

DUMFRIES AND GALLOWAY NHS BOARD

Annual Report and Accounts For Year Ended 31 March 2019



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Introduction

This document contains the information that NHS Dumfries and Galloway is required to formally report each year. It gives a financial overview of NHS Dumfries and Galloway for the period 1 April 2018 to 31 March 2019; this includes the consolidation of Endowment Funds.

This document contains:

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

The Annual Accounts including the reports were adopted and approved by the full meeting of the Dumfries and Galloway NHS Board on 17th June 2019.

This report is available to download from our website at www.nhsdg.scot.nhs.uk or alternatively a copy can be obtained by contacting the Communications Department at NHS Dumfries and Galloway.

CONTENTS	PAGE
PERFORMANCE REPORT	1
ACCOUNTABILITY REPORT <ul style="list-style-type: none"> • Corporate Governance Report • Remuneration Report and Staff Report • Parliamentary Accountability Report 	13 25 34
INDEPENDENT AUDITOR'S REPORT	35
FINANCIAL STATEMENTS <ul style="list-style-type: none"> • Primary Statements <ul style="list-style-type: none"> - Statement of Consolidated Comprehensive Net Expenditure (SoCNE) and Resource Outturn - Consolidated Statement of Financial Position (SoFP) - Statement of Consolidated Cash Flows (CFS) - Statement of Consolidated Changes in Taxpayers' Equity (SoCTE) • Notes to the Accounts 	38 40 41 42 43
ACCOUNTS DIRECTION	83

THE PERFORMANCE REPORT

Overview

The purpose of this overview is to give the user a short summary that provides sufficient information to understand NHS Dumfries & Galloway, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

Statement from the Chief Executive

NHS Dumfries and Galloway experienced a milestone year in 2017/18 following the successful move to our new Dumfries and Galloway Royal Infirmary. Smaller scale estates changes were managed in 2018/19 as we moved our Headquarters and a number of clinical services from Crichton Hall to Mountainhall Treatment Centre. The move was a great success, which again is testament to the Project Team and our staff, who have ensured the effective movement of both clinical and non-clinical staff to the new site.

Dumfries and Galloway Royal Infirmary saw two landmark events in 2018 with the official opening by HRH Princess Anne in July 2018 and celebration of our first full year of operation in December 2018. Both events gave us the opportunity to showcase the services offered within the new building and to review the positive patient experience comments received from inpatients, outpatients and visitors.

NHS Dumfries and Galloway continue to benefit greatly from funding received from our Endowment Charity. The charity receives substantial donations and legacies directly from our local community and our endowment trustees ensure that these are used appropriately to enhance patient and staff experience that otherwise wouldn't be possible through core NHS funding. I would like to take this opportunity to express gratitude on behalf of NHS Dumfries and Galloway to all donors for their generosity.

Purpose and Activities of the Board

NHS Dumfries and Galloway Health Board was established in 1974 under the National Health Service (Scotland) Act 1974. It has the responsibility for improving the health of its local population and delivering the healthcare it requires by providing health care services for the residents of Dumfries and Galloway.

NHS Dumfries and Galloway describe their purpose and outcomes as:

Our Purpose:

- To deliver excellent care that is person-centred, safe, effective, efficient and reliable.
- To reduce health inequalities across Dumfries and Galloway

Our Outcomes:

- Improved outcomes for patients that reflect learning from patient experience in order to ensure a person-centred focus is maintained.
- Improved staff experience; and health and wellbeing of staff.
- The delivery of continuous quality improvement and sustainability through services that are effective and efficient.
- All children have the best possible start in life through a variety of interventions, sometimes targeted at vulnerable groups.
- A population in Dumfries and Galloway who are enabled and assisted to have more control over all aspects of their life, health and wellbeing.

Dumfries and Galloway's population (approximately 150,000) is spread over a large rural area with only two towns with a population above 10,000. Primary care is provided through the 32 GP practices with acute secondary care being provided from the Royal Infirmary in Dumfries and the Galloway Community Hospital in Stranraer supported by the region's 8 community hospitals.

With the introduction of The Public Bodies (Joint Working) (Scotland) Act 2014 which required territorial NHS Health Boards and Local Authorities to integrate strategic planning and service provision arrangements for Adult Health and Social Care Services, the strategic and operational delivery of Health and Social Care has changed to reflect this.

In Dumfries and Galloway, the NHS Board and Local Authority have chosen to delegate these responsibilities to the Dumfries and Galloway Integration Joint Board (IJB) this includes the entire resources of the Acute and Diagnostics' Directorate, Primary and Community Care Directorate which also includes all prescribing areas, Mental Health services and the entirety of Women and Children services. Facilities, E-health and strategic services have also all been delegated to the IJB. No set aside services remain. The IJB is jointly controlled by the NHS Board and the Local Authority with an equal number of voting members nominated by each.

The IJB is responsible for the strategic planning and operational oversight of the functions delegated to it and directs the NHS Board and Local Authority to deliver services in accordance with their strategic plan.

A formal review of the Dumfries and Galloway Integration Joint Board Strategic Plan for Health and Social Care was undertaken with the Strategic Planning Group (SPG) in 2017/18. At the end of this process, the IJB decided, on 5th April 2018 to retain their current plan. With an update and refresh of some of the information contained within the plan. The 2018 – 2021 plan is available on the Health and Social Care partnership website (www.dghscp.co.uk). The NHS Board's Operational Plan is aligned with the IJB's Strategic Plan to ensure that services within Dumfries and Galloway are delivered efficiently and to a high quality. The Operational Plan is available by contacting the Corporate Business Manager, Board Headquarters, Mountainhall Treatment Centre, Dumfries or on the Board's website (www.nhsdg.scot.nhs.uk).

The operational delivery of the IJB is delivered through the Health and Social Care Partnership led by the Chief Officer for the IJB. Services not delegated to the IJB are managed through the executive management team of the Board.

Key issues and risks that could affect delivery of objectives

2018-19 was an extremely challenging year financially, relying on non-recurrent resources to achieve a break-even position. This level of challenge has increased as we move into the new financial year. 2019-20 saving requirements will be the most challenging yet, with many plans around transforming services key to ensuring a sustainable financial position.

2019-20 marks the third year of the Integrated Joint Board, with increasing demand and an ageing population bringing unprecedented pressure across the Health and Social Care Sector as a whole. Access to Acute services continues to drive significant increases to activity across all specialties, with increasing numbers of complex patients being treated outwith Dumfries and Galloway, either within the large tertiary centres in Scotland or in English Trusts.

The expansion of drugs funded by the New Medicine Fund highlight an increased cost of £1.1m above expected funding in-year for 2019/20, with further new high cost drugs expected to be added to the formulary through the Scottish Medicines Consortium.

The continued increase in activity comes at a time when the Board is facing increasing workforce challenges, in particular our ability to recruit and retain medical staffing across both the Acute Hospital and Primary Care, given the shortages of medical staff within the UK. With workforce challenges emerging across the whole organisation including Allied Health Professionals, General Medical and Dental Practitioners as well as increasingly with qualified nursing staff. At this challenging time financially, the additional demands noted above as well as increasing patient expectation will put real pressures on the service within the funding that has been made available to the Board.

This extraordinary scale of challenge is not only unprecedented locally, but is mirrored across the UK as a whole. Whilst there is an increase in baseline uplift for 2019-20 of 2.5%, the level of growth and inflation across all services require the Board to make savings of £19.7m in 2019-20. At the time of writing, the Board has identified £10.5m of the required savings for 2019-20 including a level of non recurring savings.

The Board operates a risk management strategy which is described in detail within the Governance Statement on page 16. The corporate risk register has 17 risks identified; the most significant recorded being the risk to delivering a sustainable service by failing to be able to recruit an essential and sustainable workforce.

Performance Summary

NHS Dumfries and Galloway achieved all 3 financial statutory targets and delivered efficiency savings in the year of £14.8m. Consolidated net revenue expenditure by the Board in 2018-19 was £362m and capital expenditure was £3.9m.

The Board delegated £306.8m to the IJB and £305.68m was received back as income for services commissioned by the IJB. The balance of £1.1m is being held by the IJB as a reserve. The IJB had a surplus for the year of £6.81m of which the Board's share was £4.445m and this is shown as income in the Board's accounts. The Endowment Fund received income including donations and legacies of £0.678m and incurred expenditure of £1.28m. Including net gains on investments of £0.36m the fund has shown a net expenditure of £0.2m for the year.

The Financial Statements provide further detail on the Board's income and expenditure during the year and its financial position at the yearend.

NHS Dumfries and Galloway has developed a performance management framework to monitor performance against all former LDP Standards and a monthly performance report is regularly presented to the NHS Board and Performance Committee. These have been delivered against a background of increased levels of activity, difficulties in the recruitment of key hospital and primary care staff and efficiency saving targets:

Further details on these and other key performance indicators are given in the Performance Analysis section below.

PERFORMANCE ANALYSIS

Key Performance Indicators

The Scottish Government Health and Social Care Directorates require NHS Boards to prepare Annual Operational Plans. Whilst Local Delivery Plans (LDP) which set targets for specified indicators of performance are now not used, the indicators continue to be monitored as a measure of performance. These are benchmarked at a national level. NHS Dumfries and Galloway has developed a performance management framework to monitor performance against all former LDP Standards and a monthly performance report is presented to the NHS Board or Performance Committee.

The Board also measures its performance against 3 financial targets set by the Scottish Government Health and Social Care Directorate.

NHS Dumfries and Galloway has a formal system of risk identification and evaluation embedded throughout the organisation which seeks to manage risk and uncertainty. The Audit and Risk committee reviews and monitors all risks which are identified and receives an annual risk report. There are 17 corporate risks which the Board is currently managing and mitigating to ensure the achievement of the objectives of the Operational Plan. These are provided in the Governance Statement.

Performance against these targets are monitored and reported through the Board and IJB Committee structure on a routine basis.

Financial Performance

NHS Boards are required to meet 3 financial targets in-year: a Revenue Resource Limit; a Capital Resource Limit and a Cash Requirement. The Revenue and Capital Resource limits are further analysed into Core and Non-Core where Non-Core represents items of expenditure which are of a technical accounting nature, details of which can be found on the Statement of Resource Outturn

The following table highlights the Boards delivery against these targets for 2018-19:

2018-19 Target Delivery	Limit as set by SGHSCD £000's	Actual Outturn £000's	Variance (Deficit)/Surplus £000's
Core Revenue Resource Limit	343,206	343,162	44
Non-Core Revenue Resource Limit	1,177	1,177	0
Total Revenue Resource Limits	344,383	344,339	44
Core Capital Resource Limit	3,907	3,898	9
Non-Core Capital Resource Limit	0	0	0
Total Capital Resource Limits	3,907	3,898	9
Cash Requirement	373,610	373,610	0

Memorandum for in year outturn	£000's
Reported (Deficit)/Surplus in 2018-19	44
Approved brought-forward Surplus from previous financial year	61
(Deficit)/Surplus against in year Total Revenue Resource Limit	(17)

NHS Dumfries and Galloway achieved all three of its statutory targets as set out in the table, delivering an underspend against its Core Revenue Resource Limit (RRL) of £44k for 2018-19. This included a brought forward balance of £61k which was added to the Board's RRL from 2017-18.

The level of savings required to be delivered during 2018-19 to ensure a breakeven position was £17.346m, equating to 6% of the Board's baseline allocation. Whilst this level of savings was lower than the £22.6m required in 2017-18, the cumulative challenge of identifying and delivering £40m of savings over two years is a significant increase in the levels of savings required from previous years.

In addition to the recurring savings target the Board had a number of underlying cost pressures/financial risks which required to be managed during the year including:

- Increasing costs of locum medical cover relating to the ongoing challenges in medical staff recruitment across the region as well as the general level of uncertainty on the levels of supply following the introduction of IR35.
- Increasing volume and tariff pressures across primary care prescribing and increased growth of high cost specialist drugs in secondary care.
- The increasing pressure on external service level agreements for activity sent outwith the Health Board's boundaries, combined with the increasing incidence of external high cost drugs and unexpected high cost patients with complex conditions treated out of area.
- At the end of the year, £4.5m of savings had been achieved recurrently. A break-even position was achieved with the savings requirement being covered by non-recurring efficiency schemes and underspends as well as managing any in year which arose.
- The on-going savings requirement not found recurrently in 2018-19 has been built into the revised 2019-22 three year plan submitted to the Scottish Government.
- The delivery of an in-year breakeven position was a significant achievement. However the reliance on non-recurrent savings and opportune underspends demonstrated how current service models are not sustainable from both a financial and workforce perspective, it is vital that transformational changes to services are delivered to enable services to be delivered within the overall resources allocated from the Scottish Government.
- Significant transformation of most current models of service provision is required to ensure the on-going financial sustainability of NHS Dumfries and Galloway.

2019-20 and beyond will continue to provide significant challenges in the delivery of a breakeven duty, with the current financial plan showing an overall savings target of £19.683m.

The following provides additional explanation of amounts included in the Board's financial statements within 2018-19:

- Provisions for impairment of receivables

At 31st March trade and other receivables due to NHS Dumfries & Galloway included a provision for impairment of debtors of £0.666m (2017-18 £0.464m). During the year £1k was written off against the provision and £41k of the provision was released.

- Outstanding liabilities

At 31st March NHS Dumfries & Galloway had outstanding liabilities of circa £251m (2017-18 £261m). This included £1.6m due to other NHS Scotland boards, £5.8m to family health service practitioners, £3.5m to HMRC, £4.4m to other public sector bodies and £213.2 in PFI/NPD contracts.

- Legal Obligations

The Board participates in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) which allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme.

The Board brought forward a provision for individual claims of clinical and medical negligence under the CNORIS scheme at 1 April 2018 of £22.02m. Based on information provided by the Central Legal Office this has been increased to £32.06m at 31 March 2019. The provision for new claims arising during the year and increases to the provision for existing claims totalled £11.3m. Utilisation of the provision during the year amounted to £0.84m and unutilised provisions of £0.38m were reversed.

The Board also provides for its respective share of the total NHS Scotland CNORIS liability as advised by the Scottish Government, based on information prepared by NHS Boards and the Central Legal Office, which amounts to £11m.

The provision for pensions, which relates mainly to injury benefits payments, increased from £3.46m at 1 April 2018 to £3.6m at 31 March 2019.

Contingent liabilities for CNORIS are assessed at £22.39m (2017-18 £22.03m). This is partly offset by a contingent asset for CNORIS of £22.12m (2017-18 £21.86m).

- **Significant Changes in Non-Current Assets**

The most significant capital scheme included within the Capital Resource Limit spend which has been added to non-current assets during the year is the Mountainhall Treatment Centre project (£1.9m).

Impairments during the year reduced the value of non-current assets. This related to the valuation of the remaining estate as part of the routine valuation (£2.23m). An original impairment taken in 2015 to reduce the value of the Mountainhall Treatment Centre has been partially reversed (£9.9m) to bring the value of the asset back to the valuation which took place as at 31st March 2019.

- **PFI/NPD Contracts**

The Board has one contract financed under a Public Finance Initiative (PFI) and one under the Non Profit Distributing (NPD). The NPD funding model was developed and introduced as an alternative to, and has since superseded, the traditional PFI model in Scotland.

The previous maternity and day surgery unit in Dumfries is included on the balance sheet (land and buildings) as a PFI at a valuation of £4.6m as at 31 March 2019. The contract ends in January 2032 however following the successful migration of these services to the new DGRI, the future planning arrangements for this building are now underway. This building is now referred to as Mountainhall Treatment Centre.

The Board's new District General Hospital DGRI is funded under NPD. The land and buildings are included on the balance sheet at a valuation of £207.89m as at 31 March 2019 and the contract ends in September 2042.

- **Endowment Funds**

The accounts of the NHS Dumfries and Galloway Endowments funds are consolidated with the NHS Dumfries and Galloway financial statements. Endowments are money or properties donated to the Health Board, and are held in trust for purposes relating to services provided under the National Health Service (Scotland) Act 1978. The Endowment Funds have reported an excess of income over expenditure for the year of £0.245m (2017-18, surplus £0.374m).

- **Integration Joint Board**

The NHS Board and Dumfries and Galloway Council jointly control Dumfries and Galloway Integration Joint Board. In accordance with IAS 28 (Investments in Associates and Joint Ventures) the Board's share of the IJB surplus for the year £0.809m (2017-18 £1.255m) is shown as income in the Consolidated Statement of Comprehensive Net Expenditure and the Board's share of the IJB reserves £4.214m (2017-18 £3.405m) is shown under Financial Assets as an investment in the Consolidated Statement of Financial Position.

Integrated Performance Analysis

The Scottish Government Health and Social Care Directorates require NHS Boards to prepare Annual Operational Plans. Whilst Local Delivery Plans (LDP) which set targets for specified indicators of performance are now complete, the indicators continue to be monitored as a measure of performance. These are benchmarked at a national level.

NHS Dumfries and Galloway has developed a performance management framework to monitor performance against all former LDP Standards. It is important that performance reporting is presented on a timely basis so the latest performance report is presented to the next available NHS Board or Performance Committee in the schedule.

The tables below set out the board's performance against the LDP standards and the locally agreed Ministerial Strategic Group (MSG) indicators, grouped in terms of achievement against the target, the results are colour coded using the following key to display performance against the standards:

Achieved or exceeded standard	GREEN
Below standard but within 3%	AMBER
Below standard more than 3%	RED

LDP ID	LDP Standard	Definition	Period	Target	Actual	Scotland
2.1	Cancer Waiting Times (31 days)	95% of all patients diagnosed with cancer to begin treatment within 31 days of decision to treat	Oct - Dec 2018	95%	98.3%	94.9%
4	Treatment Time Guarantee	100% of patients to wait no longer than 12 weeks from the patient agreeing treatment with the hospital to treatment for inpatient or day case treatment	Oct – Dec 18	75% by Oct 2019 85% by Oct 2020 100% by Mar 2021 (SG interim target)	84.7%	72.7%
7	Early Access to Antenatal Services	At least 80% of pregnant women in each SIMD quintile will have booked for antenatal care by the 12th week of gestation. The stretch target for NHS Dumfries and Galloway is 83.5%.	2017-18	80%	85.3% (lowest quintile)	84.0%
8	IVF Waiting Times	Eligible patients will commence IVF treatment within 12 months of referral	Oct – Dec 2018	90%	100%	100%
9	CAMHS Waiting Times	90% of young people to commence treatment for specialist Child and Adolescent Mental Health services within 18 weeks of referral	Oct - Dec 2018	90%	90.6%	72.8%
12	MRSA/ MSSA Bacteraemias	NHS Boards' staphylococcus aureus bacteraemia (including MRSA) cases are 0.24 or less per 1,000 acute occupied bed days	Year ending Dec 2018	0.24	0.22	0.33
13	Drug and Alcohol Treatment: Referral to Treatment	90% of clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery	Oct - Dec 2018	90%	93.2%	93.9%
16	48hr access GP Practice Team	48 Hour access or advance booking to an appropriate member of the GP team (90%)	2017/18	90%	95.5%	92.7%
1	Detect Cancer Early	Percentage of people diagnosed and treated in the first stage of breast, colorectal and lung cancer, 2 combined calendar years	2016 + 2017	26.9%	29%	25.3%

LDP ID	LDP Standard	Definition	Period	Target	Actual	Scotland
2.2	Cancer Waiting Times (62 days)	95% of those referred urgently with a suspicion of cancer to begin treatment within 62 days of receipt of referral	Oct - Dec 2018	95%	93.5%	82.7%
5	18 Weeks Referral to Treatment	90% of planned / elective patients to commence treatment within 18 weeks of referral	Dec 2018	90%	89.9%	79.5%
6	12 Weeks First Outpatient Appointment	No patient will wait longer than 12 weeks from referral (all sources) to a first outpatient appointment (measured on month end Census).	Dec 18	95%	92.7%	70.1%
17	Sickness Absence Rate	NHS boards to achieve a sickness absence rate of 4% or less	2017-18	4%	4.92%	5.39%
18	Accident and Emergency Waiting Times	4 hours from arrival to admission, discharge or transfer for A&E treatment (95% with stretch 98%)	Mar 2019	95%	93.3%	91.3%
3	Dementia Post Diagnostic Support	People newly diagnosed with dementia will have a minimum of 1 years post-diagnostic support	2016/17	100%	83.9%	83.9%
10	Psychological Therapies Waiting Times	90% of patients to commence Psychological Therapy based treatment within 18 weeks of referral	Oct - Dec 2018	90%	78.0%	78.0%
11	Clostridium difficile infections	NHS Boards' rate of Clostridium difficile infections in patients aged 15 and over is 0.32 cases or less per 1000 total occupied bed days	Year ending Dec 2018	0.32	0.45	0.27
14	Alcohol Brief Interventions	Sustain and embed alcohol brief interventions in 3 priority settings (primary care, A&E, antenatal) and broaden delivery in wider settings	2017-18	1,743 (for full year)	1,505 (86.4%)	133%
15	Smoking Cessation, most deprived	Sustain and embed successful smoking quits, at 12 weeks post quit, in the 40% SIMD areas	2017-18	230 (for full year)	165 (71.7%)	81.3%

(Source for all figures: Scotland Performs: NHSScotland, last accessed 21/05/19)

MSG ID	MSG Indicator	Definition	Period	Objective	Actual
1	Unscheduled Admissions All Ages	Number of urgent and emergency inpatients or day cases admissions, all ages, based on first episode of stay, excludes geriatric long stay	Nov 2018	1,400 rolling 12 month average	1,483 rolling 12 month average
2	Unscheduled Bed days All Ages	Number of urgent and emergency bed days, all ages, based on first episode of stay and subsequent continuous hospital stay, excludes geriatric long stay	Nov 2018	11,230 rolling 12 month average	11,323 rolling 12 month average
3	Emergency Department Attendances All Ages	Number of people attending Emergency Departments or Minor Injury Units as new or unplanned return attendances, excludes planned returns	Feb 2019	3,863 rolling 12 month average	3,716 rolling 12 month average
4	Delayed Discharge Bed days Age 18+	Number of bed days occupied by all people experiencing a delay in their discharge from hospital, acute and community settings	Feb 2019	1,182 original 1,004 stretch rolling 12 month average	1,260 rolling 12 month average
5	Percentage of last six months of life by setting All Ages	Proportion of days spent in each location in a person's last six months of life, excludes accidental deaths	2017/2018p	Community: 88.5% Acute Hospital: 8.7%	Community: 88.6% Acute Hospital: 8.3%
6	Balance of care	Proportion of days spent in each location in all people's lives over one year, based on population estimates and records of admissions in various settings	2017/2018p	Home unsupported: 97.30% Acute Hospital: 0.31%	Home unsupported: 97.36% Acute Hospital: 0.30%

(Source for all figures: Integration-performance-indicators-v1.14 provided by NSS Source team, not published publicly as official statistics)

As can be seen from the tables the performance against the targets and objectives has been mixed; increased levels of activity, new diagnostic pathways, and difficulties in the recruitment of key hospital and primary care staff and efficiency saving targets have all had an impact on this.

Details of a number of the key achievements are detailed below:

- Treatment waiting times are challenging across Scotland. Dumfries and Galloway has managed to maintain the 18 week target and is exceeding the Scottish interim target for the 12 week Treatment Time Guarantee (TTG). The full TTG target of 100% has not been met, but the interim targets set by Scottish Government are on track. A Scheduled Programme Board has been established to plan and deliver improvement activities to bring waiting times back into line with expectations. Improvement work is focussed on general surgery and orthopaedic care pathways.
- The early access to antenatal care target of 80% in the lowest quintile has been exceeded, with 85.3% of women in the lowest performing quintile booked by the 12th week of gestation.

- The Health and Care Experience Survey showed that more than 95% of people are able to access the GP services within 48 hours
- Dumfries and Galloway continues to provide timely Drug and Alcohol support to people within 3 weeks of referral, with more than 95% of people being seen within this time frame.
- The amount of time people spend in hospital (bed days) following an unscheduled admission is decreasing over time. This is in contrast to a rise in the number of days people spend in hospital when they have been assessed as appropriate to be discharged to another setting.
- The proportion of time that people spend in a community setting is subtly shifting the balance of care, both for the general population and for people in their last six months of life. The amount of time spent in community settings is slowly increasing and the amount of time spent in acute settings is going down.

Details of some of the targets where the Board did not perform so well against the target are detailed below. It should be noted that although not reaching the target set, the Board are benchmarking or exceeding the rest of NHS Scotland on a large number of these targets.

- Performance against the cancer waiting times targets for both Dumfries and Galloway and Scotland has reduced for both the 31 and 62 day targets.

The prostate cancer pathway has become more complex due to new evidence about the most appropriate first diagnostic test. Nationally this has led to an increase in treatment waiting times for people diagnosed with prostate cancer and this is being closely monitored. Work has been undertaken locally to develop a formal pre-biopsy, magnetic resonance imaging (MRI) scanning pathway to improve the timescales for prostate cancer treatment.

Cancer services in Dumfries and Galloway will continue to work to deliver care, support and treatment that is compassionate and person centred to those affected by a cancer diagnosis. We will continue to work closely with both South East Scotland Cancer Network (SCAN) and the West of Scotland Cancer Network (WoSCAN) to ensure ongoing quality and safety during changes in care pathways for those accessing cancer services.

- The proportion of people waiting less than 4 hours to complete their care in the Emergency Department was 93.3% against a 95% target. The Board are working with a Scottish Government quality improvement team to improve flow through the new hospital including the Combined Assessment Unit and there is a dedicated team in place for this.
- The waiting time for Psychological Therapies has not met the 90% target. For the quarter ending December 2018, 65.8% of people were seen within 18 weeks. An improvement trajectory has been agreed which is to reach 90% by December 2020.
- The number of successful smoking quit attempts has not been met. The performance and outcomes of each stop smoking service in Dumfries and Galloway (Prison services, Community Pharmacies and Quit Your Way) vary considerably. The overall number of smokers accessing services has fallen over time.
- Sickness absence levels for Dumfries and Galloway are higher than the desired 4%, however absence levels are amongst the lowest of the mainland boards. The Working Well Steering Group is bringing together different work streams focussing on winter resilience and how to support and maintain staff physical and mental wellbeing during the busy and challenging winter months. Sickness absence remains a standing agenda item for the Integration Partnership Forum.
- Emergency admissions continue to rise. The model of how people flow through the hospital has a fundamental influence on these figures. People who are managed within a Combined Assessment Unit (CAU) setting count as emergency admissions, though over a third of people are discharged from the CAU directly home without moving to a further downstream ward.
- The number of days people spend in a hospital setting when they are ready to be discharged has been going up in the last year. Following a period of lower delayed discharges, a stretch target objective was set. Dumfries and Galloway is currently not meeting the stretch objective, but is meeting the original objective.

Current areas of work to help address existing challenges with delayed discharges include:

- Care at Home – The Localities meet with their local providers to discuss the sharing and swapping of packages. Review of existing care packages is being undertaken by social services
- Robust implementation of Choice Guidance for care home placement so people are moving to interim places as they become available
- 2 successful Power of Attorney campaigns involving local solicitors who offered a 10% discount for people. There is a plan for the Partnership to repeat the campaign
- A Dumfries and Galloway housing protocol and referral form was introduced in September 2018 for people who are homeless or cannot return to their own home due to a new disability such as a stroke or fracture
- Flow meetings across all Localities focus on people's flow as well as potential delays. There are Patient Flow Coordinators in all 4 Localities. There is also a weekend discharge team in Dumfries and Galloway Royal Infirmary

Payment Policy

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. The table below shows the Board's performance for non-NHS suppliers:

Credit	2018-19		2017-18	
Average credit taken (days)	8		7	
Invoices Paid	Value	Volume	Value	Volume
Within 30 days	93.51%	97.69%	88.50%	97.00%
Within 10 days	76.55%	87.77%	75.60%	86.70%

Pension Liabilities

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

Social matters

NHS Dumfries & Galloway promotes Equality and Diversity and supports human rights in terms of the provision of services for the community it serves, and in its practice as an exemplar employer and beyond. Further information can be found in the mainstreaming report which can be found on the Boards website under the About Us section (www.nhsdg.scot.nhs.uk).

NHS Dumfries & Galloway has a zero tolerance approach to bribery and its commitment to the Bribery Act 2010 is set out within the Fraud Policy, Code of Conduct and a range of Board policies and procedures.

NHS Dumfries & Galloway has developed and publicised a Whistleblowing Policy and is committed to ensuring that no member of staff who raises a genuine concern in good faith will be victimised or suffer for doing so.

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which NHS Dumfries and Galloway is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Act, along with copies of prior year national reports, can be found on the keeping Scotland beautiful website under climate change reporting (www.keepingScotlandbeautiful.org).

Events after the end of the reporting period

On the 18th April 2019 the Board sold its old headquarters building, Crichton Hall. This has not been in adjusted in the accounts of 2018/19. Further details are included in Note 19.

A black rectangular box redacting the signature of J Ace.

J Ace
Chief Executive and Accountable Officer

17th June 2019

THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

A) The Directors Report

Date of Issue

The financial statements were approved by the Board on 17th June 2019.

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Grant Thornton UK LLP to undertake the audit of NHS Dumfries and Galloway. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board Membership

Under the terms of the Scottish Health Plan, the Health Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or their particular expertise, which enables them to contribute to the decision making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The table below sets out the names and positions of the Board Members who, at any time during the financial year were Directors:

POSITION	APPOINTEE	START/END DATE IF APPLICABLE
Non Executive Board Members		
Non Executive - Chair	Mr N Morris	From 01/01/2019
Non Executive - Interim Chair	Mrs P Halliday	01/11/2018 - 31/12/2018
Non Executive - Chair	Mr P N Jones	To 31/10/2018
Non Executive - Vice Chair	Mrs P Halliday	
Non Executive	Dr L Douglas	
Non Executive	Ms G Stanyard	To 01/06/2018
Non Executive	Ms G Cardozo	
Non Executive	Ms L Bryce	
Non Executive	Mr N Morris	01/05/2018 - 31/12/2018
Non Executive	Ms M Gunn	From 01/05/2018
Non Executive - Employee Director	Mr S Hare	
Non Executive - Chair of Area Clinical Forum	Mrs L Carr	
Non Executive - Local Authority Representative	Mr A Ferguson	
Executive Board Members		
Chief Executive	Mr J Ace	
Nurse Director	Mr E Docherty	
Medical Director	Dr K Donaldson	
Director of Finance	Mrs K Lewis	

The Statement of Board Members' responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2019 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

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

Board Members' and Senior Managers' Interests

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in Note 21.

A register of interests, which includes details of company directorships or other significant interests held by Board members and their close family members that may conflict with their management responsibilities, is available by contacting the Corporate Business Manager, Board Headquarters, Mountainhall Treatment Centre, Dumfries or on the Board's website (www.nhsdg.scot.nhs.uk).

Directors Third Party Indemnity Provisions

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

Remuneration for Non Audit Work

During 2018-19 the Boards auditors, Grant Thornton UK LLP received no fees in relation to non audit work.

Public Services Reforms (Scotland) Act 2010

As per Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 NHS Dumfries and Galloway publishes data on its external website, information is available by contacting the Corporate Business Manager, Board Headquarters, Mountainhall Treatment Centre, Dumfries or on the Boards website (www.nhsdg.scot.nhs.uk).

Personal data related incidents reported to the Information Commissioner

During 2018-19 two incidents were reported to the Information Commissioner Office (ICO).

- A data breach reported to ICO regarding member of staff who had accessed own records and those of other family members. ICO decided that we had handled this breach appropriately and that no further action was required.
- A data breach reported to ICO regarding a locum member of staff who had accessed records to obtain contact details of patients. This breach was identified as part of an ongoing police investigation into another matter relating to the locum. ICO decided that this was an isolated incident and that we had handled this breach appropriately. No further action will be required unless further instances of misuse of data are reported. The locum is no longer working at the Board.

In addition three complaints were received from the ICO all in relation to Subject Access Requests. The ICO accepted the Boards position on two and one was upheld.

Disclosure of Information to Auditors

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

B) The Statement of Accountable Officers' responsibilities

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

This designation carries with it, responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the governments 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 confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 1st February 2012.

C) The Governance Statement

Scope of Responsibility

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

In accordance with IFRS 10 (Consolidated Financial Statements) the Annual Accounts consolidate the Dumfries and Galloway Health Board Endowment Funds and in accordance with IAS 28 consolidate the Integrated Joint Board. This statement includes any relevant disclosure in respect of these.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing NHS Dumfries and Galloway. 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 NHS Dumfries and Galloway accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (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. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

Governance Framework

NHS Dumfries and Galloway Board operate as a board of governance in line with Scottish Government legislation with its key focus to provide strategic leadership and direction for the local NHS system as a whole.

The overall purpose of the Board is to provide strategic leadership and direction, and ensure the efficient, effective and accountable governance of the local NHS system.

Specific roles of the Board include:

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

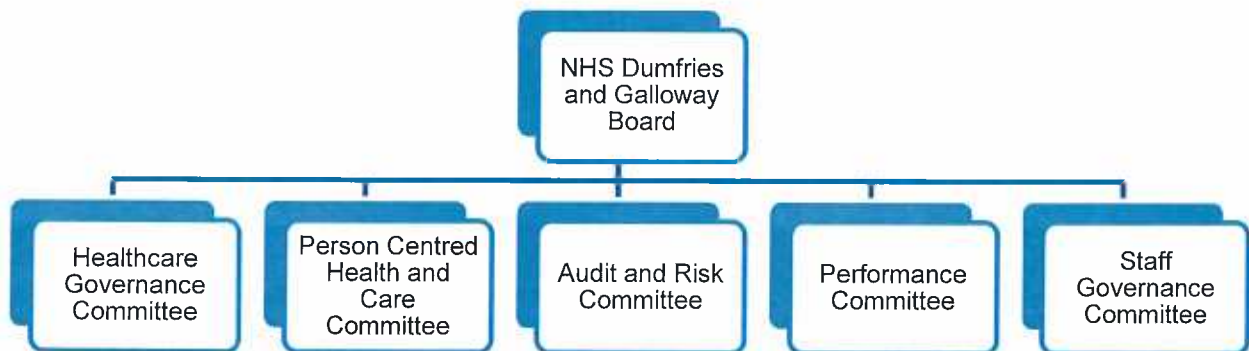
The work of the NHS Board includes:

- strategy development - to develop a single Local Health Plan for the area;
- implementation of the Local Health Plan and Annual Operational Plan;
- resource allocation to address local priorities; and
- performance management of the local NHS system.
- knowledge relating to both risk assessment and risk management.

With the introduction of the Health and Social Care Partnership in 2016 the Board has been working to integrate health services with adult social care services through the IJB structure. Details of the IJB delegated roles and responsibilities can be found within the IJB strategic plan on the dg change website(www.dg-change.org.uk).

The conduct and proceedings of the Board are set out in its Standing Orders which describe how the Board works and which matters the Board has reserved for its approval, it also includes the terms of reference for each of the standing governance committees. You can find the Standing Orders (and other key documents) on the Board's website under the About Us section (www.nhsdg.scot.nhs.uk).

The table below set outs the standing governance committees for 2018-19:



NHS Dumfries and Galloway strive to consult with all of its key stakeholders, this is a key focus for the year ahead, with further planned on community engagement and co-production. For 2018-19 we continued to communicate with stakeholders in a variety of ways. We routinely communicate with, and involve, the people and communities we serve, to inform them about our future plans of hospitals and services. A formal review where we are held to account in respect of our performance against targets is held annually.

The Board has in place a well established complaints system, whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment; information on our complaints procedures is available on the website.

We also strive to engage with staff through various channels to allow greater engagement with staff, and encourage more staff to be involved in contributing to decision making in the areas in which they work. We have well established methods of communication through the intranet, a range of newsletters and director and manager briefings.

The Board has a Whistleblowing policy in place for staff which includes the disclosure internally or externally by staff who have concerns about patient safety, malpractice, misconduct, wrongdoing or serious risk and fully supports the national Whistleblowing Policy. Two senior managers are appointed as Whistleblowing confidential contacts, who are available to staff to raise appropriate concerns in a confidential manner. The Workforce Director is the Boards designated whistleblowing lead and the Board has nominated a Non-Executive member as Whistleblowing champion. During 2018-19 the organisation received one anonymous Whistleblowing case. This was fully investigated and corrective action was taken promptly to address the issues raised.

Board members are appointed by Scottish Ministers and are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level. The Non-Executive members of the Standing Committees have the opportunity to scrutinise and challenge the Board's executive management. The table below demonstrates the activity of the NHS Board and Standing Committees in 2018-19:

COMMITTEE	CHAIR	MEETINGS HELD
NHS Dumfries and Galloway Board	Mr P Jones / Mrs P Halliday / Mr N Morris	7
Healthcare Governance Committee	Mrs P Halliday	4
Person Centred Health and Care Committee	Mrs P Halliday	6
Audit and Risk Committee	Dr L Douglas	3
Performance Committee	Mr P Jones / Mrs P Halliday / Mr N Morris	4
Staff Governance Committee	Ms G Stanyard/ Ms L Bryce	6

In addition to the above structure the Information Assurance Committee is responsible for ensuring the appropriate governance arrangements are in place for information sharing and security within the Board. This committee reports directly to the Audit and Risk Committee on its activity throughout the year. The remit of this group is currently under review to ensure that the appropriate level of representation on the group and the relevant assurances are being provided to Audit and Risk Committee.

Whilst pay arrangements for NHS staff are determined under national arrangements, the pay arrangements for the Board's senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to Scottish Government Health and Social Care Directorates guidance, determined by the Remuneration Sub-Committee who ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board.

To ensure that the Board complies with relevant legislation, regulations, guidance and policies, a process is in place for identifying, reviewing, disseminating and implementing publications. A central register of circulars is maintained by the Board Corporate Business Manager listing reference, date issued, topic, distribution, date distributed within NHS Dumfries and Galloway and action confirmed by the lead director. Circulars are distributed as issued to the responsible Director and others as appropriate. The Director is responsible for ensuring that required actions are taken and that circulars are disseminated. There is an obligation for Directors to respond to the Board Corporate Business Manager detailing action taken.

Internal policies are created in line with the Board's Policy Development Framework, which ensures that there is a consistent and clear approach to policy development, consultation, approval, dissemination/communication, access to documents and review, and that NHS Dumfries and Galloway complies with relevant legislation, governance, audit and controls assurance requirements.

All policies, strategies or procedures are planned for review every 3 years as a minimum, or sooner if there is a specific legislative or service requirement or change in guidance, law or practice.

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

All Board Executive Directors and senior managers undertake a review of their development needs as part of the annual performance management and development process. Access to external and national programmes in line with their development plans and career objectives is supported. The Chief Executive is accountable to the Board through the Chair of the Board. The Chairman agrees the Chief Executive's annual objectives in line with the Board's strategic and corporate plans.

The principles of best value are incorporated within the Board's planning, performance and delivery activities to foster a culture of continuous improvement. Best value is part of everyday business and integral to the Board's decision making in all key areas. The Board's governance committees are integral to the delivery of best value principles and their respective remits have been revised to evidence this responsibility. Directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual (SPFM).

Assessment of corporate governance performance

During the year, the Board assessed its own performance using the NHS Scotland Board Diagnostic (self-assessment) Diagnostic Toolkit to demonstrate compliance with the UK Corporate Governance Code. The

questionnaire was completed by all Board members and taken forward for discussion at a workshop with the findings being presented to April 2019 Audit and Risk Committee. The intention for 2019-20 is to review the action plan that has been drafted which will focus on improving individual and collective skills and competencies through training; increasing knowledge and understanding of the business and that of the Board's multi agency partners and the wider community through workshops, visits, conferences and engagement; and develop, demonstrate and deliver leadership through challenge days.

In addition particular reference can be made to the following actions taken during the year to reflect on the effectiveness of systems of governance:

- The terms of reference for Committees including the core function and membership have all been reviewed during the year.
- Audit and Risk Committee carried out a self assessment and used the results to identify further areas of improvement for the year ahead. The output from this Self Assessment exercise was discussed at Audit and Risk Committee and reviewed by the Board Chair and the Audit and Risk Committee Chair to identify development needs for Non-Executive Board Members and any required changes to improve Audit Committee effectiveness and work is progressing on a development programme for members.
- The Board held a formal Annual Review where it was held to account in public in respect of performance against targets. The Board held a Public Annual Review for 17/18 following the IJB Annual Review in September 2018. A Ministerial Review for 17/18 was held on 1st April 2019 which was open to the public.
- A number of workshops were facilitated during the year for Board members including an understanding of the annual accounts; community engagement/community empowerment and participation; Board diagnostic, governance review; quality management systems and organisational culture.
- We continued the process of embedding our CORE values (Compassionate, Open, Respectful and Excellent) through corporate induction training, awareness sessions and targeted communication.
- Risk is a standing agenda item on Audit and Risk Committee and continues to be a key focus of the committee receiving assurances on the corporate risk register and local project specific risk registers.
- The Strategic Capital Programme Board continues to operate overseeing the delivery of the strategic capital plan as well as acting as a Programme Board for significant projects being taken forward including the Mountainhall Building Project.
- Leadership walk rounds continue to operate monthly and have an open invitation to non-executive members to attend.
- Performance against Operational Plan trajectories is subject to external scrutiny through Mid Year and Annual Accountability Reviews with SGHSCD. Internally, progress is reviewed periodically with each of my Directors and, at least annually, directorate teams present to other Board Directors to ensure effective scrutiny of performance against all aspects of professional standards;
- An assessment of the Boards position in relation to demonstrating best value has been carried out and an action plan will be developed to progress the areas where improvement could be made.
- A short life working group was established to review the arrangements for the Information Assurance Committee during 2018/19, chaired by a Non Executive Member. The outcomes and improvements of the review will be embedded in the operation practice of the committee moving forward.
- The Chief Officer of the IJB has undertaken a review of the governance arrangements for the IJB and its relationships and interactions with the NHS Board and Local Authority.
- In February SG published its blue print for governance. The Board are currently developing an improvement plan to look to implement the recommendations and good practice in Dumfries and Galloway following a self assessment and workshop process led by the Director of Finance and Corporate Business Manager.

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 during the year has been informed by:

- regular review meetings with the executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas. Each has provided me with certificates of assurance for the purposes of informing this Governance Statement;
- a review of key performance and risk indicators;
- the minutes and papers presented to the Board which demonstrate that the Board met regularly during 2018/19 to consider its plans and strategic direction, to allocate resources, to review the management of performance and to receive minutes and reports from its Standing Committees;
- Confirmation through the annual statements of the standing governance committees that they have worked effectively in 2018/19. All statements have been prepared by the lead Executive Director and Non Executive Chairperson and submitted to the committees for approval;
- the work of the internal auditors, who submit to the Audit and Risk Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement. Internal Audit deliver their work based on an approved risk based plan and are compliant with Public Sector Internal Audit Standards. Regular reports are provided to Audit and Risk Committee which monitor the progress of remedial action plans against previous Limited Assurance audits of which there are currently two from previous years with outstanding actions. No audits completed during the current year have been assessed as providing Limited Assurance.
- comments made by the external auditors in their management letters and other reports;
- A range of topics covered by the Board workshops which develop the knowledge and awareness of both Executive and Non Executive Directors;
- A review of any external inspection report received by the Board.

Risk Assessment

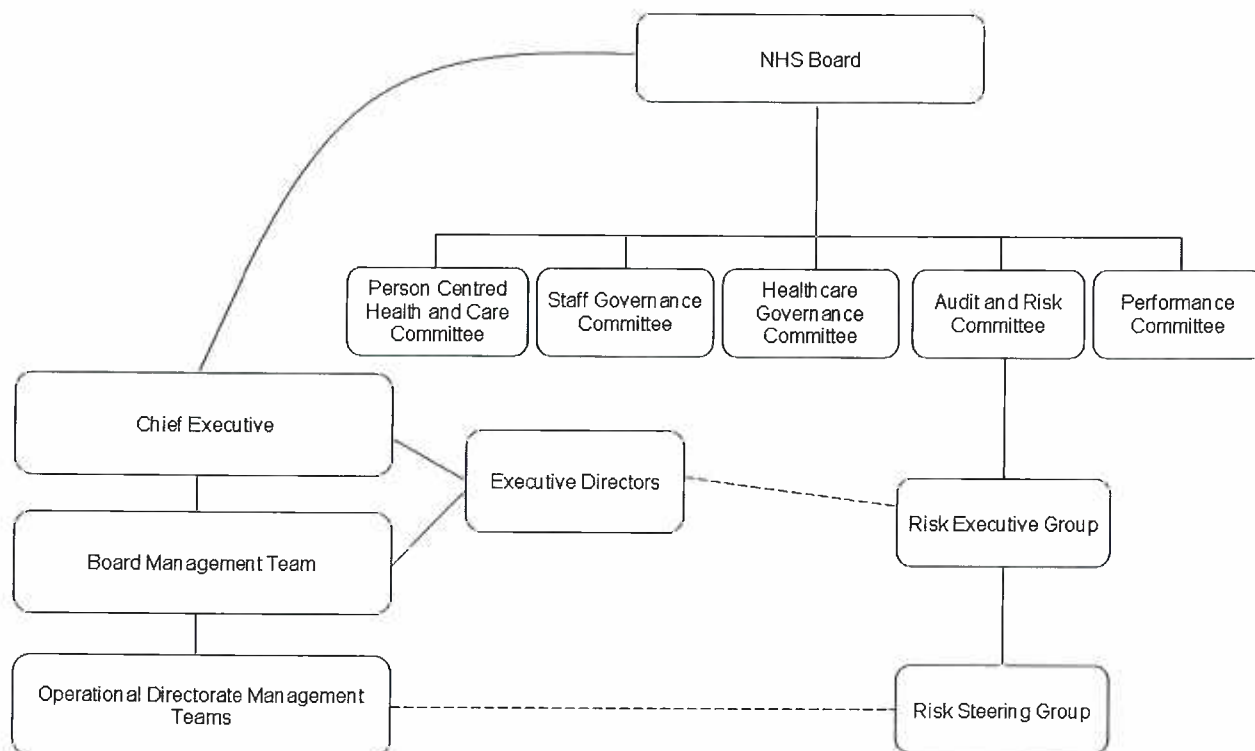
NHS Dumfries and Galloway are subject to the requirements of the SPFM and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS Dumfries and Galloway have a risk management strategy in place which forms a key part of the systems of internal control.

The aims of the strategy are:

- To minimise risk and, in particular, the risk of harm to patients
- To create a culture of continuous improvement
- To enable a positive approach to risk management
- To develop and promote policies and procedures that support practitioners and managers in risk decisions
- To provide an educational framework that encourages the sharing of knowledge relating to both risk assessment and risk management.

The following table shows the reporting structure for the management of risk within the Board:



The Risk Executive Group continues to provide the direction of the Risk Management strategy and risk agenda for NHS Dumfries and Galloway. This group report through to the Audit and Risk Committee on a quarterly basis to provide assurance on the effectiveness of the arrangements in place. The Board considers an annual report on risk management. The 2018/19 report will be reviewed by Audit and Risk Committee in June 2019 and then taken to Board following that.

Corporate Risks continue to be managed by the Risk Executive Group and reported to Audit and Risk Committee and below that a formal system of risk identification and evaluation is embedded throughout the organisation and reported through to the Risk Steering Group.

The table below shows the 17 corporate risks that the Board is currently managing along with the current and target risk levels along with the shift from last year. During 2018/19 one additional corporate risks have been added (number 17) in relation to Brexit, two have increase in risk level and two have been reduced.

	Risk Title	Risk Description	Current Risk Level	Last Year Risk Level	Target Risk Level
1.	Sustainable Workforce	Failure to recruit and retain essential and sustainable workforce poses a significant risk to service sustainability.	Very High	Very High	Medium
2.	Finance	Failure of the Board to meet financial target	High	High	High
3.	Infrastructure	Infrastructure is inadequate to meet both physical and technological service user needs in future.	Medium	Medium	Medium

	Risk Title	Risk Description	Current Risk Level	Last Year Risk Level	Target Risk Level
4.	Health Inequalities	Failure to address inequalities resulting in poorer health outcomes for certain groups or parts of the population.	High	High	High
5.	Vulnerable Individuals	A person dies or comes to significant harm as a result of failure to protect vulnerable individuals / support families.	High	High	Medium
6.	Redesign	Unable to redesign quickly enough to meet the demands of the service. Services will need to be redesigned to address demographic / workforce / financial realities into 2020s.	High	High	Medium
7.	Health and Wellbeing of staff	Failure to realise optimal health and wellbeing of staff impacts adversely on service delivery and financial sustainability.	High	High	Medium
8.	Quality of care	Failure to assure and improve quality of care and services.	Medium	Medium	Medium
9.	Change Capacity	Loss of focus on operational delivery due to other significant change programmes, such as the Integration of Health and Social Care and the Primary Care Transformation Programme.	Medium	High	Medium
10.	Health and Wellbeing of our Population	Failure to take action on prevention and early intervention which impacts on future health and wellbeing of our population in medium to long term.	High	High	Medium
11.	Emergency Planning	Emergency Planning – failure to plan for major incidents and disasters. This could lead to harm to patients & staff (as well as reputational damage) through the failure of effective business continuity processes.	Medium	Medium	Medium
12.	Information Security	Failure to maintain information security standards leading to loss of reputation and severe financial penalty.	High	Medium	Medium
13.	Corporate Governance	Board breaches compliance with standards on Corporate Governance including risk of best value not being obtained.	Medium	Medium	Medium
14.	Strategic Planning	Strategic commissioning fails to identify and adequately plan for the health and care needs of the people of Dumfries and Galloway	Medium	High	Medium
15.	Information sharing with and across Children's Services	Potential confusion exists around information sharing due to changes in legislation regarding information sharing across professional groups within Children's Services. This can allow practitioners and children potentially to be at risk due action or omission.	High	High	Medium

	Risk Title	Risk Description	Current Risk Level	Last Year Risk Level	Target Risk Level
16.	Organisational culture and development (staff experience)	Failure of the organisation to have a culture, systems and processes in which staff feel safe and confident to speak up and raise concerns and ideas for improvement, resulting in adverse impact on staff and/or patient safety, health, wellbeing and/or relationships and reputation of the Board.	High	High	Medium
17	Impact of Brexit	Exit from EU creates disruption to required availability of staff, goods and services necessary for the provision of safe care.	High	New risk for 18/19	High

The addition of a new corporate risk – Impact of Brexit (17) relates to the impact Brexit will have on the operational capacity of the Board, specifically around the disruption to staffing, goods and services necessary for the provision of safe care to our population. This risk is of significant concern to the Board and has been given a High risk grading as if no deal for exiting the EU is agreed then there will be immediate disruption to our services through the lack of equipment, medication, provisions and staffing due to the changes to legislation. Likewise if a deal is agreed that fails, this will not have as immediate an impact as a no deal arrangement, but will still impact on the delivery of services that we are able to provide safely to our population. To help to mitigate this risk the Board has already developed Business Continuity Plans to help maintain a safe level of service delivery for a short period of time and new strategies are being prepared for non-EU recruitment and retention of staff. National Procurement and Scottish Government are developing plans to ensure contingencies are in place around the continuous delivery of equipment and medicines for up to 12 weeks after the country exits from the EU at the end of March 2019.

Corporate Risk 12 for Information Security has been escalated during the year. During the year a request from Audit and Risk Committee to review the working arrangements of the Information Assurance Committee was sought. Although the new Information Assurance Committee has been implemented with a revised terms of reference and the first meeting has taken place, it still requires to demonstrate that the appropriate level of assurance is being provided before reducing the risk scoring.

The Sustainable Workforce risk continues to be held at Very High during the reporting period, escalated in the prior year. This risk continues to reflect the complex local, regional and national workforce supply and demand equation across our workforce, especially of clinical staff. The Board, Performance Committee and Staff Governance Committee continue to receive regular updates on medical and wider workforce recruitment and retention work being undertaken throughout the year and the Board have participated in available and relevant national and regional initiatives, as well as undertaking a wide range of local recruitment and retention initiatives, in order to minimise and mitigate the service and financial impact of supply shortages in key disciplines across our workforce. The Board have tried a wide range of approaches to seek to recruit new clinicians, with some success, however the national and international workforce supply challenges, coupled with the aging demographic of our workforce, has resulted on the very limited net positive impact overall. We have now committed to additional investment in 2019/20 in order to build our recruitment team capacity and capability.

All directorates within the organisation maintain risk registers which are scrutinised at the relevant management team as well as being monitored in departmental performance reviews. Risks that threaten the achievement of corporate objectives as well as of any escalated/uncontrolled risks from the directorates are considered by the Risk Executive Group and Management Team. In addition relevant sections of the risk register are reviewed periodically by each of standing committee, the corporate risk register is a standing item of the Audit and Risk Committee agenda. Business cases, board papers, and project plans are also required to have a risk assessment to ensure relevant issues are identified and appropriately managed. Risk registers are held individually for each key development being progressed and are presented routinely to Audit and Risk Committee for scrutiny.

In respect of clinical governance risk we continue to have a strong commitment to clinical effectiveness and quality improvement across the organisation. This is managed through a sound cycle of annual clinical governance reporting arrangements for operational directorates and performance management framework that provides the context to support statistics with a high level of qualitative information.

There are training programmes available to all staff which includes training on risk assessment, hazardous substances, general awareness of safety and display screen equipment risks. Practical training sessions provided by the organisation include a range of moving and handling training for staff primarily involved in patient handling, and also training for staff who may be exposed to violence and aggression.

NHS Dumfries and Galloway recognise that risk management in the NHS is changing and required to adapt. The ongoing review and development of risk management arrangements in year has improved our overall assurance arrangements for risk.

Disclosures

During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

REMUNERATION REPORT AND STAFF REPORT

A) Remuneration Report

Remuneration Sub Committee

The Staff Governance Committee established a Remuneration Sub-Committee to provide assurance to the Board that the remuneration of Executive Directors and other Senior Managers is determined through a fair and justifiable process.

The Sub-Committee agree all the terms and conditions of employment of Executive Directors, including job description; job evaluation; terms of employment; basic pay; performance pay; benefits; objectives and performance ratings; the arrangements to award discretionary points and conducting a regular review of the board's policy for the remuneration and performance assessment of Executive Directors and other Senior Managers in the light of guidance issued by SGHSCD.

The membership of the Committee is the Board Chairman (Chair); Employee Director and three Non Executive Board Members. The Chief Executive and Workforce Director are in attendance. The Sub-Committee meets as required, three meetings were held in 2018-19.

Board Members' and Senior Employees' Remuneration

Information disclosed in this report relates to the remuneration of Board Members and Senior Managers who directly report to the Chief Executive. As previously highlighted, Interests of board members/senior managers which constitute related parties under IAS 24 have been disclosed in Note 21 where material transactions have taken place with these parties in the year. Other disclosures in these accounts provide details of the interests of Board Members and Senior Managers, and information about related party transactions.

Board Members and Senior Managers are remunerated in accordance with approved national pay rates. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by Scottish Government Health and Social Care Directorate (SGHSCD) has been appropriately applied and agreed by the Remuneration Committee. Determination of individual salary placement on appointment is guided by the terms of circulars Health Department Letter (HDL) (2006)23 and HDL (2006)59 as amended by subsequent directives issued by SGHSCD.

Annual pay rises for Executive Directors and Senior Managers are dependent on achieving specified levels of performance. The performance appraisal arrangements are overseen by the Remuneration Committee and are established in line with SGHSCD guidance.

In accordance with the Financial Reporting Manual (FReM) and the Companies Act, "pension benefits" have been included within the remuneration report. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

Across the Executive and Non-Executive Board Members and the Senior Employees disclosed above, the Board did not pay any performance related bonus during 2018-19.

There were no amounts payable to third parties for services of a Senior Manager, and no awards were made to past Senior Managers.

Details of Board Members' remuneration are disclosed in the remuneration report and have been subject to audit.

Directors and Senior Employees Remuneration (*Audited Information*)

The following table provides details on the remuneration of the Executive Directors, Non Executive Directors and Senior Employees for 2018-19.

Single figure of remuneration						
	Salary (Bands of £5,000)	Bonus payments (Bands of £5,000)	Benefits in kind (£'000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£'000)	Total (Bands of £5,000)
	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
Executive Members						
Mr J Ace, Chief Executive	105-110	0 – 0	0	105-110	42	150-155
Mrs K Lewis, Director of Finance (a)	80-85	0 – 0	0	80-85	42	125-130
Dr K Donaldson Medical Director (b)	170-175	0 – 0	2.5	175-180	59	230-235
Mr E Docherty, Director of Nursing (c)	40-45	0 – 0	0	40-45	30	70-75
Non Executive Members						
Mr P Jones, Chairperson (d)	15-20	0 – 0	0	15-20	0	15-20
Mr N Morris, Chairperson (e)	10-15	0 – 0	0	10-15	0	10-15
Mrs P Halliday Vice-Chairperson (f)	15-20	0 – 0	0	15-20	0	15-20
Dr L Douglas	10-15	0 – 0	0	10-15	0	10-15
Ms G Stanyard (g)	0-5	0 – 0	0	0-5	0	0-5
Mrs G Cardozo	10-15	0 – 0	0	10-15	0	10-15
Ms L Bryce	10-15	0 – 0	0	10-15	0	10-15
Ms M Gunn (h)	5-10	0 – 0	0	5-10	0	5-10
Mr S Hare	55-60	0 – 0	0	55-60	13	70-75
Ms L Carr	55-60	0 – 0	0	55-60	13	70-75
Mr A Ferguson	5-10	0 – 0	0	5-10	0	5-10
Senior Employees						
Mrs J White (i)	100-105	0 – 0	0	100-105	37	135-140
Ms C Sharp	85-90	0 – 0	0	85-90	19	105-110
Ms M McCoy	95-100	0 – 0	0	95-100	50	145-150
Notes						
The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2018-19.						
a) Mrs K Lewis is the Chief Finance Officer of the Integration Joint Board and receives payment for this. b) Dr K Donaldson received £20k to £25k in respect of non-Board duties included in remuneration above for Consultant sessions. c) Mr E Docherty is currently seconded to NHS24 for 0.5WTE, the figures shown above are his salary for his time at the Board only. FTE is £145-150k. d) Mr P Jones retired as Chairperson on 31 October 2018. e) Mr N Morris was appointed as a non-executive on 1 May 2018 and then subsequently appointed to Chairperson on 1 January 2019. f) Mr P Halliday was interim chair 1 st November to 31 st December 2018 and received payment for this. g) Ms G Stanyard stepped down as a non-executive on 1 st June 2018. h) Ms M Gunn was appointed as a non-executive on 1 st May 2018. i) Mrs J White is the Chief Officer of the Integration Joint Board and receives payment for this.						

The following table provides details on the remuneration of the Executive Directors, Non Executive Directors and Senior Employees for 2017-18.

Single figure of remuneration						
	Salary (Bands of £5,000)	Bonus payments (Bands of £5,000)	Benefits in kind (£'000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£'000)	Total (Bands of £5,000)
	2017-18	2017-18	2017-18	2017-18	2017-18	2017-18
Executive Members						
Mr J Ace, Chief Executive	105-110	0 – 0	0	105-110	32	135-140
Mrs K Lewis, Director of Finance (a)	75-80	0 – 0	0	75-80	24	100-105
Dr A Cameron, Medical Director (b)	100-105	0 – 0	0	100-105	0	100-105
Dr K Donaldson Medical Director (c)	75-80	0 – 0	0.9	75-80	8	85-90
Mr E Docherty, Director of Nursing	75-80	0 – 0	0	75-80	24	100-105
Non Executive Members						
Mr P Jones, Chairperson	30-35	0 – 0	0	30-35	0	30-35
Mrs P Halliday Vice-Chairperson	15-20	0 – 0	0	15-20	0	15-20
Mr J Beattie (d)	40-45	0 – 0	0	40-45	0	40-45
Ms L Carr (e)	55-60	0 – 0	0	55-60	3	55-60
Mr R Nicholson (f)	0-5	0 – 0	0	0-5	0	0-5
Mr R Allan (g)	0-5	0 – 0	0	0-5	0	0-5
Mr A Ferguson (h)	5-10	0 – 0	0	5-10	0	5-10
Mr S Hare (i)	10-15	0 – 0	0	10-15	0	10-15
Dr L Douglas	10-15	0 – 0	0	10-15	0	10-15
Ms G Stanyard	5-10	0 – 0	0	5-10	0	5-10
Mrs G Cardozo	10-15	0 – 0	0	10-15	0	10-15
Ms L Bryce	10-15	0 – 0	0	10-15	0	10-15
Senior Employees						
Mrs V Freeman	75-80	0 – 0	0	75-80	32	105-110
Mrs J White (j)	95-100	0 – 0	0	95-100	28	120-125
Ms C Sharp	85-90	0 – 0	0	85-90	14	95-100
Ms M McCoy (k)	90-95	0 – 0	0	90-95	60	150-155
Notes						
The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2017-18.						
<p>j) Mrs K Lewis is the Chief Finance Officer of the Integration Joint Board and receives payment for this.</p> <p>k) Dr A Cameron retired as a director on 29 September 17. The full year equivalent salary for Dr A Cameron for 2017-18 is in the £175k to £180k band.</p> <p>l) Dr K Donaldson was appointed on 2 October 2017. Dr K Donaldson received £10k to £15k in respect of non-Board duties. The full year equivalent salary for Dr K Donaldson for 2017-18 is in the £155k to £160k band.</p> <p>m) Mr J Beattie retired on 31 January 18. Mr J Beattie received £25k to £30k in respect of non-Board duties. The full year equivalent salary for Mr J Beattie for 2017-18 is in the £45k to £50k band.</p> <p>n) Ms L Carr was appointed on 1 April 2017.</p> <p>o) Mr R Nicholson resigned on 30 April 2017. The full year equivalent salary for Mr R Nicholson for 2017-18 is in the £5k to £10k band.</p> <p>p) Mr R Allan ceased to be a non executive member on 27 August 2017. The full year equivalent salary for Mr Allan for 2017-18 is in the £5k to £10k band.</p> <p>q) Mr A Ferguson was appointed on 7 June 2017. The full year equivalent salary for Mr Ferguson for 2017-18 is in the £5k to £10k band.</p> <p>r) Mr S Hare was appointed on 1 February 2018. The full year equivalent salary for Mr Hare for 2017-18 is in the £55k to £60k band.</p> <p>s) Mrs J White is the Chief Officer of the Integration Joint Board and receives payment for this.</p> <p>t) Ms M McCoy assumed the full duties of Director of Public Health with effect from 1 April 2017. Prior to this Ms M McCoy and Dr A Carnon jointly carried out the duties on an equal basis.</p>						

Directors and Senior Employee Pension benefits (*Audited Information*)

The following table shows the pension benefits of the Executive Directors, Non Executive Directors and Senior Employees for 2018-19.

Pension Benefits							
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31 March 2018	CETV at 31 March 2019	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
Executive Members							
Mr J Ace, Chief Executive	45-50	115-120	2.5-5	0-2.5	867	927	59
Mrs K Lewis, Director of Finance	30-35	70-75	2.5-5	2.5-5	497	546	48
Dr K Donaldson, Medical Director	35-40	85-90	2.5-5	2.5-5	588	650	63
Mr E Docherty, Director of Nursing	20-25	50-55	2.5-5	2.5-5	336	394	58
Non Executive Members							
Ms L Carr	20-25	65-70	0-2.5	0-2.5	499	528	24
Mr S Hare	20-25	65-70	0-2.5	0-2.5	450	477	22
Senior Employees							
Mrs J White	25-30	60-65	0-2.5	0-2.5	397	435	38
Ms C Sharp	15-20	45-50	0-2.5	2.5-5	294	330	24
Ms M McCoy	40-45	120-125	2.5-5	7.5-10	883	969	73

The following table shows the pension benefits of the Executive Directors, Non Executive Directors and Senior Employees for 2017-18.

Pension Benefits							
	Accrued pension at pension age	Accrued lump sum at pension age	Real increase in pension at pension age	Real increase in lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2018	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
Executive Members							
Mr J Ace, Chief Executive	40-45	110-115	0-2.5	0-2.5	761	812	51
Mrs K Lewis, Director of Finance	25-30	65-70	0-2.5	0-2.5	430	463	34
Dr K Donaldson, Medical Director	35-40	80-85	0-2.5	0	520	546	26
Mr E Docherty, Director of Nursing	15-20	40-45	0-2.5	0-2.5	285	314	29
Non Executive Members							
Ms L Carr	10-15	40-45	0-2.5	0-2.5	290	305	11
Mr S Hare	20-25	60-65	0-2.5	0-2.5	404	419	10
Senior Employees							
Mrs V Freeman	30-35	100-105	0-2.5	5-7.5	620	674	43
Mrs J White	25-30	55-60	0-2.5	0-2.5	335	367	33
Ms C Sharp	10-15	35-40	0-2.5	2.5-5	233	262	17
Ms M McCoy	35-40	105-110	2.5-5	7.5-10	725	817	80

Fair Pay Disclosure (Audited Information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

	2019	2018
Range of staff remuneration (£000s)	8-233	8-222
Highest Earning Director's Total Remuneration (£000s)	170-175	155-160
Median Total Remuneration	£29,687	£28,565
Ratio	5.8:1	5.5:1

B) STAFF REPORT

Higher Paid Employees' Remuneration (Audited Information)

The headcount of senior staff as at the 31st March of each year is provided below:

Clinicians			Other		
Band (bands of £5,000)	2019 Number of Staff	2018 Number of Staff	Band (bands of £5,000)	2019 Number of Staff	2018 Number of Staff
£70,001 to £80,000	19	18	£70,001 to £80,000	3	5
£80,001 to £90,000	21	16	£80,001 to £90,000	7	4
£90,001 to £100,000	18	17	£90,001 to £100,000	1	2
£100,001 to £110,000	11	14	£100,001 to £110,000	0	0
£110,001 to £120,000	18	10	£110,001 to £120,000	0	0
£120,001 to £130,000	10	15	£120,001 to £130,000	0	0
£130,001 to £140,000	13	8	£130,001 to £140,000	0	0
£140,001 to £150,000	12	9	£140,001 to £150,000	1	0
£150,001 to £160,000	8	11	£150,001 to £160,000	0	0
£160,001 to £170,000	9	10	£160,001 to £170,000	0	0
£170,001 to £180,000	7	3	£170,001 to £180,000	0	0
£180,001 to £190,000	1	2	£180,001 to £190,000	0	0
£190,001 to £200,000	1	0	£190,001 to £200,000	0	0
£200,001 and Above	4	2	£200,001 and Above	0	0

These numbers exclude directors and senior members of staff, details of whose remuneration are disclosed separately elsewhere in this report.

Staff Numbers and Expenditure (Audited Information)

STAFF COSTS £'000	Executive Board Members	Non Executive Board Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2019 Total	2018 Total
Salaries and wages	433	125	132,932	0	0	(586)	132,904	127,125
Taxation and Social security costs	60	2	13,498	0	407	0	13,967	13,625
NHS scheme employers' costs	62	0	17,623	0	0	0	17,685	17,139
Secondees	0	0	0	427	0	0	427	464
Agency staff	0	0	0	0	11,801	0	11,801	11,646
	555	127	164,053	427	12,208	(586)	176,784	169,999
Compensation for loss of office/early retirement	0	0	4	0	0	0	4	99
Total Employee Expenditure	555	127	164,057	427	12,208	(586)	176,788	170,098
STAFF NUMBERS (WTE)	Executive Board Members	Non Executive Board Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2019 Total	2018 Total
Whole time equivalent	4	10	3,746	4	74	(6)	3,832	3,723
Notes								
There were no staff engaged directly on capital projects (2018 – 0)								
Included in the total staff numbers above were disabled staff of 51 WTE (2018 – 51 WTE)								
No special advisors or consultants are included in these numbers								

Reconciliation to income and expenditure

	£'000
Total employee expenditure as above	176,788
Add: employee income included in Note 4	586
Total employee expenditure disclosed in Note 3	177,374

Staff Composition

As at 31st March, the gender profile of the employees of the Board per details held on the payroll is as follows:

	2019			2018		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	1	4	3	1	4
Non-Executive Directors and Employee Director	3	6	9	3	6	9
Senior Employees	113	54	167	104	46	150
Other Employees	671	3,743	4,414	692	3,615	4,307
Total Headcount	790	3,804	4,594	802	3,668	4,470

For the purposes of this analysis senior employees are those earning over £70,000 per annum.

No personal verification has been carried out on these numbers and therefore they cannot be assumed to be an accurate reflection of staff composition. Payroll database only allows for individuals to be entered as male or female, no option exists for staff to note as "prefer not to say".

Sickness Absence data

	2019	2018
NHS Dumfries & Galloway	5.2%	4.9%

Sickness absence continues to be higher than the 4% target and has increased again since 2018. By 2020 our goal is to have an engaged and motivated workforce that recognises and values both physical and mental health and wellbeing as a key workforce asset. By achieving this cultural shift we aim to achieve 96% of our workforce to be consistently well, motivated and at work, in line with the current Scottish Government HEAT standard (Working Well Strategy and Action Plan, January 2017).

In 2018 we established our Working Well Steering Group, chaired jointly by the Workforce Director and the Employee Director, which reports to the Staff Governance Committee, and provides regular updates on progress via the Area Partnership Forum.

The objective of the Steering Group is to lead the delivery of the strategic change programme and action plan for building health and wellbeing resilience within the workforce in NHS Dumfries and Galloway. The steering group oversees the prioritisation and implementation of the recommendations made in the Working Well report submitted to the Board's Staff Governance Committee in September 2017, which built on the Working Well Strategy and action plan agreed with the Staff Governance Committee in January 2017

Employment of disabled persons

As an equal opportunities employer, the Health Board 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.

The Board strives to be an inclusive and accessible organisation seeking to end discrimination in all aspects of its business and for all those who interact with NHS Dumfries and Galloway. Through the development of a set of equality outcomes in 2013 for delivery over the period 2013 - 2017 the Board is seeking to become more equitable in the way in which it employs its workforce, reflecting more closely the population it serves, while ensuring that employees experience a safe and more supportive workplace which contributes to their positive health and wellbeing.

Other Employee Matters

NHS Dumfries and Galloway strives to deliver a staff experience and employment framework in accordance with the national Staff Governance Standards set for NHSScotland which requires all NHS Boards to demonstrate that staff are; well informed; appropriately trained and developed; involved in decisions; treated fairly and consistently; with dignity and respect in an environment where diversity is valued and provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients and the wider community.

Our performance against the standards are monitored through the Board's Staff Governance Committee, and through submission of an annual self assessment return for SGHSCD.

Exit Packages (Audited Information)

A summary of the exit packages agreed in year with comparative information for 2017-18 is included below:

Exit package cost band 2019	Number of compulsory	Number of other departures agreed	Total number of exit packages by cost band
£0 - £5,000	0	1	1
Total number of exit packages by type	0	1	1
Total resource cost (£'000)	0	4	4

Exit package cost band 2018	Number of compulsory	Number of other departures agreed	Total number of exit packages by cost band
£50,000 - £100,000	0	1	1
Total number of exit packages by type	0	1	1
Total resource cost (£'000)	0	99	99

Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. The facility time report was published in July 2018 and can be found on the Boards website (www.nhsdg.scot.nhs.uk).

PARLIAMENTARY ACCOUNTABILITY REPORT

Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments require formal approval to regularise such transactions and their notation in the annual accounts.

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

	Number of cases	£000
Losses	25	55
Special Payments	38	893

In the year to 31 March 2019, there were no balances in excess of £250,000 written off.

In 2018/19, there was only one payment (£402k) in excess of £250,000 which the Board was required to pay out which was settled under the CNORIS scheme (2017/18: £1,898k, 4 claims). Further details on the scheme can be found in Note 1 of the annual accounts.



J Ace
Chief Executive and Accountable Officer

17th June 2019

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Dumfries and Galloway NHS Board, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is three years. We are independent of the board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

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

Report on regularity of expenditure and income

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.

Responsibilities for regularity

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

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

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

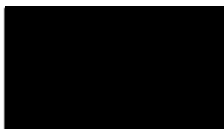
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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



Joanne Brown, (for and on behalf of Grant Thornton UK LLP)
110 Queen Street
Glasgow
G1 3BX

21 JUNE 2019

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Statement of Consolidated Comprehensive Net Expenditure

	Note	2019 £000's	2018 £000's
Staff costs	3a	177,374	170,533
Other operating expenditure			
Independent Primary Care Services	3b	39,178	36,700
Drugs and medical supplies	3b	65,997	62,033
Other health care expenditure	3b	418,654	414,736
Gross expenditure for the year		701,203	684,002
Less: Operating Income	4	(339,619)	(313,751)
Integration Joint Board accounted for on an equity basis	8	(809)	(1,255)
Net Expenditure for the year		360,775	368,996
OTHER COMPREHENSIVE NET EXPENDITURE		2019 £000's	2018 £000's
Net (gain)/loss on revaluation of Property Plant and Equipment		(6,326)	2,466
Net (gain)/loss on revaluation of available for sale financial assets		(375)	(103)
Other Comprehensive (Income)/ Expenditure		(6,701)	2,363
Total Comprehensive Net Expenditure		354,074	371,359

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Summary of Resource Outturn

	Note	2019 £000's	2018 £000's
SUMMARY OF CORE REVENUE RESOURCE OUTTURN			
Net Expenditure	SOCNE	360,775	368,996
Total Non Core Expenditure (see below)		(1,177)	(27,008)
FHS Non Discretionary Allocation		(16,757)	(16,018)
Donated asset income		115	0
Endowment Net Operating Income/(Costs)		(603)	271
Integration Joint Board accounted for on an equity basis		809	1,255
Total Core Expenditure		343,162	327,496
Core Revenue Resource Limit		343,206	327,557
Saving against Core Revenue Resource Limit		44	61
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN			
Depreciation/Amortisation		8,006	5,792
Annually Managed Expenditure - Impairments		(7,696)	14,600
Annually Managed Expenditure - Creation of Provisions		508	4,833
Annually Managed Expenditure - Depreciation of Donated Assets	2a	189	194
Additional SGHSCD non-core funding		0	1,350
IFRS PFI Expenditure		170	239
Total Non Core Expenditure		1,177	27,008
Non Core Revenue Resource Limit		1,177	27,008
Saving/(excess) against Non Core Revenue Resource Limit		0	0

	Revenue Resource Limit £'000	Net Expenditure £'000	2019 Saving £'000	2018 Saving £'000
SUMMARY RESOURCE OUTTURN				
Core	343,206	343,162	44	61
Non Core	1,177	1,177	0	0
Total	344,383	344,339	44	61

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

Dumfries and Galloway NHS Board



Annual Accounts for the year ended 31 March 2019

Consolidated Statement of Financial Position

	Note	Consolidated 2019 £000's	Board 2019 £000's	Consolidated 2018 £000's	Board 2018 £000's
Non-current assets:					
Property, plant and equipment	7c	314,243	314,216	304,522	304,479
Intangible assets	6	629	629	680	680
Financial assets:					
- Investments in associates and joint ventures	8	4,214	4,214	3,405	3,405
- Trade and other receivables	9	33,027	33,027	23,344	23,344
		352,113	352,086	331,951	331,908
Current Assets:					
Inventories		1,356	1,356	1,369	1,369
Financial assets:					
- Trade and other receivables	9	5,561	5,113	5,675	4,967
- Cash and cash equivalents	11	1,619	117	1,702	107
Available for sale financial assets	10	8,467	0	7,966	0
Assets classified as held for sale	7b	100	100	100	100
		17,103	6,686	16,812	6,543
Current liabilities					
Provisions	13a	(6,414)	(6,414)	(3,585)	(3,585)
Financial liabilities:					
- Trade and other payables	12	(43,656)	(42,994)	(47,068)	(46,782)
		(50,070)	(49,408)	(50,653)	(50,367)
Total Assets less Current Liabilities		319,146	309,364	298,110	288,084
Non-current liabilities					
Provisions	13a	(40,262)	(40,262)	(33,087)	(33,087)
Financial liabilities:					
- Trade and other payables	12	(207,674)	(207,674)	(213,339)	(213,339)
		(247,936)	(247,936)	(246,426)	(246,426)
Total Assets less Total Liabilities		71,210	61,428	51,684	41,658
Taxpayers' Equity					
General fund	SOCTE	23,837	23,837	18,402	18,402
Revaluation reserve	SOCTE	33,377	33,377	19,851	19,851
Other reserves	SOCTE	4,214	4,214	3,405	3,405
Funds Held on Trust	SOCTE	9,782	0	10,026	0
Total taxpayers' equity		71,210	61,428	51,684	41,658

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

The financial statements on pages 38 to 82 were approved by the Board on 17th June 2019 and signed on their behalf by

	Mrs K Lewis, Director of Finance
	Mr J Ace, Chief Executive

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Statement of Consolidated Cash Flows

	Note	2019 £000's	2018 £000's
Cash flows from operating activities			
Net expenditure	SOCTE	(360,775)	(368,996)
Adjustments for non-cash transactions	2a	(255)	20,195
Add back: interest payable recognised in net operating expenditure	2b	13,613	8,202
Investment Income		(177)	(282)
Movements in working capital	2c	(3,027)	1,963
Net cash (outflow) / inflow from operating activities		(350,621)	(338,918)
Cash flows from investing activities			
Purchase of property, plant and equipment	7d	(4,387)	(14,075)
Purchase of intangible assets	6	0	(84)
Investment Additions	10	(11,348)	(13)
Receipts from sale of investments		11,222	64
Interest and dividends received		177	282
Net cash (outflow) / inflow from investing activities		(4,336)	(13,826)
Cash flows from financing activities			
Funding	SOCTE	373,600	363,619
Movement in general fund working capital	SCOTE	10	(116)
Cash drawn down		373,610	363,503
Capital element of payments in respect of finance leases and on-balance sheet PFI		(5,123)	(2,794)
Interest Paid	2b	28	(10)
PFI Contracts: Interest element of finance leases and on-balance sheet PFI	2b	(13,641)	(8,192)
Net Financing		354,874	352,507
Net Increase / (decrease) in cash and cash equivalents in the year		(83)	(237)
Cash and cash equivalents at the beginning of the year		1,702	1,939
Cash and cash equivalents at the end of the year		1,619	1,702
Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year	11	(83)	(237)
Net cash at 1 April		1,702	1,939
Net cash at 31 March		1,619	1,702

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Statement of Consolidated Changes in Taxpayers' Equity

	Note	General Fund £000's	Revaluation Reserve £000's	Other Reserve (IJB) £000's	Funds Held on Trust £000's	2019 Consolidated Reserve £000's
Balance At 1st April 2018		18,402	19,851	3,405	10,026	51,684
Changes in taxpayers' equity for 2018/19						
Net gain on revaluation/indexation of property, plant and equipment	7a	0	6,342	0	(16)	6,326
Net (loss) on revaluation of available for sale financial assets		0	0	0	375	375
Impairment of property, plant and equipment	7a	0	7,695	0	0	7,695
Revaluation & impairments taken to operating costs	2a	0	(7,695)	0	0	(7,695)
Transfers between reserves		(7,184)	7,184	0	0	0
Net operating cost for the year		(360,981)	0	809	(603)	(360,775)
Total recognised (expense) / income for 2018/19		(368,165)	13,526	809	(244)	(354,074)
Funding:						
Drawn down		373,610	0	0	0	373,610
Movement in General Fund		(10)	0	0	0	(10)
Balance At 31st March 2019		23,837	33,377	4,214	9,782	71,210

	Note	General Fund £000's	Revaluation Reserve £000's	Other Reserve (IJB) £000's	Funds Held on Trust £000's	2018 Consolidated Reserve £000's
PRIOR YEAR						
Balance At 1st April 2017		24,018	23,604	2,150	9,652	59,424
Changes in taxpayers' equity for 2017/18						
Net gain on revaluation/indexation of property, plant and equipment	7a	0	(2,554)	0	0	(2,554)
Net (loss) on revaluation of available for sale financial assets		0	0	0	103	103
Impairment of property, plant and equipment	7a	0	(15,137)	0	0	(15,137)
Revaluation & impairments taken to operating costs	2a	0	15,225	0	0	15,225
Transfers between reserves		1,287	(1,287)	0	0	0
Net operating cost for the year		(370,522)	0	1,255	271	(368,996)
Total recognised (expense) / income for 2018/19		(369,235)	(3,753)	1,255	374	(371,359)
Funding:						
Drawn down		363,503	0	0	0	363,503
Movement in General Fund		116	0	0	0	116
Balance At 31st March 2018		18,402	19,851	3,405	10,026	51,684

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

1.1 a) Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FRoM) 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 29 below.

(a) Standards, amendments and interpretations effective in current year

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

- IFRS 9 Financial Instruments
The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward- looking expected loss impairment model; and a revised approach to hedge accounting.
- IFRS 15 Revenue from Contracts with Customers
The standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

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

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

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

(c) Standards, amendments and interpretations issued but not yet adopted

As of the date of the authorisation of these financial statements the following standard was in issue but not yet effective and have not yet been approved for use with the FRoM.

- IFRS16 Leases

As of the date of the authorisation of these financial statements the following standard was in issue but not yet effective and have not yet been adopted by the EU or approved for use with the FRoM.

- IFRS 17 Insurance Contracts

The Board have carried out a review of the effect of the implementation of these standards on the financial statements and have concluded that there is unlikely to be any material effect on the reported net expenditure or cash flow.

As disclosed in note 16, Commitments Under Leases, the Board have total future minimum lease payments under operating leases of £5.3m and it is likely that approximately £5m of this would have to be capitalised under IFRS 16 resulting in an increase in both assets and liabilities in the Statement of Financial Position.

1.2 Basis of Consolidation

Endowments

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Dumfries and Galloway Health Board Endowment Fund.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

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

The Dumfries and Galloway Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

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

Integration Joint Board

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of the Integration Joint Board using the equity method of consolidation.

The Dumfries and Galloway Integration Joint Board was established as a body corporate by order of the Scottish Ministers on 3 October 2015 under the Public Bodies (Joint Working)(Scotland) Act 2014. It is jointly controlled by NHS Dumfries and Galloway and Dumfries and Galloway Council who each appoint five representatives to be voting members of the Integration Joint Board.

Transactions between the Board and the Integration Joint Board are disclosed separately in the notes to the accounts.

Note 23 to the Annual Accounts details how these consolidated Financial Statements have been calculated.

1.3 Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

1.4 Accounting Convention

The accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

1.5 Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit (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 out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

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.

1.6 Property, plant and equipment

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

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

1.6.1 Recognition

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

All assets falling into the following categories are capitalised:

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

1.6.2 Measurement

Valuation:

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

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

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

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

Valuations of all land and building assets are reassessed by professional valuers at least every 5 years 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 Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

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

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

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

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

1.6.3 Depreciation

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

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

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.
- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Buildings	
Structure	4-90
Engineering	4-35
External Plant	4-40
Maintained Elements	15-90
Equipment	
Moveable engineering plant & equipment and long-life medical equipment	15
Furniture and medium-life medical equipment	10
Mainframe information and technology installations	8
Soft furnishings	7
Vehicles	7
Office, information technology, short-life medical and other equipment	3-5

1.7 Intangible Assets

1.7.1 Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Board intends to complete the asset and sell or use it;
- the Board has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

- adequate financial, technical and other resources are available to the Board to complete the development and sell or use the asset; and
- the Board can measure reliably the expenses attributable to the asset during development.

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

Software:

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Software licences:

Purchased computer software licences are capitalised as intangible assets where expenditure of at least £5,000 is incurred.

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.

1.7.2 Measurement

Valuation

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

Subsequently intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

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

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

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less costs to sell'.

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

1.7.3 Amortisation

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

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

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Intangibles	
Software Licenses	3-10
Information Technology	3-10
Other Intangibles	3-10

1.8 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.

1.9 Donated Assets

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

1.10 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.

1.11 Leasing

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

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

1.12 Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SoCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

1.13 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.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

1.14 Inventories

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

1.15 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.

1.16 Employee Benefits

Short-term Employee Benefits

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

Pension Costs

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

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

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

NHS Dumfries and Galloway also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the total liability of NHS

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

1.18 Related Party Transactions

Material related party transactions are disclosed in Note 21 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

1.19 Value Added Tax

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

1.20 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*, outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-Statement of Financial Position. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the 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 Statement of Financial Position over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-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.

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.

1.21 Provisions

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

1.22 Contingencies

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

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

- 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.

1.23 Corresponding Amounts

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

1.24 Financial Instruments

Business model

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

Financial assets

Classification

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

- (a) Financial assets at fair value through profit or loss. This is the default basis for financial assets.
- (b) Financial assets held at amortised cost

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

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

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

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

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

Impairment of financial assets

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

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

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

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

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

(b) Financial assets held at amortised cost

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

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

Financial Liabilities

Classification

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

- a. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- b. they contain embedded derivatives; and/or
- c. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

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

Recognition and measurement

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

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

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

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

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

(b) Amortised costs

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

1.25 Segmental reporting

Operating segments are reported in Note 5 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 Note 3.

1.26 Cash and cash equivalents

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

1.27 Foreign exchange

The functional and presentational currencies of the Board are sterling.
There have been no foreign currency transactions in the financial year.

1.28 Third party assets

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

However, they are disclosed in Note 22 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.29 Key sources of judgement and estimation uncertainty

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

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

- Fair Value of Property, Plant and Equipment – Estimates and assumptions regarding the fair value of property, plant and equipment, as well as estimated impairment, have been made. This is partly

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

1 ACCOUNTING POLICIES

through information supplied by the Board's valuers, along with judgements around appropriate indices to use.

- Provisions – The Board provides for estimated costs relating to Pensions and similar obligations as well as Clinical and Medical Negligence claims. Reliance is placed on significant details provided by other parties in order to establish the value of such provisions. Other parties include the Scottish Public Pensions Agency and Central Legal Office.

Dumfries and Galloway NHS Board
Annual Accounts for the year ended 31 March 2019
Notes to the Accounts

2. NOTES TO THE CASH FLOW STATEMENT

2a. Consolidated adjustments for non-cash transactions

	Note	2019 £000's	2018 £000's
Expenditure Not Paid In Cash			
Depreciation	7a	7,975	5,912
Amortisation	6	200	119
Depreciation of donated assets	7a	189	194
Impairments on property, plant and equipment charged to SOCNE	7a	(7,695)	15,137
Net revaluation on PPE charged to SoCNE		0	88
Funding of donated assets	7a	(115)	0
Increase in investment in Integrated Joint Board	SoCNE	(809)	(1,255)
Total expenditure not paid In cash	CFS	(255)	20,195
2b. Interest payable recognised in operating expenditure			
PFI Finance lease charges allocated in the year	17	13,641	8,192
Provisions - Unwinding of discount	13a	(28)	10
Net interest payable	CFS	13,613	8,202

2c. Consolidated movements in working capital

	Opening balances £000	Closing balances £000	2019 Net movement £000	2018 Net movement £000
INVENTORIES				
Balance Sheet	1,369	1,356		
Net decrease / (increase)			13	(24)
TRADE AND OTHER RECEIVABLES				
Due within one year	5,675	5,561		
Due after more than one year	23,344	33,027		
	29,019	38,588		
Net decrease / (increase)			(9,569)	(1,789)
TRADE AND OTHER PAYABLES				
Due within one year	47,068	43,656		
Due after more than one year	213,339	207,674		
Less: property, plant & equipment (capital) included in above	(911)	(422)		
Less: General Fund creditor included in above	(107)	(117)		
Less: lease and PFI creditors included in above	(218,298)	(213,175)		
	41,091	37,616		
Net decrease / (increase)			(3,475)	4,161
PROVISIONS				
Balance Sheet	36,672	46,676		
Net decrease / (increase)			10,004	(385)
Net movement (decrease) / increase			(3,027)	1,963

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

3. OPERATING EXPENSES

3a. Staff Costs

	2019 £000's	2018 £000's
Medical and Dental	43,402	41,817
Nursing	75,170	71,670
Other Staff	58,802	57,046
Total Board Staff Costs	177,374	170,533

Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3b. Other operating expenditure

	2019 £000's	2018 £000's
Independent Primary Care Services		
General Medical Services	25,091	23,040
Pharmaceutical Services	1,400	1,330
General Dental Services	9,762	9,398
General Ophthalmic Services	2,925	2,932
Total	39,178	36,700
Drugs and medical supplies		
Drugs - Primary Care	37,233	35,645
- Secondary Care	18,778	17,349
Medical Supplies	9,986	9,039
Total	65,997	62,033
Other health care expenditure		
Contribution to Integration Joint Board	306,836	292,669
Goods and services from other NHS Scotland Bodies	22,089	20,913
Goods and services from other UK NHS Bodies	4,117	5,900
Goods and services from private providers	3,356	2,678
Goods and services from voluntary organisations	408	925
Resource Transfer	20,040	20,102
Other operating expenditure	60,367	70,244
Auditor's remuneration - statutory audit fee - Board	133	131
Auditor's remuneration - statutory audit fee - IJB	25	29
Total	417,371	413,591
Total Endowment expenditure (adjusted for Intra Group transactions)	1,283	1,145
Total consolidated other health care expenditure	418,654	414,736
Total consolidated other operating expenditure	523,829	513,469

The external auditors, Grant Thornton UK LLP also received remuneration as the auditors of Dumfries and Galloway Integration Joint Board.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

4. OPERATING INCOME

	2019 £000's	2018 £000's
NHS Scotland Bodies	10,287	8,249
NHS Non-Scottish Bodies	1,065	1,084
Income from Scottish Government	2	0
Income from services commission by IJB	305,680	291,607
Patient charges for primary care	4,152	3,367
Donations	115	0
Contributions in respect of clinical and medical negligence claims	10,609	1,005
Non NHS:		
Overseas patients (non reciprocal)	18	26
Other	7,011	6,997
Total Board income	338,939	312,335
Endowment Fund Income	680	1,416
Consolidated Total Income	339,619	313,751

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

5. BOARD SEGMENTAL INFORMATION - CURRENT YEAR

	Acute & Diagnostics £000's	Primary Care in the Community & Prescribing £000's	Mental Health £000's	Womens & Childrens £000's	Facilities & Clinical Support £000's	Corporate & Strategic £000's	Endowments £000's	2019 £000's
Net operating cost	114,242	105,562	21,546	20,318	16,507	81,997	603	360,775
Total segment revenue	3,853	5,456	659	677	698	327,596	680	339,619
Impairment losses recognised in SOCNE	(9,928)	0	0	2,213	20	0	0	(7,695)
Depreciation and amortisation	6,647	511	418	267	196	325	0	8,364
Non-current assets held for sale	0	0	0	0	0	100	0	100
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	1,165	20	0	31	107	2,690	0	4,013

5. SEGMENTAL INFORMATION - PRIOR YEAR

	Acute & Diagnostics £000's	Primary Care in the Community & Prescribing £000's	Mental Health £000's	Womens & Childrens £000's	Facilities & Clinical Support £000's	Corporate & Strategic £000's	2018 £000's
Net operating cost	107,242	100,732	21,032	20,419	14,864	104,707	368,996
Total segment revenue	1,873	4,611	635	825	1,122	304,685	313,751
Impairment losses recognised in SOCNE	8,547	215	0	0	0	6,375	15,137
Depreciation and amortisation	4,093	510	408	326	284	604	6,225
Non-current assets held for sale	0	0	0	0	0	100	100
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	39,676	337	0	0	0	0	40,013

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

6. INTANGIBLE ASSETS

	Software Licenses £000's	Information Technology Software £000's	Assets under construction £000's	2019 £000's
Cost or Valuation:				
At 1st April 2018	1,323	857	0	2,180
Additions	0	0	0	0
Completions	0	149	(149)	0
Transfers	0	0	149	149
Disposals	0	0	0	0
At 31st March 2019	1,323	1,006	0	2,329
Amortisation				
At 1st April 2018	1,323	177	0	1,500
Provided during the year	0	200	0	200
Transfers	0	0	0	0
Disposals	0	0	0	0
At 31st March 2019	1,323	377	0	1,700
Net Book Value at 1st April 2018	0	680	0	680
Net Book Value at 31st March 2019	0	629	0	629

INTANGIBLE ASSETS - PRIOR YEAR

	Software Licenses £000's	Information Technology Software £000's	Assets under construction £000's	2018 £000's
Cost or Valuation:				
At 1st April 2017	1,276	820	0	2,096
Additions	0	0	84	84
Completions	0	84	(84)	0
Transfers	47	(47)	0	0
Disposals	0	0	0	0
At 31st March 2018	1,323	857	0	2,180
Amortisation				
At 1st April 2017	1,230	151	0	1,381
Provided during the year	46	73	0	119
Transfers	47	(47)	0	0
Disposals	0	0	0	0
At 31st March 2018	1,323	177	0	1,500
Net Book Value at 1st April 2017	46	669	0	715
Net Book Value at 31st March 2018	0	680	0	680

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

7(a). PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2019 £000's
Cost or valuation									
At 1st April 2018	7,875	274,249	2,721	175	34,214	11,626	528	3,651	335,039
Additions - purchased	0	0	0	0	0	0	0	3,898	3,898
Additions - donated	0	0	0	0	115	0	0	0	115
Completions	0	2,016	0	0	1,744	566	77	(4,403)	0
Transfers between asset categories	0	0	0	0	0	0	0	(149)	(149)
Transfers (to)/from non-current assets held for sale	0	38	(38)	0	0	0	0	0	0
Revaluations	0	(864)	143	0	(16)	0	0	0	(737)
Impairment Charges	0	7,695	0	0	0	0	0	0	7,695
Disposals - purchased	0	0	0	0	(532)	(118)	0	0	(650)
Disposals - donated	0	0	0	0	(61)	0	0	0	(61)
At 31st March 2019	7,875	283,134	2,826	175	35,464	12,074	605	2,997	345,150
Depreciation									
At 1st April 2018	0	1,730	0	175	22,010	6,202	400	0	30,517
Provided during the year - purchased	0	4,993	104	0	2,058	788	32	0	7,975
Provided during the year - donated	0	75	0	0	112	2	0	0	189
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluations	0	(6,959)	(104)	0	0	0	0	0	(7,063)
Impairment Charges	0	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	0	0	(532)	(118)	0	0	(650)
Disposals - donated	0	0	0	0	(61)	0	0	0	(61)
At 31st March 2019	0	(161)	0	175	23,587	6,874	432	0	30,907
Net Book Value at 1st April 2018	7,875	272,519	2,721	0	12,204	5,424	128	3,651	304,522
Net Book Value at 31st March 2019	7,875	283,295	2,826	0	11,877	5,200	173	2,997	314,243
Open Market Value of Land in Land and Dwellings Included Above	1,738		235						
Asset financing:									
Owned - purchased	7,875	70,998	2,826	0	11,492	5,200	173	2,997	101,561
Owned - donated	0	1,416	0	0	385	0	0	0	1,801
On-balance sheet PFI/NPD contracts	0	210,881	0	0	0	0	0	0	210,881
Net Book Value at 31st March 2019	7,875	283,295	2,826	0	11,877	5,200	173	2,997	314,243

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

7(a). PROPERTY, PLANT AND EQUIPMENT - BOARD

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2019 £000's
Cost or valuation									
At 1st April 2018	7,875	274,249	2,721	175	34,171	11,626	528	3,651	334,996
Additions - purchased	0	0	0	0	0	0	0	3,898	3,898
Additions - donated	0	0	0	0	115	0	0	0	115
Completions	0	2,016	0	0	1,744	566	77	(4,403)	0
Transfers between asset categories	0	0	0	0	0	0	0	(149)	(149)
Transfers (to)/from non-current assets held for sale	0	38	(38)	0	0	0	0	0	0
Revaluations	0	(864)	143	0	0	0	0	0	(721)
Impairment Charges	0	7,695	0	0	0	0	0	0	7,695
Disposals - purchased	0	0	0	0	(532)	(118)	0	0	(650)
Disposals - donated	0	0	0	0	(61)	0	0	0	(61)
At 31st March 2019	7,875	283,134	2,826	175	35,437	12,074	605	2,997	345,123
Depreciation									
At 1st April 2018	0	1,730	0	175	22,010	6,202	400	0	30,517
Provided during the year - purchased	0	4,993	104	0	2,058	788	32	0	7,975
Provided during the year - donated	0	75	0	0	112	2	0	0	189
Transfers between asset categories	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluations	0	(6,959)	(104)	0	0	0	0	0	(7,063)
Impairment Charges	0	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	0	0	(532)	(118)	0	0	(650)
Disposals - donated	0	0	0	0	(61)	0	0	0	(61)
At 31st March 2019	0	(161)	0	175	23,587	6,874	432	0	30,907
Net Book Value at 1st April 2018	7,875	272,519	2,721	0	12,161	5,424	128	3,651	304,479
Net Book Value at 31st March 2019	7,875	283,295	2,826	0	11,850	5,200	173	2,997	314,216
Open Market Value of Land in Land and Dwellings Included Above	1,738		235						
Asset financing:									
Owned - purchased	7,875	70,998	2,826	0	11,465	5,200	173	2,997	101,534
Owned - donated	0	1,416	0	0	385	0	0	0	1,801
On-balance sheet PFI/NPD contracts	0	210,881	0	0	0	0	0	0	210,881
Net Book Value at 31st March 2019	7,875	283,295	2,826	0	11,850	5,200	173	2,997	314,216

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

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

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2018 £000's
Cost or valuation									
At 1st April 2017	8,119	78,572	5,049	175	25,273	6,720	516	192,408	316,832
Additions - purchased	0	0	0	0	0	0	0	39,929	39,929
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	858	212,897	0	0	9,475	4,906	12	(228,148)	0
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to) non-current assets held for sale	(70)	0	38	0	0	0	0	0	(32)
Revaluations	0	(5,863)	(156)	0	0	0	0	0	(6,019)
Impairment Charges	(1,032)	(11,357)	(2,210)	0	0	0	0	(538)	(15,137)
Disposals - purchased	0	0	0	0	(507)	0	0	0	(507)
Disposals - donated	0	0	0	0	(27)	0	0	0	(27)
At 31st March 2018	7,875	274,249	2,721	175	34,214	11,626	528	3,651	335,039
Depreciation									
At 1st April 2017	0	1,167	0	175	21,043	5,652	373	0	28,410
Provided during the year - purchased	0	3,776	177	0	1,384	548	27	0	5,912
Provided during the year - donated	0	75	0	0	117	2	0	0	194
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluations	0	(3,288)	(177)	0	0	0	0	0	(3,465)
Impairment Charges	0	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	0	0	(507)	0	0	0	(507)
Disposals - donated	0	0	0	0	(27)	0	0	0	(27)
At 31st March 2018	0	1,730	0	175	22,010	6,202	400	0	30,517
Net Book Value at 1st April 2017	8,119	77,405	5,049	0	4,230	1,068	143	192,408	288,422
Net Book Value at 31st March 2018	7,875	272,519	2,721	0	12,204	5,424	128	3,651	304,522
Open Market Value of Land in Land and Dwellings Included Above	<u>1,538</u>		<u>0</u>						
Asset financing:									
Owned - purchased	7,875	60,788	2,721	0	11,822	5,422	128	3,651	92,407
Owned - donated	0	284	0	0	382	2	0	0	668
On-balance sheet PFI contracts	0	211,447	0	0	0	0	0	0	211,447
Net Book Value at 31st March 2018	7,875	272,519	2,721	0	12,204	5,424	128	3,651	304,522

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

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

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2018 £000's
Cost or valuation									
At 1st April 2017	8,119	78,572	5,049	175	25,230	6,720	516	192,408	316,789
Additions - purchased	0	0	0	0	0	0	0	39,929	39,929
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	858	212,897	0	0	9,475	4,906	12	(228,148)	0
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to) non-current assets held for sale	(70)	0	38	0	0	0	0	0	(32)
Revaluations	0	(5,863)	(156)	0	0	0	0	0	(6,019)
Impairment Charges	(1,032)	(11,357)	(2,210)	0	0	0	0	(538)	(15,137)
Disposals - purchased	0	0	0	0	(507)	0	0	0	(507)
Disposals - donated	0	0	0	0	(27)	0	0	0	(27)
At 31st March 2018	7,875	274,249	2,721	175	34,171	11,626	528	3,651	334,996
Depreciation									
At 1st April 2017	0	1,167	0	175	21,043	5,652	373	0	28,410
Provided during the year - purchased	0	3,776	177	0	1,384	548	27	0	5,912
Provided during the year - donated	0	75	0	0	117	2	0	0	194
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluations	0	(3,288)	(177)	0	0	0	0	0	(3,465)
Impairment Charges	0	0	0	0	0	0	0	0	0
Disposals - purchased	0	0	0	0	(507)	0	0	0	(507)
Disposals - donated	0	0	0	0	(27)	0	0	0	(27)
At 31st March 2018	0	1,730	0	175	22,010	6,202	400	0	30,517
Net Book Value at 1st April 2017	8,119	77,405	5,049	0	4,187	1,068	143	192,408	288,379
Net Book Value at 31st March 2018	7,875	272,519	2,721	0	12,161	5,424	128	3,651	304,479
Open Market Value of Land in Land and Dwellings Included Above	1,538	0							
Asset financing:									
Owned - purchased	7,875	60,788	2,721	0	11,779	5,422	128	3,651	92,364
Owned - donated	0	284	0	0	382	2	0	0	668
On-balance sheet PFI contracts	0	211,447	0	0	0	0	0	0	211,447
Net Book Value at 31st March 2018	7,875	272,519	2,721	0	12,161	5,424	128	3,651	304,479

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

7(b). ASSETS HELD FOR SALE

	Note	2019 £000's	2018 £000's
At 1st April 2018		100	68
Transfers (to)/from property, plant and equipment	7a	0	32
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals for non-current assets held for sale		0	0
At 31st March 2019		100	100

7(c). PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

	2019 £000's	2018 £000's
Net book value of tangible fixed assets at 31 March		
Purchased	312,415	303,811
Donated	1,801	668
Net book value of Board assets	314,216	304,479
Net book value of Endowment Fund assets	27	43
Total	314,243	304,522
Net book value related to land valued at open market value at 31 March	1,738	1,538
Net book value related to buildings valued at open market value at 31 March	0	0
Total value of assets held under:		
PFI and PPP Contracts	210,881	211,447
	210,881	211,447
Total depreciation charged in respect of assets held under:		
PFI and PPP contracts	3,164	1,793
	3,164	1,793

All land and buildings were revalued by an independent valuer, Avison Young, as at 31/03/2019 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

7d. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2019 £000's	2018 £000's
EXPENDITURE			
Acquisition of Intangible Assets	6	0	84
Acquisition of Property, plant and equipment	7a	3,898	39,929
Donated Asset Additions	7a	115	0
Gross Capital Expenditure		4,013	40,013
INCOME			
Net book value of disposal of Property, plant and equipment	7a	0	0
Value of disposal of Non-Current Assets held for sale	7b	0	0
Donated Asset Income		(115)	0
Capital Income		(115)	0
Net Capital Expenditure		3,898	40,013
Summary of Capital Resource Outturn			
Core Capital Expenditure included above		3,898	40,013
Core Capital Resource Limit		3,907	40,600
Saving against Core Capital Resource Limit		9	587

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2019 £000's	2018 £000's
Dumfries & Galloway Integration Joint Board		
Balance brought forward at 1 April	3,405	2,150
Increase in investment during year	809	1,255
Balance carried forward at 31 March	4,214	3,405

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

9. TRADE AND OTHER RECEIVABLES

	2019 £000's	2018 £000's
Receivables due within one year		
NHSScotland		
Boards	390	175
Total NHSScotland Receivables	390	175
NHS Non-Scottish Bodies	260	265
VAT recoverable	503	376
Prepayments	2,780	2,213
Accrued income	932	814
Other Receivables	169	328
Other Public Sector Bodies	79	796
Total Receivables due within one year	5,113	4,967
Receivables due after more than one year		
NHSScotland		
Reimbursement of Provisions	33,027	23,344
Total Receivables due after more than one year	33,027	23,344
Total Board Receivables	38,140	28,311
Total Endowment Receivables due within one year (adjusted for Intra Group receivables)	448	708
Total Consolidated Receivables	38,588	29,019
The total receivables figure above includes a provision for impairments of :	666	464
Movements on the provision for impairment of debtors are as follows:		
At 1st April	464	560
Provision for impairment	244	50
Receivables written off during the year as uncollectable	(1)	(2)
Unused amounts reversed	(41)	(144)
At 31st March	666	464
The ageing of these receivables is as follows:		
3 to 6 months past due	0	21
Over 6 months past due	666	443
	666	464

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.

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	2019 £000's	2018 £000's
At 1st April	7,966	7,914
Additions	11,348	13
Disposals	(11,222)	(64)
Revaluation surplus/(deficit) transferred to equity	375	103
At 31st March	8,467	7,966
Total Board Available for Sale Financial Assets	0	0
Total Endowments Available for Sale Financial Assets	8,467	7,966
Total Consolidated Available for Sale Financial Assets	8,467	7,966

All investments are classified as listed investments.

11. CASH AND CASH EQUIVALENTS

	As at 01/04/18 £000's	Cash Flow £000's	At 31/03/19 £000's	At 31/03/18 £000's
Government Banking Service account balance	73	11	84	73
Cash at bank and in hand	34	(1)	33	34
Total cash - balance sheet	107	10	117	107
Overdrafts	0	0	0	0
Total Board cash - cash flow statement	107	10	117	107
Total Endowment Fund Cash	1,595	(93)	1,502	1,595
Total Consolidated Cash	1,702	(83)	1,619	1,702

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

12. TRADE AND OTHER PAYABLES

	Note	2019 £000's	2018 £000's
Payables due within one year			
NHSScotland			
Scottish Government Health & Social Care Directorate	3	0	0
Boards		1,619	2,403
Total NHSScotland Payables		<u>1,622</u>	<u>2,403</u>
NHS Non-Scottish Bodies		987	2,142
General Fund Payable		117	107
FHS Practitioners		5,831	6,033
Trade Payables		524	572
Accruals		16,985	20,392
Deferred income		507	590
Net obligations under PPP/PFI/NPD Contracts		5,645	5,118
Income tax and social security		3,455	3,339
Superannuation		2,413	2,282
Holiday Pay Accrual		334	325
Other Public Sector Bodies		0	15
Other payables		129	175
Other payables - IJB		4,445	3,289
Total Payables due within one year		<u>42,994</u>	<u>46,782</u>
Payables due after more than one year			
Net obligations under PPP/PFI/NPD Contracts due within 2 years		5,468	5,646
Net obligations under PPP/PFI/NPD Contracts due after 2 years but within 5 years		20,085	18,487
Net obligations under PPP/PFI/NPD Contracts due after 5 years		181,977	189,047
Other payables		144	159
Total Payables due after more than one year		<u>207,674</u>	<u>213,339</u>
Total Board Payables		<u>250,668</u>	<u>260,121</u>
Total Endowment Creditors due within one year (adjusted for Intra Group payables)		662	286
Total Consolidated Payables		<u>251,330</u>	<u>260,407</u>
		2019 £000's	2018 £000's
Borrowings included above comprise:			
PFI Contracts	17	7,631	8,122
NPD Contracts	17	205,544	210,176
		<u>213,175</u>	<u>218,298</u>
The carrying amount and fair value of the non-current borrowings are as follows:			
PFI Contracts		7,090	7,629
NPD Contracts		200,440	205,551
		<u>207,530</u>	<u>213,180</u>

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

13a. PROVISIONS

	Pensions and other similar obligations £000's	Clinical & Medical £000's	Participation in CNORIS £000's	Total at 31 March 2019 £000's	Total at 31 March 2018 £000's
At 1st April 2018	3,464	22,023	11,185	36,672	37,057
Arising during the year	516	11,256	1,768	13,540	5,085
Utilised during the year	(269)	(840)	(507)	(1,616)	(3,159)
Unwinding of discount	(5)	0	(23)	(28)	10
Reversed unutilised	(102)	(380)	(1,410)	(1,892)	(2,321)
At 31st March 2019	3,604	32,059	11,013	46,676	36,672

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as debtors in note 9.

Analysis of expected timing of discounted flows

	Pensions and other similar obligations £000's	Clinical & Medical £000's	Participation in CNORIS £000's	Total at 31 March 2019 £000's	Total at 31 March 2018 £000's
Payable in one year	255	4,479	1,680	6,414	3,585
Payable between 2-5 years	1,015	27,580	5,749	34,344	27,908
Payable between 6-10 years	1,251	0	479	1,730	1,246
Thereafter	1,083	0	3,105	4,188	3,933
At 31 March 2019	3,604	32,059	11,013	46,676	36,672

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 Scottish Public Pension Agency over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.29% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 30 years.

Clinical & Medical

The Board holds a provision to meet costs of all outstanding and potential client 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 and likely outcome of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 10 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

Participation in CNORIS

Details of the CNORIS provisions are at Note 13b.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

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

	Note	2019 £000's	2018 £000's
Provision recognising individual claims against the NHS Board as at 31 March	13a	32,059	22,023
Associated CNORIS receivable at 31 March	9	(33,027)	(23,344)
Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	11,013	11,185
Net Total Provision relating to CNORIS at 31 March		10,045	9,864

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

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

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

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

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

14. CONTINGENT LIABILITIES / ASSETS

CONTINGENT LIABILITIES

	2019 £000's	2018 £000's
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The following contingent liabilities have not been provided for in the Accounts:

Clinical and medical compensation payments	<u>22,394</u>	<u>22,028</u>
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CONTINGENT ASSETS

	2019 £000's	2018 £000's
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The following contingent assets have not been recognised in the Accounts:

Reimbursement of Contingent Liability for Clinical and Medical Negligence claims, under CNORIS	<u>22,118</u>	<u>21,860</u>
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Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

15. COMMITMENTS

Capital Commitments

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

	2019 £000's	2018 £000's
Contracted		
Mountainhall refurbishment projects	271	0
Total	271	0
Authorised but not Contracted		
Acute Services Redevelopment Enabling Works	5,500	37,577
Rolling Programmes	2,704	2,021
Total	8,204	39,598

16. COMMITMENTS UNDER LEASES

Operating Leases

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

	2019 £000's	2018 £000's
Obligations under operating leases comprise:		
Buildings		
Not later than one year	274	264
Later than one year, not later than two years	275	265
Later than two year, not later than five years	821	792
Later than five years	2,225	2,148
Other		
Not later than one year	733	742
Later than one year, not later than two years	517	536
Later than two year, not later than five years	417	449
Later than five years	0	0
	5,262	5,196
Amounts charged to Operating Costs in the year were:		
Hire of equipment (including vehicles)	1,102	1,365
Other operating leases	249	250
Total	1,351	1,615

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

17. COMMITMENTS UNDER PFI CONTRACTS - ON BALANCE SHEET

The Board has one contract financed under a Public Finance Initiative (PFI) and one under the Non Profit Distributing (NPD). The NPD funding model was developed and introduced as an alternative to, and has since superseded, the traditional PFI model in Scotland.

The previous maternity and day surgery unit in Dumfries is included on the balance sheet (land and buildings) as a PFI at a valuation of £4.6m as at 31 March 2019. The contract ends in January 2032 however following the successful migration of these services to the new DGRI, the future planning arrangements for this building are now underway. This building is now referred to as Mountainhall.

The Board's new District General Hospital DGRI is funded under NPD. The land and buildings are included on the balance sheet at a valuation of £207.89m as at 31 March 2019 and the contract ends in September 2042.

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

	Mountainhall 2019 £000's	DGRI 2019 £000's	Total 2019 £000's	2018 £000's
Gross Minimum Lease Payments				
Rentals due within 1 year	1,684	17,177	18,861	18,467
Due within 1 to 2 years	2,315	17,235	19,550	18,831
Due within 2 to 5 years	5,207	51,412	56,619	56,924
Due after 5 years	17,490	289,712	307,202	325,989
Total	26,696	375,536	402,232	420,211
Less Interest Element				
Rentals due within 1 year	(1,143)	(12,073)	(13,216)	(13,349)
Due within 1 to 2 years	(2,317)	(11,765)	(14,082)	(13,185)
Due within 2 to 5 years	(3,269)	(33,265)	(36,534)	(38,437)
Due after 5 years	(12,336)	(112,889)	(125,225)	(136,942)
Total	(19,065)	(169,992)	(189,057)	(201,913)
Present value of minimum lease payments				
Rentals due within 1 year	541	5,104	5,645	5,118
Due within 1 to 2 years	(2)	5,470	5,468	5,646
Due within 2 to 5 years	1,938	18,147	20,085	18,487
Due after 5 years	5,154	176,823	181,977	189,047
Total	7,631	205,544	213,175	218,298
Amounts charged to the Operating Cost Statement in respect of on balance sheet PFI transactions comprises;				
Interest charges	1,270	12,371	13,641	8,192
Service charges	219	2,764	2,983	1,691
Principal Repayment	493	4,624	5,117	2,788
Total	1,982	19,759	21,741	12,671

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

18. PENSION COSTS

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

NHS Dumfries & Galloway has no liability for other employers obligations to the multi-employer scheme.

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

The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Dumfries & Galloway is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the year 2018-19 was 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

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

NHS Dumfries & Galloway's level of participation in the scheme is 2.3% based on the proportion of employer contributions paid in 2017-18.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 (about 1.85%) of their pay as pension for each year they are a member of the scheme. The accrued pension is revalued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2018/19 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

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

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

National Employment Savings Trust (NEST)

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

Pension members can choose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.

NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

The following are included within the accounts:

	2019 £000's	2018 £000's
Pension cost charge for the year	17,685	17,203
Additional costs arising from early retirement	62	65
Provisions/liabilities/pre-payments included in the Statement of Financial Position	505	594

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

19. EVENTS AFTER THE END OF THE REPORTING YEAR

The Board headquarters were sold in April 2019. Given that this would have no material impact on the accounts, no adjustments have been made.

Dumfries and Galloway NHS Board
Annual Accounts for the year ended 31 March 2019
Notes to the Accounts

20(a). FINANCIAL INSTRUMENTS BY CATEGORY

		Loans and Receivables £000's	Available for Sale £000's	Consolidated Total at 31 March 2019 £000's	Consolidated Total at 31 March 2018 £000's
Assets					
Investments	10	0	8,467	8,467	7,966
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,888	0	1,888	2,911
Cash and cash equivalents	11	1,619	0	1,619	1,702
As at 31 March 2019		3,507	8,467	11,974	12,579
Endowment totals included above (adjusted for Intra Group balances)		1,950	8,467	10,417	10,269

		Other Financial Liabilities £000's	Total at 31 March 2019 £000's	Total at 31 March 2018 £000's
Liabilities				
PFI Liabilities	12	213,175	213,175	218,298
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	30,158	30,158	33,336
As at 31 March 2019		243,333	243,333	251,634
Endowment totals included above (adjusted for Intra Group balances)		662	662	286

20(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 each of the below:

a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

20(b). FINANCIAL RISK FACTORS (continued)

b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 Year £000's	Between 1 and 2 years £000's	Between 2 and 5 years £000's	Over 5 Years £000's
At 31 March 2019				
PFI Liabilities	24,506	25,018	76,704	489,176
Trade and other payables excluding statutory liabilities	29,018	144	0	0
Total	53,524	25,162	76,704	489,176

	Less than 1 Year £000's	Between 1 and 2 years £000's	Between 2 and 5 years £000's	Over 5 Years £000's
At 31 March 2018				
PFI Liabilities	23,585	24,477	75,411	515,036
Trade and other payables excluding statutory liabilities	32,760	159	0	0
Total	56,345	24,636	75,411	515,036

c) Market Risk

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

The Board is not exposed to any foreign currency risk.

iii) Price risk

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

20(c). FINANCIAL INSTRUMENTS - FAIR VALUE ESTIMATION

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

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

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

21. RELATED PARTY TRANSACTIONS

The Board had transactions with other government departments and other central government bodies. These transactions were mainly with HM Revenue and Customs.

No board member, key manager or close family members has undertaken any material transactions with the Board during the year.

The Board consider Dumfries and Galloway Council to be a Related Party and had the following Related Party Transactions during the year:

	£000's
Debtor at 31 March 2019	11
Creditor at 31 March 2019	0
Income from Dumfries and Galloway Council during 2018/19	382
Expenditure with Dumfries and Galloway Council during 2018/19	24,603

Transactions and balances with Dumfries & Galloway Integration Joint Board are disclosed separately in the notes to the accounts.

22. THIRD PARTY ASSETS

The following assets relate to monetary items held on behalf of patients, 'Patients Funds', and are audited.

These are not Board assets and are not included in the accounts. The assets held at the reporting year date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	As at 1 April 2018 £000's	Gross Inflows £000's	Gross Outflows £000's	As at 31 March 2019 £000's	2018 £000's
Monetary amounts such as bank balances and monies on deposit	2	25	(15)	12	2
Total Monetary Assets	2	25	(15)	12	2

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

23a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

	Note	2019 Board £000's	2019 Endowments £000's	2019 Intra Group £000's	2019 Consolidated £000's	2018 Consolidated £000's
Staff costs	3a	177,374	0	0	177,374	170,533
Other operating expenditure	3b					
Independent Primary Care Services		39,178	0	0	39,178	36,700
Drugs and medical supplies		65,997	0	0	65,997	62,033
Other health care expenditure		417,371	1,283	0	418,654	414,736
Gross expenditure for the year		699,920	1,283	0	701,203	684,002
Less: Operating Income	4	(338,939)	(680)	0	(339,619)	(313,751)
Integration Joint Board accounted for on an equity basis		(809)	0	0	(809)	(1,255)
Net Expenditure for the year		360,172	603	0	360,775	368,996
OTHER COMPREHENSIVE NET EXPENDITURE						
		2019 £000's	2019 £000's	2019 £000's	2019 £000's	2018 £000's
Net (gain)/loss on revaluation of Property Plant and Equipment	7a	(6,326)	0	0	(6,326)	2,466
Net (gain)/loss on revaluation of available for sale financial assets		0	(375)	0	(375)	(103)
Other Comprehensive (Income)/ Expenditure		(6,326)	(375)	0	(6,701)	2,363
Total Comprehensive Net Expenditure		353,846	228	0	354,074	371,359

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

23b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019 Board £000's	2019 Endowments £000's	2019 Intra Group £000's	2019 Consolidated £000's	2018 Consolidated £000's
Non-current assets:						
Property, plant and equipment	7c	314,216	27	0	314,243	304,522
Intangible assets	6a	629	0	0	629	680
Financial assets:						
- Investments in associates and joint ventures	8	4,214	0	0	4,214	3,405
- Trade and other receivables	9	33,027	0	0	33,027	23,344
		352,086	27	0	352,113	331,951
Current Assets:						
Inventories		1,356	0	0	1,356	1,369
Financial assets:						
- Trade and other receivables	9	5,113	484	(36)	5,561	5,675
- Cash and cash equivalents	11	117	1,502	0	1,619	1,702
Available for sale financial assets	10	0	8,467	0	8,467	7,966
Assets classified as held for sale	7b	100	0	0	100	100
		6,686	10,453	(36)	17,103	16,812
Current liabilities						
Provisions	13a	(6,414)	0	0	(6,414)	(3,585)
Financial liabilities:						
- Trade and other payables	12	(42,994)	(698)	36	(43,656)	(47,068)
		(49,408)	(698)	36	(50,070)	(50,653)
Total Assets less Current Liabilities		309,364	9,782	0	319,146	298,110
Non-current liabilities						
Provisions	13a	(40,262)	0	0	(40,262)	(33,087)
Financial liabilities:						
- Trade and other payables	12	(207,674)	0	0	(207,674)	(213,339)
		(247,936)	0	0	(247,936)	(246,426)
Total Assets less Total Liabilities		61,428	9,782	0	71,210	51,684
Taxpayers' Equity						
General fund	SOCTE	23,837	0	0	23,837	18,402
Revaluation reserve	SOCTE	33,377	0	0	33,377	19,851
Other reserves	SOCTE	4,214	0	0	4,214	3,405
Funds Held on Trust	SOCTE	0	9,782	0	9,782	10,026
Total taxpayers' equity		61,428	9,782	0	71,210	51,684

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2019

Notes to the Accounts

23C. CONSOLIDATED STATEMENT OF CASHFLOWS


	Note	2019 Board £000's	2019 Endowments £000's	2019 Consolidated £000's	2018 Consolidated £000's
Cash flows from operating activities					
Net expenditure	SOCTE	(360,172)	(603)	(360,775)	(368,996)
Adjustments for non-cash transactions	2a	(255)	0	(255)	20,195
Add back: interest payable recognised in net operating expenditure	2b	13,613	0	13,613	8,202
Investment income		0	(177)	(177)	(282)
Movements in working capital	2c	(3,663)	636	(3,027)	1,963
Net cash (outflow) / inflow from operating activities		(350,477)	(144)	(350,621)	(338,918)
Cash flows from investing activities					
Purchase of property, plant and equipment	7d	(4,387)	0	(4,387)	(14,075)
Purchase of intangible assets		0	0	0	(84)
Investment Additions		0	(11,348)	(11,348)	(13)
Proceeds of disposal of property, plant and equipment	10	0	0	0	0
Receipts from sale of investments		0	11,222	11,222	64
Interest and dividends received		0	177	177	282
Net cash (outflow) / inflow from investing activities		(4,387)	51	(4,336)	(13,826)
Cash flows from financing activities					
Funding	SOCTE	373,600	0	373,600	363,619
Movement in general fund working capital	SCOTE	10	0	10	(116)
Cash drawn down		373,610	0	373,610	363,503
Capital element of payments in respect of finance leases and on-balance sheet PFI		(5,123)	0	(5,123)	(2,794)
Interest paid	2b	28	0	28	(10)
PFI Contracts: Interest element of finance leases and on-balance sheet PFI	2b	(13,641)	0	(13,641)	(8,192)
Net Financing		354,874	0	354,874	352,507
Net Increase / (decrease) in cash and cash equivalents in the year		10	(93)	(83)	(237)
Cash and cash equivalents at the beginning of the year		107	1,595	1,702	1,939
Cash and cash equivalents at the end of the year		117	1,502	1,619	1,702
Reconciliation of net cash flow to movement in net debt/cash					
Increase/(decrease) in cash in year	11	10	(93)	(83)	(237)
Net cash at 1 April		107	1,595	1,702	1,939
Net cash at 31 March		117	1,502	1,619	1,702



Dumfries and Galloway 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