



DUMFRIES AND GALLOWAY NHS BOARD

Annual Report and Accounts For Year Ended 31 March 2021



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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 2020 to 31 March 2021; 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 12th July 2021.

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

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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

2020/21 has been an extraordinarily difficult year for NHS Dumfries & Galloway. As a result of the Covid-19 pandemic, the Board has operated in an emergency response mode throughout the year to ensure decision making at operational level is supported by detailed planning assumptions and an appropriate governance framework. The pandemic has dominated almost all aspects of service provision this year and placed unprecedented pressures on our clinical and support teams, particularly in January and February of 2021. During the year we have rapidly redesigned services and pathways both to deal with Covid-19 and to try to maintain other healthcare services.

We are enormously grateful to our staff, to our volunteers and to our partner agencies who have successfully delivered our response to this crisis month after month. We end the year with mass testing available, our vaccination programme well underway and falling rates of Covid-19 across the region. This can give us a cautious optimism that the worst of the pandemic may be over and that we can move past our emergency response in 2021/22.

We are acutely aware of the disruption caused by the pandemic to our usual service model and to the additional waits for elective treatment and other therapies that our patients have experienced. I would like to offer my personal apologies to all patients who have had to wait longer for treatment than would otherwise have been the case this year. We have tried to maintain safe and rapid patient pathways in the most critical areas (including cancer care) and have used remote consultation technologies to try to mitigate this disruption as far as possible. However, our overall performance against our access targets has deteriorated significantly and recovery in this area will be one of the Board's key priorities. This recovery will not be rapid, but we aim to demonstrate consistent improvement through 2021/22.

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 as to deliver excellent care that is person-centred, safe, effective, efficient and reliable and to reduce health inequalities across Dumfries and Galloway. The outcomes expected are:

- 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.

During 2020/21 the service delivery model had to be adapted as short notice, and four of the community hospitals were closed to routine admissions and were retained on standby as part of the surge plan for additional Covid-19 beds. They remained open for various other activities and were used to support the vaccination programme. Additional community beds were created in Dumfries at short notice and opened on a temporary basis in January 2021 to support the response to the second wave.

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 so as a result there is no set aside budget, with the majority of clinical services delegated. 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.

Upon its inception the IJB developed a Strategic Commissioning Plan which originally related to 2016-2019, and was subsequently agreed to be extended to March 2022 when a new plan will be in place. The development of this new Plan is currently underway with consultation taking place during May to August 2021 with an ambition to be approved by March 2022. This plan builds on the learning from the initial plan and despite the Covid-19 pandemic it is ambitious in its desire to engage and consult with the public and community about changes to Health and Social Care over the new commissioning period (2022-2025). The plan is available on the partnership website (www.dghscp.co.uk).

The operational delivery of NHS services is delivered through the Health and Social Care Partnership led by the IJB Chief Officer who also has a dual role as Chief Operating Officer for the NHS Board. 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

The NHS Board agreed a range of Tactical Priorities for 2020/21 at the February 2020 meeting but rapidly had to revise them post March when the impact of the pandemic was becoming evident, the tactical priorities focussed on transformational change and are summarised below:

- Improvements in elective waiting times to trajectories agreed in the Annual Operational Plan
- Continued focus on Health and Social Care Integration and establishment of Home Teams
- Improvements in Mental Health including Psychological Therapies waiting times and Community Redesign
- Capital planning including estate upgrade and rationalisation
- Financial planning and sustainability including development of our Sustainability and Modernisation Programme
- Supporting regional and national initiatives
- Workforce challenges in relation to recruitment and also staff well being initiatives
- Development of our Public Health Committee
- EU Withdrawal including work to minimise the impact of withdrawal and support business continuity.

The impact on delivery of these objectives was seen in year with the suspension of all Elective work in March 2020 to release beds and workforce capacity to deal with the anticipated increased activity of the Pandemic. This has resulted in a significant backlog of elective work which now requires to be undertaken to return performance to levels being met pre pandemic. In addition much of the regional and national work was also paused although where it was undertaken it focussed on mutual aid for Covid-19 activity and critical service sustainability issues.

It became apparent in the early stages of the response that the initial priorities needed to be revised given the significance of the pandemic on the Board. As the Scottish Government was directing Boards through the emergency Covid-19 legislation, NHS Boards were required to implement their Pandemic Plan and operate with Gold, Silver and Bronze Commands (later renamed as Strategic, Tactical and Operational) to support rapid decision making throughout the Covid-19 response and lead on the development of Mobilisation Plans which transformed into Remobilisation plans as we progressed through the various Pandemic phases.

Reflecting the ongoing need to support Covid-19 activity whilst acknowledging that the remobilisation and redesign ambitions needed to be refocused Board agreed five revised priorities in September 2020 which are set out below:

- Development of new services as part of the Test and Protect as part of Public Health Pandemic Surveillance requirements
- Delivery of the Flu and Covid-19 Vaccination Programme
- Establishment of 'Home Teams' across all Localities
- Redesign of Unscheduled Care and implementation of Urgent Care Hub
- Remobilisation of Elective Care

The NHS Board (including services delegated to the IJB) delivered a breakeven position for 2020/21 despite the significant financial challenges and risks identified in the opening financial plan however there was a continued reliance on non-recurring savings and resources to deliver this.

The work of the Sustainability and Modernisation Programme has started to gather pace in year with the appointment of the Programme Director (who commenced in March 2020) and the release of some capacity to support the programme over the summer in between Covid-19 surges however the savings plan has been significantly impacted upon as a result of Covid-19 with most schemes being paused as operational services priorities were diverted towards supporting the pandemic.

Despite the pandemic our estates strategy was able to be moved forward with the successful sale of a section of the Nithbank site, however the overall capital programme including service developments and equipment replacements for the year have been impacted upon. Many of our capital projects were put on hold or delayed as a result of contractors being unable to operate during the first Covid-19 surge and also due to the re-directing of staff resources and priorities locally to support the response.

Performance Summary

2020/21 presented unprecedented challenges for health and social care across Dumfries and Galloway and standard financial and non financial performance reporting was significantly adapted during this time to support the ongoing response to the pandemic and the emergency footing governance arrangements put in place.

Non Financial Performance

The first two cases of Covid-19 in the UK were confirmed by 31 January 2020. The first positive cases in Dumfries and Galloway were identified on 16 March 2020.

Following direction from the Scottish Government, in March 2020 Dumfries and Galloway Health and Social Care Partnership started their emergency response to the pandemic. Many planned services were stopped whilst others changed their delivery model. Many staff were redeployed to assist with anticipated high levels of demand across the Partnership.

There were many issues that had to be addressed including:

- the supply and distribution of Personal Protective Equipment (PPE) across the Health and Social Care system
- adjustments to over 500 people's regular care and support 'packages' were required to respond to the needs presented by Covid-19
- the partnerships relationships with care homes changed significantly
- a vacant site was quickly kitted out to be used as temporary community beds in Dumfries

- The Test and Protect Team was established to support people who had tested positive for Covid-19 and to enable people's close contacts to be identified and tested. The contact tracing done by Test and Protect is one of the most effective ways to keep the spread of the disease under control. The Test and Protect team have contacted and supported thousands of people across the region.

In Dumfries and Galloway two waves of the pandemic have been experienced:

- The first wave was between March and May 2020. The peak of this wave occurred in April 2020 when there were 25 people in hospital with Covid-19.
- The second wave occurred between September 2020 and March 2021. In December 2020 a new, more contagious variant of Covid-19 brought new challenges. Services that were trying to restart and remobilise had to once again prioritise managing the impacts of Covid-19. Staff were redeployed to support services that were hardest hit. The peak of this second wave occurred in January 2021 when there were 75 people in hospital with Covid-19.

Overall, between the start of the pandemic and 10th June 2021, over 180,000 PCR Covid-19 tests have been carried out across Dumfries and Galloway during this same period 4,278 people tested positive for Covid-19. To the 31st March 2021 there were 488 admissions to hospital for Covid-19 and 153 people were identified as having died within 28 days of a positive Covid-19 test. The average length of stay for someone with Covid-19 in a hospital in Dumfries and Galloway was 9.8 days and in total over 4,700 hospital bed days were used to treat Covid-19 across the region.

During the period of June to October 2020, the Partnership focused on adapting services to reflect the heightened infection prevention and control measures needed to combat Covid-19 and rapidly expanding Covid-19 testing capacity across the region. We rolled out training and technology to enable many more video and telephone consultations. We had to rethink how people could access our premises, with additional cleaning and social distancing to keep people safe. Our clinical staff reviewed waiting lists that were likely to be impacted by necessary delays and identified ways to support people who had the most urgent needs.

Some services remained very much face to face, community nursing in particular, and whilst many services saw a cessation or reduction in activity many did not. Adult Support and Protection activity continued throughout Covid-19.

Some key performance elements during 2020/21 were:

- There were over 28,600 inpatient and daycase visits to hospital across Dumfries and Galloway. People attended a total of 223,600 outpatient appointments during 2020/21.
- Cancer treatment and services continued throughout the year. Data from October, November and December 2020 shows that 93.6% of people diagnosed with cancer started treatment within 62 days of their referral and was higher than for the same period in 2019 when the rate was 88.6%. The target is 95%. In October to December 2020, the rate across Scotland was 86.2%.
- Mental health services have also been maintained throughout 2020/21. Data from October, November and December 2020 shows that 67.8% of people referred for psychological therapies started treatment within 18 weeks of referral. This is similar to the rate achieved during the same period in 2019 when the rate was 68.1%. However, this rate is lower than the overall rate for Scotland which was 80.0%. The target is 90%.
- In October, November and December 2020, 96.1% of children and young people referred to Community and Adolescent Mental Health Services (CAMHS) started treatment within 18 weeks of referral. This is higher than the same period in 2019 when the rate was 88.6% and higher than the overall rate for Scotland which was 73.1%. The target is 90%.
- During 2020/21 there were just over 37,300 visits to the Emergency Departments across Dumfries and Galloway. This is lower than in 2019/20 when there were 52,790 visits. There were just over 19,400 emergency admissions during 2020/21 compared to 23,100 emergency admissions in 2019/20. These differences are linked to changes in people's behaviours brought about by the social restrictions and "stay at home" instructions from the Scottish Government.

The Covid-19 vaccination programme in Dumfries and Galloway started on 8 December 2020. In line with Scottish Government advice, the first groups of people to be vaccinated included care home residents and

staff, health and social care front line staff and people aged 80 years and older. Since then, the vaccination programme has broadened rapidly. This includes all people aged 65 and older, Carers and people at high risk due to existing health conditions. Over 182,000 doses of Covid-19 vaccine have been delivered in Dumfries and Galloway with more than 70% of people aged 16 and over having received their first dose up to end of 10th June 2021.

The complexity and impact of the Covid-19 lockdown is still being experienced by our population and this has affected people in different ways. It is anticipated this will be the situation for the foreseeable future.

Performance information for the Board and The Health and Social Care Partnership can be found on their websites (<https://www.nhsdg.co.uk/> and <https://dghscp.co.uk/performance-and-data>) with other performance information being available from other organisations including the following:

- NHS Performs brings together information on how hospitals and NHS Boards within NHSScotland are performing including: Accident and Emergency (A&E) performance; hospital waiting times; the numbers of cancelled operations; healthcare associated infections (HAI); numbers of patients who remain in hospital longer than they need to be (delayed discharges); numbers of hospital beds; hospital deaths. This can be found at <https://www.nhsperforms.scot/>.
- Information Services Scotland publishes reports on the various activities and performance of NHS Boards throughout the year. You can find up-to-date information on the ISD Scotland website <https://www.isdscotland.org/Health-Topics/>.

Consolidated Accounts

The Annual Accounts consolidate the results of Dumfries and Galloway Health Board, Dumfries and Galloway Health Board Endowment Funds and the IJB. The basis of consolidation, Note 1 Accounting Policies, is determined by the extent of the control Dumfries and Galloway Health Board can effectively exercise over each of its partner organisations. All Trustees of the Dumfries and Galloway Health Board Endowment Fund are members of Dumfries and Galloway Health Board. The Board therefore has majority control and, using the principles stipulated in IFRS10, must consolidate, in full, the financial results into the main Board accounts.

Voting membership of the IJB is split equally between members of Dumfries and Galloway Health Board and Dumfries and Galloway Council. The Board has exactly half of the controlling interest in the IJB and, under IAS28, is required to consolidate only this share of the net assets, as a Joint Venture. In accordance with the NHS manual for accounts, income and expenditure with the IJB is accounted for within the Board and the group.

The financial impact of consolidation is summarised below:

| 2020/21 Consolidated Net Assets | 2020/21 £000's | 2019/20 £000's |
|--|---------------------------|---------------------------|
| NHS Dumfries and Galloway | 54,024 | 71,434 |
| Integrated Joint Board | 8,205 | 1,270 |
| Endowment Fund | 11,092 | 9,862 |
| Consolidated Net Assets | 73,321 | 82,566 |

NHS Dumfries and Galloway Financial Performance

The results of each of the partner organisations, although consolidated with the main Board accounts for group accounting purposes, do not form part of the statutory financial target set for NHS Boards by the Scottish Government and are therefore not taken into account when considering the Board's in year financial performance. The Scottish Government requires NHS Boards to meet three key financial targets:

- a Revenue Resource Limit;
- a Capital Resource Limit; and
- a Cash Requirement.

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in Note 2 - the Summary of Resource Outturn on page 54.

The following table highlights the Boards delivery against these targets for 2020/21:

| 2020/21 Target Delivery | Limit as set by SGHSCD £000's | Actual Outturn £000's | Variance (Deficit)/Surplus £000's |
|--------------------------------------|--|----------------------------------|--|
| Core Revenue Resource Limit | 415,303 | 415,225 | 78 |
| Non-Core Revenue Resource Limit | 9,363 | 9,363 | 0 |
| Total Revenue Resource Limits | 424,666 | 424,588 | 78 |
| Core Capital Resource Limit | 4,204 | 4,110 | 94 |
| Non-Core Capital Resource Limit | 0 | 0 | 0 |
| Total Capital Resource Limits | 4,204 | 4,110 | 94 |
| Cash Requirement | 424,104 | 424,104 | 0 |

| Memorandum for in year outturn | £000's |
|--|---------------|
| Core Revenue Resource Variance (Deficit)/Surplus in 2020/21 | 78 |
| Financial flexibility: funding banked with/(provided by) Scottish Government | 77 |
| Underlying (Deficit)/Surplus against Core Revenue Resource Limit | 155 |
| Percentage | 0% |

A three-year financial plan was submitted to Scottish Government by NHS on 24th February 2020. Due to the impact of the Covid-19 pandemic, the Scottish Government paused the Annual Operating and financial planning process. Recognising the exceptional nature of 2020-21 and the impact on delivery of financial recovery plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards.

The Board was required to submit its Remobilisation Plan (replacement for Annual Operational Plan) to Scottish Government by the 31st March 2021. This plan includes details of how as a Board we plan to start to both remobilise and redesign services post pandemic but also living with the ongoing consequences. This plan includes the Boards financial plan and is for a one year period only recognising the continuing volatility of the current position and will require a further refresh six months into 2021/22. The remobilisation plan was approved by Scottish Government on 2nd April 2021 and was subsequently presented to NHS Dumfries and Galloway Board on 12th April 2021. Further discussions with Scottish Government are ongoing in relation to the management of the financial position.

The Board had a savings target of £26.6m at the start of 2020/21 with a savings plan of £11.1m identified at that stage for delivery in year. As a result of Covid-19 plans were paused and SG provided additional financial funding to Boards to support gaps in savings plans and also provide resource to implement the services required for the Covid-19 response. With savings of only £1.2m delivered recurrently the Board is moving into 2021/22 with a significant financial gap.

The overall financial position was relatively volatile during the year with a number of under spends emerging that weren't anticipated in the opening financial plan. The key ones are summarised below:

- Activity driven spend including surgical sundries, laundry costs, Central Sterilisation Services Department (CSSD) and reductions in unplanned care
- Service Level Agreements (SLAs) fall in activity
- Underutilised access funding (but with recurring pressures)
- Reduction in anticipated workforce costs as a result in slowing down or pausing recruitment on vacant posts, existing staff being deployed into Covid-19 roles and pausing of service redesign
- Travel costs, Course Fees, Training and Patient Travel
- Printing, stationery and postage costs

- Council tax and other rebates
- Specific projects were put on hold or paused

There has also been a number of areas where additional in year pressures have emerged including increased cost of cancer drugs, activity in laboratories, eHealth costs through home working, telephone and loss of income.

Uniquely during 2020/21 NHS Boards were provided additional financial support to ensure resources were available to the Health and Social Care Partnership to respond to the Covid-19 pandemic, for Dumfries and Galloway this totalled £31.057m. Included within this total was £7.5m which was passed across to the Local Authority for social care costs. The overall funding was used to support a range of additional costs for the immediate Covid-19 response including the provision of surge capacity for general and critical care beds, additional equipment, additional workforce requirements, support to third and independent sector providers and extending public health services. Due to the nature of Covid-19 spend there was a level of year end flexibility in relation to this funding which the Partnership is carrying forward into 2021/22 through IJB reserves.

Payment Performance

The Scottish Government continues to be 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 | 2020/21 | | 2019/20 | |
|-----------------------------|----------------|---------------|----------------|---------------|
| Average credit taken (days) | 7 | | 7 | |
| Invoices Paid | Value | Volume | Value | Volume |
| Within 30 days | 97.19% | 97.52% | 96.93% | 98.14% |
| Within 10 days | 88.17% | 89.90% | 87.98% | 89.71% |

Fraud, Bribery and Corruption

NHS Dumfries and Galloway has a zero tolerance for fraud, bribery or corruption. Staff are updated regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness initiatives were progressed during the year including targeted awareness in relation to Once for Scotland policies.

NHS Dumfries and Galloway has robust procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e Standards of Business Conduct, Standing Orders, Standing Financial Instructions), financial procedures, systems of internal control and risk assessment and not least a comprehensive counter fraud policy and action plan. The Board takes part in a post payment verification system which covers all Family Health Service expenditure.

NHS Dumfries and Galloway works closely with other organisations, including Counter Fraud Services (CFS), the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud and participates in the bi-annual National Fraud Initiative exercise which is a data matching exercise.

The programme of patient exemption eligibility checking within the CFS Patient Claims Team (PCT) was suspended in April 2020 due to the Covid-19 pandemic. The PCT were subsequently redeployed to work in the NHS Scotland Test and Protect contact tracing programme. In addition to this, Dental and Ophthalmic services were severely disrupted and restricted for a large part of 2020. As a direct result of this interruption to service provision and combined with the lack of sampled exemption claim cases, there is not sufficient information available to CFS to allow for a robust and meaningful extrapolation calculation to be produced this year. The PCT resumed their programme of work in January 2021, and CFS anticipates that the production of the annual Extrapolation calculation will resume in 2022.

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.keepsotlandbeautiful.org).

[Signature]

A handwritten signature in black ink, appearing to read 'J Ace', written over a yellow rectangular background.

J Ace
Chief Executive and Accountable Officer

20/7/2021

THE ACCOUNTABILITY REPORT

Overview

The purpose of the Accountability Report is to set out how the Board meet key accountability requirements to Parliament. It comprises three key sections:

- Corporate Governance Report

This explains how NHS Dumfries and Galloway has been governed during 2020/21, including membership and organisation of our governance structures and how they support the achievement of the objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement. The Corporate Governance Report is set out from page 10.

- Remuneration and Staff Report

This sets out the remuneration policies for Non-Executive Directors and the Executive Directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities. It also provides further detail on remuneration and staff expenditure. The Remuneration and Staff Report is set out from page 24.

- Parliamentary Accountability and Audit Report

This brings together key information to support accountability to Parliament, including a summary of losses and special payment, fees and charges and remote contingent liabilities. The Parliamentary Accountability and Audit Report is set out from page 32.

CORPORATE GOVERNANCE REPORT

A) The Directors Report

Date of Issue

The Accountable Officer authorised these financial statements for issue on 12th July 2021.

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 | | |
| Chairman | Mr N Morris | To: 19 th June 2020 From: 01 st April 2020 From: 22 nd July 2020 |
| Vice Chair | Mrs P Halliday | |
| Member | Dr L Douglas | |
| Member | Ms G Cardozo | |
| Member | Ms L Bryce | |
| Member | Ms M Gunn | |
| Member | Ms R Francis | |
| Member | Ms M Caig | |
| Employee Director | Mrs V Keir | |
| Chair of Area Clinical Forum | Mr B Irving | |
| Local Authority Representative | Mr A Ferguson | |
| Executive Board Members | | |
| Chief Executive | Mr J Ace | |
| Nurse Director | Mrs A Wilson | |
| Medical Director | Dr K Donaldson | |
| Director of Finance | Mrs K Kerr | |
| | (previously known as 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 2021 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.co.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 2020/21 the Boards auditors, Grant Thornton UK LLP received no fees in relation to non audit work.

Public Services Reforms (Scotland) Act 2010

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

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.co.uk).

Personal data related incidents reported to the Information Commissioner

During 2020/21 seven incidents were reported to the Information Commissioner Office (ICO). On all of which the ICO decided that the Board need take no further action however recommended that based on their investigations into these incidents that the Board should implement improvements to protect paper records held in storage and to ensure that mandatory repeatable data protection training is undertaken by all staff. Both recommendations have been progressed by the Board during the year.

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 Government's Financial Reporting Manual and in particular to:

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

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

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

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 are then appointed to the five Standing Committees and have the opportunity to scrutinise and challenge the Board's executive management.

In addition, as explained in the Directors report, all Board members are Trustees of NHS Dumfries and Galloway Endowment Fund and are accountable in law for discharge of the key duties of a Trustee as described in Section 66 of the Charities and Trustees Investment ("Scotland") Act 2005.

The Directors report also explains the establishment of the Integration Joint Board (IJB). Under the terms of the Public Bodies (Joint Working)(Scotland) Act 2014 the Health Board and Local Authority delegate the responsibility for the strategic planning and delivery of adult health and social care services to the IJB. The delegation of services is governed by an integration scheme agreed by both partners, details of the IJB delegated roles and responsibilities can be found within the IJB strategic plan on the website (<https://dghscp.co.uk/>).

The Board operates within an assurance framework which delegates specific governance functions to key sub committees, the conduct and proceedings of the Board are set out in its Standing Orders which describe how the Board in a routine year works and which matters the Board has reserved for its approval. The standard operating committees of the Board are Healthcare Governance Committee; Person Centred Health and Care Committee; Audit and Risk Committee; Performance Committee and Staff Governance Committee. You can find the Standing Orders (and other key documents) on the Board's website under the About Us section (www.nhsdg.co.uk).

The terms of reference for each of the standing governance committees are also included in the Standing Orders. At its meeting in December 2019 the Board agreed to establish a Public Health Committee. Due to the Covid pandemic this was paused and whilst an initial Terms of Reference was agreed this wasn't progressed. It is planned that this will be established during 2021/22.

In addition the Remuneration Sub-Committee which reports directly to the Staff Governance Committee is responsible for ensuring the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board. 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 guidance, determined by the Remuneration Sub-Committee. This continued to operate during the pandemic and no significant issues were identified.

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 group met four times this year and have been assured in all areas of information governance over this period.

Temporary Governance Framework

On the 16th March 2020 agreement was given to suspend the Board Governance Committees due to the impending threat of COVID-19 and the lockdown restrictions that were being proposed and ultimately implemented. NHS Dumfries and Galloway instigated the major incident command and control structure to deal with the impending emergency and to implement the service changes that were required to be put in place to minimise the spread, impact and mortality of the pandemic on the population of the region.

The following sets out the temporary governance changes agreed by NHS Board during the year taking account of the guidance received from Scottish Government throughout:

| NHS Board Meeting Date | Temporary Governance Changes agreed |
|----------------------------|---|
| 6 th April 2020 | <ul style="list-style-type: none"> • Due to the restrictions with meeting in groups, NHS Board Meetings were closed to the public and the meetings were conducted electronically via Microsoft Teams with immediate effect. • All Board governance committees were suspended and any urgent items that would normally have gone to the committee were taken through NHS Board for review or a decision. • NHS Board meetings moved from bi-monthly to fortnightly to ensure that NHS Board Members were fully aware of the current impact of the pandemic. • Whilst ensuring that all of the key items that would normally be taken to Board to meet the legislative and regulatory requirements would still be added to the agenda, the key focus point would be around COVID and providing the most up to date information to NHS Board Members. • Quoracy levels for NHS Board were adjusted to reflect the current situation, with the quoracy levels moving from the Chair, 2 Executive Directors and 5 Non-Executive Members, to the Chair, 2 Executive Directors and 3 Non Executive Members. • NHS Board accepted an amended governance format to NHS Board meetings, which meant that more verbal updates rather than formal papers would be accepted. • Acknowledgement of the Command and Control structure that had been implemented as part of the Major Incident arrangements. |
| 25 th May 2020 | <ul style="list-style-type: none"> • Decision to move to monthly NHS Board meetings, rather than the fortnightly meetings with effect from 1st June 2020. |

| NHS Board Meeting Date | Temporary Governance Changes agreed |
|--|---|
| 25 th May 2020 (continued) | <ul style="list-style-type: none"> • Re-establishment of the Audit and Risk Committee, Healthcare Governance Committee and Staff Governance Committee, which would also include the Remuneration Sub-Group as from 1st June 2020 on a governance lite format similar to the one introduced at NHS Board. This was to recognise the challenges with workload and capacity within the Board, whilst acknowledging that NHS Board needed assurance on the appropriate management and delivery of health services at each stage of the pandemic. • Revisions were made to the members of the Board Governance Committees and presented to Board for noting. • Quoracy levels for the Board Governance Committees that had been re-established was reviewed and agreed to remain at 50% of the membership. |
| 10 th August 2020 | <ul style="list-style-type: none"> • Proposal to make the Board Meetings more accessible to the public by recording the meetings was put on hold as a Once for Scotland approach to public accessibility to meeting during the pandemic was being developed. Agreement was given to maintain the current arrangements until notice of the national guidance was received. |
| 7 th October 2020 | <ul style="list-style-type: none"> • Continue with the monthly meetings until the end of March 2021. Reviewing the arrangements for 2021/22 in January 2021. • There was a delay in receipt of the national approach to public accessibility to the meetings, therefore, agreement was sought from both Scottish Government and NHS Board members to record the public Board meetings from November 2020 and upload the recording to the website as soon after the meeting concludes as possible. • Person Centred Health and Care Committee for formally disbanded as a Board Governance Committee, recognising that there is still a requirement to have a platform for discussing various topics, including update on the volunteers programme. • Quoracy levels for NHS Board were reviewed and NHS Board members agreed that the levels should be amended from the Chair, 2 Executive Directors and 3 Non-Executive Members, to the Chair, 2 Executive Directors and 4 Non Executive Members. • Further revisions were also made to the committee membership following the resignation of one of the Non Executive Board Members in summer 2020. • The re-establishment of the Performance Committee was discussed and it was agreed that this committee would remain stood down for the time being with any essential items that would normally be taken through committee, would be reviewed and a decision made on them, if required, at the In Committee Board Meetings. |

| NHS Board Meeting Date | Temporary Governance Changes agreed |
|----------------------------|--|
| 1 st March 2021 | <ul style="list-style-type: none"> Healthcare Governance Committee to return to full governance arrangements from 1st March 2021. |

The Cabinet Secretary for Health and Sport wrote to NHS Scotland on 17th May 2020 extending the professional accountability of Nurse Directors in Territorial Boards to include the need to ensure appropriate professional and clinical oversight of care homes and care at home services during the Covid pandemic for the period 18th May 2020 to 30th June 2021. As a result of this the Board set up a Care Home Oversight Group, initially meeting daily. This group continue to operate and now meets on a twice weekly basis. A paper was presented to Board in August 2020 which set out the governance and reporting arrangements.

The table below demonstrates the activity of the NHS Board and Standing Committees in 2020-21:

| Committee | Chair | Quorate Meetings Held 2020/21 |
|---|----------------|-------------------------------|
| NHS Dumfries and Galloway Board | Mr N Morris | 13 |
| Healthcare Governance Committee | Mrs P Halliday | 4 |
| Audit and Risk Committee | Dr L Douglas | 4 |
| Performance Committee | Mr N Morris | 0 |
| Staff Governance Committee | Ms L Bryce | 5 |
| Person Centred Health and Care Committee* | Mrs P Halliday | 0 |
| *this meeting was formally stepped down in October 2020 | | |

Public Board meetings were unable to go ahead as the pandemic set in, as a result there were 4 Board meetings in April and May where the public were unable to attend due to Covid-19 restrictions; the minutes were published on the website. From June the meeting papers and minutes were made public, but the public were still not allowed to attend and from November 2020, meetings were recorded and the recording, papers and minutes for each meeting were published on the website.

As noted under the summary of temporary governance arrangements Person Centred Health and Care Committee was stood down on 6th April 2020 and was disbanded on 7th October 2020. Performance Committee was stood down on 6th April 2020 and was not reinstated during 2020/21.

Operation of the Board

2020/21 has been dominated by the Covid-19 response, the Board has operated in an emergency response mode throughout the year and many areas of routine work have not been delivered upon as the pandemic placed unprecedented pressures on our clinical and support teams, some of which are described below.

It became very evident during 2020 that the Pandemic Plan in place did not support the response required for the emergence of a novel virus. The plan was revised and updated during 2020/21 but will need ongoing review and refinement based on the learning from the Covid-19 pandemic. In addition business continuity plans require to be reviewed to ensure that the revised working arrangements adopted during the pandemic are factored in.

Operational Management Arrangements during Covid-19 response

A key component of the operational response to the pandemic was a revised organisational command and control structure that operated throughout. This had three formal levels for direction and decision making as follows:

- Strategic (Gold) - to provide strategic direction and co-ordinate the sourcing of support for the NHS Board, Chaired by the Chief Executive or the on-call Executive Director, and accountable directly to the Board.
- Tactical (Silver) - to co-ordinate the allocation of resources in line with agreed priorities, and provide tactical planning to identify and address emerging issues. These included ensuring appropriate

decisions were made with respect to advice, commissioning and prioritisation. Chaired by the Chief Officer and accountable directly to Strategic Pandemic Control.

- Operational (Bronze) – one for each operational area to provide advice to Tactical and enable implementation of decisions and directions relating to work streams. All Operational were led by a General Manager or Director and were accountable to Tactical.

These groups were supported by the Strategic and Tactical Local Resilience Partnerships which brings together individuals from across Dumfries and Galloway including NHS, IJB, Police, Local Authority and Fire and Rescue.

The command and control pandemic response arrangements were formally initiated during March 2020 and were only subsequently stepped down early May 2021.

Covid-19 recovery and remobilisation plans

The delivery of the National Waiting Times access targets has been extremely challenging given the suspension of elective work due to the Pandemic. Performance has significantly departed from the legislated Treatment Time Guarantee (TTG). This is consistent with all other Territorial Health Boards.

Additionally the work of the regional health improvement team which focuses on strategic health improvement work and addressing health inequalities was stood down during the year which requires to be addressed.

A remobilisation plan (RMP3) for 2021/22 has been approved and officially signed off by Scottish Government and outlines the recovery plan of planned care across all directorates and specialties. It also outlines our ongoing Public Health response to support the Covid-19 pandemic, remobilisation of Screening services and our Sustainability and Modernisation Programme. In addition specific focus is given to development of Mental Health and Psychology services given the longer term impact on Wellbeing that is evident as a result of the pandemic.

General operations of the Board

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.

NHS Dumfries and Galloway consult with all of its key stakeholders, this is continued focus for the year ahead, with further planned on community engagement and co-production. For 2020-21 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. The focus of this work during 2020-21 has been to support the Integration Joint Board in the development of the Strategic Commissioning Plan, with significant consultation and engagement work being undertaken through online and digital methods as face to face discussions have not been possible.

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. During the year Healthcare Governance Committee received confirmation that significant assurance was received from an internal audit on the complaints process, however Committee felt that they had not received significant assurance about learning from complaints and patient experience which affected the Committee ability to offer overall assurance regarding learning.

We communicate with staff through various channels to ensure greater engagement and to encourage them to contribute to the 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. During the year we have enhanced our briefings with weekly (at some points daily) Covid-19 briefings providing essential Covid-19 related information to colleagues and partners, with any urgent information being issued separately. The Core Briefing continued to pick up any non-Covid and non-urgent or operational information. The #OnTheGround newsletter, issued on a monthly basis, celebrates staff and volunteer achievements, positive news and updates, and significant developments within the health and social care partnership.

The Board has a Whistleblowing policy in place for staff. The policy 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. During 2020-21 the Medical Director was the Boards designated whistleblowing lead and Ms M Caig, was the Non-Executive Champion. Operationally two senior managers are designated as Whistleblowing confidential contacts who are available to staff to raise appropriate concerns in a confidential manner. During 2020-21 the organisation received one Whistleblowing concern which is still being investigated.

The Board requires to have a policy framework in place. As part of the 2020/21 internal audit plan an audit was undertaken on this area internal control. Although this has only just completed and has not yet been to Audit and Risk Committee the audit has indicated that this is an area where limited assurance can be provided. The recommendations focus on the update of the document review policy which is now past its review date and a range of improvements to the processes in relation to policy management proposed by audit. An action plan has been developed to implement the audit recommendations and these will be reported to Audit and Risk Committee on a regular basis as part of the regular review of progress on limited assurance audits.

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) and this is reviewed annually.

Risk Management

NHS Dumfries and Galloway are subject to the requirements of the Scottish Public Finance Manual (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.

Risk Management is an essential feature of a modern healthcare organisation and although a risk free environment is impossible, much can be done to manage risk by having comprehensive policies and procedures that cover and permeate all areas of Board activities.

NHS Dumfries and Galloway has in place a risk management strategy (2021-2024) which was refreshed in April 2021 and forms a key part of the systems of internal control which ensures that staff, patients, visitors, the Boards reputation and finances are protected through the process of risk identification, assessment, control and elimination or reduction.

The aims of the strategy are:

- To develop a proactive approach to risk management
- To manage risk to an agreed and acceptable level and in particular the risk of harm to patients and staff
- To support the organisation in creating a culture of continuous improvement
- To ensure that there is a system of comprehensive organisational engagement in risk management activity
- To ensure the organisations policies and procedures support practitioners and managers to include risk management in decisions and improve and drive effective decision making
- To provide an educational framework that encourages the sharing of knowledge relating to both risk assessment and risk management to create a shared understanding.

The Audit and Risk Committee supports the Board in their responsibilities for risk, risk control and risk governance and associated assurance through constructive challenge. A quarterly report is provided at each meeting as well as an Annual Report.

The Risk Executive Group (REG) was established in January 2015 to oversee arrangements for risk management and ensure NHS Dumfries and Galloway has appropriate governance arrangements in place to

maintain operational co-ordination of risk management, in accordance with the Board's Risk Management Strategy. REG membership comprises of the Chief Executive, the Executive Director for Nursing, Midwifery and Allied Health Professionals (NMAHP) and the Director of Finance, the Patient Safety Improvement Team Manager, the Risk Manager and the Board Corporate Manager. The Risk Executive Group currently meets monthly.

Risk Management responsibilities are delegated to the Risk Executive Group continues to provide the direction on risk for NHS Dumfries and Galloway. It reports on a quarterly basis to the Audit and Risk Committee to provide assurance on the effectiveness of the arrangements in place.

Risk arrangements at a tactical level have been affected by the pandemic, the previously introduced Tactical Health, Safety and Risk Group which reported directly to the Risk Executive Group has not been able to meet this year and its current terms of reference is now being reviewed.

Temporary arrangements were put in place from August 2020 to bring together individuals with key risk management roles to support the development of the risk management strategy and policy and this has now been replaced by the Risk Oversight Group to oversee the implementation.

In addition to the specific risk management training that has been undertaken during the year there are training programmes available to all staff which depending on the area of work includes training on risk assessments, health and safety, hazardous substances, general awareness of safety and display screen equipment risks, moving and handling and violence and aggression.

During 2019-2020 NHS Dumfries and Galloway's Internal Audit Team conducted its tri-annual review of NHS Dumfries & Galloway's Risk Management arrangements and reported a limited level of assurance on risk management. The audit identified a number of areas that required immediate action including a review and refresh of the organisational risk registers and the associated processes around ownership, review and management of risk.

The planned programme of work around Risk Management was paused in March 2020 as staff from the team were redeployed into other roles as a result of Covid-19 which had a significant impact on in year progress however a number of areas were progressed:

- The Risk Management Strategy and associated policy and procedures were refreshed; the Strategy was approved by the Board in April 2021.
- Significant changes have been made in year to the Risk Management Module (Datix) which contains the Risk Registers for the organisation. The Risk Register Module has been rebuilt and the new Risk Register form went live in early December 2020. Feedback from users helped to further enhance functionality. The new risk assessment form which reflects more clearly the operational, tactical and strategic risks and specialties was completed by the target date of March 31st 2021.
- Each Director and Corporate Team Leader engaged in a review of their risk register and over 500 risks (redundant or duplicate) had been removed from the organisation's Risk Registers. The process of adding the remaining risks is now ongoing and is due to be complete by August 2021. This was supported by the Risk Team to embed risk into all management processes.
- The Corporate Risk Register has been monitored and reviewed throughout the year and is overseen by Management Team, Board and Audit and Risk Committee. Each of the standing committees will continue to review their section of the Corporate Risk Register.
- The onset of the Pandemic in March, 2020 interrupted delivery of agreed Risk Management Training however the team have been able to provide various levels of training throughout the organisation during the year. In addition a Board members workshop took place in April 2021 to start the process of reviewing the role of the Board in Risk Management with further workshops required to complete this work.
- The formation of the Risk Oversight Group in February 2021 to oversee the implementation of NHS Dumfries and Galloway Risk Management Strategy and associated policies to ensure they are consistently and comprehensively adopted.
- All risk information and guidance is now hosted on the Boards intranet site to ensure easy access by all staff. This includes the Risk Management Strategy and Policy, Risk Management Guidance, Risk

Management Tools and links to other associated internal and external web sites e.g. Health and Safety Executive, Occupational Health and Safety (SALUS), Scottish Patient Safety Programme (SPSP) and Datix.

Although a number of improvements have been made during the year Audit and Risk Committee are not yet fully assured that Risk Management is fully embedded with the Board and continue to seek assurance that the recommendations from the internal audit are addressed in a timely fashion. Some of the areas which continue to require further work are:

- Ensuring that Social Care staff and other Non NHS staff can report Adverse Events and Risks directly into Datix has not progressed this year. A workaround is in place to ensure that Risks and Adverse Events are recorded.
- At the request of Board a review of the Board's approved Risk Appetite Framework to ensure the appropriate tolerance levels for risk is managed and embedded within Risks Management organisation wide.
- Working with Directorates to further improve compliance with response times in respect of Internal & External Hazard and Safety Notices and Alert.
- Improved information reporting in the form of a data dashboard.
- Transfer of project risk registers on to the Datix system and regular reporting of these.
- Continuation of staff training.

Corporate Risks continue to be managed through the Risk Executive Group. Routinely these would be reported to Audit and Risk Committee, with clinical risk reporting through to Healthcare Governance Committee, staff risks reporting through Staff Governance Committee and risks related to information governance, security and privacy reported through Information Assurance Committee. As a result of the amended governance arrangements reporting has not been as regular as it would be expected. As part of the implementation of the Risk Management Strategy all corporate risks have been reviewed, this included the addition of four new risks during the year and the downgrading of one very high risk to high (sustainable workforce).

The Board is currently managing 20 corporate risks covering a variety of areas including staffing, health inequalities, financial risks, infrastructure and Covid-19. Currently 16 risks are graded as High and the remaining 4 risks as Medium. 8 risks are at the target level.

When identifying the risk level to the organisation both the likelihood and impact are scored and combined to produce an overall risk level rating of Low, Medium, High or Very High. Judgments about the acceptability or tolerability of a risk will depend on the context and the potential for the safe management of the risk, it also takes into consideration the present controls in place.

The score for likelihood is based on the likelihood of the event taking place at all or occurring or re-occurring and ranges from rare to its being almost certain. The score for impact is the potential scale and the impact of an event arising from the risk ranging from insignificant to a catastrophic event.

The table below shows the range of the current 20 risks across the risk matrix:

| | | IMPACT | | | | |
|------------|----------------|------------|-------|----------|-------|---------|
| | | Negligible | Minor | Moderate | Major | Extreme |
| LIKELIHOOD | Almost Certain | | | 1 | | |
| | Likely | | | 4 | 8 | |
| | Possible | | | 3 | 2 | 1 |
| | Unlikely | | | | 1 | |
| | Rare | | | | | |

| Key | Low | Medium | High | Very High |
|-----|-----|--------|------|-----------|
|-----|-----|--------|------|-----------|

Further information on how the level of risk is assessed and what it means can be found on the Board website (<https://www.nhsdg.co.uk/publications/>) under health board policies section - risk register policy and procedure.

Assessment of corporate governance performance

Board Governance

During 2020/21 the Board established a Corporate Governance group to progress the work of the Once for Scotland Governance work and the Blueprint for governance. This work has been substantially slowed due to the pandemic but progress has been made in the latter part of the year in relation to review of Board and Committee minutes, Board assurance arrangements and development of a new template for Board reports. This group has a workplan which will be further progressed during 2021/22.

A number of workshops were facilitated during the year for Board members including sessions on the remobilisation plan, winter pressures, the Sturrock Report and Action plan and the strategic plan.

Leadership walk rounds were paused during the year and Healthcare Governance Committee have discussed a new patient safety walkround process, virtual due to Covid, and the concern that walkrounds had been stopped during the pandemic.

In addition to routine business the Board have received and discussed the revised command structure, surge plans, pandemic plan and remobilisation plans and used these to set annual tactical priorities.

Financial Governance

Financial Management has been intensive this year with the need to live forecast the likely impact of Covid-19 on budgets, adherence did remain strong during the year and a balanced financial position was achieved for 2020/21 as a result of cessation of elective activity and significant additional funding support from Scottish Government for Covid-19 expenditure. The Board still has a significant underlying financial deficit moving forward which the Board are aware of through regular reporting cycles, the Remobilisation plan outlines measures that the Board is considering to address projected future deficits. The work of the Sustainability and Modernisation Programme has progressed over the last 12 months despite the pandemic with a number of opportunities emerging to transform services and a unique opportunity to review models of care post pandemic. The Board has received regular reports on the progress within the Programme in year.

Staff Governance

Staff Governance Committee have reported that a number of routine areas of work for staff have fallen behind as a result of the emergency response. In particular annual appraisals (exceptions to this are the Executive Cohort and Medics appraisals programmes which have been undertaken as normal during this period, due to their interconnectedness to pay); reporting; exit interviews and mandatory training have all been affected. This is a priority area for 2021/22.

During the year we have also seen a rise in grievances and employment tribunals relating to harassment and victimisation. Staff governance has been tasked with prioritising wellbeing for 2021/22 as one of their priorities. Significant investment in staff welfare projects has been prioritized with funding being provided by Endowments

The Board has identified a Spiritual Care Lead, however, due to Covid restrictions they have been unable to take up the post, this affects the Boards ability to comply with our legal responsibility regarding Spiritual Care. It is anticipated that once restrictions lift this situation will be rectified.

Clinical Governance

During the year two issues arose within our Central Services Sterilisation Department (CSSD). One involved a batch of items which didn't reach the required temperature that should have been re-processed and one where there was inadequate processes in place for recalling packs that had exceeded their sterilisation date. Whilst no patients came to harm and immediate actions were progressed once the issue was identified, this is an area of ongoing focus and review for the year ahead.

Information Governance

A welcomed additional assurance for the Audit and Risk Committee was also provided in the period by the external Network and Information Systems Regulations 2018 (NIS) Audit report which received a score of

71%. This was the highest score of any territorial Board across NHS Scotland. The recommendations from the audit have now also been added to the significant agenda within the IT Departments annual work plan.

The Board continues to experience challenges in data sharing between partner organisations where there is a conflict between confidentiality and appropriate access to patient and client data between ourselves and Dumfries and Galloway Council. Whilst there has been no risk of data breaches, difficulty in sharing information may have affected practitioners' ability to carry out rapid assessments with the minimum of bureaucracy.

As highlighted in the Directors report six incidents were reported in year to the Information Commissioners Officer, no further action was taken by them and the actions required by the Board have been undertaken.

Internal Audit

Further assurance is taken from the work carried out by Internal Audit. Regular reports are provided to Audit and Risk Committee which gives independent assurances on audit work undertaken.

- The Chief Internal Auditor continues to report to myself and Audit and Risk Committee on the length of time taken to close off outstanding audit actions and as would be expected during the pandemic there has been a worsening of the position in year which Audit and Risk Committee also continue to raise with management as a concern.
- Audit and Risk Committee are responsible for ensuring progress is monitored on remedial action plans from previous Limited Assurance audits. The eEss limited assurance audit from last year has closed all outstanding actions.
- The risk management audit noted earlier continues to be reported to Audit and Risk Committee to ensure that it remains part of the agenda until all outstanding actions are closed.
- The Chief Internal Auditor has indicated that there has been two limited assurance audits and one moderate assurance audit in the last seven years which identifies one of the key weaknesses as being the lack of resources to drive this forward.
- The Boards Policy Framework audit completed over the year end and was assessed as providing Limited Assurance, this is due to be reported to Audit and Risk Committee in July 2021 but was reported for completeness.

The Chief Internal Auditor has reported that due to Covid-19 the team have been unable to deliver the full audit plan for 2020-21 and had to adapt by working to an agile plan which reflected the risks to the Board where these were known; considering risk management, governance and control processes where working practices and reporting through the amended governance framework. Taking all of the information contained within the portfolio of evidence into account and the issues highlighted above the Chief Internal Auditor is broadly satisfied with the consistency of the evidence which supports the Governance Statement with the information available from the work undertaken within Internal Audit.

The Chief Internal Auditor has concluded that there were adequate and effective internal controls in place throughout the year and whilst highlighting a number of areas, can provide the opinion that I as Accountable Officer have implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.

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;
- The management of the Covid-19 pandemic through the command and control structure and through my leadership of Strategic Pandemic Control and the regular reports, updates and decisions made through this route;
- A review of key performance and risk indicators;

- The minutes and papers presented to the Board which demonstrate that the Board met regularly during 2020-21 to consider its plans, strategic direction, and response to the pandemic, 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 2020-21. All statements have been prepared by the lead Executive Director and Non Executive Chairperson and submitted to the their Committee for approval this process has been strengthened in year to align the statement with the Committee terms of reference, areas of good work as well as areas where improvements could be made were identified in all Committee statements;
- The work of the internal auditors, who provide 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.
- Comments made by the external auditors in their attendance at Audit and Risk Committee, their management letters and other reports;
- Management letters and other reports issued by the external auditors of the NHS Endowment Fund.
- 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. During 2020-21 two reports were received from Healthcare Improvement Scotland (HIS). One in relation to an unannounced visit to Lochmaben Hospital in which the Board received six areas of good practice and one improvement requirement which was acknowledged as a very positive result by the Cabinet Secretary. The second report was in relation to an announced visit at DGRI for Ionising Radiation (Medical Exposure) Regulations 2017 which resulted in two requirements and one recommendation. Action plans have been developed. A draft report on the DGRI facility by Health Facilities Scotland (HFS) has been received and is expected to be formally published in the second quarter of 2021/22.
- Reporting to NHS Board on the Financial Performance including the extent to which the Board is reliant on non-recurring sources to achieve financial targets.
- A review of Annual Service Audit Reports which are intended to provide assurance around the internal controls frameworks in place for a range of services provided on behalf of NHS Scotland. This includes Payments to Practitioners, IT Services and Finance Ledger Systems. Although an improved position was achieved in the Payments to Practitioners service audit, further actions are required to address matters going forward and therefore this resulted in a qualified opinion for the second year. A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed.
- Independent consideration of the governance statement and its disclosures by Internal Audit and Audit and Risk Committee.

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. It is recognised, however, that the pace of change necessitated by the pandemic created a far more loosely controlled decision-making environment. Governance arrangements were adjusted to continue to provide assurance but, in recognition of our over-riding aim to minimise deaths from the pandemic, these could not fully replicate the controls present in more normal working circumstances.

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 four Non Executive Board Members. The Chief Executive and Workforce Director are in attendance. The Sub-Committee meets as required, five meetings were held in 2020/21.

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 2020/21.

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.

McCloud/Sargeant judgment and the 2015 remedy

The main public service pension schemes were reformed in 2015, to ensure greater fairness between lower and higher earners, future sustainability and affordability. The Coalition Government negotiated with trade unions and other member representative bodies that those closer to retirement age would be fully or partially excluded from the reforms. The courts later found this difference in treatment amounted to unjustified

discrimination, particularly against younger members. The UK government has now set out its approach to remedying the age discrimination found in the 2015 pension reforms following consultation. Having considered the response to the consultation, the UK government has decided to implement a 'deferred choice underpin' which was the approach favoured by the majority of respondents.

The pension information disclosed in the following tables have not taken account of this change and reflect the current pension scheme that members are enrolled in.

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 2020/21.

| Single figure of remuneration | | | | | | |
|--|---|---|--------------------------------|---|--------------------------------|---|
| | Gross 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 Remuneration (Bands of £5,000) |
| | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 |
| Executive Members | | | | | | |
| Mr J Ace, Chief Executive | 115-120 | 0 | 0 | 115-120 | 71 | 185-190 |
| Mrs K Kerr, Director of Finance (a) | 90-95 | 0 | 0 | 90-95 | 50 | 140-145 |
| Dr K Donaldson Medical Director (b) | 180-185 | 0 | 2.5 | 185-190 | 48 | 230-235 |
| Mrs A Wilson, Director of Nursing (c) | 80-85 | 0 | 0 | 80-85 | 88 | 170-175 |
| Non-Executive Members | | | | | | |
| Mr N Morris, Chairperson | 30-35 | 0 | 0 | 30-35 | 0 | 30-35 |
| Mrs P Halliday Vice-Chairperson | 15-20 | 0 | 0 | 15-20 | 0 | 15-20 |
| Dr L Douglas (d) | 10-15 | 0 | 0 | 10-15 | 0 | 10-15 |
| Ms G Cardozo (d) | 10-15 | 0 | 0 | 10-15 | 0 | 10-15 |
| Ms L Bryce (d) | 10-15 | 0 | 0 | 10-15 | 0 | 10-15 |
| Ms M Caig (d) | 10-15 | 0 | 0 | 10-15 | 0 | 10-15 |
| Ms R Francis | 5-10 | 0 | 0 | 5-10 | 0 | 5-10 |
| Ms M Gunn (e) | 0-5 | 0 | 0 | 0-5 | 0 | 0-5 |
| Mrs V Keir (f) | 50-55 | 0 | 0 | 50-55 | 38 | 90-95 |
| Mr B Irving (g) | 40-45 | 0 | 0 | 40-45 | 50 | 90-95 |
| Mr A Ferguson | 5-10 | 0 | 0 | 5-10 | 0 | 5-10 |
| Other Senior Employees | | | | | | |
| Mrs J White (h) | 105-110 | 0 | 0 | 105-110 | 48 | 155-160 |
| Mrs C Cooksey | 95-100 | 0 | 0 | 95-100 | 18 | 110-115 |
| Mrs V White | 105-110 | 0 | 0 | 105-110 | 43 | 150-155 |
| Total | | | 2.5 | | 454 | |
| Notes | | | | | | |
| | The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2020/21. | | | | | |
| | All Executive Directors and Senior Employees received the £500 Covid -19 payment. | | | | | |
| (a) | Mrs K Kerr previously known as Lewis and is the Chief Finance Officer of the Integration Joint Board (IJB) 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) | Mrs A Wilson received a payment of £0-5k during the year for the Temporary Responsibility Allowance for Nurse Directors for providing appropriate professional and clinical oversight to care homes and care at home services during the Covid-19 pandemic. | | | | | |
| (d) | Dr L Douglas, Ms G Cardozo, Ms L Bryce and Ms M Caig all receive payment for being an IJB member. | | | | | |
| (e) | Ms M Gunn left on 19 th June 2020. The FYE would have been £10-15k. | | | | | |
| (f) | Mrs V Keir joined on 1 April 2020 and receives payment for being an IJB member. In addition received £0-5k in respect of non-Board duties included in remuneration above for nursing shifts worked. | | | | | |
| (g) | Mr B Irving joined on 22 nd July 2020 and receives payment for being a IJB substitute voting member. The FYE is £55-60k. | | | | | |
| (h) | Mrs J White is the Chief Officer of the IJB and receives payment for this. | | | | | |

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2019/20.

| Single figure of remuneration | | | | | | |
|---|--|--|--------------------------------|---|--------------------------------|---|
| | Gross 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 Remuneration (Bands of £5,000) |
| | 2019/20 | 2019/20 | 2019/20 | 2019/20 | 2019/20 | 2019/20 |
| Executive Members | | | | | | |
| Mr J Ace, Chief Executive | 110-115 | 0 – 0 | 0 | 110-115 | 36 | 145-150 |
| Mrs K Kerr, Director of Finance (a) | 85-90 | 0 – 0 | 0 | 85-90 | 40 | 125-130 |
| Dr K Donaldson Medical Director (b) | 175-180 | 0 – 0 | 3 | 180-185 | 62 | 245-250 |
| Mr E Docherty, Director of Nursing (c) | 40-45 | 0 – 0 | 0 | 40-45 | 22 | 60-65 |
| Mrs A Wilson, Director of Nursing (d) | 10-15 | 0 – 0 | 0 | 10-15 | 31 | 40-45 |
| Non-Executive Members | | | | | | |
| Mr N Morris, 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 |
| Dr L Douglas | 10-15 | 0 – 0 | 0 | 10-15 | 0 | 10-15 |
| Ms 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 | 10-15 | 0 – 0 | 0 | 10-15 | 0 | 10-15 |
| Ms R Francis (e) | 5-10 | 0 – 0 | 0 | 5-10 | 0 | 5-10 |
| Ms M Caig (f) | 0-5 | 0 – 0 | 0 | 0-5 | 0 | 0-5 |
| Mr S Hare | 60-65 | 0 – 0 | 0 | 60-65 | 16 | 75-80 |
| Ms L Carr | 60-65 | 0 – 0 | 0 | 60-65 | 16 | 75-80 |
| Mr A Ferguson | 5-10 | 0 – 0 | 0 | 5-10 | 0 | 5-10 |
| Other Senior Employees | | | | | | |
| Mrs J White (g) | 100-105 | 0 – 0 | 0 | 100-105 | 43 | 145-150 |
| Mrs C Cooksey (h) | 90-95 | 0 – 0 | 0 | 90-95 | 22 | 110-115 |
| Ms M McCoy (i) | 50-55 | 0 – 0 | 0 | 50-55 | 34 | 80-85 |
| Mrs V White (j) | 50-55 | 0 – 0 | 0 | 50-55 | 46 | 95-100 |
| Total | | | 3 | | 368 | |
| Notes | | | | | | |
| | The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2019/20. | | | | | |
| (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 left on 02/02/2020 and was seconded to NHS24 for 0.5WTE during his employment with NHS D&G, the figures shown above are his salary for his time at the Board only. FTE is £90-95k. | | | | | |
| (d) | Mrs A Wilson was appointed on 03/02/2020. FTE is £75-80k. | | | | | |
| (e) | Mrs R Francis was appointed on 01/08/2019. FTE is £5-10k. | | | | | |
| (f) | Ms M Caig was appointed on 01/02/2020. FTE is £5-10k | | | | | |
| (g) | Mrs J White is the Chief Officer of the Integration Joint Board and receives payment for this. | | | | | |
| (h) | Mrs C Cooksey previously known as Ms C Sharp | | | | | |
| (i) | Ms M McCoy left this post on 30/09/2019 | | | | | |
| (j) | Mrs V White was appointed on 01/10/2019. FTE is £100-105k | | | | | |

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 2020/21.

| 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 2020 | CETV at 31 March 2021 | 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 | 50-55 | 125-130 | 2.5-5 | 5-7.5 | 1,004 | 1,096 | 92 |
| Mrs K Kerr (Previously Mrs K Lewis) | 35-40 | 75-80 | 2.5-5 | 2.5-5 | 604 | 663 | 59 |
| Dr K Donaldson | 45-50 | 90-95 | 2.5-5 | 0-2.5 | 739 | 798 | 59 |
| Mrs A Wilson | 35-40 | 105-110 | 2.5-5 | 12.5-15 | 677 | 787 | 110 |
| Non-Executive Members | | | | | | | |
| Mrs V Keir | 15-20 | 65-70 | 0-2.5 | 2.5-5 | 270 | 307 | 37 |
| Mr B Irving | 5-10 | 15-20 | 0-2.5 | 2.5-5 | 85 | 131 | 46 |
| Senior Employees | | | | | | | |
| Mrs J White | 30-35 | 65-70 | 2.5-5 | 0-2.5 | 486 | 536 | 50 |
| Mrs C Cooksey | 15-20 | 50-55 | 0-2.5 | 0-2.5 | 392 | 427 | 35 |
| Mrs V White | 20-25 | 35-40 | 2.5-5 | 0-2.5 | 286 | 323 | 37 |

The following table shows the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2019/20.

| 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 2019 | CETV at 31 March 2020 | 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 | 50-55 | 120-125 | 2.5-5 | 0-2.5 | 943 | 999 | 56 |
| Mrs K Lewis | 30-35 | 75-80 | 2.5-5 | 0-2.5 | 555 | 604 | 49 |
| Dr K Donaldson | 40-45 | 90-95 | 2.5-5 | 2.5-5 | 661 | 730 | 69 |
| Mrs A Wilson (Fr 03/02/20) | 30-35 | 90-95 | 0-2.5 | 5-7.5 | 621 | 673 | 43 |
| Non-Executive Members | | | | | | | |
| Ms L Carr | 20-25 | 70-75 | 0-2.5 | 2.5-5 | 537 | 572 | 30 |
| Mr S Hare | 20-25 | 70-75 | 0-2.5 | 2.5-5 | 485 | 515 | 26 |
| Senior Employees | | | | | | | |
| Mrs J White | 30-35 | 65-70 | 2.5-5 | 0-2.5 | 442 | 487 | 44 |
| Mrs C Cooksey (Previously Ms C Sharp) | 15-20 | 50-55 | 0-2.5 | 2.5-5 | 336 | 377 | 29 |
| Mrs V White (Fr 01/10/19) | 20-25 | 35-40 | 2.5-5 | 0-2.5 | 242 | 281 | 39 |

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 as set out in the table below:

| | 2021 | 2020 |
|---|---------|---------|
| Range of staff remuneration (£000s) | 9-215 | 8-245 |
| Highest Earning Director's Total Remuneration (£000s) | 180-185 | 175-180 |
| Median Total Remuneration | 32,432 | 30,672 |
| Ratio | 5.6:1 | 5.8:1 |

The 2020 fair pay disclosure has been updated in relation to the range of staff remuneration and median total remuneration which were presented incorrectly in the 2019/20 accounts in error.

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) | 2021 Number of Staff | 2020 Number of Staff | Band (bands of £5,000) | 2021 Number of Staff | 2020 Number of Staff |
| £70,001 to £80,000 | 26 | 17 | £70,001 to £80,000 | 6 | 6 |
| £80,001 to £90,000 | 16 | 22 | £80,001 to £90,000 | 1 | 3 |
| £90,001 to £100,000 | 27 | 18 | £90,001 to £100,000 | 7 | 5 |
| £100,001 to £110,000 | 21 | 17 | £100,001 to £110,000 | 1 | 0 |
| £110,001 to £120,000 | 15 | 21 | £110,001 to £120,000 | 0 | 0 |
| £120,001 to £130,000 | 9 | 12 | £120,001 to £130,000 | 0 | 0 |
| £130,001 to £140,000 | 15 | 6 | £130,001 to £140,000 | 0 | 0 |
| £140,001 to £150,000 | 11 | 11 | £140,001 to £150,000 | 0 | 0 |
| £150,001 to £160,000 | 9 | 11 | £150,001 to £160,000 | 0 | 0 |
| £160,001 to £170,000 | 10 | 7 | £160,001 to £170,000 | 0 | 0 |
| £170,001 to £180,000 | 9 | 6 | £170,001 to £180,000 | 0 | 0 |
| £180,001 to £190,000 | 7 | 3 | £180,001 to £190,000 | 0 | 0 |
| £190,001 to £200,000 | 1 | 1 | £190,001 to £200,000 | 0 | 0 |
| £200,001 and Above | 2 | 3 | £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 | 2021 Total | 2020 Total |
|---|-------------------------------|--------------------------------------|--------------------|---------------------|----------------|----------------------|----------------|----------------|
| Salaries and wages | 456 | 134 | 162,796 | 0 | 0 | (619) | 162,767 | 140,322 |
| Taxation and Social security costs | 64 | 7 | 14,943 | 0 | 684 | 0 | 15,698 | 15,081 |
| NHS scheme employers' costs | 92 | 0 | 27,781 | 0 | 0 | 0 | 27,873 | 26,035 |
| Other employers' pension costs | 0 | 0 | 42 | 0 | 84 | 0 | 126 | 122 |
| Secondees | 0 | 0 | 0 | 704 | 0 | 0 | 704 | 728 |
| Agency staff | 0 | 0 | 0 | 0 | 10,303 | 0 | 10,303 | 12,273 |
| | 612 | 141 | 205,562 | 704 | 11,071 | (619) | 217,471 | 194,561 |
| Compensation for loss of office/early retirement | 0 | 0 | 9 | 0 | 0 | 0 | 9 | 0 |
| Total Employee Expenditure | 612 | 141 | 205,571 | 704 | 11,071 | (619) | 217,480 | 194,561 |
| STAFF NUMBERS (WTE) | Executive Board Members | Non Executive Board Members | Permanent Staff | Inward Secondees | Other Staff | Outward Secondees | 2021 Total | 2020 Total |
| Whole time equivalent | 4 | 10 | 3,898 | 9 | 60 | 7 | 3,988 | 3,970 |
| Notes | | | | | | | | |
| There were no staff engaged directly on capital projects (0 in 2019 – 20) | | | | | | | | |
| Included in the total staff numbers above were disabled staff of 47 WTE (2019 – 46 WTE) | | | | | | | | |
| No special advisors or consultants are included in these numbers | | | | | | | | |
| Other employers' pension costs are the contribution to the NEST scheme | | | | | | | | |
| All staff who met the criteria received a payment of up to £500 "thank you" payment depending on hours worked | | | | | | | | |

Reconciliation to income and expenditure

| | £'000 |
|---|----------------|
| Total employee expenditure as above | 217,480 |
| Add: employee income included in Note 5 | 619 |
| Total employee expenditure disclosed in Note 4 | 218,099 |

Staff Composition

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

| | 2021 | | | 2020 | | |
|---|------------|--------------|--------------|------------|--------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Executive Directors | 2 | 2 | 4 | 2 | 2 | 4 |
| Non-Executive Directors and Employee Director | 3 | 7 | 10 | 3 | 8 | 11 |
| Senior Employees | 126 | 70 | 196 | 107 | 52 | 159 |
| Other Employees | 744 | 4,085 | 4,829 | 666 | 3,804 | 4,470 |
| Total Headcount | 875 | 4,164 | 5,039 | 778 | 3,866 | 4,644 |

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. The payroll system only allows for individuals to be entered as male or female, no option exists for staff to note as “prefer not to say”.

More detailed information about our workforce composition including the recently published Equality Mainstreaming Report 2021 can be found at <https://www.nhs.uk/equality-and-diversity/>. Gender pay information was published in April 2021 and work on reviewing the data and developing an action plan that we can undertake locally will continue via Staff Governance Committee recognising that all NHS pay is negotiated nationally, not at Board level.

Sickness Absence data

| | 2021 | 2020 |
|-------------------------|-------|-------|
| NHS Dumfries & Galloway | 4.66% | 5.04% |

Sickness absence continues to be higher than the 4% target and have been impacted over the past twelve months by the Covid-19 Pandemic. We remain committed to our goal 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. The organisation agreed a three year action plan for 2019 – 2022 to continue this important work.

Over the past twelve months our focus on staff wellbeing has been essential to our delivery of our emergency Covid-19 response. We have delivered a comprehensive local programme of individual and team level wellbeing support with a strong focus on mental health and wellbeing for all our staff, as well as for staff across the wider Health and Social Care Partnership which includes staff within Care Homes and Care at Home services. This has been complemented by a range of national programmes that staff have been able to access, including the Promis website, the Wellbeing Hub and a national asymptomatic nosocomial staff testing programme.

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 for delivery over the period 2021 - 2025 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 Scottish Government. The 2019/20 national Staff Governance monitoring process was paused in March 2020 due to the outbreak of Covid-19.

Exit Packages (Audited Information)

A summary of the exit packages agreed in year with comparative information for 2019/20 is included below:

| Exit package cost band 2021 | Number of compulsory | Number of other departures agreed | Total number of exit packages by cost band |
|--|----------------------|-----------------------------------|--|
| <£10,000 | 0 | 1 | 1 |
| Total number of exit Packages by type | 0 | 1 | 1 |
| Total Resource Cost (£'000) | 0 | 9 | 9 |

| Exit package cost band 2020 | Number of compulsory | Number of other departures agreed | Total number of exit packages by cost band |
|---------------------------------------|----------------------|-----------------------------------|--|
| Total number of exit Packages by type | 0 | 0 | 0 |
| Total resource cost (£'000) | 0 | 0 | 0 |

Trade Union Regulations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) 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 facility time report for 2020/21 will be published on the Boards website (www.nhsdg.co.uk) by August 2021.

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 over £250k 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:

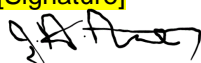
| | 2021 | | 2020 | |
|------------------|-----------------|-------|-----------------|-------|
| | Number of cases | £000 | Number of cases | £000 |
| Losses | 17 | 62 | 35 | 87 |
| Special Payments | 42 | 2,574 | 39 | 5,522 |

In the year to 31 March 2021, there were no balances in excess of £250,000 written off.

In 2020/21, the Board was required to pay out £1.354m in respect of 3 claims individually greater than £250,000 settled under the CNORIS scheme (2019/20: £4.559m, 5 claims). Further details on the scheme can be found in Note 1.15 of the annual accounts.

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in Note 14.

[Signature]



J Ace
Chief Executive and Accountable Officer

20/7/2021

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

Reporting 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 2021 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Consolidated and Board Statement of Financial Position, the Statement of Consolidated Cash Flows, the Statement of Consolidated 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 2020/21 Government Financial Reporting Manual (the 2020/21 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 2021 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 2020/21 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 for 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 five 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officers' responsibilities, the Chief Executive's Responsibilities as the Accountable Officer, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting 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. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. 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.

Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration Report and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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 Report 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; or
- 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.

[Signature]

Joanne Brown

Joanne Brown

(for and on behalf of Grant Thornton UK LLP),

110 Queen Street, Glasgow, G1 3BX

22/7/2021

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Statement of Consolidated Comprehensive Net Expenditure

| | Note | 2021 £000's | 2020 £000's |
|---|------|------------------------|------------------------|
| Staff costs | 4a | 218,099 | 195,121 |
| Other operating expenditure | 4b | | |
| Independent Primary Care Services | | 44,479 | 40,670 |
| Drugs and medical supplies | | 72,746 | 68,127 |
| Other health care expenditure | | 494,512 | 444,038 |
| Gross expenditure for the year | | 829,836 | 747,956 |
| Less: Operating Income | 5 | (384,210) | (362,750) |
| Integration Joint Board accounted for on an equity basis | 9 | (6,935) | 2,944 |
| Net Expenditure for the year | | 438,691 | 388,150 |
| OTHER COMPREHENSIVE NET EXPENDITURE | | | |
| | | 2021 £000's | 2020 £000's |
| Net (gain)/loss on revaluation of Property Plant and Equipment | | 0 | (5,357) |
| Net (gain)/loss on revaluation of available for sale financial assets | | (2,179) | 321 |
| Other Comprehensive (Income)/ Expenditure | | (2,179) | (5,036) |
| Total Comprehensive Net Expenditure | | 436,512 | 383,114 |

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 2021

Consolidated and Board Statement of Financial Position

| | Note | Consolidated 2021 £000's | Board 2021 £000's | Consolidated 2020 £000's | Board 2020 £000's |
|--|-------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| Non-current assets: | | | | | |
| Property, plant and equipment | 8c | 308,634 | 308,607 | 312,847 | 312,820 |
| Intangible assets | 7 | 304 | 304 | 429 | 429 |
| Financial assets: | | | | | |
| - Investments in associates and joint ventures | 9 | 8,205 | 8,205 | 1,270 | 1,270 |
| - Trade and other receivables | 10 | 28,907 | 28,907 | 42,297 | 42,297 |
| | | 346,050 | 346,023 | 356,843 | 356,816 |
| Current Assets: | | | | | |
| Inventories | | 1,310 | 1,310 | 1,509 | 1,509 |
| Financial assets: | | | | | |
| - Trade and other receivables | 10 | 6,356 | 6,126 | 5,206 | 4,892 |
| - Cash and cash equivalents | 12 | 2,264 | 793 | 1,532 | 74 |
| Available for sale financial assets | 11 | 10,527 | 0 | 8,461 | 0 |
| Assets classified as held for sale | 8b | 308 | 308 | 0 | 0 |
| | | 20,765 | 8,537 | 16,708 | 6,475 |
| Current liabilities | | | | | |
| Provisions | 14a | (14,447) | (14,447) | (4,805) | (4,805) |
| Financial liabilities: | | | | | |
| - Trade and other payables | 13 | (52,165) | (51,473) | (35,082) | (34,684) |
| Total Current Liabilities | | (66,612) | (65,920) | (39,887) | (39,489) |
| Non-Current assets plus/less net current assets/liabilities | | 300,203 | 288,640 | 333,664 | 323,802 |
| Non-current liabilities | | | | | |
| Provisions | 14a | (30,631) | (30,631) | (48,995) | (48,995) |
| Financial liabilities: | | | | | |
| - Trade and other payables | 13 | (196,251) | (195,780) | (202,103) | (202,103) |
| | | (226,882) | (226,411) | (251,098) | (251,098) |
| Total Assets less Total Liabilities | | 73,321 | 62,229 | 82,566 | 72,704 |
| Taxpayers' Equity | | | | | |
| General fund | SOCTE | 15,290 | 15,290 | 32,700 | 32,700 |
| Revaluation reserve | SOCTE | 38,734 | 38,734 | 38,734 | 38,734 |
| Other reserves | SOCTE | 8,205 | 8,205 | 1,270 | 1,270 |
| Funds Held on Trust | SOCTE | 11,092 | 0 | 9,862 | 0 |
| Total taxpayers' equity | | 73,321 | 62,229 | 82,566 | 72,704 |

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

The financial statements on pages 36 to 80 were approved by the Board on 12th July 2021 and signed on their behalf by

20/7/2021



Mrs K Kerr, Director of Finance

20/7/2021



Mr J Ace, Chief Executive

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Statement of Consolidated Cash Flows

| | Note | 2021 £000's | 2020 £000's |
|---|-------------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Net expenditure | SOCTE | (438,691) | (388,150) |
| Adjustments for non-cash transactions | 3a | 5,237 | 12,848 |
| Add back: interest payable recognised in net operating expenditure | 3b | 12,828 | 13,384 |
| Investment Income | | (158) | (190) |
| Movements in working capital | 3c | 19,226 | (10,048) |
| Net cash (outflow) / inflow from operating activities | 23c | (401,558) | (372,156) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (3,891) | (3,227) |
| Purchase of intangible assets | | (2) | 0 |
| Investment Additions | 11 | (6,979) | (3,432) |
| Proceeds of disposal of property, plant and equipment | | 100 | 22 |
| Receipts from sale of investments | | 7,092 | 3,117 |
| Interest and dividends received | | 158 | 190 |
| Net cash (outflow) / inflow from investing activities | 23c | (3,522) | (3,330) |
| Cash flows from financing activities | | | |
| Funding | SOCTE | 423,386 | 394,470 |
| Movement in general fund working capital | SCOTE | 718 | (42) |
| Cash drawn down | | 424,104 | 394,428 |
| Capital element of payments in respect of finance leases and on-balance sheet PFI | | (5,464) | (5,645) |
| Interest Paid | 3b | 0 | 0 |
| PFI Contracts: Interest element of finance leases and on-balance sheet PFI | 3b | (12,828) | (13,384) |
| Net Financing | 23c | 405,812 | 375,399 |
| Net Increase / (decrease) in cash and cash equivalents in the year | | 732 | (87) |
| Cash and cash equivalents at the beginning of the year | | 1,532 | 1,619 |
| Cash and cash equivalents at the end of the year | | 2,264 | 1,532 |
| Reconciliation of net cash flow to movement in net debt/cash | | | |
| Increase/(decrease) in cash in year | 12 | 732 | (87) |
| Net cash at 1 April | | 1,532 | 1,619 |
| Net cash at 31 March | | 2,264 | 1,532 |

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 2021

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 | 2021 Consolidated Reserve £000's |
|---|-------------|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Balance At 1st April 2020 | | 32,700 | 38,734 | 1,270 | 9,862 | 82,566 |
| Changes in taxpayers' equity for 2020/21 | | | | | | |
| Net gain on revaluation/indexation of property, plant and equipment | 8a | 0 | 0 | 0 | 0 | 0 |
| Net (loss) on revaluation of available for sale financial assets | | 0 | 0 | 0 | 2,180 | 2,180 |
| Impairment of property, plant and equipment | 8a | 0 | (100) | 0 | 0 | (100) |
| Revaluation & impairments taken to operating costs | 3a | 0 | 100 | 0 | 0 | 100 |
| Transfers between reserves | | 0 | 0 | 0 | 0 | 0 |
| Other non cash costs - Covid equipment from DOH | | 3,880 | 0 | 0 | 0 | 3,880 |
| Net operating cost for the year | CFS | (444,676) | 0 | 6,935 | (950) | (438,691) |
| Total recognised (expense) / income for 2020/21 | | (440,796) | 0 | 6,935 | 1,230 | (432,631) |
| Funding: | | | | | | |
| Drawn down | CFS | 424,104 | 0 | 0 | 0 | 424,104 |
| Movement in General Fund | CFS | (718) | 0 | 0 | 0 | (718) |
| | SoFP | 423,386 | 0 | 0 | 0 | 423,386 |
| Balance At 31st March 2021 | | 15,290 | 38,734 | 8,205 | 11,092 | 73,321 |

| | Note | General Fund £000's | Revaluation Reserve £000's | Other Reserve (IJB) £000's | Funds Held on Trust £000's | 2020 Consolidated Reserve £000's |
|---|-------------|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| PRIOR YEAR | | | | | | |
| Balance At 1st April 2019 | | 23,837 | 33,377 | 4,214 | 9,782 | 71,210 |
| Changes in taxpayers' equity for 2019/20 | | | | | | |
| Net gain on revaluation/indexation of property, plant and equipment | 8a | 0 | 5,357 | 0 | 0 | 5,357 |
| Net (loss) on revaluation of available for sale financial assets | | 0 | 0 | 0 | (321) | (321) |
| Impairment of property, plant and equipment | 8a | 0 | (1,775) | 0 | 0 | (1,775) |
| Revaluation & impairments taken to operating costs | 3a | 0 | 1,775 | 0 | 0 | 1,775 |
| Transfers between reserves | | 0 | 0 | 0 | 0 | 0 |
| Other non cash costs | | 0 | 0 | 0 | 0 | 0 |
| Net operating cost for the year | CFS | (385,607) | 0 | (2,944) | 401 | (388,150) |
| Total recognised (expense) / income for 2019/20 | | (385,607) | 5,357 | (2,944) | 80 | (383,114) |
| Funding: | | | | | | |
| Drawn down | CFS | 394,428 | 0 | 0 | 0 | 394,428 |
| Movement in General Fund | CFS | 42 | 0 | 0 | 0 | 42 |
| | SoFP | 394,470 | 0 | 0 | 0 | 394,470 |
| Balance At 31st March 2020 | | 32,700 | 38,734 | 1,270 | 9,862 | 82,566 |

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 2021

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 (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 1.29 below.

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

There are no new standards, amendments or interpretations effective in current year.

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

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

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

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS Dumfries and Galloway expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

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.

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.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

1 ACCOUNTING POLICIES

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

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

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

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

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

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

1 ACCOUNTING POLICIES

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 valuers under a 5-year programme of professional valuation 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

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

1 ACCOUNTING POLICIES

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 Value:

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

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.
- 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.

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1 ACCOUNTING POLICIES

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 |

Asset Category/Component Useful Life

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;
- 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.

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1 ACCOUNTING POLICIES

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.

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.

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1 ACCOUNTING POLICIES

- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

| Asset Category/Component | Useful Life |
|--------------------------|-------------|
| 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.

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

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1 ACCOUNTING POLICIES

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.

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

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1 ACCOUNTING POLICIES

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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the 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 NHSScotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

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 FRoM.

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1 ACCOUNTING POLICIES

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 15 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 15, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

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

Financial assets

Business model

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

Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value

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1 ACCOUNTING POLICIES

through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

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

(b) Financial assets held at amortised cost

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

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

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

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

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

Impairment of financial assets

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

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

Recognition and measurement

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

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

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

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

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

(b) Financial assets held at amortised cost

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

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

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1 ACCOUNTING POLICIES

Financial Liabilities

Classification

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

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

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

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

- (b) Financial liabilities held at amortised cost

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

Recognition and measurement

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

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

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

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

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

- (b) Amortised costs

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

1.25 Segmental reporting

Operating segments are reported in Note 6 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 4.

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.

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Notes to the Accounts

1 ACCOUNTING POLICIES

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.

Property Valuations

In making judgements on the measurement of assets at 31 March 2021, NHS Dumfries and Galloway place reliance on valuation information received from the appointed valuers; Avison Young. The majority of assets are of a specialised nature reflecting an underlying DRC basis of value. The land value elements of DRC valuations are assessed on a comparable market-based approach, with assets of a non-specialised nature or surplus assets also approached on a comparable market basis. On this basis Avison Young have considered that a Buildings Element indexation factor of 0% may be appropriate between 31 March 2020 and 31 March 2021. For assets of a specialised nature reflecting the character of the Board's Estate and the general market trends over the period, Avison Young suggest that building and land assets assessed on this basis have a 0% indexation factor applied.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the valuation received is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. As noted, NHS Dumfries and Galloway has not obtained a full valuation for 2020-21 however it recognises that there may now be greater uncertainty in markets on which asset measurements reflected in these statements have been calculated.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Provisions

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

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

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Notes to the Accounts

2. SUMMARY OF CORE REVENUE RESOURCE OUTTURN

| | Note | 2021 £000's | 2020 £000's |
|--|-------|----------------|----------------|
| Net Expenditure | SoCNE | 438,691 | 388,150 |
| Total Non Core Expenditure (see below) | | (9,363) | (14,556) |
| FHS Non Discretionary Allocation | | (20,088) | (17,684) |
| Donated asset income | | 0 | 0 |
| Endowment Net Operating Income/(Costs) | | (950) | 401 |
| Integration Joint Board accounted for on an equity basis | | 6,935 | (2,944) |
| Total Core Expenditure | | 415,225 | 353,367 |
| Core Revenue Resource Limit | | 415,303 | 353,444 |
| Saving against Core Revenue Resource Limit | | 78 | 77 |

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

| | | | |
|--|----|--------------|---------------|
| Depreciation/Amortisation | | 7,792 | 7,902 |
| Annually Managed Expenditure - Impairments | | 283 | 330 |
| Annually Managed Expenditure - Creation of Provisions | | 179 | 2,098 |
| Annually Managed Expenditure - Depreciation of Donated Assets | 3a | 136 | 117 |
| Additional SGHSCD non-core funding | | 0 | 4,000 |
| IFRS PFI Expenditure | | 973 | 109 |
| Total Non Core Expenditure | | 9,363 | 14,556 |
| Non Core Revenue Resource Limit | | 9,363 | 14,624 |
| Saving/(excess) against Non Core Revenue Resource Limit | | 0 | 68 |

SUMMARY RESOURCE OUTTURN

| | Revenue Resource Limit £000's | Net Expenditure £000's | 2021 Saving £000's | 2020 Saving £000's |
|--------------|--|------------------------------|--------------------------|--------------------------|
| Core | 415,303 | 415,225 | 78 | 77 |
| Non Core | 9,363 | 9,363 | 0 | 68 |
| Total | 424,666 | 424,588 | 78 | 145 |

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Notes to the Accounts

3. NOTES TO THE CASH FLOW STATEMENT

3a. Consolidated adjustments for non-cash transactions

| | Note | 2021 £000's | 2020 £000's |
|---|-------|----------------|----------------|
| Expenditure Not Paid In Cash | | | |
| Depreciation | 8a | 7,777 | 7,812 |
| Amortisation | 7 | 127 | 200 |
| Depreciation of donated assets | 8a | 136 | 117 |
| Impairments on property, plant and equipment charged to SOCNE | 8a | 100 | 1,923 |
| Net revaluation on PPE charged to SoCNE | | 0 | 0 |
| Reversal of impairments on PPE charged to SoCNE | | 0 | (248) |
| Loss/(profit) on disposal of property, plant and equipment | | 152 | 0 |
| Loss on re-measurement of non-current assets held for sale | | 0 | 100 |
| Other non cash transactions - Covid Equipment - DOH | | 356 | 0 |
| Other non cash transactions - PPE and Testing Kits | | 3,524 | 0 |
| Increase in investment in Integrated Joint Board | SoCNE | (6,935) | 2,944 |
| Total expenditure not paid In cash | CFS | 5,237 | 12,848 |
| 3b. Interest payable recognised in operating expenditure | | | |
| PFI Finance lease charges allocated in the year | 18 | 12,828 | 13,384 |
| Provisions - Unwinding of discount | | 0 | 0 |
| Net interest payable | CFS | 12,828 | 13,384 |

3c. Consolidated movements in working capital

| | Opening balances £000's | Closing balances £000's | 2021 Net movement £000's | 2020 Net movement £000's |
|---|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| INVENTORIES | | | | |
| Balance Sheet | 1,509 | 1,310 | | |
| Net decrease / (increase) | | | 199 | (153) |
| TRADE AND OTHER RECEIVABLES | | | | |
| Due within one year | 5,206 | 6,356 | | |
| Due after more than one year | 42,297 | 28,907 | | |
| | 47,503 | 35,263 | | |
| Net decrease / (increase) | | | 12,240 | (8,915) |
| TRADE AND OTHER PAYABLES | | | | |
| Due within one year | 35,082 | 52,165 | | |
| Due after more than one year | 202,103 | 196,251 | | |
| Less: property, plant & equipment (capital) included in above | (68) | (537) | | |
| Less: General Fund creditor included in above | (75) | (793) | | |
| Less: lease and PFI creditors included in above | (207,530) | (202,066) | | |
| | 29,512 | 45,020 | | |
| Net decrease / (increase) | | | 15,508 | (8,104) |
| PROVISIONS | | | | |
| Balance Sheet | 53,800 | 45,078 | | |
| Net decrease / (increase) | | | (8,722) | 7,124 |
| Net movement (decrease) / increase | | | 19,225 | (10,048) |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

4. OPERATING EXPENSES

4a. Staff Costs

| | 2021 £000's | 2020 £000's |
|--------------------------------|----------------|----------------|
| Medical and Dental | 51,366 | 47,518 |
| Nursing | 95,295 | 83,050 |
| Other Staff | 71,438 | 64,553 |
| Total Board Staff Costs | 218,099 | 195,121 |
| SoCNE | | |

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

4b. Other operating expenditure

| | 2021 £000's | 2020 £000's |
|--|----------------|----------------|
| Independent Primary Care Services | | |
| General Medical Services | 29,313 | 26,550 |
| Pharmaceutical Services | 1,351 | 1,447 |
| General Dental Services | 10,871 | 9,853 |
| General Ophthalmic Services | 2,944 | 2,820 |
| Total | 44,479 | 40,670 |
| Drugs and medical supplies | | |
| Drugs - Primary Care | 40,356 | 38,669 |
| - Secondary Care | 20,522 | 19,547 |
| PPE and testing kits | 4,082 | |
| Medical Supplies | 7,786 | 9,911 |
| Total | 72,746 | 68,127 |
| Other health care expenditure | | |
| Contribution to Integration Joint Board | 373,952 | 322,199 |
| Goods and services from other NHS Scotland Bodies | 23,863 | 25,265 |
| Goods and services from other UK NHS Bodies | 2,120 | 3,362 |
| Goods and services from private providers | 3,128 | 3,380 |
| Goods and services from voluntary organisations | 1,297 | 446 |
| Resource Transfer | 32,517 | 20,116 |
| Loss on disposal of asset | 0 | 22 |
| Other operating expenditure | 55,852 | 68,552 |
| Auditor's remuneration - statutory audit fee - Board | 140 | 135 |
| Total | 492,869 | 443,477 |
| Total Endowment expenditure (adjusted for Intra Group transactions) | 1,643 | 561 |
| Total consolidated other health care expenditure | 494,512 | 444,038 |
| Total consolidated other operating expenditure | 611,737 | 552,835 |

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 2021

Notes to the Accounts

5. OPERATING INCOME

| | 2021 £000's | 2020 £000's |
|--|----------------|----------------|
| NHS Scotland Bodies | 11,646 | 11,130 |
| NHS Non-Scottish Bodies | 705 | 1,292 |
| Income from Scottish Government | 2 | 0 |
| Income from services commission by IJB | 365,597 | 326,398 |
| Patient charges for primary care | 5,478 | 5,209 |
| Donations | 558 | 0 |
| Profit on disposal of assets | 0 | 50 |
| Contributions in respect of clinical and medical negligence claims | (6,511) | 10,818 |
| Non NHS: | | |
| Overseas patients (non reciprocal) | 0 | 43 |
| Other | 6,042 | 6,848 |
| Total Board income | 383,517 | 361,788 |
| Endowment Fund Income | 693 | 962 |
| Consolidated Total Income | SoCNE 384,210 | 362,750 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

6. 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 | IJB £000's | 2021 £000's |
|---|----------------------------------|---|-------------------------|---------------------------------|--|------------------------------------|----------------------|---------------|----------------|
| Net operating cost | 132,511 | 121,806 | 26,403 | 24,033 | 18,079 | 114,909 | 950 | 0 | 438,691 |
| Total Assets | 259,443 | 31,869 | 26,607 | 7,177 | 6,613 | 14,647 | 12,254 | 8,205 | 366,815 |
| Total Liabilities | 87,813 | 80,716 | 17,496 | 15,926 | 11,980 | 78,400 | 1,163 | 0 | 293,494 |
| Total segment revenue | 3,092 | 7,432 | 964 | 827 | 468 | 370,734 | 693 | 0 | 384,210 |
| Impairment losses recognised in SOCNE | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 100 |
| Depreciation and amortisation | 6,346 | 554 | 438 | 221 | 215 | 266 | 0 | 0 | 8,040 |
| Non-current assets held for sale | 0 | 0 | 308 | 0 | 0 | 0 | 0 | 0 | 308 |
| Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure) | 2,732 | 511 | 27 | 54 | 265 | 773 | 0 | 0 | 4,362 |

6. 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 | Endowments £000's | IJB £000's | 2020 £000's |
|---|----------------------------------|---|-------------------------|---------------------------------|--|------------------------------------|----------------------|---------------|----------------|
| Net operating cost | 122,953 | 113,416 | 23,139 | 22,329 | 16,571 | 90,143 | (401) | 0 | 388,150 |
| Total segment revenue | 3,456 | 7,330 | 663 | 788 | 659 | 348,892 | 962 | 0 | 362,750 |
| Impairment losses recognised in SOCNE | 1,829 | 0 | 0 | 0 | 0 | 94 | 0 | 0 | 1,923 |
| Impairment reversals recognised in SOCNE | (248) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (248) |
| Depreciation and amortisation | 6,082 | 584 | 487 | 199 | 200 | 577 | 0 | 0 | 8,129 |
| Non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure) | 1,418 | (10) | 139 | 416 | 7 | 903 | 0 | 0 | 2,873 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

7. INTANGIBLE ASSETS

| | Software Licenses £000's | Information Technology Software £000's | Assets under construction £000's | 2021 £000's |
|--|--------------------------------|---|--|----------------|
| Cost or Valuation: | | | | |
| At 1st April 2021 | 266 | 1,006 | 0 | 1,272 |
| Additions | 0 | 0 | 2 | 2 |
| Completions | 2 | 0 | (2) | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31st March 2021 | 268 | 1,006 | 0 | 1,274 |
| Amortisation | | | | |
| At 1st April 2020 | 266 | 577 | 0 | 843 |
| Provided during the year | 0 | 127 | 0 | 127 |
| Transfers | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31st March 2021 | 266 | 704 | 0 | 970 |
| Net Book Value at 1st April 2020 | 0 | 429 | 0 | 429 |
| Net Book Value at 31st March 2021 | 2 | 302 | 0 | 304 |

INTANGIBLE ASSETS - PRIOR YEAR

| | Software Licenses £000's | Information Technology Software £000's | Assets under construction £000's | 2020 £000's |
|--|--------------------------------|---|--|----------------|
| Cost or Valuation: | | | | |
| At 1st April 2020 | 1,323 | 1,006 | 0 | 2,329 |
| Additions | 0 | 0 | 0 | 0 |
| Completions | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Disposals | (1,057) | 0 | 0 | (1,057) |
| At 31st March 2020 | 266 | 1,006 | 0 | 1,272 |
| Amortisation | | | | |
| At 1st April 2019 | 1,323 | 377 | 0 | 1,700 |
| Provided during the year | 0 | 200 | 0 | 200 |
| Transfers | 0 | 0 | 0 | 0 |
| Disposals | (1,057) | 0 | 0 | (1,057) |
| At 31st March 2020 | 266 | 577 | 0 | 843 |
| Net Book Value at 1st April 2019 | 0 | 629 | 0 | 629 |
| Net Book Value at 31st March 2020 | 0 | 429 | 0 | 429 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

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

| | Land (incl 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 | 2021 £000's |
|---|------------------------------------|---|---------------------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|--|----------------|
| Cost or valuation | | | | | | | | | |
| At 1st April 2020 | 7,875 | 288,909 | 2,881 | 159 | 24,409 | 9,993 | 555 | 1,727 | 336,508 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,360 | 4,360 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Completions | 0 | 210 | 565 | 0 | 1,734 | 707 | 0 | (3,216) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from non-current assets held for sale | (260) | (40) | (8) | 0 | 0 | 0 | 0 | 0 | (308) |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charges | (60) | (40) | 0 | 0 | 0 | 0 | 0 | 0 | (100) |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | (225) | (25) | 0 | 0 | (1,195) | 0 | 0 | 0 | (1,445) |
| Disposals - donated | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 0 | (6) |
| At 31st March 2021 | 7,330 | 289,014 | 3,438 | 159 | 24,942 | 10,700 | 555 | 2,871 | 339,009 |
| Depreciation | | | | | | | | | |
| At 1st April 2020 | 0 | 4,759 | 116 | 159 | 13,832 | 4,375 | 420 | 0 | 23,661 |
| Provided during the year - purchased | 0 | 4,878 | 117 | 0 | 1,935 | 816 | 31 | 0 | 7,777 |
| Provided during the year - donated | 0 | 42 | 0 | 0 | 94 | 0 | 0 | 0 | 136 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | (2) | 0 | 0 | (1,191) | 0 | 0 | 0 | (1,193) |
| Disposals - donated | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 0 | (6) |
| At 31st March 2021 | 0 | 9,677 | 233 | 159 | 14,664 | 5,191 | 451 | 0 | 30,375 |
| Net Book Value at 1st April 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,577 | 5,618 | 135 | 1,727 | 312,847 |
| Net Book Value at 31st March 2021 | 7,330 | 279,337 | 3,205 | 0 | 10,278 | 5,509 | 104 | 2,871 | 308,634 |
| Open Market Value of Land in Land and Dwellings Included Above | 1,738 | | 32 | | | | | | |
| Asset financing: | | | | | | | | | |
| Owned - purchased | 7,330 | 69,335 | 3,205 | 0 | 10,097 | 5,509 | 104 | 2,871 | 98,451 |
| Owned - donated | 0 | 1,394 | 0 | 0 | 181 | 0 | 0 | 0 | 1,575 |
| On-balance sheet PFI/NPD contracts | 0 | 208,608 | 0 | 0 | 0 | 0 | 0 | 0 | 208,608 |
| Net Book Value at 31st March 2021 | 7,330 | 279,337 | 3,205 | 0 | 10,278 | 5,509 | 104 | 2,871 | 308,634 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

8(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 | 2021 £000's |
|---|---|---|---------------------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|--|----------------|
| Cost or valuation | | | | | | | | | |
| At 1st April 2020 | 7,875 | 288,909 | 2,881 | 159 | 24,382 | 9,993 | 555 | 1,727 | 336,481 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,360 | 4,360 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Completions | 0 | 210 | 565 | 0 | 1,734 | 707 | 0 | (3,216) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from non-current assets held for sale | (260) | (40) | (8) | 0 | 0 | 0 | 0 | 0 | (308) |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charges | (60) | (40) | 0 | 0 | 0 | 0 | 0 | 0 | (100) |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | (225) | (25) | 0 | 0 | (1,195) | 0 | 0 | 0 | (1,445) |
| Disposals - donated | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 0 | (6) |
| At 31st March 2021 | 7,330 | 289,014 | 3,438 | 159 | 24,915 | 10,700 | 555 | 2,871 | 338,982 |
| Depreciation | | | | | | | | | |
| At 1st April 2020 | 0 | 4,759 | 116 | 159 | 13,832 | 4,375 | 420 | 0 | 23,661 |
| Provided during the year - purchased | 0 | 4,878 | 117 | 0 | 1,935 | 816 | 31 | 0 | 7,777 |
| Provided during the year - donated | 0 | 42 | 0 | 0 | 94 | 0 | 0 | 0 | 136 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | (2) | 0 | 0 | (1,191) | 0 | 0 | 0 | (1,193) |
| Disposals - donated | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 0 | (6) |
| At 31st March 2021 | 0 | 9,677 | 233 | 159 | 14,664 | 5,191 | 451 | 0 | 30,375 |
| Net Book Value at 1st April 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,550 | 5,618 | 135 | 1,727 | 312,820 |
| Net Book Value at 31st March 2021 | 7,330 | 279,337 | 3,205 | 0 | 10,251 | 5,509 | 104 | 2,871 | 308,607 |
| Open Market Value of Land in Land and Dwellings Included Above | 1,738 | | 32 | | | | | | |
| Asset financing: | | | | | | | | | |
| Owned - purchased | 7,330 | 69,335 | 3,205 | 0 | 10,070 | 5,509 | 104 | 2,871 | 98,424 |
| Owned - donated | 0 | 1,394 | 0 | 0 | 181 | 0 | 0 | 0 | 1,575 |
| On-balance sheet PFI/NPD contracts | 0 | 208,608 | 0 | 0 | 0 | 0 | 0 | 0 | 208,608 |
| Net Book Value at 31st March 2021 | 7,330 | 279,337 | 3,205 | 0 | 10,251 | 5,509 | 104 | 2,871 | 308,607 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

8(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 | 2020 £000's |
|---|---|---|---------------------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|--|----------------|
| Cost or valuation | | | | | | | | | |
| At 1st April 2019 | 7,875 | 283,134 | 2,826 | 175 | 35,464 | 12,074 | 605 | 2,997 | 345,150 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,873 | 2,873 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Completions | 0 | 358 | 0 | 0 | 970 | 1,369 | 0 | (2,697) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from non-current assets held for sale | 0 | (22) | 0 | 0 | 0 | 0 | 0 | 0 | (22) |
| Revaluations | 0 | 5,399 | 55 | 0 | 0 | 0 | 0 | 0 | 5,454 |
| Impairment Charges | 0 | (208) | 0 | 0 | (1,513) | (94) | (5) | (1,446) | (3,266) |
| Impairment Reversals | 0 | 248 | 0 | 0 | 0 | 0 | 0 | 0 | 248 |
| Disposals - purchased | 0 | 0 | 0 | (16) | (10,179) | (3,336) | (39) | 0 | (13,570) |
| Disposals - donated | 0 | 0 | 0 | 0 | (333) | (20) | (6) | 0 | (359) |
| At 31st March 2020 | 7,875 | 288,909 | 2,881 | 159 | 24,409 | 9,993 | 555 | 1,727 | 336,508 |
| Depreciation | | | | | | | | | |
| At 1st April 2019 | 0 | (161) | 0 | 175 | 23,587 | 6,874 | 432 | 0 | 30,907 |
| Provided during the year - purchased | 0 | 4,818 | 114 | 0 | 1,990 | 857 | 33 | 0 | 7,812 |
| Provided during the year - donated | 0 | 7 | 0 | 0 | 110 | 0 | 0 | 0 | 117 |
| 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 | 95 | 2 | 0 | 0 | 0 | 0 | 0 | 97 |
| Impairment Charges | 0 | 0 | 0 | 0 | (1,343) | 0 | 0 | 0 | (1,343) |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | 0 | 0 | (16) | (10,179) | (3,336) | (39) | 0 | (13,570) |
| Disposals - donated | 0 | 0 | 0 | 0 | (333) | (20) | (6) | 0 | (359) |
| At 31st March 2020 | 0 | 4,759 | 116 | 159 | 13,832 | 4,375 | 420 | 0 | 23,661 |
| Net Book Value at 1st April 2019 | 7,875 | 283,295 | 2,826 | 0 | 11,877 | 5,200 | 173 | 2,997 | 314,243 |
| Net Book Value at 31st March 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,577 | 5,618 | 135 | 1,727 | 312,847 |
| Open Market Value of Land in Land and Dwellings Included Above | 1,738 | | 0 | | | | | | |
| Asset financing: | | | | | | | | | |
| Owned - purchased | 7,875 | 70,860 | 2,765 | 0 | 10,302 | 5,618 | 135 | 1,727 | 99,282 |
| Owned - donated | 0 | 1,436 | 0 | 0 | 275 | 0 | 0 | 0 | 1,711 |
| On-balance sheet PFI/NPD contracts | 0 | 211,854 | 0 | 0 | 0 | 0 | 0 | 0 | 211,854 |
| Net Book Value at 31st March 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,577 | 5,618 | 135 | 1,727 | 312,847 |

Adjustment made to prior year Plant and Machinery, included impairment and disposal of a significant amount of equipment as a NET adjustment rather than Gross, adjustment made to account for the impairment at cost and depreciation value

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

8(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 | 2020 £000's |
|---|---|---|---------------------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|--|----------------|
| Cost or valuation | | | | | | | | | |
| At 1st April 2019 | 7,875 | 283,134 | 2,826 | 175 | 35,437 | 12,074 | 605 | 2,997 | 345,123 |
| Additions - purchased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,873 | 2,873 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Completions | 0 | 358 | 0 | 0 | 970 | 1,369 | 0 | (2,697) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to)/from non-current assets held for sale | 0 | (22) | 0 | 0 | 0 | 0 | 0 | 0 | (22) |
| Revaluations | 0 | 5,399 | 55 | 0 | 0 | 0 | 0 | 0 | 5,454 |
| Impairment Charges | 0 | (208) | 0 | 0 | (1,513) | (94) | (5) | (1,446) | (3,266) |
| Impairment Reversals | 0 | 248 | 0 | 0 | 0 | 0 | 0 | 0 | 248 |
| Disposals - purchased | 0 | 0 | 0 | (16) | (10,179) | (3,336) | (39) | 0 | (13,570) |
| Disposals - donated | 0 | 0 | 0 | 0 | (333) | (20) | (6) | 0 | (359) |
| At 31st March 2020 | 7,875 | 288,909 | 2,881 | 159 | 24,382 | 9,993 | 555 | 1,727 | 336,481 |
| Depreciation | | | | | | | | | |
| At 1st April 2019 | 0 | (161) | 0 | 175 | 23,587 | 6,874 | 432 | 0 | 30,907 |
| Provided during the year - purchased | 0 | 4,818 | 114 | 0 | 1,990 | 857 | 33 | 0 | 7,812 |
| Provided during the year - donated | 0 | 7 | 0 | 0 | 110 | 0 | 0 | 0 | 117 |
| 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 | 95 | 2 | 0 | 0 | 0 | 0 | 0 | 97 |
| Impairment Charges | 0 | 0 | 0 | 0 | (1,343) | 0 | 0 | 0 | (1,343) |
| Impairment Reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | 0 | 0 | (16) | (10,179) | (3,336) | (39) | 0 | (13,570) |
| Disposals - donated | 0 | 0 | 0 | 0 | (333) | (20) | (6) | 0 | (359) |
| At 31st March 2020 | 0 | 4,759 | 116 | 159 | 13,832 | 4,375 | 420 | 0 | 23,661 |
| Net Book Value at 1st April 2019 | 7,875 | 283,295 | 2,826 | 0 | 11,850 | 5,200 | 173 | 2,997 | 314,216 |
| Net Book Value at 31st March 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,550 | 5,618 | 135 | 1,727 | 312,820 |
| Open Market Value of Land in Land and Dwellings Included Above | 1,738 | | 0 | | | | | | |
| Asset financing: | | | | | | | | | |
| Owned - purchased | 7,875 | 70,860 | 2,765 | 0 | 10,275 | 5,618 | 135 | 1,727 | 99,255 |
| Owned - donated | 0 | 1,436 | 0 | 0 | 275 | 0 | 0 | 0 | 1,711 |
| On-balance sheet PFI/NPD contracts | 0 | 211,854 | 0 | 0 | 0 | 0 | 0 | 0 | 211,854 |
| Net Book Value at 31st March 2020 | 7,875 | 284,150 | 2,765 | 0 | 10,550 | 5,618 | 135 | 1,727 | 312,820 |

Adjustment made to prior year Plant and Machinery, included impairment and disposal of a significant amount of equipment as a NET adjustment rather than Gross, adjustment made to account for the impairment at cost and depreciation value

Dumfries and Galloway NHS Board

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8(b). ASSETS HELD FOR SALE

| | Note | 2021 £000's | 2020 £000's |
|--|------|----------------|----------------|
| At 1st April 2020 | | 0 | 100 |
| Transfers (to)/from property, plant and equipment | 8a | 308 | 22 |
| Gain or losses recognised on remeasurement of non-current assets held for sale | | 0 | (100) |
| Disposals for non-current assets held for sale | | 0 | (22) |
| At 31st March 2021 | | 308 | 0 |

8(c). PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| Net book value of tangible fixed assets at 31 March | | |
| Purchased | 307,032 | 311,109 |
| Donated | 1,575 | 1,711 |
| Net book value of Board assets | 308,607 | 312,820 |
| Net book value of Endowment Fund assets | 27 | 27 |
| Total | 308,634 | 312,847 |
| Net book value related to land valued at open market value at 31 March | 1,738 | 1,738 |
| Net book value related to buildings valued at open market value at 31 March | 32 | 32 |
| Total value of assets held under: | | |
| PFI and PPP Contracts | 208,608 | 211,854 |
| | 208,608 | 211,854 |
| Total depreciation charged in respect of assets held under: | | |
| PFI and PPP contracts | 3,244 | 3,181 |
| | 3,244 | 3,181 |

Independent Valuers Avison Young were appointed by the Board to provide indices at 31st March 2021. The Board's property estate is diverse in character and spread across a wide geographic area. To assist in forming their view on the appropriate indexation factors to apply, reference to established sources which provide comment on property market characteristics and movements in building costs were used sources including details from the BCIS Cost Index as published by the RICS as well as analysing market trends and market reports prepared by research bodies and surveying firms.

A report of 0% indexation figure has been provided for this year for both DRC-based values and non specialised assets. Therefore, for DRC-based values and non specialised assets, we consider that a Buildings Element indexation factor of 0% may be appropriate between 31 March 2020 and 31 March 2021.

There was therefore no net impact charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

Dumfries and Galloway NHS Board

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8d. ANALYSIS OF CAPITAL EXPENDITURE

| | Note | 2021 £000's | 2020 £000's |
|---|------|----------------|----------------|
| EXPENDITURE | | | |
| Acquisition of Intangible Assets | 7 | 2 | 0 |
| Acquisition of Property, plant and equipment | 8a | 4,360 | 2,873 |
| Donated Asset Additions | 8a | 0 | 0 |
| Gross Capital Expenditure | | 4,362 | 2,873 |
| INCOME | | | |
| Net book value of disposal of Property, plant and equipment | 8a | 252 | 0 |
| Value of disposal of Non-Current Assets held for sale | 8b | 0 | 22 |
| Donated Asset Income | | 0 | 0 |
| Capital Income | | 252 | 22 |
| Net Capital Expenditure | | 4,110 | 2,851 |
| Summary of Capital Resource Outturn | | | |
| Core Capital Expenditure included above | | 4,110 | 2,851 |
| Core Capital Resource Limit | | 4,204 | 2,914 |
| Saving against Core Capital Resource Limit | | 94 | 63 |

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| | 2021 £000's | 2020 £000's |
|--|----------------|----------------|
| Dumfries & Galloway Integration Joint Board | | |
| Balance brought forward at 1 April | 1,270 | 4,214 |
| Increase in investment during year | 6,935 | (2,944) |
| Balance carried forward at 31 March | 8,205 | 1,270 |

Dumfries and Galloway NHS Board

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10. TRADE AND OTHER RECEIVABLES

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| Receivables due within one year | | |
| NHSScotland | | |
| Scottish Government Health & Social Care Directorate | 67 | 4 |
| Boards | 550 | 366 |
| Total NHSScotland Receivables | 617 | 370 |
| NHS Non-Scottish Bodies | 200 | 217 |
| VAT recoverable | 618 | 479 |
| Prepayments | 2,705 | 2,450 |
| Accrued income | 1,363 | 965 |
| Other Receivables | 502 | 348 |
| Other Public Sector Bodies | 121 | 63 |
| Total Receivables due within one year | 6,126 | 4,892 |
| Total Endowment Receivables due within one year (adjusted for Intra Group receivables) | 230 | 314 |
| Total Receivables due within one year | 6,356 | 5,206 |
| Receivables due after more than one year | | |
| NHSScotland | | |
| Reimbursement of Provisions | 28,907 | 42,297 |
| Total Receivables due after more than one year | 28,907 | 42,297 |
| Total Board Receivables | 35,033 | 47,189 |
| Total Consolidated Receivables | 35,263 | 47,503 |
| The total receivables figure above includes a provision for impairments of : | 390 | 493 |
| Movements on the provision for impairment of debtors are as follows: | | |
| At 1st April | 493 | 666 |
| Provision for impairment | 317 | 89 |
| Receivables written off during the year as uncollectable | (30) | (9) |
| Unused amounts reversed | (390) | (253) |
| At 31st March | 390 | 493 |
| The ageing of these receivables is as follows: | | |
| 3 to 6 months past due | 278 | 32 |
| Over 6 months past due | 112 | 461 |
| | 390 | 493 |

Dumfries and Galloway NHS Board

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11. AVAILABLE FOR SALE FINANCIAL ASSETS

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| At 1st April | 8,461 | 8,467 |
| Additions | 6,979 | 3,432 |
| Disposals | (7,092) | (3,117) |
| Revaluation surplus/(deficit) transferred to equity | 2,179 | (321) |
| At 31st March | 10,527 | 8,461 |
| Total Board Available for Sale Financial Assets | 0 | 0 |
| Total Endowments Available for Sale Financial Assets | 10,527 | 8,461 |
| Total Consolidated Available for Sale Financial Assets | 10,527 | 8,461 |

Investments are registered in the name Aberdeen Standard Capital on behalf of Dumfries and Galloway Health Board Endowment Fund and the current investment objective is to generate a return of CPI inflation plus 3.5% per annum over the long term, after expenses. This will allow the charity as a minimum to maintain the real value of assets, whilst supporting annual expenditure and grant approval.

12. CASH AND CASH EQUIVALENTS

| | As at 01/04/20 £000's | Cash Flow £000's | At 31/03/21 £000's | At 31/03/20 £000's |
|---|-----------------------------|------------------------|--------------------------|-----------------------|
| Government Banking Service account balance | 55 | 704 | 759 | 55 |
| Cash at bank and in hand | 19 | 15 | 34 | 19 |
| Total cash - balance sheet | 74 | 719 | 793 | 74 |
| Overdrafts | 0 | 0 | 0 | 0 |
| Total Board cash - cash flow statement | 74 | 719 | 793 | 74 |
| Total Endowment Fund Cash | 1,458 | 13 | 1,471 | 1,458 |
| Total Consolidated Cash | 1,532 | 732 | 2,264 | 1,532 |

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

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Notes to the Accounts

13. TRADE AND OTHER PAYABLES

| | Note | 2021 £000's | 2020 £000's |
|--|------|----------------|----------------|
| Payables due within one year | | | |
| NHSScotland | | | |
| Scottish Government Health & Social Care Directorate | | 0 | 0 |
| Boards | | 2,014 | 2,329 |
| Total NHSScotland Payables | | 2,014 | 2,329 |
| NHS Non-Scottish Bodies | | 918 | 1,098 |
| General Fund Payable | | 793 | 75 |
| FHS Practitioners | | 5,265 | 6,262 |
| Trade Payables | | 25 | 868 |
| Accruals | | 14,918 | 10,435 |
| Deferred income | | 343 | 346 |
| Net obligations under PPP/PFI/NPD Contracts | | 6,324 | 5,467 |
| Income tax and social security | | 4,108 | 3,869 |
| Superannuation | | 3,396 | 3,167 |
| Holiday Pay Accrual | | 2,579 | 367 |
| Other significant payables - Pay award accrual | | 2,078 | 0 |
| Other payables | | 111 | 145 |
| Other payables - IJB | | 8,601 | 256 |
| Total Payables due within one year | | 51,473 | 34,684 |
| Total Endowment Creditors due within one year (adjusted for Intra Group payables) | | 692 | 398 |
| Total Payables due within one year | | 52,165 | 35,082 |
| Payables due after more than one year | | | |
| Net obligations under PPP/PFI/NPD Contracts due within 2 years | | 6,683 | 6,324 |
| Net obligations under PPP/PFI/NPD Contracts due after 2 years but within 5 years | | 21,269 | 21,065 |
| Net obligations under PPP/PFI/NPD Contracts due after 5 years | | 167,790 | 174,674 |
| Other payables | | 38 | 40 |
| Total Payables due after more than one year | | 195,780 | 202,103 |
| Total Endowment Creditors due within one year (adjusted for Intra Group payables) | | 471 | 0 |
| Total Payables due within one year | | 196,251 | 202,103 |
| Total Board Payables | | 247,253 | 236,787 |
| Total Consolidated Payables | | 248,416 | 237,185 |

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Notes to the Accounts

14a. PROVISIONS

| | Pensions and other similar obligations £000's | Clinical & Medical £000's | Participation in CNORIS £000's | Total at 31 March 2021 £000's | Total at 31 March 2020 £000's |
|---------------------------|---|---------------------------------|--------------------------------------|--|--|
| At 1st April 2020 | 3,848 | 37,436 | 12,516 | 53,800 | 46,676 |
| Arising during the year | 503 | 3,089 | 906 | 4,498 | 17,745 |
| Utilised during the year | (264) | (2,506) | 0 | (2,770) | (5,875) |
| Unwinding of discount | 0 | 0 | | 0 | 0 |
| Reversed unutilised | (88) | (9,437) | (925) | (10,450) | (4,746) |
| At 31st March 2021 | 3,999 | 28,582 | 12,497 | 45,078 | 53,800 |

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as debtors in note 10.

We received notification post 31st March 2021 of settlements for claims that were significantly lower than provided for.

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 2021 £000's | Total at 31 March 2020 £000's |
|----------------------------|---|---------------------------------|--------------------------------------|--|--|
| Payable in one year | 261 | 11,069 | 3,117 | 14,447 | 4,805 |
| Payable between 2-5 years | 1,072 | 17,513 | 7,595 | 26,180 | 43,608 |
| Payable between 6-10 years | 1,042 | 0 | 646 | 1,688 | 1,666 |
| Thereafter | 1,624 | 0 | 1,139 | 2,763 | 3,721 |
| At 31 March 2021 | 3,999 | 28,582 | 12,497 | 45,078 | 53,800 |

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of negative 1.03% (2019/20 negative 0.5%) in real terms. The liabilities are provided for on the basis of the expected remaining life of the pensioners and are estimated to be incurred over a period of up to 25 years.

Clinical & Medical

The Board holds a provision to meet costs of outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. The provision contains sums for the gross cost of settlement awards, legal expenses and third party costs. The impact of this provision is offset by an associated receivable disclosed in note 10, recognising the expected reimbursement of settlement costs, through the Board's participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS*).

Participation in CNORIS

The Board holds a provision for Participation in the CNORIS scheme which recognises that CNORIS is a shared risk scheme for NHS Scotland bodies. This provision recognises the liability for future payments that it is probable that the Board will incur based on their share of the overall CNORIS scheme liability for NHS Scotland. Details of the CNORIS provisions are at Note 14b.

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Notes to the Accounts

14b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

| | Note | 2021 £000's | 2020 £000's |
|--|------|----------------|----------------|
| Provision recognising individual claims against the NHS Board as at 31 March | 14a | 28,582 | 37,436 |
| Associated CNORIS receivable at 31 March | 10 | (28,907) | (42,297) |
| Provision recognising the NHS Board's liability from participating in the scheme at 31 March | 14a | 12,497 | 12,516 |
| Net Total Provision relating to CNORIS at 31 March | | 12,172 | 7,655 |

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 CLO will review each claim and advise the Board of the risk and the estimated value of settlement, from this 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 the following website (<https://clo.scot.nhs.uk/our-services/cnoris/>)

15. CONTINGENT LIABILITIES / ASSETS

CONTINGENT LIABILITIES

| | 2021 £000's | 2020 £000's |
|--|----------------|----------------|
| The following contingent liabilities have not been provided for in the Accounts: | | |
| Clinical and medical compensation payments | 6,249 | 15,184 |

CONTINGENT ASSETS

| | 2021 £000's | 2020 £000's |
|--|----------------|----------------|
| The following contingent assets have not been recognised in the Accounts: | | |
| Reimbursement of Contingent Liability for Clinical and Medical Negligence claims, under CNORIS | 5,520 | 14,753 |

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Notes to the Accounts

16. COMMITMENTS

Capital Commitments

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

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| Contracted | | |
| Mountainhall refurbishment projects | 115 | 0 |
| Acute Services Redevelopment Enabling Works | 71 | 0 |
| Replacement, Development, and Contingency Programme | 289 | 0 |
| Total | 475 | 0 |
| Authorised but not Contracted | | |
| Mountainhall refurbishment projects | 2,685 | 2,700 |
| Acute Services Redevelopment Enabling Works | 2,429 | 5,703 |
| Replacement, Development, and Contingency Programme | 2,186 | 1,475 |
| Total | 7,300 | 9,878 |

17. 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:

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| Obligations under operating leases comprise: | | |
| Buildings | | |
| Not later than one year | 272 | 274 |
| Later than one year, not later than two years | 274 | 274 |
| Later than two year, not later than five years | 822 | 822 |
| Later than five years | 1,403 | 1,950 |
| Other | | |
| Not later than one year | 614 | 740 |
| Later than one year, not later than two years | 403 | 539 |
| Later than two year, not later than five years | 274 | 451 |
| Later than five years | 0 | 0 |
| | 4,062 | 5,050 |
| Amounts charged to Operating Costs in the year were: | | |
| Hire of equipment (including vehicles) | 959 | 1,018 |
| Other operating leases | 259 | 265 |
| Total | 1,218 | 1,283 |

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18. 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 £4.465m as at 31 March 2021. 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 Boards new District General Hospital DGRI is funded under NPD. The land and buildings are included on the balance sheet at a valuation of £205.755m as at 31 March 2021 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 2021 | DGRI 2021 | Total 2021 £000's | Total 2020 £000's |
|--|----------------------|------------------|----------------------------------|-------------------------|
| Gross Minimum Lease Payments | | | | |
| Rentals due within 1 year | 1,691 | 17,172 | 18,863 | 19,588 |
| Due within 1 to 2 years | 1,577 | 17,133 | 18,710 | 18,841 |
| Due within 2 to 5 years | 7,548 | 50,773 | 58,321 | 57,358 |
| Due after 5 years | 12,687 | 256,049 | 268,736 | 288,139 |
| Total | 23,503 | 341,127 | 364,630 | 383,926 |
| Less Interest Element | | | | |
| Rentals due within 1 year | (1,102) | (11,437) | (12,539) | (14,121) |
| Due within 1 to 2 years | (932) | (11,095) | (12,027) | (12,517) |
| Due within 2 to 5 years | (6,014) | (31,038) | (37,052) | (36,293) |
| Due after 5 years | (8,363) | (92,583) | (100,946) | (113,465) |
| Total | (16,411) | (146,153) | (162,564) | (176,396) |
| Present value of minimum lease payments | | | | |
| Rentals due within 1 year | 589 | 5,735 | 6,324 | 5,467 |
| Due within 1 to 2 years | 645 | 6,038 | 6,683 | 6,324 |
| Due within 2 to 5 years | 1,534 | 19,735 | 21,269 | 21,065 |
| Due after 5 years | 4,324 | 163,466 | 167,790 | 174,674 |
| Total | 7,092 | 194,974 | 202,066 | 207,530 |

Amounts charged to the Operating Cost Statement in respect on balance sheet PFI transactions comprises;

| | | |
|---------------------|---------------|---------------|
| Interest charges | 12,828 | 13,384 |
| Service charges | 3,161 | 3,062 |
| Principal Repayment | 5,467 | 5,643 |
| Other charges | 862 | 0 |
| Total | 22,318 | 22,089 |

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19. 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 2016. The valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions.

NHS Dumfries & Galloway has no liability for other employers obligations to the multi-employer scheme. The scheme is an unfunded multi-employer defined benefit 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.

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 period from 1 April 2019 was 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the NHS Pension Scheme (Scotland) is known and its impact fully assessed in relation to any additional costs to the scheme.

NHS Dumfries & Galloway's level of participation in the scheme is 2.24% based on the proportion of employer contributions paid in 2019-20.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017-18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

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

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

National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,000, 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% |

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19. PENSION COSTS (Continued)

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:

| | 2021 £000's | 2020 £000's |
|---|----------------|----------------|
| Pension cost charge for the year | 27,873 | 26,035 |
| Additional costs arising from early retirement | 54 | 60 |
| Provisions/liabilities/pre-payments included in the Statement of Financial Position | 449 | 483 |

20(a). FINANCIAL INSTRUMENTS BY CATEGORY

| | | Loans and Receivables £000's | Available for Sale £000's | Consolidated Total at 31 March 2021 £000's | Consolidated Total at 31 March 2020 £000's |
|---|----|------------------------------------|---------------------------------|---|---|
| Assets | | | | | |
| Investments | 11 | 0 | 10,527 | 10,527 | 8,461 |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable. | 10 | 2,416 | 0 | 2,416 | 1,907 |
| Cash and cash equivalents | 12 | 2,264 | 0 | 2,264 | 1,532 |
| As at 31 March 2021 | | 4,680 | 10,527 | 15,207 | 11,900 |
| Endowment totals included above (adjusted for Intra Group balances) | | 1,701 | 10,527 | 12,228 | 10,233 |
| Liabilities | | | | | |
| PFI Liabilities | 13 | | 202,066 | 202,066 | 207,530 |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation | 13 | | 36,489 | 36,489 | 19,944 |
| As at 31 March 2021 | | | 238,555 | 238,555 | 227,474 |
| Endowment totals included above (adjusted for Intra Group balances) | | | 1,163 | 1,163 | 398 |

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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.

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 | Between 1 and 2 years | Between 2 and 5 years | Over 5 Years |
|--|---------------------|--------------------------|--------------------------|----------------|
| | £000's | £000's | £000's | £000's |
| At 31 March 2021 | | | | |
| PFI Liabilities | 25,188 | 25,392 | 79,590 | 436,528 |
| Trade and other payables excluding statutory liabilities | 32,709 | 38 | 0 | 0 |
| Total | 57,897 | 25,430 | 79,590 | 436,528 |

| | Less than 1 Year | Between 1 and 2 years | Between 2 and 5 years | Over 5 Years |
|--|---------------------|--------------------------|--------------------------|----------------|
| | £000's | £000's | £000's | £000's |
| At 31 March 2020 | | | | |
| PFI Liabilities | 25,055 | 25,165 | 78,423 | 462,813 |
| Trade and other payables excluding statutory liabilities | 19,139 | 40 | 0 | 0 |
| Total | 44,194 | 25,205 | 78,423 | 462,813 |

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. The consolidated group does have some exposure to foreign investments.

iii) Price risk

The NHS Board is not exposed to equity security price risk. The Endowment Charity has £10.527m in investments which are managed by Aberdeen Standard Capital. All investments are classified as listed investments.

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 2021

Notes to the Accounts

21. RELATED PARTY TRANSACTIONS

The Board had transactions with other government departments and other central government bodies during the year. These transactions were mainly with HM Revenue and Customs, SPPA and other Health Boards.

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

The Board consider the following to be related party transactions during the year:

Dumfries and Galloway Council

NHS Dumfries and Galloway had the following transactions in 2020-21:

Income: £338,386

Expenditure: £36,621,810

Year End Balances - debtor: £9

Details of Related Party: Councillor A Fergusson, Non Executive Director was also an elected member of Dumfries and Galloway Council and the IJB is a Joint Venture between NHS Dumfries and Galloway and Galloway Council.

NHS Lanarkshire

NHS Dumfries and Galloway had the following transactions in 2020-21:

Income: £657,601

Expenditure: £1,754,823

Year End Balances - debtor: £103,666

Year End Balances - creditor: £39,729

Details of Related Party: Mr J Ace, Executive Director has a close family member who is an Executive Director of NHS Lanarkshire.

Wigtownshire Women and Cancer

NHS Dumfries and Galloway had the following transactions in 2020-21:

Expenditure: £3,755 (this was for payment of a grant submitted to Macmillan Cancer for which the Board was re-imbursed.)

Details of Related Party: Mrs P Halliday, Non Executive Director, was also Chair of Wigtownshire Women and Cancer.

Wilsons (Dumfries)

NHS Dumfries and Galloway had the following transactions in 2020-21:

Expenditure: £2,234

Endowment Fund had the following transactions in 2020-21:

Expenditure: £4,943

Details of Related Party: Dr L Douglas, Non Executive Director and Endowment Trustee has a close family member who has control or joint control of Wilsons (Dumfries).

Liverpool University Hospitals NHS Foundation Trust

NHS Dumfries and Galloway had the following transactions in 2020-21:

Expenditure: £4,458

Details of Related Party: Ms M Caig, Non Executive Director has a close family member who is a Director at Liverpool University Hospitals NHS Foundation Trust.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

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 2020 £000's | Gross Inflows £000's | Gross Outflows £000's | As at 31 March 2021 £000's | 2020 £000's |
|--|------------------------------------|----------------------------|-----------------------------|-------------------------------------|----------------|
| Monetary amounts such as bank balances and monies on deposit | 44 | 41 | (67) | 18 | 44 |
| Total Monetary Assets | 44 | 41 | (67) | 18 | 44 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

23a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

| | Note | 2021 Board £000's | 2021 Endowment £000's | 2021 IJB £000's | 2021 Consolidated £000's | 2020 Consolidated £000's |
|--|------|-------------------------|-----------------------------|-----------------------|--------------------------------|--------------------------------|
| Staff costs | 4a | 218,099 | 0 | 0 | 218,099 | 195,121 |
| Other operating expenditure | 4b | | | | | |
| Independent Primary Care Services | | 44,479 | 0 | 0 | 44,479 | 40,670 |
| Drugs and medical supplies | | 72,746 | 0 | 0 | 72,746 | 68,127 |
| Other health care expenditure | | 492,869 | 1,643 | 0 | 494,512 | 444,038 |
| Gross expenditure for the year | | 828,193 | 1,643 | 0 | 829,836 | 747,956 |
| Less: Operating Income | 5 | (383,517) | (693) | 0 | (384,210) | (362,750) |
| Integration Joint Board accounted for on an equity basis | | 0 | 0 | (6,935) | (6,935) | 2,944 |
| Net Expenditure for the year | | 444,676 | 950 | (6,935) | 438,691 | 388,150 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

23b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 2021 Board £000's | 2021 Endowments £000's | 2021 Intra Group £000's | 2021 Consolidated £000's | 2020 Consolidated £000's |
|--|------|-------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|
| Non-current assets: | | | | | | |
| Property, plant and equipment | 8c | 308,607 | 27 | 0 | 308,634 | 312,847 |
| Intangible assets | 7 | 304 | 0 | 0 | 304 | 429 |
| Financial assets: | | | | | | |
| - Investments in associates and joint ventures | 9 | 8,205 | 0 | 0 | 8,205 | 1,270 |
| - Trade and other receivables | 10 | 28,907 | 0 | 0 | 28,907 | 42,297 |
| | | 346,023 | 27 | 0 | 346,050 | 356,843 |
| Current Assets: | | | | | | |
| Inventories | | 1,310 | 0 | 0 | 1,310 | 1,509 |
| Financial assets: | | | | | | |
| - Trade and other receivables | 10 | 6,126 | 230 | 0 | 6,356 | 5,206 |
| - Cash and cash equivalents | 12 | 793 | 1,471 | 0 | 2,264 | 1,532 |
| Available for sale financial assets | 11 | 0 | 10,527 | 0 | 10,527 | 8,461 |
| Assets classified as held for sale | 8b | 308 | 0 | 0 | 308 | 0 |
| | | 8,537 | 12,228 | 0 | 20,765 | 16,708 |
| Current liabilities | | | | | | |
| Provisions | 14a | (14,447) | 0 | 0 | (14,447) | (4,805) |
| Financial liabilities: | | | | | | |
| - Trade and other payables | 13 | (51,473) | (692) | 0 | (52,165) | (35,082) |
| | | (65,920) | (692) | 0 | (66,612) | (39,887) |
| Total Assets less Current Liabilities | | 288,640 | 11,563 | 0 | 300,203 | 333,664 |
| Non-current liabilities | | | | | | |
| Provisions | 14a | (30,631) | 0 | 0 | (30,631) | (48,995) |
| Financial liabilities: | | | | | | |
| - Trade and other payables | 13 | (195,780) | (471) | 0 | (196,251) | (202,103) |
| | | (226,411) | (471) | 0 | (226,882) | (251,098) |
| Total Assets less Total Liabilities | | 62,229 | 11,092 | 0 | 73,321 | 82,566 |
| Taxpayers' Equity | | | | | | |
| General fund | | 15,290 | 0 | 0 | 15,290 | 32,700 |
| Revaluation reserve | | 38,734 | 0 | 0 | 38,734 | 38,734 |
| Other reserves | | 8,205 | 0 | 0 | 8,205 | 1,270 |
| Funds Held on Trust | | 0 | 11,092 | 0 | 11,092 | 9,862 |
| Total taxpayers' equity | | 62,229 | 11,092 | 0 | 73,321 | 82,566 |

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2021

Notes to the Accounts

23c. CONSOLIDATED STATEMENT OF CASHFLOWS


| | Note | 2021 Board £000's | 2021 Endowments £000's | 2021 IJB £000's | 2021 Consolidated £000's | 2020 Consolidated £000's |
|---|------|-------------------------|------------------------------|-----------------------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | | | | |
| Net expenditure | | (444,676) | (950) | 6,935 | (438,691) | (388,150) |
| Adjustments for non-cash transactions | 3a | 12,172 | 0 | (6,935) | 5,237 | 12,848 |
| Add back: interest payable recognised in net operating expenditure | 3b | 12,828 | 0 | 0 | 12,828 | 13,384 |
| Investment income | | 0 | (158) | 0 | (158) | (190) |
| Movements in working capital | 3c | 18,377 | 849 | 0 | 19,226 | (10,048) |
| Net cash (outflow) / inflow from operating activities | | (401,299) | (259) | 0 | (401,558) | (372,156) |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | 8d | (3,891) | 0 | 0 | (3,891) | (3,227) |
| Purchase of intangible assets | | (2) | 0 | 0 | (2) | 0 |
| Investment Additions | | 0 | (6,979) | 0 | (6,979) | (3,432) |
| Proceeds of disposal of property, plant and equipment | 11 | 100 | 0 | 0 | 100 | 22 |
| Receipts from sale of investments | | 0 | 7,092 | 0 | 7,092 | 3,117 |
| Interest and dividends received | | 0 | 158 | 0 | 158 | 190 |
| Net cash (outflow) / inflow from investing activities | | (3,793) | 271 | 0 | (3,522) | (3,330) |
| Cash flows from financing activities | | | | | | |
| Funding | | 423,386 | 0 | 0 | 423,386 | 394,470 |
| Movement in general fund working capital | | 718 | 0 | 0 | 718 | (42) |
| Cash drawn down | | 424,104 | 0 | 0 | 424,104 | 394,428 |
| Capital element of payments in respect of finance leases and on-balance sheet PFI | | (5,464) | 0 | 0 | (5,464) | (5,645) |
| Interest paid | 3b | 0 | 0 | 0 | 0 | 0 |
| PFI Contracts: Interest element of finance leases and on-balance sheet PFI | 3b | (12,828) | 0 | 0 | (12,828) | (13,384) |
| Net Financing | | 405,812 | 0 | 0 | 405,812 | 375,399 |
| Net Increase / (decrease) in cash and cash equivalents in the year | | 720 | 12 | 0 | 732 | (87) |
| Cash and cash equivalents at the beginning of the year | | 74 | 1,458 | 0 | 1,532 | 1,619 |
| Cash and cash equivalents at the end of the year | | 794 | 1,470 | 0 | 2,264 | 1,532 |
| Reconciliation of net cash flow to movement in net debt/cash | | | | | | |
| Increase/(decrease) in cash in year | 12 | 720 | 12 | 0 | 732 | (87) |
| Net cash at 1 April | | 74 | 1,458 | 0 | 1,532 | 1,619 |
| Net cash at 31 March | | 794 | 1,470 | 0 | 2,264 | 1,532 |



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 (FRoM) 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

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| Envelope Sent | Hashed/Encrypted | 20/7/2021 14:42 |
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| Signing Complete | Security Checked | 22/7/2021 19:23 |
| Completed | Security Checked | 22/7/2021 19:23 |
| Payment Events | Status | Timestamps |