	110-115	34	140-145	35-40	0-2.5	110-115	5-7.5	810	854	44
g	70-75	0	0.0	70-75	N/A	70-75	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Non Executive Members</b>													
The Chairman - Councillor Bill Howatson (to 31/12/14)													
	20-25	0	0	20-25	N/A	20-25	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
e	60-65	0	0	60-65	4	65-70	25-30	0-2.5	80-85	0-2.5	519	550	31
f	20-25	0	0	20-25	3	20-25	10-15	0-2.5	30-35	0-2.5	246	253	7
g	25-30	0	0	25-30	9	35-40	5-10	0-2.5	25-30	2.5-5	134	154	20
h	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
i	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
j	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
k	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
l	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
m	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
n	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
o	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
p	10-15	0	0	10-15	N/A	10-15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
q	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
r	10-15	0	0	10-15	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
s	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
t	10-15	0	0	10-15	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
u	0-5	0	0	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
v	0-5	0	0	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A

a) Mr Richard Carey ceased to be the accountable officer for the NHS Grampian Board effective 30 November 2015. Mr Carey remained an employee of NHS Grampian until taking early retirement on 19 January 2015. The above remuneration figures reflect Mr Carey's total earnings during 2014/15 including payment in lieu of notice in line with contractual terms and conditions of service. Mr Carey's pension scheme received a single compensation payment of £255,788 on retirement, commensurate with NHS Pension scheme rules, to mitigate the impact of an actuarial reduction on pension benefits. No redundancy payment, no service enhancement and no other compensation for loss of office was received by Mr Carey.

b) Mr Malcolm Wright is an employee of NHS Education for Scotland and is seconded to NHS Grampian as Chief Executive.

c) Dr Roel Dijkhuizen retired from the post as Medical Director and left NHS Grampian's services on 4 October 2014. The above remuneration figures reflect Dr Dijkhuizen's total earnings during 2014/15 including payment in lieu of notice in line with contractual terms and conditions of service. Dr Dijkhuizen's pension scheme received a single compensation payment of £21,431 on retirement, commensurate with NHS Pension scheme rules, to mitigate the impact of an actuarial reduction on pension benefits. No redundancy payment, no service enhancement and no other compensation for loss of office was received by Dr Dijkhuizen.

d) Sir Lewis Ritchie, Director of Public Health until 31 October 2015, was seconded from the University of Aberdeen, School of Medicine and Dentistry. The remuneration disclosed above represents the direct salary re-imburse to the University under the terms of the secondment agreement.

e) Mrs Sharon Duncan worked in a full time capacity as Employee Director of NHS Grampian.

f) The remuneration disclosure for Mrs Linda Juroszek includes total earnings both in her full time role as a pharmacist with NHS Grampian and for her additional duties as an NHS Board member.

g) The remuneration disclosure for Dr Helen Moffat includes total earnings both in her part time role as a Clinical Psychologist with NHS Grampian and for her additional duties as an NHS Board member.

h) Non-Executive Board Members who were Chairs of CHP Committees and who assume additional responsibilities during the year received additional remuneration.

# GRAMPIAN HEALTH BOARD

## REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2014

2013-14 is the first year that publication of the pension benefits has been required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2013/14.

Name	Note	Salary (bands of £5,000)	Performance Related Bonus (bands of £5,000)	Benefits in Kind	Sub Total earnings paid in 2013/14 (bands of £5,000)	Value of Pension Benefits to be paid over 20 years following retirement	Total Remuneration (bands of £5,000)	Total accrued pension at pensionable age at 31 March 2014 (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Total accrued lump sum at pensionable age at 31 March 2014 (bands of £5,000)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31/3/13	Cash Equivalent Transfer Value (CETV) at 31/3/14	Real increase in CETV in year
<b>Executive Members</b>														
Mr Richard Carey		150-165	0	2.8	155-160	19	170-175	60-65	0-2.5	185-190	5-7.5	1,288	1,288	94
Dr Roelf Dijkhuizen		155-160	0	0	155-160	10	165-170	45-50	0-2.5	135-140	2.5-5	945	1,021	76
Mr Alan Grey		115-120	0	2.9	115-120	23	135-140	5-10	0-2.5	0	0	35	59	24
Sir Lewis Ritchie	a	120-125	0	0	120-125	N/A	120-125	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Elinor Smith		100-105	0	3.3	105-110	13	115-120	30-35	0-2.5	100-105	2.5-5	766	810	44
<b>Non Executive Members</b>														
<b>The Chairman : Councillor Bill Howatson</b>														
Mr David Anderson		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Raymond Bisset	d	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Stewart Cree (from 3/6/14)		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Barney Crockett		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Sharon Duncan	b	60-65	0	0	60-65	17	75-80	25-30	0-2.5	75-80	2.5-5	476	519	43
Professor Mike Greaves		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Jennifer Greener (to 31/12/2013)	c	5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Linda Juroszak		60-65	0	0	60-65	8	70-75	10-15	0-2.5	30-35	0-2.5	221	246	25
Mrs Christine Lester	d	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Lynda Lynch (from 15/4/13)		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Mackay (to 22/5/13)		0-5	0	0	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Terry Mackie		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Charles Muir	d	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Jonathan Pasmore (From 15/4/13)		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Robertson		5-10	0	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Mike Scott	d	15-20	0	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A

a) Sir Lewis Ritchie is an employee of the University of Aberdeen, School of Medicine and Dentistry and is seconded to NHS Grampian as Director of Public Health on a part time basis. The remuneration disclosed above represents the direct salary reimbursed to the university under the terms of the secondment agreement.

b) Mrs Sharon Duncan worked in a full time capacity as Employee Director of NHS Grampian.

c) The remuneration disclosure for Mrs Linda Juroszak includes total earnings both in her full time role as a pharmacist with NHS Grampian and for her additional duties as an NHS Board member.

d) Non Executive Board Members who were Chairs of CHP Committees and who assume additional responsibilities during the year received additional remuneration.

Note : The above figures exclude additional years purchased by Board Members at their own expense.

# GRAMPIAN HEALTH BOARD

## REMUNERATION REPORT (continued)

### Remuneration of Executive and Non-Executive Members

The total remuneration disclosed on pages 6 and 7 above includes all amounts paid or payable by the Board in each financial year and a separate assessment of the estimated increase in the cumulative pension benefit that will be payable following retirement.

The annual remuneration of Executive and Senior Management Cohort and Non-Executive Members is determined by the Scottish Government under Ministerial Direction and in accordance with PCS (ESM) 2013/1, PCS (ESM) 2012/1, PCS (ESM) 2013/2, PCS (ESM) 2013/3 and PCS (ESM) 2015/1.

The calculation of pension benefit is in accordance with the Financial Reporting Manual (FRoM) and the Companies Act (2006) and is intended to bring public bodies in line with other industries by disclosing total pension benefits that will become payable on retirement and using an estimated life span of 20 years following retirement.

### Remuneration Committee

The Remuneration Committee meets four times a year. Its main duties are as follows:

- Ensuring that arrangements are in place to comply with NHS Grampian policy and Scottish Government direction and guidance for determining the employment, remuneration and terms and conditions of employment for Executive/Corporate Directors, in particular.
- Approving the Personal Objectives of all Executive/Corporate Directors in the context of relevant Regional/National policy, the Strategic Themes and Corporate Objectives of NHS Grampian.
- Receiving formal reports on the operation of remuneration arrangements and the outcomes of the annual assessment of performance for each of the Executive/Corporate Directors.
- Ensuring that arrangements are in place to determine the remuneration, terms and conditions and performance assessment for other staff employed under the executive and senior management cohort pay systems.
- When appropriate, in accordance with procedures, approving remuneration arrangements for other staff groups, e.g. discretionary points for medical consultants.

**Membership:** Mr Terry Mackie (Chair), Mr David Anderson, Mrs Sharon Duncan, Councillor Bill Howatson (to 31 December 2014), Professor Stephen Logan (from 1 January 2015), Dr Lynda Lynch (from 1 August 2014), Councillor Anne Robertson and Mr Michael Scott (to 31 December 2014).

### Board Members Contracts of Employment

The Executive Board members of Grampian Health Board are employed on permanent contracts of employment with the exception of Mr Malcolm Wright who is an employee of NHS National Education Scotland seconded to NHS Grampian as Interim Chief Executive from 1 December 2014 pending recruitment of a permanent appointment in to this role and Sir Lewis Ritchie who is an employee of the University of Aberdeen, School of Medicine and Dentistry and was seconded to Grampian Health Board as Director of Public Health on a part time basis until 31 October 2014. The Non-Executive members are ministerial appointments on contracts of between two and four years.

### Assessment of Performance

The performance assessment process requires each board member to set objectives for the year. Performance in relation to the achievement of these objectives is monitored, culminating in a final review meeting that takes place at the end of the year. The performance assessment process for the Executive and Senior Management Cohort is in accordance with PCS (ESM) 2013/1.

Performance management and appraisal arrangements follow the nationally prescribed format and are directly linked to the improved performance of Grampian Health Board in the delivery of its objectives. Written evidence relating to the performance ratings for Executive members following review by the Chief Executive is made available to the Remuneration Committee for approval. For the Chief Executive, the process is undertaken by the Chairman. For Non-Executive members, the process is also undertaken by the Chairman and written evidence is submitted to the Cabinet Secretary for Health and Wellbeing.

# GRAMPIAN HEALTH BOARD

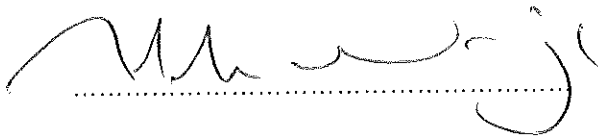
## REMUNERATION REPORT (continued)

The progression of the Executive and Senior Management Cohort through the pay range is subject to, as a minimum, the fully acceptable performance of the individual. A National Performance Management Committee has been established as detailed in HDL(2006)54 to ensure, on behalf of the Scottish Government, the effective and consistent application of pay and performance management arrangements for NHS Scotland Executives subject to Ministerial Direction.

### Relationship between the highest paid Director and the workforce median remuneration

The following table compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year. The remuneration figures used for this calculation represent the annualised whole time equivalent salary figures.

2014-15		2013-14	
Highest Earning Director's Total Remuneration (£000s)	175-180	Highest Earning Director's Total Remuneration (£000s)	155-160
Median Total Remuneration (£)	28,180	Median Total Remuneration (£)	27,901
Ratio	6.24	Ratio	5.60



**Mr Malcolm Wright**  
**Chief Executive**  
**Grampian Health Board**

29 June 2015

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT

### Principal Activities

Grampian Health Board is responsible for leading efforts to improve the health of the people in Grampian, and for providing the health care services that people need. It is the fourth largest health board in Scotland by general funding allocation, and consists of three Community Health Partnerships (to be superseded by the establishment of Integrated Joint Boards for Aberdeen City, Aberdeenshire and Moray), a Mental Health Sector, an Acute Sector and a Public Health Directorate all supported by services such as Facilities, E-Health, Finance and Human Resources. The Community Health Partnerships provide a focus for NHS Grampian to work in partnership with other agencies in the provision of integrated services to the local communities.

### 2020 vision for Health and Social care

The Board has an agreed Strategy, the 2020 vision for Health and Social Care, which has three broad areas of focus:

- Improving the Quality of Care;
- Improving the health of the population; and
- Securing the value and sustainability of health services.

Delivery of the 2020 vision will see the transformation of the healthcare system in line with Government policy by helping people to take care of their own health, caring for more people at home or close to home, and improving access to specialist services for those who require specialist treatment. The approach also brings together the main redesign programmes related to planned care, unscheduled care and integration of services in partnership with local authorities, the third sector and the new Integrated Joint Boards for Health and Social Care to be established by April 2016.

### Future Plans

#### Risk and Uncertainty

The Board's Local Delivery Plan summarises the key risks facing NHS Grampian in future years and how these will be mitigated. The key challenge for the Board is to manage these risks in a way that ensures the continued delivery of quality clinical services and a high standard of operational performance whilst remaining in financial balance and achieving our financial targets.

Key identified risks include the impact of changing demographics with both overall population numbers and the proportion of elderly in the population rising year on year and this trend forecast to continue. The Board is also considering the impact of recent policy and legislative change on operational service delivery and any associated resource implications related to the planned future enactment of the Public Bodies (Joint Working) (Scotland) Bill and Community Empowerment and Renewal Bill. Other identified risks include the impact of a buoyant local employment market and higher than average property costs on the ability to recruit and retain staff, cost of new drug therapies, rising costs of energy and climate change levies such as the Carbon Reduction Commitment Scheme, the planned rise in costs of employer contributions to the NHS Superannuation scheme, increase in employer National Insurance costs and the need to invest to modernise our ageing infrastructure and equipment base.

Moving forward the Board will continue to build on the many positive changes and initiatives achieved in recent years and will strengthen partnerships with the local authorities and the third sector. Establishment of the Integrated Joint Boards will provide a focus for engagement in determining the future configuration of services through the development of a joint clinical services plan.

### Improving the Quality of Care

#### Person Centred Care

The Board's financial plans include a commitment to a range of initiatives aimed at improving patient flow through our services. These initiatives include:

- A recurring investment in Specialist Emergency Medicine including additional triage nurses, advanced clinical practitioners, physician associates and an additional 5 WTE Emergency Medicine Consultants;

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued) Person Centred Care (continued)

- A recurring investment of £2.1m in an enhanced multi-disciplinary team to improve the assessment and management of mainly frail and elderly patients presenting at the front door of Aberdeen Royal Infirmary including an additional 11.25 WTE Acute, Geriatric and High Dependency Consultant medical staff;
- An additional £7.5m investment in 2015/16 to further enhance our capacity to treat patients within the Treatment Time Guarantee and Cancer Diagnosis to Treatment access standards; and
- Introduction of a major trauma centre during 2016 within Aberdeen Royal Infirmary, as part of an enhanced network of care for major trauma patients in Scotland. People with serious injuries, such as those who have been in a serious car accident, or who experience severe head injuries, will be initially cared for at the new centre.

Work is also underway within a number of specialties to transform approaches to outpatient care and reduce the requirement for attendance at hospital clinics using the "No Delays" platform which has been developed with a private sector partner.

### Safe Care

Patient safety and all its related topics have always been considered by the Board as the fundamental responsibility for all staff in the organisation. In addition to the Board's internal governance arrangements and commitment to the national patient safety programme, Health Improvement Scotland performed independent reviews of our services throughout the year the outputs of which are included within our improvement activity. Decisions on resource deployment are taken only after safety, quality of patient care and affordability are considered together using the resource allocation tool developed within Grampian Health Board.

Efforts continue across the organisation to improve the physical environment in which staff work and patients are treated. The Board's capital expenditure plans commit further significant investment in new facilities and upgrading existing buildings to meet statutory requirements and HAI standards, in addition to improving the environment for patients. The Board welcomes the announcement of £120m to replace the existing maternity hospital and establish a purpose built cancer centre and an additional £19m to develop new primary care premises to ensure local access to services in our growing and emerging communities. In addition the Board continued to benefit from the generosity of local philanthropic donors either through the Board's charitable endowment funds or more directly with specific donations towards large scale infrastructure developments. Recent examples include the development of Robotic Surgery, a new MRI scanner at Woodend Hospital and a new car park at ARI all at various stages of development.

Keeping patients out of hospital when there is no need for them to be there remains a key objective in improving patient safety and the Board is working closely with local authority and third sector partners to ensure that we are jointly developing alternatives to ensure patients can stay well longer at home or in a homely setting. In this context the Board also welcomed the announcement of an additional £100m which will be made available to NHS Boards across Scotland over the next three years to develop plans to enable the discharge of patients from hospital. This will be a priority objective for the new Integrated Joint Boards.

### Improving the Health of the Population

Whilst the Grampian region enjoys relatively good health in a Scottish context there are areas of deprivation and disadvantage where the health of the population is below acceptable standards. The Board is committed to targeting resources to addressing inequalities within Grampian and ensuring proactive plans exist to support health improvement. Government policy sets out to increase healthy life expectancy in Scotland, to break the link between early life adversity and adult disease, to reduce health inequalities particularly in the most deprived communities and to reduce smoking, excessive alcohol consumption and other risk factors to a healthier life. Protecting the public's health is equally a top priority and Grampian Health Board is well placed to take forward this whole agenda.

The Government continues to offer targeted funding in addition to core allocations to support health improvement and the Board will ensure that these funds are used innovatively in the most effective and efficient ways. The Board will continue to commit investment to a number of preventative health programmes which will support the outcome for longer and healthier lives. In addition we are also working with communities to identify needs, and then collaborate effectively to meet these needs. This process will recognise and build on the strengths and resources that communities already have (an 'asset-based' approach).

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued)

### Securing the Value and Sustainability of Health Services through Innovation.

The term digital health applies to actions, initiatives and services which support people to manage their own health and/or support the NHS to use information to deliver services more efficiently and effectively. The following paragraphs summarise where the Board has targeted investment in digital health:

- Supporting delivery of clinical services. For example: the implementation of a Clinical Guidance Intranet to support our approach to Clinical Decision Support.
- Supporting patients to live at home: Increasingly sophisticated technical options with remote monitoring and support systems are available for the delivery of telemedicine and telecare. These techniques are particularly useful in servicing remote and rural patients and specific pilot initiatives are underway in several clinical service areas e.g. respiratory medicine.
- Supporting population health and wellbeing: A number of initiatives are being taken forward which have the aim of providing information for the public to be proactive in maintaining good health. Increasingly this information will be conveyed by television and the targeting of individuals will become more sensitive as the use of smart televisions increases (there are now 10 million smart televisions in homes in the UK). These initiatives also require the use of individual and population health data to support the targeting of individuals and specific groups – this is sometimes difficult for the NHS to do given the high standards of information governance as it often involves providing third parties with access to information.

### Review of the Year

Preparing for health and social care integration remained a key priority during 2014/15. The Board continued to work closely with local authority and third sector partners to develop plans for the delegation of key health and social care functions to the new Integrated Joint Boards. Executive and Non Executive Directors of the NHS Grampian Board also sit on the three Transitional Leadership Groups in Moray, Aberdeenshire and Aberdeen City to provide strategic direction for the integration agenda which will have a significant impact on the future role of the NHS Grampian Board and result in the improvement of health and social care across the area.

During 2014/15 the Board continued with a focus on the implementation of the unscheduled care programme and on improving access to our services through improved patient flow. Primary care services continue to respond to pressures arising from demographic change, changes in clinical practice and increased patient expectations. Revised ways of working are under consideration aimed at strengthening the multidisciplinary team approach and encouraging greater involvement of patients and the population as a whole to take responsibility for the improvement of health and the delivery of local healthcare.

### Financial Performance and Position

The Annual Accounts consolidate the results of Grampian Health Board and Grampian Health Board Endowment Funds in line with IAS 27. Consolidated net assets are £491.566 million (2013/14: £491.480 million). Of this total the net assets of Grampian Health Board were £446.857 million (2013/14: £448.886 million) and the net assets of Grampian Health Board Endowment Funds were £44.709 million (2013/14: £42.594 million).

Grampian Health Board Endowment Funds reported a net favourable movement in funds of £2.116m for 2014/15 (2013/14: £2.693 million). These results do not however form part of the statutory financial target set for NHS Boards by the Scottish Government Health and Social Care Directorates (SGHSCD) and are therefore not taken in to account when considering the Boards in year financial performance.

The three annual financial targets set for each Health Board by the SGHSCD are:

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



# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued) Financial Performance and Position (continued)

Health Boards are required to contain their net expenditure within these limits, and report on any variation from the limits as set.

Grampian Health Board successfully achieved all three financial targets for the year reporting an outturn against these set limits as follows:

	Limit as set by SGHSCD £000	Actual Outturn £000	Variance Under £000
Core Revenue Resource Limit	873,216	873,079	137
Non Core Revenue Resource Limit	39,130	39,130	-
Core Capital Resource Limit	12,775	12,775	-
Non Core Capital Resource Limit	9,436	9,436	-
Cash Requirement	932,047	932,047	-

Memorandum for In Year Out-turn	£000
Brought forward surplus from previous financial year	(116)
Outturn against in year Revenue Resource Limit	(21)
<b>Net Saving against Revenue Resource Limit</b>	<b>(137)</b>

An in-year surplus of £21,000 was recorded for the year against a target of breakeven. The efficiency savings target of £23.198 million for the year was achieved in full. Recurring savings amounted to £17.393 million and non-recurring of £5.805 million.

### Infrastructure and Non Current Assets

The Board delivered a programme of infrastructure investment totalling £29.4 million during 2014/15. This overall programme was resourced using a combination of capital funding, revenue estates maintenance budgets, donated income and the proceeds from asset disposals.

Major achievements during the year include:

- The Woodside Fountain Health Centre became operational in June 2014 and the Forres Health and Community Care Centre became operational in August 2014;
- A new PET/CT scanner at Aberdeen Royal Infirmary (£2m) as part of the national PET replacement programme;
- Completion of the Foyer to the Emergency Care Centre and enabling works for the Therapeutic Roof Garden;
- Investment of £9.4m in a range of infrastructure improvements across our estate in line with our agreed programme to reduce high and significant risk backlog maintenance; and
- Investment, during the year of £6.3m in replacement of essential plant, IT and medical equipment.

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued)

### Property Valuation

The net increase in the carrying value of property assets during the year was £23.812 million. All land, buildings on the Foresterhill Site and 20% of the remaining owned buildings were revalued at 31 March 2015. The increase in value was deemed to be mainly temporary in nature as a consequence of the recent increase in property market valuations and the revaluation reserve has been increased by £24.377 million to compensate. The balance of £0.565 million represents an impairment in value and has been charged to Operating Costs. The Scottish Government Health Directorates have provided additional non recurring funding to compensate for this charge.

### Counter Fraud Services

During the year, NHS Scotland Counter Fraud Services performed work to give an indication of the possible level of Family Health Services income not generated due to incorrect claims by patients for exemption from NHS charges. Counter Fraud Services extrapolation of the sample results for Grampian indicates that the level of income from dental and ophthalmic charges in the year to 31 December 2014 could have potentially increased to £0.5 million (2013: £0.4 million) due to incorrect claims.

### Future Financial Plans

NHS Grampian is fully committed to deliver efficiency benefits and for 2015/16 has set a 3% efficiency target of £24.9m in line with the expectations set by Scottish Government.

For the years 2016/17 and beyond, the Board will refresh the Grampian clinical services strategy through engagement with the North of Scotland planning network, local clinical staff, patients and the wider community including scenario planning around the provision of tertiary, acute and primary care services. The Board's financial plans and requirement for recurring efficiencies is reflected within the redesign proposals set out within the Healthfit 2020 Vision.

The Board is also evaluating a number of opportunities to develop relationships with the commercial and business sector within the North East including commercialisation opportunities, maximising the utilisation of our infrastructure and joint venture arrangements based on the exploitation of innovation developed by our clinical staff.

### Staff Governance

The number of doctors, nurses, and midwives employed within the Board has increased during the year with 233.4 wte more nurses and midwives and 23.4 wte more consultants than in 2013-14. Recruitment has remained a challenge, however, for all of 2014-15, across all professions and grades but particularly noticeable for clinical professions.

The Board has continued its efforts, in partnership, to attract and retain staff, striving to become the 'Employer of Choice' and has invested in a number of new posts, including more than 90 wte nurses and 17 wte new consultant posts. Under the chairmanship of Councillor Robertson, non-executive Board Member, the Nursing Resources Utilisation Implementation Group (recently re-established as the Nursing Resources Group) has overseen a strategic improvement in the planning, deployment and investment in nursing and midwifery staffing.

During the year the Board also continued to implement, in partnership, a robust vacancy management and redeployment process to ensure staff were deployed to the areas of greatest need. The HR Service Centre continues to manage and deliver the payroll service for NHS Shetland and NHS Orkney, together with its responsibilities to NHS Grampian. The Service Level Agreement for NHS Orkney provided assistance across the full range of Workforce services and has been extended for a further three years. Further work was carried out on the challenging Health and Safety agenda, particularly in relation to Fire safety which saw relationships with the Scottish Fire and Rescue services strengthened further.

Progress to implementing the Knowledge and Skills Framework across NHS Grampian has continued to be challenging and the Staff Governance Committee approved proposals to invest in support to encourage further improvement. In addition, the short term attendance management pilot (iAMS) continues to be extended across the organisation through a partnership approach and has delivered a short term absence rate which has been consistently below the national average and has contributed to the achievement of the overall annual sickness absence rate of 4.6% (4.6% in 2013/14), which is one of the lowest in Scotland (Scottish average 5.04%).

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued) Staff Governance (continued)

Grampian Health Board had 14,238 employees, 11,807 female and 2,431 male, at 31 March 2015 (31 March 2014: 14,024 employees, 11,585 female and 2,439 male). Of this 49 (25 female and 24 male) were senior Managers other than Directors at 31 March 2015 (31 March 2014: 58 Senior Managers, 29 female and 29 male). 4 of the 5 Executive Board Directors were male in both years.

### Social Community and Human Rights

The Board promotes equality and celebrates diversity both in the services provided and within the organisation taking our duty to promote equality and diversity in the wider community very seriously.

The challenge for the Board is to maintain the excellent progress achieved to date, taking forward work for all 9 "protected characteristics" which make up equality and diversity. These "protected characteristics", as defined by the Equality Act 2010 are: race, disability, age, sex (male or female), sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership and religion or belief. The new NHS Grampian Equality, Diversity and Human Rights Policy is in its final draft and will be published during 2015/16.

The Board has also embraced the requirements of the Equality Act (Specific Duties) (Scotland) Regulations 2012 and published reports include the following key updates on progress :

- The NHS Grampian Equality Outcomes;
- Making the Public Sector Equality Duty an integral part of the way NHS Grampian functions;
- The NHS Grampian Gender Pay Gap; and
- Annual Equality and Diversity Workforce Monitoring Reports.

### Performance against Key Non Financial Targets

Grampian Health Board has a performance framework through which a culture of continuous performance improvement is supported and delivery of our Healthfit 2020 is progressed. Our Vision, *proudly working together to improve our health*, is supported by a set of strategic themes and objectives with key measures and targets against which progress is monitored. Measures and targets include the key performance indicators used by the Scottish Government Health and Social Care Directorates to hold Boards to account. These are known as the HEAT measures and standards as they relate to:

- Health Improvement;
- Efficiency and Governance;
- Access to Services; and
- Treatment Appropriate to Individuals.

Planned performance against the HEAT indicators is a feature of the Board's Local Delivery Plan which represents the annual agreement between the Board and the Scottish Government. This performance is reviewed in public each year at an Annual Review meeting. A full performance report is made available to the public in advance of the Annual Review. In March 2015 the Board adopted the Care Quality Commission's characteristics of a high performing organisation to inform changes to its performance reporting. Reporting now focuses on measures which demonstrate that healthcare across Grampian is *Safe, Well Led, Effective, Responsive and Caring*.

### Safe

The number of staphylococcus aureus bacteraemia has fallen over recent years and remains around the Scottish average. The rate of Clostridium Difficile infections in over 15s has continued to fall and we are ahead of plan. Hospital Standardised Mortality Rates (HSMR) is a measure relating observed deaths in hospital with predicted deaths. ARI has consistently had lower than predicted deaths.

The Board participates fully in the Scottish Patient Safety Programme which aims to improve the safety and reliability of healthcare and reduce harm, wherever care is delivered. This has been rolled out beyond the original acute setting to mental health, maternity services and primary care. There continues to be rigorous auditing of compliance with handwashing and cleanliness.

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued)

### *Well Led*

There is a national standard that sickness absence should be no more than 4%. This is a challenging standard for all Boards. NHS Grampian continues to report a sickness absence rate lower than the national average, generally below 4.6%. We continue to work to reduce this further by promoting the widespread application of our HR policies which include back to work interviews. Through staff experience initiatives we actively seek feedback from staff and seek to ensure all are treated with dignity and respect

### **Effective**

NHS Grampian continues to make progress in the delivery of many national health and wellbeing targets and take action where performance is lower than expected. Over 90% of pregnant women were booked for antenatal care by 12 weeks gestation, child dental registrations were sustained above the 80% target and cardiovascular health checks and Alcohol Brief Interventions were delivery by March 2015.

NHS Boards are expected to reduce the rate of emergency inpatient bed days utilised by those aged 75 and over. Since this target was introduced in 2009/10, the rate of emergency bed days per 1,000 patients aged 75 and over in Grampian has reduced by a provisional 24% compared to a drop of 11.2% for Scotland as a whole.

NHS Grampian had a new outpatient Did Not Attend rate of 6.3% in March 2015. The Scottish rate in the quarter to December 2014 was 10.2%. This may be linked to the lower deprivation in Grampian, as the Scotland data shows people living in the most deprived areas are much more likely to not attend outpatient appointments (DNA rate around 15%) than those living in the least deprived areas which have a DNA rate of around 6%.

### **Responsive**

In March 2015, 93.5% of people who started their first specialist drug treatment and 97.3% who started alcohol treatment waited 3 weeks or less. Waiting times for In Vitro Fertilisation are well within the one year standard at around 6-8 months.

In common with other areas across Scotland NHS Grampian has had difficulty in sustaining delivery of the national 4 hour standard for discharge or admission following arrival at Accident and Emergency. Performance fell over the winter period but generally remained above the Scottish average. Achievement of the 95% standard was delivered in March 2015.

The number of delayed discharges in Grampian remains a significant challenge with Grampian reporting 29% of the Scottish total in January 2015. A range of actions is being taken by NHS Grampian and our Local Authority partners to reduce the number of patients whose discharge from hospital is delayed

A comprehensive Acute Sector Waiting Times Implementation Plan has been agreed with Scottish Government and forms part of the NHS Grampian 2015/16 Local Delivery Plan. We are committed to further reducing the number of patients who treated beyond the 12 week Treatment Time Guarantee.

Patients referred urgently with a suspicion of cancer should begin treatment within 62 days (95%) and those diagnosed with cancer should begin treatment within 31 days of the decision to treat. NHS Grampian met the 31 day standard in the two quarters to September and December 2014. Delivery of the 62 day standard is lower than in other Scottish Boards. We are investing in additional endoscopy capacity to deliver sustainable improvement against the cancer access standards.

90% of patients referred for Psychological Therapies should start treatment within 18 weeks. We have been rolling out a computer based cognitive behavioural therapy programme, *Beating the Blues*, and all users of this will meet the target leading to an improvement overall. The number of patients waiting more than 18 weeks is reducing and we anticipate further improvement during 2015/16.

90% of referrals to Child and Adolescent Health Services should be seen within 18 weeks by March 2015. Performance at December 2014 was 51.1%. The number of people on the waiting list who have waited more than 18 weeks has reduced substantially over the last quarter of the financial year as a result of actions implemented by local services.

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued)

### Caring

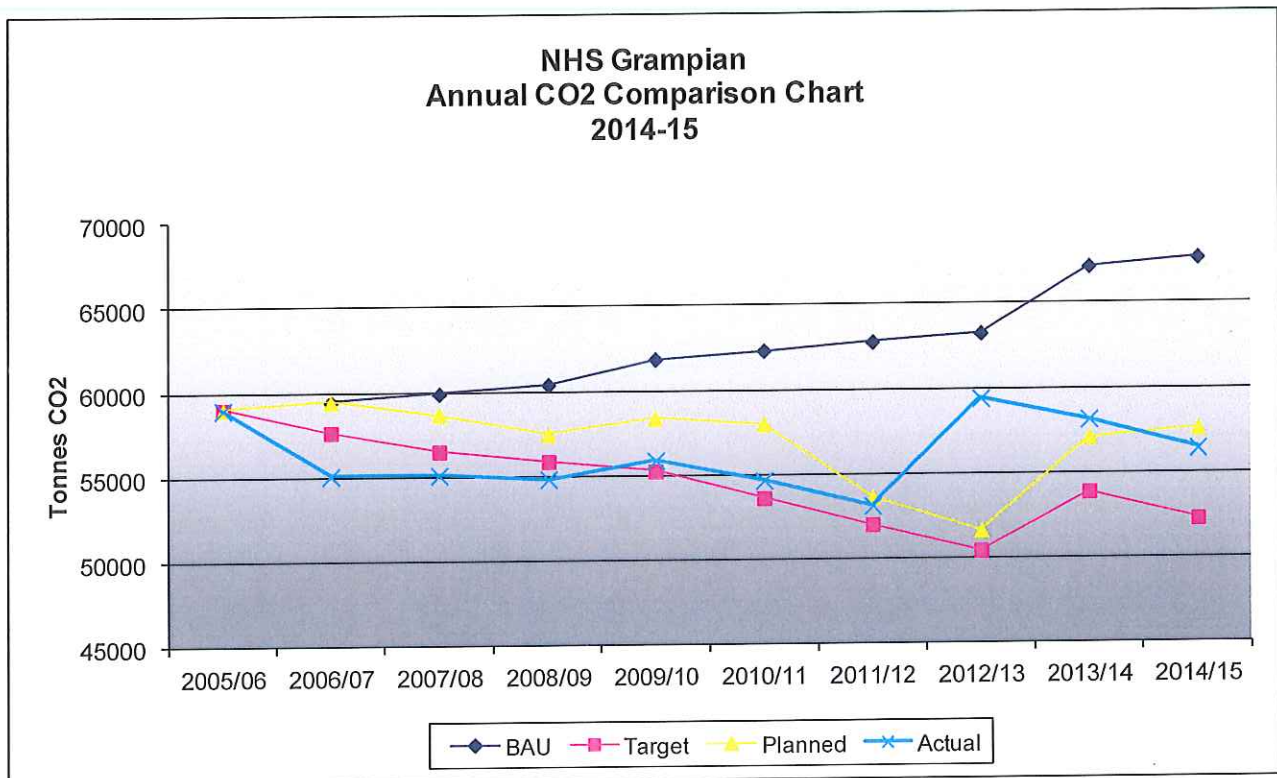
NHS Grampian aims to be an organisation that is caring, listening and improving. We do this through a variety of involvement and engagement mechanisms including extensive patient and public involvement in key Board activities. Since 2011 we have had a small team working on the person centred quality ambition. One of the aims of the team has been to increase the ways in which people can provide feedback about care and services. The manner in which learning and change can result from feedback has been explored and strengthened.

### Sustainability and the Environment

#### Energy Efficiency

As part of the Climate Change Act (Scotland) 2009 the Scottish Government is targeting a minimum cut of 42% in fossil fuel CO<sub>2</sub> emissions by 2020. For NHS Grampian this will require a significant reduction year on year across the whole asset base.

The CO<sub>2</sub> Comparison Chart below highlights the position up to and including 2014/15 against an estimation of projected emissions/ costs if no action were taken (known as Business As Usual or BAU).



A range of initiatives aimed at improving our carbon efficiency are outlined in the Board's Property and Asset Management Strategy and include the following initiatives:

1. All future buildings designed to achieve the Building Research Establishment Environmental Assessment Method (BREEAM) Healthcare – excellent rating for new build and very good rating for refurbishment;
2. Replacement Boiler plant and change of fuel type at Dr Grays, Inverurie and Woodend hospitals;
3. An energy link between Foresterhill and Royal Cornhill Hospital (RCH) servicing all of RCH's energy needs from the Combined Heat and Power Plant at Foresterhill and obviating the need to replace the existing boiler plant at RCH;
4. Replacement lighting and chiller units at various locations on the RCH and Foresterhill sites;
5. New High Voltage plant at the Foresterhill site; and
6. Installation of recharging points on the Foresterhill site and the introduction of electric vehicles to the transport fleet.

# GRAMPIAN HEALTH BOARD

## STRATEGIC REPORT (continued)

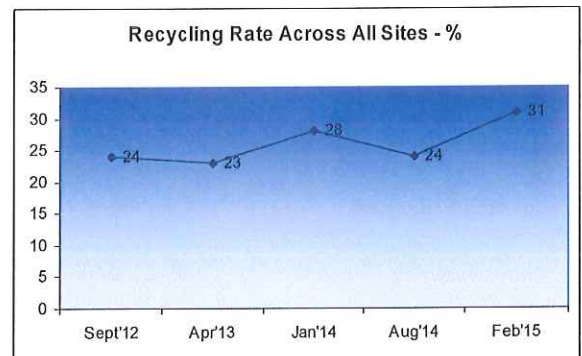
### Waste Management

The Waste (Scotland) Regulations 2012 set minimum recycling standards for all NHS Boards as follows :-

- From 1<sup>st</sup> January 2014 all metal, plastic, glass, paper and card must be collected separately; and
- From 1<sup>st</sup> January 2016 separate arrangements must be in place for the collection of food waste.

In addition to these new targets the cost of sending waste to Landfill is rising year on year creating significant pressure to reduce waste across all aspects of our operations. The Recycling Rate graph, on the right, highlights the positive impact of the recent introduction of various recycling bins and collection systems across our sites.

There is scope for improvement to reduce overall levels of waste and to increase the recycling rate. The following initiatives aimed at improving our waste efficiency are outlined in the Board's Property and Asset Management Strategy :



- Appointment of a dedicated Waste Management Officer;
- Investment in new plant to enable separation and efficient collection of food waste across all relevant sites;
- Develop plans to ensure that all sites have a full recycling system in place including communication with staff, patients and visitors;
- Develop plans for income generation through the baling, handling and disposal of key recyclable materials, such as cardboard, paper and metals.

**Mr Malcolm Wright**  
**Chief Executive**  
**Grampian Health Board**

**29 June 2015**

## GRAMPIAN HEALTH BOARD

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

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

This designation carries with it, responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures; and
- Prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter to me of 13 January 2006 and amended by the Scottish Public Finance Manual Guidance Note 2009-05 dated July 2009.



**Mr Malcolm Wright**  
**Chief Executive**  
**Grampian Health Board**

**29 June 2015**

# GRAMPIAN HEALTH BOARD

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

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2015 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent;
- State where applicable accounting standards as set out in the Government Financial Reporting Manual have not been followed where the effect of the departure is material; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Health 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 Health Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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



.....  
**Professor Stephen Logan**  
**Chairman**  
**Grampian Health Board**



.....  
**Mr Alan Gray**  
**Director of Finance**  
**Grampian Health Board**

**29 June 2015**



# GRAMPIAN HEALTH BOARD

## GOVERNANCE STATEMENT

### Scope of Responsibility

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

I confirm that Grampian Health Board is compliant with the aspects of the Scottish Public Finance Manual (SPFM)<sup>1</sup> which are set out within the guidance issued to Chief Executives and more generally to all board members by the Scottish Government Health Directorates as being applicable to NHS Boards.

In terms of enabling me to discharge my responsibilities as Accountable Officer, the following governance arrangements and processes have been in place throughout the financial year:

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the senior management of the organisation and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available.
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities for NHS Grampian.
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board and subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements.
- Implementation of organisation wide risk management arrangements in line with the Board's Risk Management Policy.
- Consideration by the Board of regular reports from the chairs of the performance governance, patient focus and public involvement, staff governance, clinical governance, endowment and audit committees concerning any significant matters on governance, risk and internal controls.
- A strong focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements.
- Regular review of performance against key national targets by the Performance Governance Committee.
- Clear allocation of responsibilities for ensuring that we continue to review and develop our organisational arrangements and services in line with national standards and guidance.
- Allocation of responsibilities for the implementation of improvement actions to lead directors and sector management across our clinical and non-clinical activities.
- Consultation on service change proposals is undertaken with stakeholders and used to inform decision making.
- A patient feedback service and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches.
- An annual general meeting of all Trustees of the NHS Grampian Endowment Funds to approve the accounts and review investment policy and strategy.

<sup>1</sup> 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.

# GRAMPIAN HEALTH BOARD

## GOVERNANCE STATEMENT (continued)

### Purpose of the System of Internal Control

The system of internal control is based on an ongoing 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 SPFM and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

### Risk and Control Framework

All NHS Scotland bodies are subject to the requirements of the SPFM and must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM. The following arrangements and processes have been in place throughout the year:

- The risk management plan sets out the importance of risk management to the delivery of our objectives, the responsibilities of staff across NHS Grampian, the supporting organisational arrangements for the identification, assessment and reporting of risks and the steps to be taken to develop and implement mitigating action.
- The effectiveness of the Board's Risk Management arrangements have been subject to independent assessment by internal audit and management reporting arrangements. At the request of the Audit Committee the format of the annual risk management report for 2014/15 has been enhanced to include evidence of the effectiveness of risk management arrangements and to ensure that lessons learned are fed back appropriately into the process.
- We have implemented an assurance framework which is used by each of the core governance committees to identify and seek assurance regarding mitigating actions for risks that fall within their remit.
- Regular reviews of the corporate risk register by the Performance Governance Committee and Executive Team and an annual review by the Board.
- Risk Registers are in place at the Strategic and Corporate level and have been established for each sector which set out the steps being taken to manage risks linked to delivery of corporate objectives, performance targets and key strategic projects.
- Regular comprehensive and organisation wide review of our risks and ongoing development of the risk management arrangements at an operational level.
- Risks associated with information that we are responsible for are subject to regular review and independent audit as part of our overall governance and risk management arrangements.
- We have an IT web enabled system to facilitate the electronic recording, assessment and mitigation reporting of risks in line with our risk management plan.
- Commitment to the continuation of our programme of raising risk awareness amongst all staff on an ongoing basis.

The organisation is committed to a process of continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice. In the period covering the year to 31 March 2015 and up to the signing of the accounts, the organisation has implemented the following actions to further enhance the Board's governance arrangements and the overall system of internal control:

# GRAMPIAN HEALTH BOARD

## GOVERNANCE STATEMENT (continued)

### Risk and Control Framework (continued)

- Arrangements for Executive sponsors to closely monitor progress against all high risk actions arising from internal audit reports, which are not closed by the due implementation date, and to report any measures necessary to progress these actions to the audit committee. These actions include development of a formal policy for business continuity management and implementation of enhanced arrangements for training on the DATIX risk management system to ensure consistency in the ongoing recording of data and timely extraction of management information on clinical adverse events.
- In December 2015, three reports were issued by external bodies<sup>2</sup> which highlighted a number of areas where the Board was required to take action to improve Board governance and management arrangements within Aberdeen Royal Infirmary. In response to the three reports the Board approved a comprehensive improvement programme in April 2015. The programme sets out the actions, with appropriate timelines, that will be implemented to ensure that our corporate, health and healthcare strategy is fit for the future, and that service delivery meets the requirements of the people of Grampian and Scottish Government policy. In terms of accountability the Chief Executive is directly responsible to the Board for implementation of the agreed actions within the improvement plan. The Chief Executive has delegated lead responsibility for each element of the plan to members of the Executive and Senior Management Team. Monthly meetings are held with the Scottish Government Health and Social Care Directorate to report on progress being made with the implementation of the agreed recommendations. The NHS Scotland Chief Executive and the Director of Scrutiny and Assurance (Health Improvement Scotland) have confirmed their support for the actions being taken and the progress that the Board has made to date.
- There remain a number of outstanding actions from the internal audit report on Board governance issues carried out earlier in 2014/15 and we agreed that a further review focusing on the Board's assurance framework including clinical governance arrangements will be undertaken in the context of the forthcoming establishment of the new Integrated Joint Boards. The expectation is that this will, inter alia, further clarify the role of the non-executive directors within the new Integrated Joint Boards and provide a further opportunity to enhance and strengthen Board governance arrangements.
- Arrangements are well progressed to enable the establishment of the Integrated Joint Boards during 2015/16 with full delegation of functions and resources by 1 April 2016 for the three Integrated Joint Boards. The Board's internal audit programme for 2015/16 includes a planned review of the governance and financial assurance arrangements. The Board's Audit Committee will provide oversight for the review, which will be carried out jointly with the audit functions of our local authority partners and the results of which will be shared with the shadow Integrated Joint Boards. This review will form part of the financial due diligence arrangements undertaken by the Chief Officers prior to implementation.
- NHS Board Executive and Non-Executive members have participated in development sessions during the year, as required, consistent with the Board's commitment to continuous improvement and assessment of our performance. Actions arising from these sessions are being progressed by the Board on an ongoing basis.

### Best Value

I can confirm that Grampian Health Board is committed to ensuring that its activities are undertaken in a manner that will secure best value in the use of public funds in line with the arrangements set out in the Scottish Public Finance Manual. The Board incorporates the principles of best value within its planning, performance and delivery activities ensuring that it is part of everyday business and integral to the Board's decision making in all key areas.

In addition, the Board continues to seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets and demonstrating best value and the efficient use of resources.

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<sup>2</sup> Health Improvement Scotland review of quality and safety at Aberdeen Royal Infirmary, Health Improvement Scotland unannounced inspection of the care of older people in Aberdeen Royal Infirmary and Woodend Hospital and the Royal College of Surgeons of England invited review of the ARI general surgery department.

# GRAMPIAN HEALTH BOARD

## GOVERNANCE STATEMENT (continued)

### Review of Adequacy and Effectiveness

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

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes;
- Management letters and other reports issued by external audit;
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees;
- Reports relating to the recent reviews carried out by HIS and other inspection agencies; and
- Transparent assumptions regarding the timing of investment to deliver a significant reduction in high risk backlog maintenance in clinical areas agreed by the Scottish Government Health and Social Care Directorates as part of our Local Delivery Plan.

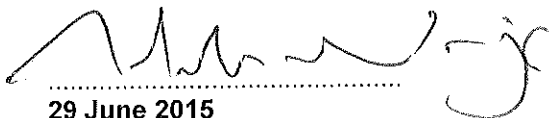
In addition to the above, the processes that have been applied to assist me in reviewing the effectiveness of the system of internal control include:

- Annual statements of assurance from each of the core governance committees of the Board, including the Endowment Committee with respect to the governance arrangements that exist for the NHS Grampian Endowment Funds charity which is consolidated with the main Board accounts;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- Independent consideration of the governance statement and its disclosures by Internal Audit and the Audit Committee;
- Consideration and approval of the annual accounts, including the Governance Statement by the Board; and
- During the year, minutes of the meetings of the core governance committees were provided to all Board members.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### Disclosures

I can confirm that we have initiated appropriate action to address the recommendations made by Health Improvement Scotland, as referred to above, in relation to Board governance and the management arrangements within Aberdeen Royal Infirmary. Based on the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Grampian, I am not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance on governance, risk management and control.



29 June 2015

**Mr Malcolm Wright**  
**Chief Executive**  
**Grampian Health Board**

# GRAMPIAN HEALTH BOARD

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

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

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### Respective responsibilities of Accountable Officer and auditor

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

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

### Opinion on regularity

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

# GRAMPIAN HEALTH BOARD

## Independent auditors report (continued)

### Opinion on other prescribed matters

In our opinion:

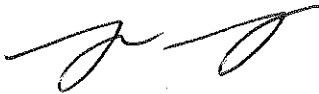
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

We have nothing to report in respect of these matters.



**James Boyle, CA (Senior Statutory Auditor) for and on behalf of Deloitte LLP**  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EM1 2DB  
United Kingdom  
29 June 2015

# GRAMPIAN HEALTH BOARD

## CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2015

		Charitable				Restated			
		NHS	Endowment	Intra Group	Group	NHS	Charitable	Intra Group	Group
		Grampian	Funds	Adjustments	2015	Grampian	Funds	Adjustments	2014
	2015	2015	2015	2015	2014	2014	2014	2014	
	£'000	£'000	£'00	£'000	£'000	£'000	£'000	£'000	
<b>Clinical Services Costs</b>									
Hospital and Community	4	802,169	0	0	802,169	771,599	0	0	
Less: Hospital and Community Income	8	19,483	0	0	19,483	19,948	0	0	
		<u>782,686</u>	<u>0</u>	<u>0</u>	<u>782,686</u>	<u>751,651</u>	<u>0</u>	<u>0</u>	
Family Health	5	244,627	0	0	244,627	237,293	0	0	
Less: Family Health Income	8	8,022	0	0	8,022	7,534	0	0	
		<u>236,605</u>	<u>0</u>	<u>0</u>	<u>236,605</u>	<u>229,759</u>	<u>0</u>	<u>0</u>	
<b>Total Clinical Services Costs</b>		<b>1,019,291</b>	<b>0</b>	<b>0</b>	<b>1,019,291</b>	<b>981,410</b>	<b>0</b>	<b>0</b>	
Administration Costs	6	4,424	0	0	4,424	4,110	0	0	
Other Non Clinical Services	7	17,339	4,186	(2,566)	18,959	8,984	2,457	(2,098)	
Less: Other Operating Income	8	84,705	3,716	(2,566)	85,855	77,037	3,976	(2,098)	
		<u>(67,366)</u>	<u>470</u>	<u>0</u>	<u>(66,896)</u>	<u>(68,053)</u>	<u>(1,519)</u>	<u>0</u>	
<b>Net Operating Costs/(Income)</b>		<b>956,349</b>	<b>470</b>	<b>0</b>	<b>956,819</b>	<b>917,467</b>	<b>(1,519)</b>	<b>0</b>	
<b>OTHER COMPREHENSIVE NET EXPENDITURE (MEMORANDUM)</b>									
Net (gain) on revaluation of Property Plant and Equipment		(21,872)	0	0	(21,872)	(26,156)	0	0	
Net (gain) on revaluation of available for sale financial assets		0	(2,586)	0	(2,586)	0	(1,174)	0	
<b>Total Comprehensive Expenditure/(Income)</b>		<b>934,477</b>	<b>(2,116)</b>	<b>0</b>	<b>932,361</b>	<b>891,311</b>	<b>(2,693)</b>	<b>0</b>	

\*Note : prior years expenditure figures have been restated to include the movement in the value of provision for NHS Grampian's liability to the Clinical Negligence and other Risks Indemnity Scheme.  
A full explanation of this adjustment is included in note 29.

## SUMMARY OF RESOURCE OUTTURN FOR THE YEAR ENDED 31 MARCH 2015

### SUMMARY OF CORE REVENUE RESOURCE OUTTURN

	2015	2015
	£'000	£'000
<b>Net Operating Costs</b>		<b>956,819</b>
Total Non Core Expenditure (see below)		<b>(39,130)</b>
FHS Non Discretionary Allocation		<b>(47,090)</b>
Donated Assets Income		<b>2,950</b>
Endowment Net Movement in Funds		<b>(470)</b>
<b>Total Core Expenditure</b>		<b>873,079</b>
Core Revenue Resource Limit		<b>873,216</b>
<b>Saving against Core Revenue Resource Limit</b>		<b>137</b>

### SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation	26,517
Annually Managed Expenditure - Impairments	6,442
Annually Managed Expenditure - Creation of Provisions	(610)
Annually Managed Expenditure - Depreciation of Donated Assets	679
Additional SGHS CD non-core funding	6,102
<b>Total Non Core Expenditure</b>	<b>39,130</b>
Non Core Revenue Resource Limit	<b>39,130</b>
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>	<b>0</b>

### SUMMARY RESOURCE OUTTURN

	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	873,216	873,079	137
Non Core	39,130	39,130	0
<b>Total</b>	<b>912,346</b>	<b>912,209</b>	<b>137</b>

# GRAMPIAN HEALTH BOARD

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

	Charitable			Charitable			Charitable			Charitable		
	NHS Gramplan 2015 £'000	Endowment Funds 2015 £'000	Intra Group Adjustments 2015 £'000	NHS Gramplan 2014 £'000	Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	NHS Gramplan 2013 £'000	Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000	NHS Gramplan 2013 £'000	Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000
<b>Non-current assets:</b>												
Property, plant and equipment	11	559,465	0	545,610	0	0	506,085	0	0	506,085	0	0
Intangible assets	10	1,723	0	2,330	0	0	1,623	0	0	1,623	0	0
<b>Financial assets:</b>												
Financial assets	14	300	42,960	309	40,037	0	309	39,897	0	40,206	0	0
Trade and other receivables	13	15,569	0	14,168	0	0	15,282	0	0	15,282	0	0
<b>Total non-current assets</b>		<b>577,057</b>	<b>42,960</b>	<b>562,417</b>	<b>40,037</b>	<b>0</b>	<b>523,299</b>	<b>39,897</b>	<b>0</b>	<b>563,196</b>	<b>0</b>	<b>0</b>
<b>Current Assets:</b>												
Inventories	12	5,087	0	4,098	0	0	3,871	0	0	3,871	0	0
<b>Financial assets:</b>												
Trade and other receivables	13	38,001	91	38,406	94	(516)	31,016	345	(295)	31,066	(295)	0
Cash and cash equivalents	15	240	3,807	641	3,831	0	247	1,417	0	1,664	0	0
Assets classified as held for sale	11c	358	0	223	0	0	188	0	0	188	0	0
<b>Total current assets</b>		<b>43,686</b>	<b>3,898</b>	<b>43,368</b>	<b>3,925</b>	<b>(516)</b>	<b>35,322</b>	<b>1,762</b>	<b>(295)</b>	<b>36,789</b>	<b>(295)</b>	<b>0</b>
<b>Total assets</b>		<b>620,743</b>	<b>46,858</b>	<b>605,785</b>	<b>43,962</b>	<b>(516)</b>	<b>558,621</b>	<b>41,659</b>	<b>(295)</b>	<b>599,985</b>	<b>(295)</b>	<b>0</b>
<b>Current liabilities</b>												
Provisions	17*	(19,116)	(479)	(17,897)	(553)	0	(20,051)	(875)	0	(20,926)	0	0
<b>Financial liabilities:</b>												
Trade and other payables	16	(97,074)	(1,075)	(91,663)	(581)	516	(87,582)	(415)	295	(87,702)	295	0
<b>Total current liabilities</b>		<b>(116,190)</b>	<b>(1,554)</b>	<b>(109,560)</b>	<b>(1,134)</b>	<b>516</b>	<b>(107,633)</b>	<b>(1,230)</b>	<b>295</b>	<b>(108,628)</b>	<b>295</b>	<b>0</b>
<b>Non-current assets (less) net current liabilities</b>		<b>504,553</b>	<b>45,304</b>	<b>496,225</b>	<b>42,828</b>	<b>0</b>	<b>450,988</b>	<b>40,369</b>	<b>0</b>	<b>491,357</b>	<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>												
Provisions	17*	(28,523)	(595)	(26,817)	(234)	0	(31,207)	(468)	0	(31,675)	0	0
<b>Financial liabilities:</b>												
Trade and other payables	16	(29,173)	0	(20,522)	0	0	(6,429)	0	0	(6,429)	0	0
<b>Total non-current liabilities</b>		<b>(57,696)</b>	<b>(595)</b>	<b>(47,339)</b>	<b>(234)</b>	<b>0</b>	<b>(37,636)</b>	<b>(468)</b>	<b>0</b>	<b>(38,104)</b>	<b>0</b>	<b>0</b>
<b>Assets less liabilities</b>		<b>446,857</b>	<b>44,709</b>	<b>448,886</b>	<b>42,594</b>	<b>0</b>	<b>413,352</b>	<b>39,901</b>	<b>0</b>	<b>453,253</b>	<b>0</b>	<b>0</b>
<b>Taxpayers' Equity</b>												
General fund		337,256	0	357,648	0	0	345,750	0	0	345,750	0	0
Revaluation reserve		109,601	9,496	91,238	7,296	0	67,602	7,652	0	75,254	0	0
Other reserves		0	35,213	0	35,298	0	0	32,249	0	32,249	0	0
<b>Total taxpayers' equity</b>		<b>446,857</b>	<b>44,709</b>	<b>448,886</b>	<b>42,594</b>	<b>0</b>	<b>413,352</b>	<b>39,901</b>	<b>0</b>	<b>453,253</b>	<b>0</b>	<b>0</b>

\*Note : provisions figures relating to prior years have been restated to include a provision for NHS Grampian's liability to the Clinical Negligence and other Risks Indemnity Scheme. A full explanation of this adjustment is included in notes 1 and 29.

Adopted by the Board on 29 June 2015

  
Mr. Malcolm Wright  
Chief Executive

  
Mr. Alan Gray  
Director of Finance



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

Restated

	Note	NHS Grampian 2015 £'000	Charitable Endowment Funds 2015 £'000	Intra Group Adjustments 2015 £'000	Group 2015 £'000	NHS Grampian 2014 £'000	Charitable Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	Group 2014 £'000
<b>Cash flows from operating activities</b>									
Net operating cost		(956,349)	(470)	0	(956,819)	(917,467)	1,519	0	(915,948)
Adjustments for non-cash transactions	3	30,377	0	0	30,377	42,097	0	0	42,097
Add back: interest payable recognised in net operating cost	3	1,605	0	0	1,605	1,076	0	0	1,076
Investment income		0	(1,559)	0	(1,559)	0	(1,741)	0	(1,741)
(Increase)/decrease in trade and other receivables	18	(540)	3	0	(537)	(6,276)	251	0	(6,025)
(Increase) in inventories	18	(989)	0	0	(989)	(227)	0	0	(227)
Increase in trade and other payables	18	7,485	494	0	7,979	2,542	166	0	2,708
Increase/(decrease) in provisions	18	2,925	288	0	3,213	(6,544)	(557)	0	(7,101)
<b>Net cash outflow from operating activities</b>		<b>(915,486)</b>	<b>(1,244)</b>	<b>0</b>	<b>(916,730)</b>	<b>(884,799)</b>	<b>(352)</b>	<b>0</b>	<b>(885,151)</b>
<b>Cash flows from investing activities</b>									
Purchase of property, plant and equipment		(24,233)	0	0	(24,233)	(54,553)	0	0	(54,553)
Purchase of intangible assets		(131)	0	0	(131)	(1,288)	0	0	(1,288)
Investment Additions		0	(4,850)	0	(4,850)	0	(8,372)	0	(8,372)
Proceeds of disposal of property, plant and equipment		182	0	0	182	561	0	0	561
Proceeds of disposal of intangible assets		0	0	0	0	0	0	0	0
Receipts from sale of investments		0	4,511	0	4,511	0	9,407	0	9,407
Interest and dividends received		0	1,559	0	1,559	0	1,741	0	1,741
<b>Net cash outflow from investing activities</b>		<b>(24,182)</b>	<b>1,220</b>	<b>0</b>	<b>(22,962)</b>	<b>(55,280)</b>	<b>2,776</b>	<b>0</b>	<b>(52,504)</b>
<b>Cash flows from financing activities</b>									
Funding		932,448	0	0	932,448	926,845	0	0	926,845
Movement in general fund working capital		(401)	0	0	(401)	394	0	0	394
<b>Cash drawn down</b>		<b>932,047</b>	<b>0</b>	<b>0</b>	<b>932,047</b>	<b>927,239</b>	<b>0</b>	<b>0</b>	<b>927,239</b>
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		8,825	0	0	8,825	14,310	0	0	14,310
Interest element of finance leases and on-balance sheet PFI/PPP contracts	3	(1,605)	0	0	(1,605)	(1,076)	0	0	(1,076)
<b>Net Financing</b>		<b>939,267</b>	<b>0</b>	<b>0</b>	<b>939,267</b>	<b>940,473</b>	<b>0</b>	<b>0</b>	<b>940,473</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(401)</b>	<b>(24)</b>	<b>0</b>	<b>(425)</b>	<b>394</b>	<b>2,414</b>	<b>0</b>	<b>2,808</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>641</b>	<b>3,831</b>	<b>0</b>	<b>4,472</b>	<b>247</b>	<b>1,417</b>	<b>0</b>	<b>1,664</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>240</b>	<b>3,807</b>	<b>0</b>	<b>4,047</b>	<b>641</b>	<b>3,831</b>	<b>0</b>	<b>4,472</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>									
(decrease)/increase in cash in year		(401)	(24)	0	(425)	394	2,414	0	2,808
Net cash at 1 April		641	3,831	0	4,472	247	1,417	0	1,664
<b>Net cash at 31 March</b>	15	<b>240</b>	<b>3,807</b>	<b>0</b>	<b>4,047</b>	<b>641</b>	<b>3,831</b>	<b>0</b>	<b>4,472</b>

\*Note: prior year figures have been restated to include the impact on net operating costs of the movement in value of provision for NHS Grampian's liability to the Clinical Negligence and other Risks Indemnity Scheme. A full explanation of this adjustment is included in notes 1 and 29.

# GRAMPIAN HEALTH BOARD

## CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS			Consolidated Total Reserves £'000	
	Note	General Fund £'000	Revaluation Reserve £'000	Total Board Reserves £'000	Individual Endowment Funds £'000	Revaluation Reserve £'000		Funds Held on Trust £'000
Restated Balance at 31 March 2014		357,648	91,238	448,886	35,298	7,296	42,594	491,480
<b>Changes in taxpayers' equity for 2014-15</b>								
Net gain/(loss) on revaluation/indexation of property, plant and equipment and assets held for sale	11/12	0	21,872	21,872	0	0	0	21,872
Net gain/(loss) on revaluation of financial assets		0	0	0	385	2,200	2,585	2,585
Impairment of property, plant and equipment	11	0	(6,442)	(6,442)	0	0	0	(6,442)
Revaluation & impairments taken to operating costs	3	0	6,442	6,442	0	0	0	6,442
Transfers between reserves		3,509	(3,509)	0	0	0	0	0
Net operating cost for the year		(956,349)	0	(956,349)	(470)	0	(470)	(956,819)
<b>Total recognised income and expense for 2014-15</b>		(952,840)	18,363	(934,477)	(85)	2,200	2,115	(932,362)
<b>Funding:</b>								
Drawn down		932,047	0	932,047	0	0	0	932,047
Movement in General Fund (Creditor) / Debtor		401	0	401	0	0	0	401
<b>Balance at 31 March 2015</b>		<b>337,256</b>	<b>109,601</b>	<b>446,857</b>	<b>35,213</b>	<b>9,496</b>	<b>44,709</b>	<b>491,566</b>

\*Note : figures relating to prior years have been restated to include a provision for NHS Grampian's liability to the Clinical Negligence and other Risks Indemnity Scheme. A full explanation of this adjustment is included in notes 1 and 29.

## CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Note	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS			Consolidated Total Reserves £'000
		General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000	Individual Endowment Funds £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	
Restated Balance at 31 March 2013		376,142	67,602	443,744	32,249	7,652	39,901	483,645
Prior year adjustments for changes in accounting policy and material errors	1	(30,392)	0	(30,392)	0	0	0	(30,392)
Restated balance at 1 April 2013		345,750	67,602	413,352	32,249	7,652	39,901	453,253
<b>Changes in taxpayers' equity for 2013-14</b>								
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11	0	26,294	26,294	0	0	0	26,294
Net gain/(loss) on revaluation of financial assets		0	0	0	1,530	(356)	1,174	1,174
Impairment of property, plant and equipment	11	0	(15,577)	(15,577)	0	0	0	(15,577)
Revaluation & impairments taken to operating costs	3	0	15,439	15,439	0	0	0	15,439
Transfers between reserves		2,520	(2,520)	0	0	0	0	0
Net operating cost for the year		(917,467)	0	(917,467)	1,519	0	1,519	(915,948)
<b>Total recognised income and expense for 2013-14</b>		(569,197)	91,238	(477,959)	35,298	7,296	42,594	(435,365)
<b>Funding:</b>								
Drawn down		927,239	0	927,239	0	0	0	927,239
Movement in General Fund (Creditor) / Debtor		(394)	0	(394)	0	0	0	(394)
<b>Restated Balance at 31 March 2014</b>		<b>357,648</b>	<b>91,238</b>	<b>448,886</b>	<b>35,298</b>	<b>7,296</b>	<b>42,594</b>	<b>491,480</b>

# GRAMPIAN HEALTH BOARD

## NOTES TO THE ACCOUNTS

### Note 1. ACCOUNTING POLICIES

#### Authority

In accordance with the accounts direction issued by Scottish Ministers under 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 (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

The following new standards, amendments and interpretations became effective in 2014/15 for the first time:

ESA 10 - Revised international standard for the UK National Accounts;  
IFRS 10 - Consolidated Financial Statements;  
IFRS 11 - Joint Arrangements;  
IFRS 12 - Disclosure of Interests in Other Entities;  
IAS 28 - Investments in Associates and Joint Ventures; and  
IAS 27 - Separate Financial Statements.

There is no impact on the financial statements as a result of the above.

The following standards have been issued but are not yet effective:

IFRS 13 - Fair Value Measurement (new);  
IAS 36 – Impairment of assets on recoverable amounts disclosure (amendment); and  
Charity SORP (2015) – application of FRS 102 to charities.

The impact on the financial statements as a result of the above is expected to be minimal. The new charity SORP introduces revised disclosure and presentational requirements that will require to be incorporated in the accounts of the Charity but this will not effect preparation of the group accounts. There were no new standards, amendments or interpretations early adopted this year.

#### Basis of Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Annual Accounts consolidate the results of Grampian Health Board Endowment Fund (operating as NHS Grampian Endowment Funds.) 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.

NHS Grampian Endowment Funds is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit audited financial statements to OSCR on an annual basis. The accounts of the charity have been prepared in accordance with applicable UK accounting standards, the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 (as amended) and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The accounting policies have been aligned to the policies of the Board for the purposes of consolidation. The basis of consolidation used is Merger Accounting. Note 28 details the intra-group transactions between the Board and the Endowment Fund eliminated on consolidation.

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

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

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

### Prior Year Adjustments

A review of the accounting treatment of the provision for clinical and other employer liability risks by the auditors of the Scottish Government accounts for 2013/14 identified an issue with the validity of the way in which the pooling of risk across Health Boards had been reflected in the consolidated accounts. Consequently NHS Boards are required to carry an additional provision in order to fully reflect the Board's participation in, and future liability for contributions to the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS), the pooling and risk sharing arrangement across all NHS Scotland Boards. The required prior year adjustments are disclosed in note 28 and constitute an additional provision on the Balance sheet of £23.574m for 2013/14 and £30.392m for 2012/13 with a corresponding adjustment to the Statement of Comprehensive Net Expenditure in each of these years (reflected as an adjustment to the General Fund balance on the Statement of Taxpayers Equity). The impact on operating costs in each of these years is classified as non-core annually managed expenditure (AME). Note 17 Provisions has also been restated to reflect this change. This adjustment has no impact on the overall cash position.

### Going Concern

The accounts are prepared on a going concern basis, which provides that the Board members have a reasonable expectation that the entity will continue in operational existence for the foreseeable future.

### Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, available for sale financial assets. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

### Funding

#### NHS Grampian Board

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

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

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

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

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

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

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

## Note 1. ACCOUNTING POLICIES (continued)

### NHS Grampian Endowment Funds

All incoming resources are recognised once the NHS Grampian Endowment Funds has received its entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. Legacies and donations to the NHS Grampian Endowment Funds are accounted for as incoming resources upon receipt and classified as restricted or unrestricted based on the donors stated wishes. Income from investment of charitable endowment funds is earmarked as restricted or unrestricted based on the classification of the original legacy or donation in line with the donor's stated wishes.

All expenditure, including grants, is accounted for on an accruals basis and is only incurred where this will further the charitable objects of the NHS Grampian Endowment Funds. All expenditure is recognised once there is a legal or constructive obligation committing the fund to the expenditure. A liability for grants relating to the funding of salaries is recognised when the Trustees have granted approval. Where this relates to NHS Grampian employees, these balances will be eliminated on consolidation.

### Property, plant and equipment

The treatment of capital assets e.g. Property, Plant and Equipment in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Scotland Capital Accounting Manual. Title to properties included in the accounts is held by the Scottish Ministers.

### Recognition

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

All assets falling into the following categories are capitalised:

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

### Measurement

#### *Valuation:*

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

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

Non specialised land and buildings, such as offices, are stated at fair value. Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

Non specialised equipment, installations and fittings are stated at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis is a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

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

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

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

### *Subsequent expenditure:*

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

### *Revaluations and Impairment:*

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

Upward movements in value will be taken to the revaluation reserve and included in comprehensive net expenditure. Downward movements in value will be set against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter to net operating costs.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

## **Depreciation**

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

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

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

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

Depreciation is charged on a straight line basis.

The following asset lives have been used:

	<b>Useful Life</b>
Buildings Structure	<b>20-75</b>
Buildings Engineering	<b>5-35</b>
Moveable engineering plant and equipment and equipment and long life medical equipment	<b>10</b>
Furniture and medium life medical equipment	<b>5-10</b>
Vehicles and soft furnishings	<b>7-10</b>
Office, information technology, short life medical and other equipment	<b>2-5</b>

### **Intangible Assets**

#### **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 the 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 publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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 and the life of the licence exceeds one year.

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.

#### **Measurement**

*Valuation:*

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

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

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

### *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 impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

Upward movements in value will be taken to the revaluation reserve and included in comprehensive net expenditure. Downward movements in value will be set against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter to net operating costs.

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'.

### **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 Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

- 1) Software: amortised over expected useful life;
- 2) Software licences: amortised over the shorter term of the licence and their useful economic lives;
- 3) Other intangible assets: amortised over their expected useful life; and
- 4) 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:

	<b>Useful Life</b>
Information technology	2-5

### **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.



# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

### Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual, as set out above.

### Sale of property, plant and equipment, intangible assets and non-current assets held for sale

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

### 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. 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 Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

#### Operating leases

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

#### Leases of land and buildings

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

#### PFI/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* as outlined in the FReM. Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. 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 Statement of Comprehensive Net Expenditure. 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 balance sheet 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-balance sheet' 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.

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

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 Statement of Comprehensive Net Expenditure.

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

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

### **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.

### **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 for certain categories of inventories. 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.

### **Losses and Special Payments**

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

### **Employee Benefits**

#### **Short-term Employee Benefits**

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

#### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary who 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.

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

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

### Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government. NHS Grampian provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' at 50% of the claim and those in 'category 1' at 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.

As a participant in the CNORIS scheme the Board is also liable to meet the cost of contributions to the scheme in future years and is required, additionally, to provide for the Board's share of the total CNORIS liability of NHS Scotland.

### Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24. There were no material related party transactions during 2014/15. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

### 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.

### Provisions

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

### Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable. Contingent liabilities are not recognised, but are disclosed in note 19, 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.

### 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.

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

### Financial Instruments

#### Financial assets

##### Classification

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

##### (a) Loans and receivables

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

##### (b) Available for sale financial assets

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

##### Recognition and measurement

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

##### (a) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure. When a loan or receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

##### (b) Available for sale financial assets

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

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

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

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

### **Financial Liabilities Classification**

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

#### Other financial liabilities

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

### **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 balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

#### Other financial liabilities

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

### **Segmental reporting**

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

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

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held on call with banks, cash balances held with the Government Banking Service and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Foreign exchange**

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

# GRAMPIAN HEALTH BOARD

## Note 1. ACCOUNTING POLICIES (continued)

- monetary items (other than financial instruments measured at 'fair value through profit or loss) are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expenditure in the period in which they arise.

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

### 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 26 in accordance with the requirements of HM Treasury's Financial Reporting Manual.

### Key sources of judgement, estimation and 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.

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

**Clinical and Medical Negligence Provision:** The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Grampian. The provision covers all claims classified as category 3 and 50% of the value of claims in category 2 which have been assessed as having a probability of settlement. The share of the NHS Scotland CNORIS liability is estimated based on actual settlement trends in prior years.

**Fair Value of Property, Plant & Equipment:** Where appropriate, buildings and other property, plant and equipment were revalued, and the impact of any impairment in value on operating costs agreed, on the basis of market related indices at 31 March 2015. Such indices, including zero indexation factors, were applied following consultation and advice from the Board's Property Advisor.

**Leases:** For all relevant agreements, NHS Grampian has made judgement as to whether substantially all the significant risks and rewards of ownership of leased assets are transferred in line with IAS 17.

# GRAMPIAN HEALTH BOARD

## 2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members £'000	Non Executive Board Members £'000	Permanent Staff £'000	Inward Seconddees £000s	Other Staff £'000	Outward Seconddees £'000	2015 Total £'000	2014 Total £'000
<b>STAFF COSTS</b>								
Salaries and wages	686	228	430,386	0	0	(636)	430,664	416,892
Social security costs	83	14	32,266	0	0	0	32,363	32,857
NHS scheme employers' costs	75	7	49,994	0	0	0	50,076	48,690
Other employers' pension costs	0	0	0	0	0	0	0	0
Inward seconddees	0	0	0	486	0	0	486	438
Agency staff	0	0	0	0	10,697	0	10,697	7,321
Compensation for loss of office or early retirement	844	249	512,646	486	10,697	(636)	524,286	506,198
	277	0	457	0	0	0	734	273
<b>TOTAL</b>	<b>1,121</b>	<b>249</b>	<b>513,103</b>	<b>486</b>	<b>10,697</b>	<b>(636)</b>	<b>525,020</b>	<b>506,471</b>

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

### STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)

	2015 ANNUAL MEAN	2014 ANNUAL MEAN
Administration Costs	37	37
Hospital and Community Services	8,599	8,469
Non Clinical Services	3,527	3,466
Inward seconddees	7	6
Agency staff	104	74
Outward Seconddees	(14)	(11)
<b>Board Total Average Staff</b>	<b>12,261</b>	<b>12,041</b>
Staff with a Disability	65	66

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

**Note :** 5

Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are given in note 23 to the accounts .

# GRAMPIAN HEALTH BOARD

## 2. (b) HIGHER PAID EMPLOYEES REMUNERATION

Other employees whose remuneration fell within the following ranges:

	2015 No.	2014 No.
<b>Clinicians</b>		
£50,001 to £60,000	284	298
£60,001 to £70,000	132	139
£70,001 to £80,000	88	79
£80,001 to £90,000	85	71
£90,001 to £100,000	67	50
£100,001 to £110,000	76	71
£110,001 to £120,000	59	69
£120,001 to £130,000	45	40
£130,001 to £140,000	49	44
£140,001 to £150,000	26	26
£150,001 to £160,000	26	35
£160,001 to £170,000	22	17
£170,001 to £180,000	5	5
£180,001 to £190,000	7	4
£190,001 to £200,000	4	5
£200,001 and above	7	8
<b>Other</b>		
£50,001 to £60,000	44	44
£60,001 to £70,000	40	37
£70,001 to £80,000	22	21
£80,001 to £90,000	8	7
£90,001 to £100,000	2	2
£100,001 to £110,000	0	2
£110,001 to £120,000	3	1
£120,001 to £130,000	0	1
£130,001 to £140,000	2	1
£140,001 to £150,000	0	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

**Note :**

Remuneration is calculated as gross pay plus benefits in kind and includes compensation for loss of office under agreed voluntary severance arrangements.



# GRAMPIAN HEALTH BOARD

## 3. OTHER OPERATING COSTS

	Note	2015 £'000	2014 £'000
<b>Expenditure Not Paid In Cash</b>			
Depreciation	11a	25,780	23,662
Amortisation	10	738	581
Depreciation Donated Assets	11b	679	682
Impairments on PPE charged to SOCNE	11	6,442	16,078
Reversal of impairments on PPE charged to SOCNE	11	0	(639)
Funding Of Donated Assets	11b	(2,950)	(224)
Loss/(Profit) on disposal of property, plant and equipment		(312)	1,957
<b>Total Expenditure Not Paid In Cash</b>		<b>30,377</b>	<b>42,097</b>
<b>Interest Payable</b>			
PFI Finance lease charges allocated in the year	22	1,605	382
Other Finance lease charges allocated in the year		0	694
<b>Total Interest Payable</b>		<b>1,605</b>	<b>1,076</b>
<b>Statutory Audit</b>			
Grampian Health Board External auditor's remuneration and expenses		270	267
NHS Grampian Endowment Funds External auditor's remuneration		7	11

## 4. HOSPITAL AND COMMUNITY HEALTH SERVICES

	2015 £'000	2014 £'000
<b>BY PROVIDER</b>		
Treatment in Board area of NHSScotland Patients	740,599	711,585
Other NHSScotland Bodies	13,474	13,539
Health Bodies outside Scotland	697	1,360
Primary care bodies	39	42
Private sector	6,680	4,922
<b>Community Care</b>		
Resource Transfer	34,146	33,498
Contributions to Voluntary Bodies and Charities	5,365	5,405
<b>Total NHSScotland Patients</b>	<b>801,000</b>	<b>770,351</b>
Treatment of UK residents based outside Scotland	1,169	1,248
<b>Total Hospital &amp; Community Health Service</b>	<b>802,169</b>	<b>771,599</b>

## 6. FAMILY HEALTH SERVICE EXPENDITURE

	Unified Budget 2015 £'000	Non Discretionary 2015 £'000	Total 2015 £'000	Total 2014 £'000
Primary Medical Services	85,483	-	85,483	84,369
Pharmaceutical Services	97,552	16,094	113,646	108,913
General Dental Services	8,144	27,189	35,333	34,205
General Ophthalmic Services	95	10,070	10,165	9,806
<b>Total</b>	<b>191,274</b>	<b>53,353</b>	<b>244,627</b>	<b>237,293</b>

# GRAMPIAN HEALTH BOARD

## 6. ADMINISTRATION COSTS

		2015 £'000	2014 £'000
Board members' remuneration	Note 2 (a)	1,370	1,059
Administration of Board Meetings and Committees		177	158
Corporate Governance and Statutory Reporting		628	628
Health Planning, Commissioning and Performance Reporting		1,136	1,104
Treasury Management and Financial Planning		441	452
Public Relations		672	709
<b>Total Administration Costs</b>		<b>4,424</b>	<b>4,110</b>

## 7. (a) OTHER NON CLINICAL SERVICES - NHS GRAMPIAN

		2015 £'000	2014 £'000
Compensation payments - Clinical *		6,039	(4,752)
Compensation payments - Other *		617	1,404
Pension enhancement & redundancy		648	234
Patients' Travel Attending Hospitals		161	221
Patients' Travel Highlands and Islands scheme		15	15
Health Promotion		3,256	3,414
Public Health		2,765	2,852
Public Health Medicine Trainees		141	120
Emergency Planning		130	185
Loss on disposal of non-current assets		0	1,957
Other		3,567	3,334
<b>Total Other Non Clinical Services</b>		<b>17,339</b>	<b>8,984</b>

### Note :

\* Expenditure on clinical and other compensation payments reflects the net impact of claims arising during the year and reversal of provisions made in prior years and no longer required, based on the most recent advice from the Central Legal Office.

## 7. (b) OTHER NON CLINICAL SERVICES - CHARITABLE ENDOWMENT FUNDS

		2015 £'000	2014 £'000
Patient & Staff Education and Welfare		979	782
Clinical Research		819	310
Purchase of New Equipment		1,137	1,025
Infrastructure Improvements		1,079	178
Governance - including investment management		172	162
<b>Total Charitable Endowment Funds</b>		<b>4,186</b>	<b>2,457</b>

# GRAMPIAN HEALTH BOARD

## 8. (a) OPERATING INCOME - NHS GRAMPIAN

	2015 £'000	2014 £'000
<b>Hospital and Community Health Services Income</b>		
<b>NHSScotland Bodies</b>		
Boards	16,241	15,927
NHS Non-Scottish Bodies	1,169	1,248
<b>Non NHS</b>		
Private Patients	852	932
Compensation Income	1,221	1,841
<b>Total Hospital and Community Health Services Income</b>	<u>19,483</u>	<u>19,948</u>
<b>Family Health Service Income</b>		
Unified	1,759	1,603
<b>Non Discretionary</b>		
General Dental Services	6,263	5,931
<b>Total Family Health Services Income</b>	<u>8,022</u>	<u>7,534</u>
<b>Other Operating Income</b>		
NHS Scotland Bodies	53,977	51,162
Contributions in respect of clinical and medical negligence claims	6,841	3,066
Profit on disposal of non current assets	312	0
Dontated Asset Additions	2,950	224
Other	20,625	22,585
<b>Total Other Operating Income</b>	<u>84,705</u>	<u>77,037</u>
<b>Total Income</b>	<u>112,210</u>	<u>104,519</u>
<b>Of the above, the amount derived from NHS bodies is</b>	71,387	68,337

## 8. (b) OPERATING INCOME - CHARITABLE ENDOWMENT FUNDS

	2015 £'000	2014 £'000
Donations	1,576	1,583
Legacies	581	652
Investment Income	1,559	1,741
<b>Total Charitable Endowment Funds</b>	<u>3,716</u>	<u>3,976</u>

# GRAMPIAN HEALTH BOARD

## 9. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2015 £'000	2014 £'000
<b>EXPENDITURE</b>			
Acquisition of Intangible Assets	10	131	1,288
Acquisition of property, plant and equipment	11	22,386	55,481
Donated Asset Additions	11b	2,950	224
<b>Gross Capital Expenditure</b>		<u>25,467</u>	<u>56,993</u>
<b>INCOME</b>			
Net book value of disposal of property, plant and equipment	11a	94	2,513
Net book value of disposal of Donated Assets	11b	0	5
Value of disposal of Non-Current Assets held for sale	11c	223	0
Hub repayment of Investment		9	0
Donated Asset Income		2,950	224
<b>Gross Capital Income</b>		<u>3,276</u>	<u>2,742</u>
<b>Net Capital Expenditure</b>		<u>22,191</u>	<u>54,251</u>
 <b>SUMMARY OF CAPITAL RESOURCE OUTTURN</b>			
Core Capital Resource Limit		12,755	39,615
Non Core Capital Resource Limit		9,436	14,636
<b>Total Capital Resource Limit</b>		<u>22,191</u>	<u>54,251</u>
<b>Saving/(excess) against Total Capital Resource Limit</b>		<u>0</u>	<u>0</u>

# GRAMPIAN HEALTH BOARD

## 10. INTANGIBLE ASSETS

2014/15

	Software Licences £'000	Information technology - software £'000	Websites £'000	Total £'000
<b>Cost or Valuation:</b>				
As at 1st April 2014	2,070	1,951	5	4,026
Additions	24	107	0	131
<b>As at 31st March 2015</b>	<b>2,094</b>	<b>2,058</b>	<b>5</b>	<b>4,157</b>
<b>Amortisation</b>				
As at 1st April 2014	514	1,177	5	1,696
Provided during the year	448	290	0	738
<b>As at 31st March 2015</b>	<b>962</b>	<b>1,467</b>	<b>5</b>	<b>2,434</b>
<b>Net Book Value at 1st April 2014</b>	<b>1,556</b>	<b>774</b>	<b>0</b>	<b>2,330</b>
<b>Net Book Value at 31 March 2015</b>	<b>1,132</b>	<b>591</b>	<b>0</b>	<b>1,723</b>

## PRIOR YEAR

	Software Licences £'000	Information technology - software £'000	Websites £'000	Total £'000
<b>Cost or Valuation:</b>				
As at 1st April 2013	886	1,847	5	2,738
Additions	1,184	104	0	1,288
Disposals *	0	0	0	0
<b>As at 31st March 2014</b>	<b>2,070</b>	<b>1,951</b>	<b>5</b>	<b>4,026</b>
<b>Amortisation</b>				
As at 1st April 2013	211	899	5	1,115
Provided during the year	303	278	0	581
<b>As at 31st March 2014</b>	<b>514</b>	<b>1,177</b>	<b>5</b>	<b>1,696</b>
<b>Net Book Value at 1st April 2013</b>	<b>675</b>	<b>948</b>	<b>0</b>	<b>1,623</b>
<b>Net Book Value at 31 March 2014</b>	<b>1,556</b>	<b>774</b>	<b>0</b>	<b>2,330</b>

# GRAMPIAN HEALTH BOARD

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>									
As at 1st April 2014	37,664	410,447	6,087	2,934	116,754	26,669	4,941	22,784	628,280
Additions	0	8,372	0	0	7,195	493	48	6,278	22,386
Completions	0	18,386	0	0	1,600	24	0	(20,010)	0
Transfers (to)/from non-current assets held for sale	(358)	0	0	0	0	0	0	0	(358)
Revaluation	(466)	13,637	248	0	0	0	0	0	13,419
Impairment Charge	0	(5,832)	0	0	0	0	0	0	(5,832)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(96)	(2,140)	0	0	0	(2,236)
<b>As at 31st March 2015</b>	<b>36,840</b>	<b>445,010</b>	<b>6,335</b>	<b>2,838</b>	<b>123,409</b>	<b>27,186</b>	<b>4,989</b>	<b>9,052</b>	<b>655,659</b>
<b>Depreciation</b>									
As at 1st April 2014	0	1,617	0	2,316	69,266	18,606	3,122	0	94,927
Provided during the year	0	12,869	229	160	9,550	2,730	242	0	25,780
Revaluation	0	(7,929)	(170)	0	0	0	0	0	(8,099)
Disposals	0	0	0	(65)	(2,077)	0	0	0	(2,142)
<b>As at 31st March 2015</b>	<b>0</b>	<b>6,557</b>	<b>59</b>	<b>2,411</b>	<b>76,739</b>	<b>21,336</b>	<b>3,364</b>	<b>0</b>	<b>110,466</b>
<b>Net Book Value at 1st April 2014</b>	<b>37,664</b>	<b>408,830</b>	<b>6,087</b>	<b>618</b>	<b>47,488</b>	<b>8,063</b>	<b>1,819</b>	<b>22,784</b>	<b>533,353</b>
<b>Net Book Value at 31 March 2015</b>	<b>36,840</b>	<b>438,453</b>	<b>6,276</b>	<b>427</b>	<b>46,670</b>	<b>5,850</b>	<b>1,625</b>	<b>9,052</b>	<b>545,193</b>
<b>Open Market Value of Land in Land and Dwellings included Above</b>	<b>6,210</b>								
<b>Asset financing:</b>									
Owned	36,840	407,270	6,276	427	46,670	5,850	1,625	9,052	514,010
Finance leased	0	6,493	0	0	0	0	0	0	6,493
On-balance sheet HUB contracts	0	24,690	0	0	0	0	0	0	24,690
<b>Net Book Value at 31 March 2015</b>	<b>36,840</b>	<b>438,453</b>	<b>6,276</b>	<b>427</b>	<b>46,670</b>	<b>5,850</b>	<b>1,625</b>	<b>9,052</b>	<b>545,193</b>

# GRAMPIAN HEALTH BOARD

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

### PRIOR YEAR

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>									
As at 1st April 2013	29,986	407,520	5,985	2,827	110,872	24,723	4,890	12,169	588,972
Additions	10	25,869	0	119	7,314	3,526	67	18,576	55,481
Completions	0	7,939	0	0	22	0	0	(7,961)	0
Transfers (to)/from non-current assets held for sale	50	(223)	0	0	0	0	0	0	(173)
Revaluation	7,946	(13,065)	102	0	0	0	0	0	(5,017)
Impairment Charge	(328)	(15,750)	0	0	0	0	0	0	(16,078)
Impairment reversal	0	639	0	0	0	0	0	0	639
Disposals	0	(2,482)	0	(12)	(1,454)	(1,580)	(16)	0	(5,544)
<b>As at 31st March 2014</b>	<b>37,664</b>	<b>410,447</b>	<b>6,087</b>	<b>2,934</b>	<b>116,754</b>	<b>26,669</b>	<b>4,941</b>	<b>22,784</b>	<b>628,280</b>
<b>Depreciation</b>									
As at 1st April 2013	0	20,215	281	2,156	61,849	17,567	2,894	0	104,962
Provided during the year	0	11,788	215	172	8,624	2,619	244	0	23,662
Revaluation	0	(30,170)	(496)	0	0	0	0	0	(30,666)
Impairment Charge	0	0	0	0	0	0	0	0	0
Disposals	0	(216)	0	(12)	(1,207)	(1,580)	(16)	0	(3,031)
<b>As at 31st March 2014</b>	<b>0</b>	<b>1,617</b>	<b>0</b>	<b>2,316</b>	<b>69,266</b>	<b>18,606</b>	<b>3,122</b>	<b>0</b>	<b>94,927</b>
<b>Net Book Value at 1st April 2013</b>	<b>29,986</b>	<b>387,305</b>	<b>5,704</b>	<b>671</b>	<b>49,023</b>	<b>7,156</b>	<b>1,996</b>	<b>12,169</b>	<b>494,010</b>
<b>Net Book Value at 31 March 2014</b>	<b>37,664</b>	<b>408,830</b>	<b>6,087</b>	<b>618</b>	<b>47,488</b>	<b>8,063</b>	<b>1,819</b>	<b>22,784</b>	<b>533,353</b>
<b>Open Market Value of Land in Land and Dwellings Included Above</b>	<b>6,210</b>								
<b>Asset financing:</b>									
Owned	37,664	386,326	6,087	618	47,488	8,063	1,819	22,784	510,849
Finance leased	0	6,834	0	0	0	0	0	0	6,834
On-balance sheet HUB contracts	0	15,670	0	0	0	0	0	0	15,670
<b>Net Book Value at 31 March 2014</b>	<b>37,664</b>	<b>408,830</b>	<b>6,087</b>	<b>618</b>	<b>47,488</b>	<b>8,063</b>	<b>1,819</b>	<b>22,784</b>	<b>533,353</b>

**GRAMPIAN HEALTH BOARD**

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

	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
<b>Cost or valuation</b>						
As at 1st April 2014	11,239	192	4,708	146	27	16,312
Additions	1,826	13	377	672	62	2,950
Revaluation	81	0	0	0	0	81
Impairment Charge	(610)	0	0	0	0	(610)
Disposals	0	0	(160)	0	0	(160)
<b>As at 31st March 2015</b>	<b>12,536</b>	<b>205</b>	<b>4,925</b>	<b>818</b>	<b>89</b>	<b>18,573</b>
<b>Depreciation</b>						
As at 1st April 2014	2	135	3,793	99	26	4,055
Provided during the year	372	17	238	47	5	679
Revaluation	(273)	0	0	0	0	(273)
Disposals	0	0	(160)	0	0	(160)
<b>As at 31st March 2015</b>	<b>101</b>	<b>152</b>	<b>3,871</b>	<b>146</b>	<b>31</b>	<b>4,301</b>
<b>Net Book Value at 1st April 2014</b>	<b>11,237</b>	<b>57</b>	<b>915</b>	<b>47</b>	<b>1</b>	<b>12,257</b>
<b>Net Book Value at 31 March 2015</b>	<b>12,435</b>	<b>53</b>	<b>1,054</b>	<b>672</b>	<b>58</b>	<b>14,272</b>
<b>Asset financing:</b>						
Owned	12,435	53	1,054	672	58	14,272
<b>Net Book Value at 31 March 2015</b>	<b>12,435</b>	<b>53</b>	<b>1,054</b>	<b>672</b>	<b>58</b>	<b>14,272</b>



**GRAMPIAN HEALTH BOARD**

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

**PRIOR YEAR**

	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
<b>Cost or valuation</b>						
As at 1st April 2013	11,791	192	4,549	146	27	16,705
Additions	0	0	224	0	0	224
Revaluation	(552)	0	0	0	0	(552)
Disposals	0	0	(65)	0	0	(65)
<b>As at 31st March 2014</b>	<b>11,239</b>	<b>192</b>	<b>4,708</b>	<b>146</b>	<b>27</b>	<b>16,312</b>
<b>Depreciation</b>						
As at 1st April 2013	831	119	3,569	85	26	4,630
Provided during the year	368	16	284	14	0	682
Revaluation	(1,197)	0	0	0	0	(1,197)
Disposals	0	0	(60)	0	0	(60)
<b>As at 31st March 2014</b>	<b>2</b>	<b>135</b>	<b>3,793</b>	<b>99</b>	<b>26</b>	<b>4,055</b>
<b>Net Book Value at 1st April 2013</b>	<b>10,960</b>	<b>73</b>	<b>980</b>	<b>61</b>	<b>1</b>	<b>12,075</b>
<b>Net Book Value at 31 March 2014</b>	<b>11,237</b>	<b>57</b>	<b>915</b>	<b>47</b>	<b>1</b>	<b>12,257</b>
<b>Asset financing:</b>						
Owned	11,237	57	915	47	1	12,257
<b>Net Book Value at 31 March 2014</b>	<b>11,237</b>	<b>57</b>	<b>915</b>	<b>47</b>	<b>1</b>	<b>12,257</b>

**11. (c) ASSETS HELD FOR SALE****Property, Plant & Equipment  
£'000****As at 1st April 2014**

223

Transfers from property, plant and equipment

**11a**

358

Disposals for non-current assets held for sale

(223)

**As at 31st March 2015**358**PRIOR YEAR****As at 1st April 2013**

188

Transfers from property, plant and equipment

**11a**

173

Loss recognised on remeasurement of non-current  
assets held for sale \*

(138)

**As at 31st March 2014**223

# GRAMPIAN HEALTH BOARD

## 11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

		2015 £'000	2014 £'000
<b>Net book value of property, plant and equipment at 31 March</b>			
Purchased	11a	545,193	533,353
Donated	11b	14,272	12,257
<b>Total</b>		<u>559,465</u>	<u>545,610</u>

Property, plant and equipment includes land and buildings which have been taken out of operational use and declared surplus as follows :-

Net book value of surplus land valued at open market value at 31 March	6,210	6,210
Net book value of surplus buildings valued at open market value at 31 March	0	0

Property, plant and equipment includes assets held under Finance Leases and Service Concession arrangements as follows :-

### Net book value

Finance Leases	6,493	6,834
Hub Contracts	24,690	15,670
	<u>31,183</u>	<u>22,504</u>

### Depreciation

Finance leases	0	(30)
Hub Contracts	417	93
	<u>417</u>	<u>63</u>

## 12. INVENTORIES

	2015 £'000	2014 £'000
Raw Materials and Consumables	5,087	4,098

13. TRADE AND OTHER RECEIVABLES

Receivables due within one year

	Charitable Endowment Funds 2015		Intra Group Adjustments 2015		Group 2015		Charitable Endowment Funds 2014		Intra Group Adjustments 2014		Group 2014		Charitable Endowment Funds 2013		Intra Group Adjustments 2013		Group 2013	
	NHS Grampian £'000	2015 £'000	2015 £'000	2015 £'000	2015 £'000	2015 £'000	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2013 £'000	2013 £'000	2013 £'000	2013 £'000	2013 £'000	2013 £'000
NHS Scotland Boards	6,034	0	0	0	0	8,034	8,988	0	0	0	8,988	5,697	0	0	5,697	0	5,697	
NHS Non-Scottish Bodies	1,071	0	0	0	0	1,071	1,196	0	0	0	1,196	804	0	0	804	0	804	
VAT recoverable	955	0	0	0	0	955	958	0	0	0	958	1,208	0	0	1,208	0	1,208	
Prepayments	4,242	0	0	0	0	4,242	4,734	0	0	0	4,734	3,873	0	0	3,873	0	3,873	
Accrued income	3,656	0	0	0	0	3,656	3,561	0	0	0	3,561	2,646	0	0	2,646	0	2,646	
Other Receivables	12,139	91	(1,013)	0	0	11,217	11,570	94	(516)	0	11,148	11,551	345	(295)	11,601	0	11,601	
Reimbursement of provisions	5,074	0	0	0	0	4,254	4,254	0	0	0	4,254	1,432	0	0	1,432	0	1,432	
Other Public Sector Bodies	1,530	0	0	0	0	1,530	3,245	0	0	0	3,245	3,805	0	0	3,805	0	3,805	
<b>Total Receivables due within one year</b>	<b>38,001</b>	<b>91</b>	<b>(1,013)</b>	<b>0</b>	<b>0</b>	<b>37,079</b>	<b>38,405</b>	<b>94</b>	<b>(516)</b>	<b>0</b>	<b>37,984</b>	<b>31,015</b>	<b>345</b>	<b>(295)</b>	<b>31,065</b>	<b>0</b>	<b>31,065</b>	

Receivables due after more than one year

Accrued income	1,567	0	0	0	0	1,567	2,013	0	0	0	2,013	1,955	0	0	1,955	0	1,955
Reimbursement of Provisions	14,002	0	0	0	0	14,002	12,155	0	0	0	12,155	13,327	0	0	13,327	0	13,327
<b>Total Receivables due after more than one year</b>	<b>15,569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,569</b>	<b>14,168</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,168</b>	<b>15,282</b>	<b>0</b>	<b>0</b>	<b>15,282</b>	<b>0</b>	<b>15,282</b>

**TOTAL RECEIVABLES**

	<b>53,570</b>	<b>91</b>	<b>(1,013)</b>	<b>0</b>	<b>0</b>	<b>52,648</b>	<b>52,574</b>	<b>94</b>	<b>(516)</b>	<b>0</b>	<b>52,152</b>	<b>45,298</b>	<b>345</b>	<b>(295)</b>	<b>45,348</b>	<b>0</b>	<b>45,348</b>
The total receivables figure above includes a provision for bad debts of:	<b>562</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>562</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>552</b>	<b>342</b>	<b>0</b>	<b>0</b>	<b>342</b>	<b>0</b>	<b>342</b>
<b>WGA Classification</b>	<b>8,034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,034</b>	<b>8,988</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,988</b>	<b>5,697</b>	<b>0</b>	<b>0</b>	<b>5,697</b>	<b>0</b>	<b>5,697</b>
NHSScotland	1,037	0	0	0	0	1,037	2,398	0	0	0	2,398	2,449	0	0	2,449	0	2,449
Central Government Bodies	1,748	0	0	0	0	1,748	1,705	0	0	0	1,705	2,565	0	0	2,565	0	2,565
Whole of Government Bodies	1,071	0	0	0	0	1,071	1,196	0	0	0	1,196	804	0	0	804	0	804
Balances with NHS Bodies in England and Wales	41,690	91	(1,013)	0	0	40,758	38,287	94	(516)	0	37,865	34,783	345	(295)	34,833	0	34,833
Balances with bodies external to Government																	
<b>Total</b>	<b>53,570</b>	<b>91</b>	<b>(1,013)</b>	<b>0</b>	<b>0</b>	<b>52,648</b>	<b>52,574</b>	<b>94</b>	<b>(516)</b>	<b>0</b>	<b>52,152</b>	<b>45,298</b>	<b>345</b>	<b>(295)</b>	<b>45,348</b>	<b>0</b>	<b>45,348</b>

# GRAMPIAN HEALTH BOARD

## 13. TRADE AND OTHER RECEIVABLES (Continued)

	2015 £'000	2014 £'000
<b>Movements on the provision for impairment of receivables are as follows:</b>		
At 1 April	552	342
Provision for debtors impairment	15	212
Receivables written off during the year as uncollectable	(5)	(2)
At 31 March	562	552

As of 31 March 2015, receivables with a carrying value of £0.562 million (2014: £0.552 million) were impaired and provided for. The aging of these receivables is as follows:

	2015 £'000	2014 £'000
Over 6 months past due	562	552

The receivables assessed as individually impaired were mainly English and Welsh Health Bodies, private individuals (including overseas visitors) and companies which are in unexpected difficult economic situations and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2015, receivables with a carrying value of £2.491 million (2014: £4.658 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows :

	2015 £'000	2014 £'000
Up to 3 months past due	1,874	3,146
3 to 6 months past due	783	683
Over 6 months past due	626	829
	3,283	4,658

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

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

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

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

	2015 £'000	2014 £'000
Existing customers with no defaults in the past	3,283	4,658

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.

	2015 £'000	2014 £'000
The carrying amount of receivables are denominated in Pounds Sterling:	52,648	52,574

All non-current receivables are due within two years (2013-14: two 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 £15.569 million (2013-14: £14.168 million)

# GRAMPIAN HEALTH BOARD

## 14. FINANCIAL ASSETS

	Charitable Endowment		Charitable Endowment		Charitable Endowment	
	NHS Grampian 2015 £'000	Funds 2015 £'000	NHS Grampian 2014 £'000	Funds 2014 £'000	NHS Grampian 2013 £'000	Funds 2013 £'000
Stocks and Bonds **	0	42,960	0	40,037	0	39,897
Other *	300	0	309	0	309	0
<b>TOTAL</b>	<b>300</b>	<b>42,960</b>	<b>309</b>	<b>40,037</b>	<b>309</b>	<b>39,897</b>
At 1 April	309	40,037	309	39,897	28	34,593
Additions	0	4,846	0	8,372	281	13,242
Disposals	(9)	(4,576)	0	(9,487)	0	(11,909)
Impairment recognised in SOCNE	0	0	0	0	0	0
Revaluation surplus transferred to equity	0	2,653	0	1,255	0	3,971
<b>At 31 March</b>	<b>300</b>	<b>42,960</b>	<b>309</b>	<b>40,037</b>	<b>309</b>	<b>39,897</b>
Current	0	0	0	0	0	0
Non-current	300	42,960	309	40,037	309	39,897
<b>At 31 March</b>	<b>300</b>	<b>42,960</b>	<b>309</b>	<b>40,037</b>	<b>309</b>	<b>39,897</b>

### Note:

\*Other financial assets comprise an investment of £1k in equity share capital with TMRI Ltd and a further small shareholding in HUB North of Scotland Ltd both unlisted investments denominated in UK pounds and non equity loans of £299k to Hub North of Scotland Ltd, repayable in full with interest over 25 years. The carrying value of other investments is cost less impairment as there is no active market for either the equity investments or the loan.

\*\*Stocks and Bonds relate to the Charitable Endowment Funds which are invested in a portfolio of bonds and equity investments, managed by the Funds appointed Investment managers Standard Life Wealth Ltd., in line with a medium risk strategy to deliver a balance between income and capital growth. The carrying value of Stocks and Bonds is market value.

# GRAMPIAN HEALTH BOARD

## 15. CASH AND CASH EQUIVALENTS

	NHS GRAMPIAN		CHARITABLE ENDOWMENT FUNDS		CONSOLIDATED		
	At 01/04/14 £'000	Cash Flow £'000	At 01/04/14 £'000	Cash Flow £'000	At 01/04/14 £'000	Cash Flow £'000	At 31/03/15 £'000
Government Banking Service account balance	535	(402)	1,877	437	2,412	35	2,447
Cash at bank and in hand	106	1	439	(436)	545	(437)	108
Cash investments and deposits	0	0	1,515	(23)	1,515	(23)	1,492
<b>Total cash and cash equivalents - balance sheet</b>	<b>641</b>	<b>(401)</b>	<b>3,831</b>	<b>(24)</b>	<b>4,472</b>	<b>(425)</b>	<b>4,047</b>
	At 01/04/13 £'000	Cash Flow £'000	At 01/04/13 £'000	Cash Flow £'000	At 01/04/13 £'000	Cash Flow £'000	At 31/03/14 £'000
Government Banking Service account balance	217	318	498	1,379	715	1,697	2,412
Cash at bank and in hand	30	76	137	302	167	378	545
Cash investments and deposits	0	0	782	733	782	733	1,515
<b>Total cash and cash equivalents - balance sheet</b>	<b>247</b>	<b>394</b>	<b>1,417</b>	<b>2,414</b>	<b>1,664</b>	<b>2,808</b>	<b>4,472</b>

## CASH AND CASH EQUIVALENTS - PRIOR YEAR

Government Banking Service account balance  
Cash at bank and in hand  
Cash investments and deposits  
Total cash and cash equivalents - balance sheet

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

# GRAMPIAN HEALTH BOARD

## 16. TRADE AND OTHER PAYABLES

	NHS Grampian 2015 £'000	Charitable Endowment Funds 2015 £'000	Intra Group Adjustments 2015 £'000	Group 2015 £'000	NHS Grampian 2014 £'000	Charitable Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	Group 2014 £'000	NHS Grampian 2013 £'000	Charitable Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000	Group 2013 £'000
Payables due within one year												
NHS Scotland Boards	8,684	0	0	8,684	4,464	0	0	4,464	3,399	0	0	3,399
NHS Non-Scottish Bodies	463	0	0	463	717	0	0	717	568	0	0	568
Amounts Payable to General Fund	240	0	0	240	641	0	0	641	247	0	0	247
FHS Practitioners	25,297	0	0	25,297	26,403	0	0	26,403	26,527	0	0	26,527
Trade Payables	4,797	0	0	4,797	2,530	0	0	2,530	220	0	0	220
Accruals	32,806	0	0	32,806	31,966	0	0	31,966	30,609	0	0	30,609
Deferred income	1,091	0	0	1,091	1,064	0	0	1,064	1,335	0	0	1,335
Net obligations under Finance Leases	327	0	0	327	288	0	0	288	255	0	0	255
Net obligations under PPP/PFI Contracts	319	0	0	319	184	0	0	184	0	0	0	0
Income tax and social security	10,032	0	0	10,032	9,731	0	0	9,731	9,978	0	0	9,978
Superannuation	7,620	0	0	7,620	6,929	0	0	6,929	6,141	0	0	6,141
Holiday Pay Accrual	0	0	0	0	2,553	0	0	2,553	3,055	0	0	3,055
Other Public Sector Bodies	3,312	0	0	3,312	2,075	0	0	2,075	2,096	0	0	2,096
Other payables	2,066	1,075	(1,013)	2,148	2,098	591	(516)	2,163	3,150	415	(295)	3,270
<b>Total Payables due within one year</b>	<b>97,074</b>	<b>1,075</b>	<b>(1,013)</b>	<b>97,136</b>	<b>91,663</b>	<b>581</b>	<b>(516)</b>	<b>91,728</b>	<b>87,582</b>	<b>415</b>	<b>(295)</b>	<b>87,702</b>
<b>Payables due after more than one year</b>												
Net obligations under Finance Leases due within 2 years	374	0	0	374	334	0	0	334	291	0	0	291
Net obligations under Finance Leases due after 2 years but within 5 years	990	0	0	990	1,075	0	0	1,075	1,117	0	0	1,117
Net obligations under Finance Leases due after 5 years	4,464	0	0	4,464	4,737	0	0	4,737	5,021	0	0	5,021
Net obligations under PPP/PFI Contracts due within 2 years	352	0	0	352	202	0	0	202	0	0	0	0
Net obligations under PPP/PFI Contracts due after 2 years but within 5 years	1,263	0	0	1,263	730	0	0	730	0	0	0	0
Net obligations under PPP/PFI Contracts due after 5 years	21,730	0	0	21,730	13,444	0	0	13,444	0	0	0	0
<b>Total Payables due after more than one year</b>	<b>29,173</b>	<b>0</b>	<b>0</b>	<b>29,173</b>	<b>20,522</b>	<b>0</b>	<b>0</b>	<b>20,522</b>	<b>6,429</b>	<b>0</b>	<b>0</b>	<b>6,429</b>
<b>TOTAL PAYABLES</b>	<b>126,247</b>	<b>1,075</b>	<b>(1,013)</b>	<b>126,309</b>	<b>112,185</b>	<b>581</b>	<b>(516)</b>	<b>112,250</b>	<b>94,011</b>	<b>415</b>	<b>(295)</b>	<b>94,131</b>
WCA Classification												
NHS Scotland	8,684			8,684	4,464			4,464	3,399			3,399
Central Government Bodies	17,750			17,750	17,229			17,229	16,211			16,211
Whole of Government Bodies	3,316			3,316	1,553			1,553	2,006			2,006
Balances with NHS Bodies in England and Wales	463			463	717			717	568			568
Balances with bodies external to Government	96,034			96,034	88,422			88,422	71,827			71,827
<b>Total</b>	<b>126,247</b>			<b>126,247</b>	<b>112,185</b>			<b>112,185</b>	<b>94,011</b>			<b>94,011</b>
Borrowings included above comprise:												
Finance Leases	6,155			6,155	6,434			6,434	6,684			6,684
PFI Contracts	23,664			23,664	14,560			14,560	0			0
	<b>29,819</b>			<b>29,819</b>	<b>20,994</b>			<b>20,994</b>	<b>6,684</b>			<b>6,684</b>
The carrying amount and fair value of the non-current borrowings are as follows:												
Carrying amount												
Finance Leases	5,628			5,628	6,146			6,146	6,429			6,429
PFI Contracts	23,345			23,345	14,376			14,376	0			0
	<b>29,173</b>			<b>29,173</b>	<b>20,522</b>			<b>20,522</b>	<b>6,429</b>			<b>6,429</b>
The carrying amount of payables are denominated in Pound Sterling												
	126,247	1,075	(1,013)	126,309	112,185	581	(516)	112,250	94,011	415	(295)	94,131



# GRAMPIAN HEALTH BOARD

## 17. PROVISIONS

### NHS GRAMPIAN

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Equal Pay £'000	Total Board £'000
At 1 April 2014	5,288	15,852	23,574	0	44,714
Arising during the year	623	10,760	0	13	11,396
Utilised during the year	(397)	(5,217)	0	0	(5,614)
Reversed unutilised	(84)	(1,975)	(798)	0	(2,857)
At 31 March 2015	5,430	19,420	22,776	13	47,639

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

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

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Equal Pay £'000	Total Board £'000
Payable in one year	354	5,311	13,438	13	19,116
Payable between 2 - 5 years	1,423	14,109	9,338	0	24,870
Payable between 6 - 10 years	1,656	0	0	0	1,656
Thereafter	1,997	0	0	0	1,997
Total as at 31 March 2014	5,430	19,420	22,776	13	47,639

### PRIOR YEAR (Restated)

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Equal Pay £'000	Total £'000
At 1 April 2013	5,164	15,702	30,392	0	51,258
Arising during the year	778	2,612	(6,818)	0	(3,428)
Utilised during the year	(410)	(1,317)	0	0	(1,727)
Reversed unutilised	(244)	(1,145)	0	0	(1,389)
At 31 March 2014	5,288	15,852	23,574	0	44,714

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

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

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Equal Pay £'000	Total £'000
Payable in one year	345	3,643	13,909	0	17,897
Payable between 2 - 5 years	1,366	12,209	9,665	0	23,240
Payable between 6 - 10 years	1,605	0	0	0	1,605
Thereafter	1,972	0	0	0	1,972
At 31 March 2014	5,288	15,852	23,574	0	44,714

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

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Equal Pay £'000	Total £'000
Payable in one year	331	1,789	17,831	0	20,051
Payable between 2 - 5 years	1,377	13,913	12,461	0	27,751
Payable between 6 - 10 years	1,541	0	0	0	1,541
Thereafter	1,915	0	0	0	1,915
At 31 March 2013	5,164	15,702	30,392	0	51,258

### CHARITABLE ENDOWMENT FUNDS

	Provision for liabilities £'000	Total Funds Held on Trust £'000	Consolidated Total £'000
	787	787	45,501
	553	553	11,949
	(266)	(266)	(5,880)
	0	0	(2,857)
	1,074	1,074	48,713

	Provision for liabilities £'000	Total Funds Held on Trust £'000	Consolidated Total £'000
	479	479	19,595
	595	595	25,465
	0	0	1,656
	0	0	1,997
	1,074	1,074	48,713

	Provision for liabilities £'000	Total Funds Held on Trust £'000	Consolidated Total £'000
	1,343	1,343	52,601
	164	164	(3,264)
	(711)	(711)	(2,438)
	(9)	(9)	(1,398)
	787	787	45,501

	Provision for liabilities £'000	Total Funds Held on Trust £'000	Consolidated Total £'000
	553	553	18,450
	234	234	23,474
	0	0	1,605
	0	0	1,972
	787	787	45,501

	Provision for liabilities £'000	Total Funds Held on Trust £'000	Consolidated Total £'000
	875	875	20,926
	468	468	28,219
	0	0	1,541
	0	0	1,915
	1,343	1,343	52,601

# GRAMPIAN HEALTH BOARD

## 17. PROVISIONS - continued

### 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 1.3% in real terms. The liabilities are provided for on the basis of the expected remaining life of the pensioners and are estimated to be incurred over a period of up to 38 years.

### Charitable Endowment Funds

The provision relates to the funding of posts within NHS Grampian where the term of employment extends beyond the end of the financial year and other expenditure commitments resulting in a legal or constructive obligation. The posts are all of a fixed term nature and are involved primarily in the provision of research in conjunction with the University of Aberdeen.

### Clinical and Medical

The Board holds a provision to meet costs of outstanding and potential clinical 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 the gross cost of settlement awards, legal expenses and third party costs. The impact of this provision is offset by an associated receivable disclosed in note 13, recognising the expected reimbursement of settlement costs, through the Board's participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS).

As a result of participation in the CNORIS scheme, however, the Board is also required to create a separate related but distinct provision recognising the Board's share of the total CNORIS liability of NHSScotland (the estimated contributions to the scheme in future years).

**The net impact of both of these provisions offset by the associated receivable is shown below :-**

2014 £000's	2014 £000's		Note	2015 £000's
15,702	15,852	Provision recognising individual claims against the NHS Board at 31 March	Note 17	19,420
(14,759)	(16,409)	Associated CNORIS receivable at 31 March	Note 13	(20,076)
30,392	23,574	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	Note 17	22,776
<b>31,338</b>	<b>23,017</b>	<b>Net Total Provision relating to Clinical Negligence and Other Risks at 31 March</b>		<b>22,120</b>

**Note :** The CNORIS scheme has been in operation since 2000 and participation is mandatory for all NHS boards in Scotland. The scheme helps Boards manage the financial risks associated with large value settlements through a national risk pooling arrangements for legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. 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. Any claims with a value less than the agreed "excess" of £25k are met directly from within the Board's own budget. Further information on the scheme can be found at: <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>

### Equal Pay

Other provisions include an amount of £13k in respect of the Board's estimated liability arising from equal pay claims.

# GRAMPIAN HEALTH BOARD

## 18. MOVEMENT ON WORKING CAPITAL BALANCES

		NHS GRAMPIAN		CHARITABLE EMPLOYMENT FUNDS		INTRA GROUP ADJUSTMENTS		NET MOVEMENT				
	Note	Restated Opening Balances £'000	Closing Balances £'000	Net Movement £'000	Opening Balances £'000	Closing Balances £'000	Net Movement £'000	Restated Consolidated Total Movement £'000	NHS Grampian 2014 £'000	Charitable Endowment Funds 2014 £'000	Intra group Adjustments 2014 £'000	Group 2014 £'000
<b>INVENTORIES</b>												
Balance Sheet	12	4,098	5,087	0	0	0	0	0	(227)	0	0	(227)
Net Decrease/(increase)									(989)			
<b>TRADE AND OTHER RECEIVABLES</b>												
Due within one year	13	38,406	38,001	94	94	(1,003)	(1,003)					
Due after more than one year	13	14,169	15,569	0	0							
Less: Property, Plant & Equipment (Capital) included in above		0	(458)	0	0							
Net Decrease/(increase)		52,574	53,114	94	94	(1,003)	(1,003)	(487)	(50)	251	221	(5,804)
<b>TRADE AND OTHER PAYABLES</b>												
Due within one year	16	91,663	97,074	561	1,075	(1,003)	(1,003)					
Due after more than one year	16	20,522	26,173	0	0							
Less: Property, Plant & Equipment (Capital) included in above		(9,666)	(9,021)	0	0							
Less: Guaranty Fund Creditor included in above	16	(8,541)	(240)	0	0							
Less: Lease and PFI Creditors included in above	16	(20,984)	(29,619)	0	0							
Net (Decrease)/increase		80,682	88,167	561	1,075	(1,003)	(1,003)	(487)	7,492	165	(221)	2,487
<b>PROVISIONS</b>												
Balance Sheet	17	44,714	47,639	787	1,074							
Net (Decrease)/increase									2,925			(293)
<b>NET MOVEMENT (Decrease)/increase</b>	CFS								9,665	(3,687)	(140)	(3,627)

\*Note: Provisions figures relating to prior years have been restated to include a provision for NHS Grampian's liability to the Clinical Negligence and other Risks Indemnity Scheme. A full explanation of this adjustment is included in note 29.

## GRAMPIAN HEALTH BOARD

### 19. CONTINGENT LIABILITIES AND ASSETS

The following contingent liabilities have not been provided for in the Accounts, as explained below ;

	2015 £000	2014 £000
<b>CONTINGENT LIABILITIES</b>		
Clinical and medical compensation payments	3,466	1,747
<b>CONTINGENT ASSETS</b>		
Clinical and medical compensation payments	3,538	1,200

#### Clinical, Medical and employers liability compensation claims

The contingent liability represents a number of claims for clinical negligence and employer's liability against NHS Grampian, which have not been fully provided for, and for which the Central Legal Office of the Scottish Government Health Directorates estimates that there is a medium risk of NHS Grampian having to make settlement.

There are also further claims against NHS Grampian that the Central Legal Office of the Scottish Government Health Directorates estimates that there is a low risk of NHS Grampian having to make a settlement.

### 20. COMMITMENTS

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

	2015 £'000	2014 £'000
<b>Capital Commitments</b>		
<b>Contracted</b>		
ARI Phase 2 Backlog Maintenance	2,116	10,985
Woodend Hospital Boiler replacement	822	0
ARI Mortuary upgrade	15	0
Replacement Laundry/CDU plant	549	0
PET/CT replacement	0	2,370
Radiotherapy Equipment replacement	538	538
Emergency Care Centre	0	680
East End 2 ARI backlog maintenance	0	386
<b>Total</b>	<u>4,040</u>	<u>14,959</u>
<b>Authorised but not Contracted</b>		
Additional MRI Scanner	1,350	0
ENT/Audiology accommodation	1,700	0
<b>Total</b>	<u>3,050</u>	<u>0</u>

NHS Grampian are progressing jointly with NHS Highland a bundled scheme including Loch Gilpead Community Hospital, the reprovision of Inverurie Health Centre and the reprovision of Foresterhill Health Centre under the Scottish Government's hub initiative. Although no formal contractual commitment exists at the balance sheet date the project is well advanced with financial close expected in 2016/17.

In addition the recent announcement by the Wood foundation of their intention to donate funding of £10m towards development of a multi story car park at the Foresterhill Health campus has been welcomed by NHS Grampian and the project is in the early stages of procurement.

#### Financial Guarantees, indemnities and letter of comfort

NHS Grampian has not entered into any other quantifiable guarantees, indemnities or provided letters of comfort prior to the date of publication of the accounts.

# GRAMPIAN HEALTH BOARD

## 21. COMMITMENTS UNDER LEASES

2015  
£'000

2014  
£'000

### 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:

#### Land

Not later than one year	240	235
Later than one year, not later than 2 years	240	235
Later than two year, not later than five years	628	701
Later than five years	2,057	2,184
<b>Total</b>	<b><u>3,165</u></b>	<b><u>3,355</u></b>

#### Buildings

Not later than one year	545	490
Later than one year, not later than 2 years	537	436
Later than two year, not later than five years	1,603	1,259
Later than five years	4,203	4,245
<b>Total</b>	<b><u>6,888</u></b>	<b><u>6,430</u></b>

#### Other

Not later than one year	404	463
Later than one year, not later than 2 years	362	365
Later than two year, not later than five years	267	725
Later than five years	0	0
<b>Total</b>	<b><u>1,033</u></b>	<b><u>1,553</u></b>

#### Amounts charged to Operating Costs in the year were:

Hire of equipment (including vehicles)	1,366	1,676
Other operating leases	1,014	1,095
<b>Total</b>	<b><u>2,380</u></b>	<b><u>2,771</u></b>

### Finance Leases

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

#### Obligations under Finance leases comprise:

#### Buildings

Rentals due within one year	975	952
Rentals due between one and two years (inclusive)	982	943
Rentals due between two and five years (inclusive)	2,621	2,714
Rentals due after five years	9,639	10,182
	<u>14,217</u>	<u>14,791</u>

Less interest element	(8,062)	(8,357)
	<u>6,155</u>	<u>6,434</u>

This total net obligation under finance leases is analysed in Note 16 (Payables).

# GRAMPIAN HEALTH BOARD

## 22. COMMITMENTS UNDER SERVICE CONCESSION CONTRACTS - On Balance Sheet

Service Concession agreements with HUB North of Scotland Ltd for occupancy of the Aberdeen Health and Community Care Village effective 14th November 2013, Woodside Fountain Health Centre effective 28 June 2014 and Forres Health and Community Care Centre 9 August 2014. Under the terms of the agreement NHS Grampian have a legal commitment to occupy the buildings for a period of 25 years and will incur charges for occupancy, maintenance and running costs. The net book value of assets financed under the HUB initiative is disclosed in note 11(a).

	2015 £'000	2014 £'000
<b>Gross Minimum Lease Payments</b>		
Rentals due within 1 year	2,146	1,323
Due within 1 to 2 years	2,154	1,327
Due within 2 to 5 years	6,498	4,003
Due after 5 years	42,403	26,876
<b>Total</b>	<b>53,201</b>	<b>33,529</b>
<b>Less Interest Element</b>		
Rentals due within 1 year	(1,827)	(1,139)
Due within 1 to 2 years	(1,802)	(1,125)
Due within 2 to 5 years	(5,235)	(3,273)
Due after 5 years	(20,673)	(13,432)
<b>Total</b>	<b>(29,537)</b>	<b>(18,969)</b>
<b>Present value of minimum lease payments</b>		
Rentals due within 1 year	319	184
Due within 1 to 2 years	352	202
Due within 2 to 5 years	1,263	730
Due after 5 years	21,730	13,444
<b>Total</b>	<b>23,664</b>	<b>14,560</b>
Service charges	579	144
Interest charges	1,605	382
Other charges	3	0
<b>Total</b>	<b>2,187</b>	<b>526</b>

# GRAMPIAN HEALTH BOARD

## 23. PENSION COSTS

NHS Grampian participates in the National Health Service Superannuation Scheme for Scotland which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary: details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The National Health Service Superannuation Scheme for Scotland is an unfunded multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. NHS Grampian will therefore account for its pension costs on a defined contribution basis as permitted by International Accounting Standard 19. The most recent actuarial valuation at 31 March 2014 discloses a liability of £39.5 billion (March 2013: £29.1 billion) with £4.1 billion to be met by employing authorities. Consequently the employers rate of contribution will increase from 13.5% to 14.6% on 1 April 2015.

For 2014/15, normal employer contributions of £50.080 million were payable to the SPPA (2013/14 £48.390 million) at the rate of 13.5% (2013/14 13.5%) of pensionable salaries. The total contributions made to the scheme, across all employers, for 2013/14 were £640.5 million (2012/13) £595.6 million (per most recent published accounts for the NHS Superannuation Scheme). NHS Grampian's share of the total employer contributions in 2013/14 was 7.8% (2012/13 7.6%).

During 2014/15 NHS Grampian incurred £0.705 million in additional costs arising from the early retirement of staff (2013/14 £0 million).

Provisions amounting to £5.430million (2013/14 £5.288 million) are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefit of the existing scheme but will be given the choice to transfer to the new scheme.

### Existing scheme:

The scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Annual benefits are normally based on 1/80<sup>th</sup> of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions on a tiered basis, dependent on earnings, of between 5% and 13.3% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed ten years. Child allowances are payable according to the number of dependent children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than two years service. Where service exceeds five years, the pension is calculated using specially enhanced service, with a maximum enhancement of ten years. Members aged 50 or above may take voluntary early retirement and receive a reduced pension. For members joining the scheme from April 2009 the earliest age at which voluntary early retirement, with a reduced pension, may be taken is 55 years.

### New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60<sup>th</sup> and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 13.3% of pensionable earnings. Pensions and allowances are index linked to protect their value. Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on full pension and lump sum which they have earned.

	2015 £000	2014 £000
Pension cost charge for the year	50,080	48,390
Additional Costs arising from early retirement	705	0
Amounts included in the Balance Sheet	5,430	5,287

# GRAMPIAN HEALTH BOARD

## 24. FINANCIAL INSTRUMENTS

### a FINANCIAL INSTRUMENTS BY CATEGORY

#### FINANCIAL ASSETS

At 31 March 2015  
Assets per balance sheet  
Investments  
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.  
Cash and cash equivalents

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	300	300
20,263	0	20,263
240	0	240
<b>20,503</b>	<b>300</b>	<b>20,803</b>

#### PRIOR YEAR

At 31 March 2014  
Assets per balance sheet  
Investments  
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.  
Cash and cash equivalents

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	309	309
21,585	0	21,585
641	0	641
<b>22,226</b>	<b>309</b>	<b>22,535</b>

#### FINANCIAL LIABILITIES

At 31 March 2015  
Liabilities per balance sheet  
Finance lease liabilities  
HUB Service Concession  
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	42,960	42,960
3,807	0	3,807
<b>3,898</b>	<b>42,960</b>	<b>46,858</b>

#### PRIOR YEAR

At 31 March 2014  
Liabilities per balance sheet  
Finance lease liabilities  
HUB Service Concession  
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	40,037	40,037
94	0	94
3,831	0	3,831
<b>3,925</b>	<b>40,037</b>	<b>43,962</b>

#### CHARITABLE ENDOWMENT FUNDS

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
(1,013)	0	(1,013)
<b>(1,013)</b>	<b>0</b>	<b>(1,013)</b>

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
(516)	0	(516)
<b>(516)</b>	<b>0</b>	<b>(516)</b>

#### INTRA GROUP ADJUSTMENTS

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
19,341	0	19,341
4,047	0	4,047
<b>23,388</b>	<b>43,260</b>	<b>66,648</b>

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
21,163	0	21,163
4,472	0	4,472
<b>25,635</b>	<b>40,346</b>	<b>65,981</b>

#### CONSOLIDATED

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
19,341	0	19,341
4,047	0	4,047
<b>23,388</b>	<b>43,260</b>	<b>66,648</b>

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
21,163	0	21,163
4,472	0	4,472
<b>25,635</b>	<b>40,346</b>	<b>65,981</b>

Other financial liabilities £'000	Other financial liabilities £'000
6,155	6,155
23,664	23,664
<b>69,001</b>	<b>69,063</b>
<b>98,820</b>	<b>98,882</b>

Other financial liabilities £'000	Other financial liabilities £'000
0	0
0	0
<b>(1,013)</b>	<b>(516)</b>
<b>(1,013)</b>	<b>(516)</b>

Other financial liabilities £'000	Other financial liabilities £'000
0	0
0	0
<b>1,075</b>	<b>581</b>
<b>1,075</b>	<b>581</b>

Loans and Receivables £'000	Available for sale £'000	Total £'000
0	0	0
6,434	0	6,434
14,560	0	14,560
69,003	0	69,068
<b>89,997</b>	<b>581</b>	<b>90,578</b>



# GRAMPIAN HEALTH BOARD

## 24. FINANCIAL INSTRUMENTS - continued

### 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 NHS Board is not exposed to the degree of financial risk faced by business entities.

The Board provides written principles for overall risk management, as well as written policies covering credit control.

#### • 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 a minimum rate '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.

#### • Liquidity Risk

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

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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2016</b>				
PFI Liabilities	2,146	2,154	6,498	42,403
Finance lease liabilities	975	982	2,621	9,639
Trade and other payables excluding statutory liabilities	69,001	0	0	0
<b>Total</b>	<b>72,122</b>	<b>3,136</b>	<b>9,119</b>	<b>52,042</b>
	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2014</b>				
PFI Liabilities	1,323	1,327	4,003	26,876
Finance lease liabilities	952	943	2,714	10,182
Trade and other payables excluding statutory liabilities	69,003	0	0	0
<b>Total</b>	<b>71,278</b>	<b>2,270</b>	<b>6,717</b>	<b>37,058</b>

# GRAMPIAN HEALTH BOARD

## 24. FINANCIAL INSTRUMENTS - continued

### b) FINANCIAL RISK FACTORS - continued

- **Market Risk**

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

#### i) Cash flow and fair value interest rate risk

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

#### ii) Foreign Currency Risk

NHS Grampian has no exposure to foreign exchange rates during the course of normal business arrangements. Exceptionally a major capital scheme will carry a foreign exchange risk in relation to the procurement of specialist equipment or materials. Generally the terms of the contract will provide that this risk will be met by the supplier. NHS Grampian will be exposed to foreign exchange fluctuations only where unforeseen delays in project timescales arise which are not contractually the responsibility of the supplier.

#### iii) Price Risk

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

- **FAIR VALUE ESTIMATION**

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

## 25. SEGMENT INFORMATION

Segmental information as required under IFRS has been reported for each sector as follows :-

	Aberdeen City CHP £'000	Aberdeenshire CHP £'000	Moray CHP £'000	Acute Sector £'000	Corporate & others £'000	Mental Health & Learning Disabilities £'000	£'000
Grampian Health Board Net operating cost 2015	73,578	62,818	23,419	375,060	365,093	56,381	956,349
<b>PRIOR YEAR</b>							
Grampian Health Board Net operating cost 2014	70,208	61,611	23,383	349,100	356,212	56,953	917,467

## 26. THIRD PARTY ASSETS

In certain circumstances, usually during period of long term care, NHS Grampian is responsible for the safekeeping and administration of patient's own funds during their stay in hospital. These funds are accounted for and administered separately to NHS Grampian accounts and are subject to an annual independent external audit. The amounts held by NHS Grampian on behalf of patients are as follows:

	2014 £000	Gross Inflows £000	Gross Outflows £000	2015 £000
Monetary amounts including bank balances	529	245	(257)	518

# GRAMPIAN HEALTH BOARD

## 27. EXIT PACKAGES

### CURRENT YEAR 2015

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 - £25,000	0	3	3
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	0	0
£100,000- £150,000	0	0	0
£150,000- £200,000	0	0	0
>£200,000	0	3	3
<b>Total number exit packages by type</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Total resource cost (£'000)</b>	<b>0</b>	<b>734</b>	<b>734</b>

### PRIOR YEAR 2014

<£10,000	0	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	3	3
£50,000 - £100,000	0	0	0
£100,000- £150,000	0	1	1
£150,000- £200,000	0	0	0
>£200,000	0	0	0
<b>Total number exit packages by type</b>	<b>0</b>	<b>5</b>	<b>5</b>
<b>Total resource cost (£'000)</b>	<b>0</b>	<b>273</b>	<b>273</b>

## 28. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

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

Adjustment 1		2012	2012
		Dr £000's 2012/13	Cr £000's 2012/13
Group SOCTIE - General Fund (Retained surplus)	Create an additional provision in 2012/13 to recognise liability for the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) as set out in note 1 accounting policies and note 17 provisions	30,392	
Group Balance Sheet - CNORIS Provision	Create an additional provision in 2012/13 to recognise liability for the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) as set out in note 1 accounting policies and note 17 provisions		30,392
<b>Adjustment 2</b>		<b>2013/14</b>	<b>2013/15</b>
Group Balance Sheet - CNORIS Provision	Adjust CNORIS Provision to recognise reduced liability in 2013/14	6,818	
Group SOCTIE - General Fund (Retained surplus)	Adjust CNORIS Provision to recognise reduced liability in 2013/15		6,818

# GRAMPIAN HEALTH BOARD

## 29a. RESTATED SOCNE

	Previous Accounts £'000	Adjustment 1 £'000	Adjustment 2 £'000	These Accounts £'000
<b>Clinical Services Costs</b>				
Hospital and Community	771,599			771,599
Less: Hospital and Community Income	19,948			19,948
	<b>751,651</b>	<b>0</b>	<b>0</b>	<b>751,651</b>
Family Health Services	237,293			237,293
Less: Family Health Services Income	7,534			7,534
	<b>229,759</b>	<b>0</b>	<b>0</b>	<b>229,759</b>
<b>Total Clinical Services Costs</b>	<b>981,410</b>	<b>0</b>	<b>0</b>	<b>981,410</b>
Administration Costs	4,110			4,110
Other Non Clinical Services	16,161	0	(6,818)	9,343
Less: Other Operating Income	78,915			78,915
	<b>(62,754)</b>	<b>0</b>	<b>(6,818)</b>	<b>(69,572)</b>
<b>Net Operating Costs</b>	<b>922,766</b>	<b>0</b>	<b>(6,818)</b>	<b>915,948</b>

## 29b. RESTATED BALANCE SHEET

	Previous Accounts £'000	Adjustment 1 £'000	Adjustment 2 £'000	These Accounts £'000
<b>Non-current assets</b>				
Property, plant and equipment	545,610			545,610
Intangible assets	2,330			2,330
Financial assets:				
Available for sale financial assets	40,346			40,346
Trade and other receivables	14,168			14,168
	<b>602,454</b>	<b>0</b>	<b>0</b>	<b>602,454</b>
<b>CURRENT ASSETS</b>				
Inventories	4,098			4,098
Financial assets:				
Trade and other receivables	37,984			37,984
Cash and cash equivalents	4,472			4,472
Assets classified as held for sale	223			223
	<b>46,777</b>	<b>0</b>	<b>0</b>	<b>46,777</b>
<b>TOTAL ASSETS</b>	<b>649,231</b>	<b>0</b>	<b>0</b>	<b>649,231</b>
<b>CURRENT LIABILITIES</b>				
Provisions	(4,541)			(4,541)
Financial liabilities:				
Trade and other payables	(91,728)			(91,728)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(96,269)</b>	<b>0</b>	<b>0</b>	<b>(96,269)</b>
<b>NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>552,962</b>	<b>0</b>	<b>0</b>	<b>552,962</b>
<b>Non-current liabilities</b>				
Provisions	(17,386)	(30,392)	6,818	(40,960)
Financial liabilities:				
Trade and other payables	(20,522)			(20,522)
<b>Total non-current liabilities</b>	<b>(37,908)</b>	<b>(30,392)</b>	<b>6,818</b>	<b>(61,482)</b>
<b>Assets less liabilities</b>	<b>515,054</b>	<b>(30,392)</b>	<b>6,818</b>	<b>491,480</b>
<b>TAXPAYERS' EQUITY</b>				
General Fund	381,222	(30,392)	6,818	357,648
Revaluation Reserve	98,534			98,534
Other Reseves	35,298			35,298
<b>Total taxpayers' equity</b>	<b>515,054</b>	<b>(30,392)</b>	<b>6,818</b>	<b>491,480</b>

Note : The impact on operating costs in each of these years is classified as non-core annually managed expenditure (AME) and offset by a corresponding funding adjustment reflected as an adjustment to the general fund. This adjustment has no impact on the overall cash position.



Grampian 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 10/2/2006