

DUMFRIES AND GALLOWAY NHS BOARD

Annual Report and Accounts For Year Ended 31 March 2023



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 1st April 2022 to 31st March 2023; this includes the consolidation of Endowment Funds and the Integration Joint Board (IJB).

This document contains:

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

The Annual Accounts including the above reports were adopted and approved by the full meeting of the Dumfries and Galloway NHS Board on 29th June 2023.

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 dgcommunications@nhs.scot.

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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 and 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

2022/23 has been a difficult year for NHS Dumfries and Galloway as we manage recovery from the impacts of the Covid-19 pandemic on all our service models.

Our population now has high levels of vaccination derived immunity to Covid-19 which has weakened the link between the disease and serious illness. Nonetheless, Covid-19 has continued to circulate in the community leading to both increased hospitalisation rates and to staff absence. Winter 2022/23 saw a combination of a wave of Covid-19 infections and our worst influenza incidence since 2017/18 which put enormous pressure on hospital and primary care services.

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 made considerable reductions in maximum waits for treatments. However, our overall performance against our access targets is still below pre-pandemic standards 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 over each of the coming years.

Although the Board has recorded a small surplus against its revenue resource limit, this was achieved using additional financial support from the Scottish Government that will require to be repaid in future years. The financial outturn reflects the impact of both very high inflationary pressures and reduced opportunities for cost reduction programmes during the pandemic. It is anticipated that it will take several years to return the Board to underlying break-even. Furthermore, it is highly unlikely that traditional efficiency measures will be adequate on their own to address the scale of the financial imbalance. Instead, such efficiencies will need to be accompanied by substantial transformation and redesign of our delivery models, and reduction of our estate. Once again, we are indebted to our staff for their efforts to deliver high quality compassionate care at all times in very difficult circumstances.

I would also wish to record thanks to the population of Dumfries and Galloway for their generosity in donating £358k to our Endowment Fund charity in 2022/23. These donations allow us to deliver extra training and support to staff, and to fund a number of initiatives to improve patient experience both in hospital and community settings. Your continued support to our charity in these tough times is very much appreciated.

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 at 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; this has continued throughout 2022/23. Additional community beds in Dumfries were re-opened on a temporary basis in December 2021 to support the response to the third wave; these additional beds were open throughout 2022/23. The Health and Social Care Partnership has commenced a consultation on the future of intermediate care bed provision during 2023. This is due to be concluded by September 2023 with the output of the consultation and recommendations for future models being presented to the IJB.

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 IJB. This includes the entire resources of the Acute and Diagnostics Directorate, Community Health and Social Care Directorate (which also includes all prescribing areas), Mental Health and Learning Disabilities 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 supported by the NHS Board and the Local Authority with an equal number of voting members nominated by each partner organisation.

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.

The IJB has approved its Strategic Commissioning Plan covering 2022-25 which builds on the learning from the initial IJB plan. Despite the Covid-19 pandemic, a good level of engagement and consultation with the public and community about changes to Health and Social Care over the new commissioning period was undertaken. 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 2022/23 at its Board meeting in June 2022. They were summarised as follows and were incorporated into the Board's Annual Delivery Plan (ADP):

- Vaccination Programme
- Elective Mobilisation
- Home Team Establishment
- Community Infrastructure Review
- Unscheduled Care Improvement
- Financial Recovery
- Workforce Development

These are set out in more detail below with a review of progress against each priority reviewed through NHS Board.

Tactical Priority	Aim	Actions Required	Measured
Vaccination Programme	Successful completion of autumn Flu and Covid-19 vaccinations, plus continuation of full childhood immunisation regime	Appointment of sustainable team and management of delivery programme, including public engagement	Percentage uptake data versus Scotland figures
Elective Remobilisation	Continue recovery of elective waiting times in line with trajectories in mobilisation plan. Achieve government maximum wait standards (including mental health and Child and Adolescent Mental Health Services (CAMHS))	Driven by Planned Care Programme Board. Most urgent is an increase in major elective surgery	Treatment Time Guarantee (TTG), maximum waits and performance against trajectory
Home Team Establishment	Improve the resilience of out of hospital health and care	Team recruitment, progress on GP contract issues and communication and engagement with the public.	Reduction in social care capacity gap
Community Infrastructure Review	Finalise shape of future community bed base	Engagement, analysis and report securing support of relevant governance bodies. First moves towards reconfiguration	Feedback on engagement and reduction in delayed discharges
Unscheduled Care Improvement	Improve safe flow of patients on Unscheduled Care (USC) pathways	Driven by Unplanned Care Programme Board in close collaboration with Scottish Government	Four hour target and acute occupancy
Financial Recovery	Reduce underlying deficit whilst maximising non-recurring opportunities	Driven by Financial Recovery Board (FRB) and wide ranging Cash Releasing Efficiency Schemes (CRES) schemes impacting on all areas of the service	Reduction in underlying deficit in line with Scottish Government expectations
Workforce Development	Continue to improve the experience of working in the Dumfries and Galloway partnership	Effective recruitment, both UK and overseas, cultural engagement work and progress in ongoing major cases	iMatter scoring

These incorporated a range of short, medium and long terms plans to support recovery from the pandemic's impact on services and move to a more sustainability service model. Revised Tactical Priorities for 2023/24 were approved by NHS Board at its meeting on 17th April 2023 including an updated strategic statement.

The NHS Board (including services delegated to the IJB) were unable to deliver a break-even position for 2022/23, requiring additional financial support of £9.3m from Scottish Government on a non-recurring but repayable basis to deliver break-even once the Board is back in financial balance.

A number of programme boards have been jointly established to support the delivery of the strategic plan and provide a framework around the modernisation programme, these include; Planned Care (including Cancer), Unscheduled Care and Redesign of Urgent Care, Digital, Primary Care Transformation, Community Transformation and Complex Care.

The capital programme was agreed for 2022/23 through the Strategic Capital Programme Board which sets out priorities for spend. However, it has continued to experience difficulties with a range of pressures which have impacted on the pace at which the programme was able to progress. As a result, there has been an in year underspend on the programme. The difficulties include workforce challenges around capacity, resources and expertise to deliver the programme; scarcity of equipment; contractor demand and the ongoing Covid-19 and Brexit impact. Work has commenced to understand the impact of hybrid working on the estates and critically some of the changes required to the GP and Community estates to support new ways of working.

Performance Summary

2022/23 continued to present unprecedented challenges for Health and Social Care across Dumfries and Galloway. The Performance and Resources Committee regularly received reports and updates on the financial and performance challenges from across the whole system. Whilst the ADP set out the aspirations for recovery, renewal and transformation, the unscheduled care pressures continued to dominate and impact on scheduled care recovery plans.

Although the table on page 12 shows that NHS Dumfries and Galloway achieved all 3 financial statutory targets, the reported surplus against its revenue resource limit was achieved using additional financial support of £9.3m provided by the Scottish Government. Efficiency savings in the year of £23.5m (£2.2m recurring and £21.3m non-recurring) were delivered.

Consolidated net revenue expenditure for the Board in 2022/23 was £452m and capital expenditure was £8.5m. The Financial Statements provide further detail on the Board's income and expenditure during the year and its financial position at the year end.

The draft 2022/23 ADP was submitted to the Scottish Government on 12th August 2022 and following formal feedback in September 2022 was subsequently approved by the NHS Board on 3rd October 2022. The ADP aimed to align plans for remobilisation with the Strategic Commission Plan for Health and Social Care, in order to inform whole system recovery. Throughout 2022/23, quarterly updates were submitted to the Scottish Government, monitoring progress against identified deliverables whilst being mindful of the impact of system pressures experienced during the period.

Moving forward, the 2023/24 ADP and 2023/26 Medium Term Plan will set the direction as we move into the next phase of national Remobilisation, Recovery and Redesign work and will primarily focus on 'recovery and renewal'. We will develop our local response to the 10 national drivers of recovery in light of defined local Tactical Priorities.

NHS Dumfries and Galloway has developed a performance management framework to monitor performance against all former Local Delivery Plan (LDP) Standards and a monthly performance report is regularly presented to the NHS Board and Performance and Resources Committee. Further details on these and other key performance indicators are given in the Performance Analysis section below. During 2022/23, an updated performance framework was developed through the Business Intelligence team; this is due to be fully impacted in the first six months of 2023/24.

NHS Dumfries and Galloway has a formal system of risk identification and evaluation embedded throughout the organisation which seeks to manage risk and uncertainty. The Audit and Risk Committee reviews and monitors all risks which are identified and receives an Annual Risk Report. There are 21 corporate risks which the Board is currently managing and mitigating to ensure the achievement of the objectives of the Operational Plan; these are provided in the Governance Statement.

PERFORMANCE ANALYSIS

Non-Financial Performance

Following the pandemic challenges of 2020/21 and 2021/22, the recovery phase continues to bring unprecedented levels of activity:

- The number of people experiencing delays in hospital has reached an all time high and the proportion of people waiting longer than 18 weeks for in-patient and out-patient treatment has risen.
- Unlike previous years, when 12 hour waits were very rare, people across Scotland are now experiencing very long waits to leave the Emergency Department (ED).
- In addition, Acute hospital occupancy has been 5% higher throughout 2022/23 than pre-pandemic, which has periodically led to uncomfortable decisions to double up room occupancy and board people in areas such as the short stay ward.

Whilst these challenges are considerable for Dumfries and Galloway, they are also being felt across Scotland.

	Previous Year			Reporting Year		
	Time	Scotland	D&G	Time	Scotland	D&G
Number of days people aged 75 or older spend in hospital when they are ready to be discharged (per 1,000 population)	2021/22	748	785	2022/23	919	1,340
The percentage of people who wait no longer than 4 hours from arriving in accident and emergency to admission, discharge or transfer for treatment (Target: 95%)	2021/22	78%	83%	2022/23	68%	79%
The percentage of people who wait longer than 12 hours from arriving in accident and emergency to admission, discharge or transfer for treatment (Target: 0%)	2021/22	1.5%	0.4%	2022/23	4.5%	1.5%
Proportion of people who had been waiting longer than 18 weeks for new inpatient and day case treatment at the point of being seen	2021/22	25%	19%	2022/23	34%	29%
Proportion of people who had been waiting longer than 18 weeks for new outpatient treatment at the point of being seen	2021/22	23%	25%	2022/23	26%	26%
Proportion of people waiting for new inpatient and day case treatment who have already been waiting longer than 18 weeks (snapshot)	March 2022	57%	33%	March 2023	60%	42%
Proportion of people waiting for new outpatient treatment who have already been waiting longer than 18 weeks (snapshot)	March 2022	40%	27%	March 2023	43%	30%
Beds occupied at Dumfries and Galloway Royal Infirmary during the year (000s)	2021/22	n/a	97.7	2022/23	n/a	104.4

The NHS Board developed an ADP for 2022/23, in line with guidance from Scottish Government. It was acknowledged that all Boards are facing a challenging financial position, and at the time ADPs were developed, there was considerable uncertainty around expected allocations. The 2022/23 service priorities outlined in the guidance were:

- Recruitment, retention and wellbeing of our Health and Social Care workforce
- Recovering planned care and looking to what can be done to better protect planned care in the future - complementing the information already submitted on activity levels for inpatient and day case
- Urgent and unscheduled care - taking forward the high impact changes through the refreshed Collaborative
- Supporting and improving social care
- Sustainability and value

In addition, following receipt of the letter from the Cabinet Secretary dated 12th October 2022, Partnerships were asked to renew their focus on the following areas over winter:

- Discharge without Delay
- Improving Mental Health Support
- Care Closer to Home
- New Models of Acute Care
- Sustaining Planned Care
- Community Transformation

NHS Dumfries and Galloway performance management framework describes a 'four quadrant' approach. Performance reporting is developing to bring performance information on Finance, Service, People and Quality together on one report. Work is underway to support the Board with a performance information dashboard accessible through mobile devices.

Regular reporting to Performance and Resources Committee confirms the Board's progress against the ADP, with the latest reporting against the ADP showing significant numbers of deliverables in both the amber and red status categories, which perhaps reflects the level of system-wide pressures that were experienced in

Quarter 3 and the need to focus capacity and resources on the operational response to these. The following table offers an overview of the status of deliverables from Quarter 1 to Quarter 4.

ADP status of deliverables

Status	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23
Cancelled	21	21	22	22
Complete	14	18	20	25
Red	15	2	7	4
Amber	51	46	53	52
Green	36	64	48	48
Proposal	14	1	2	1
Suspended	-	-	1	3

We can likely attribute the increase in amber status deliverables (At risk – requires action) to the pressures within the system and the associated challenges presented to delivery. Those deliverables returning a red status (Unlikely to complete on time/meet target), predominantly relate to capacity and recruitment issues preventing progress; further detail is provided in the table below. Our operational colleagues continue to re-prioritise and re-phase these areas as service pressures ease and capacity becomes available again.

Quarter 4 - Red status deliverables summary

ADP Deliverable	Barriers	Mitigation
Psychology Waiting Times DP0151 (2021-DG28)	Recruitment vacancies and increased demand continue to be the issue. Working with recruitment to make posts widely known, however, this led to a few applicants to posts, some withdrew from the process - net gain of 2 staff from this. No progress with MORSE implementation.	Use of locums is ongoing within the service. Offering blended work models. Working with psychology leads to develop directorate wide strategy including group work.
Neonatal DP0100 (2021-DG84)	University of West of Scotland (UWS) qualified in specialty post graduate programme commenced in January 2023 as planned. 4 individuals are currently on facilitated placements, anticipated completion date is September 2023. Hearing screening service – Maternity Care Assistant (MCA) training has commenced with current cohort of staff to be able to deliver this service. This training is dependent on exposure and opportunity to achieve a certain level of competency. Still no Advanced Neonatal Nurse Practitioner (ANNP) in post within the Neonatal Unit, this will be reviewed on completion of qualified in specialty training programme.	Use of agency staff and escalation of risk to corporate and directorate risk register.
Improving Patient Access DP0020 (2022-DG006)	Higher than normal levels of urgents are impacting the overall delivery of year on year activity due to complexity alongside a challenged theatre nursing workforce. There have been a number of staff recruited who are currently working through their competencies alongside Operating Department Practitioners (ODP) roles which will support increased activity in the future.	Weekly oversight through Acute and Diagnostic Patient Access Governance Group.
Sustainability of General Dental Service Provision DP0195 (2022-DG055)	A significant number of General Dentist Practitioner (GDP) Practices in Dumfries and Galloway have de-registered NHS Patients, leaving a high number of people unregistered locally. Further, there are low levels of participation amongst those who remain registered.	A Dental Task Force, including representation from the Chief Dental Officer's Office, has been established to plan and deliver a response.

Whilst continuing to progress our planned deliverables as far as possible, we have identified key achievements within community transformation and staff wellbeing. These include:

- The collaborative commissioning approach within Care and Support at Home
- The Community Waiting Times Team
- Improving hospital flow and the test of change within Dumfries and Galloway Royal Infirmary (DGRI) to implement Planned Date of Discharge (PDD) within early adopter wards
- The ongoing commitment to the Psychology Staff Support Service and other resilience programmes to include pilot partnership project with Dumfries and Galloway Citizens Advice Service and a mental health training programme for staff and managers delivered through the University of West of Scotland

The most prevalent risk at this stage in the recovery planning process is the capacity for teams to deliver on the actions defined within the ADP amidst ongoing system pressures and consideration to staff wellbeing.

Commentary on key measures

Because we are in a recovery position, like the rest of Scotland, some of the historic waiting times standards have been paused in favour of a locally agreed recovery trajectories. In these cases, teams are aiming to see a specific number of people in order to catch up with the backlog. To enable a comparison to be made, we have used the following colour codes.

A snapshot of performance against agreed trajectories are shown below; performance against these are monitored and reported through the Board and Committee structure on a routine basis. Complete year end figures will be available in July 2023.

Snapshot of performance against agreed trajectories

Indicator	Time Period	Aim	Measure	Time Period	Aim	Measure
Against the local trajectory						
Treatment Time Guarantee (TTG) – target number of people to be seen	March 2022	576	608	March 2023	667	573
New - People waiting over 2 years (reduce to 0 by Sept 2022)	March 2022	base	11	March 2023	0	0
New - People waiting over 18 months (reduce to 0 by Sept 2023)	March 2022	base	19	March 2023	0	1
New outpatient appointment waits – target number of people to be seen	March 2022	2,912	2,754	March 2023	3,296	2,935
New - People waiting over 2 years (reduce to 0 by Aug 2022)	March 2022	base	5	March 2023	0	0
New - People waiting over 18 months (reduce to 0 by Dec 2022)	March 2022	base	12	March 2023	0	1
Psychological therapies	March 2022	193	198	March 2023	193	200
Emergency department waits – local winter improvement trajectory	March 2022	95%	79%	March 2023	87%	79%
New - People waiting over 12hrs (reduce to 0 by March 2023)	March 2022	base	39	March 2023	0	88
Delayed discharges – number of people delayed at the end of month snapshot	March 2022	70	92	March 2023	73	107
Against the waiting time standard						
Diagnostic scopes waits	March 2022	100%	97%	March 2023	100%	80%
Diagnostic scans waits	March 2022	100%	95%	March 2023	100%	83%
Cancer waiting times 31 day	March 2022	95%	96%	March 2023	95%	100%
Cancer waiting times 62 day	March 2022	95%	70%	March 2023	95%	71%
CAMHS waiting times (Note 1*)	March 2022	90%	96%	*Dec 2022	90%	98%

Indicator	Time Period	Aim	Measure	Time Period	Aim	Measure
Other		Scot	NHS DG		Scot	NHS DG
Covid-19 winter booster vaccine uptake (cumulative % of eligible) compared to Scotland	March 2022	n/a	n/a	March 2023	72.6%	77.8%
Flu vaccine uptake (cumulative % of eligible) compared to Scotland	March 2022	Note2*	n/a	March 2023	63.7%	71.2%
Care at Home assessed hours awaiting a provider (aim to reduce)	March 2022	n/a	3,191.25	March 2023	n/a	3,154.50
Care at Home assessed packages awaiting a provider (aim to reduce)	March 2022	n/a	320	March 2023	n/a	343
iMatter Health Social Care staff experience survey: response rate	2021	56%	55%	2022	55%	60%
iMatter Health Social Care staff experience survey: Employee Engagement Index (EEI) Score	2021	75	72	2022	76	75

* Note 1: The CAMHS team has switched over to a new information system and whilst this is bedding in there are no updated figures beyond December 2022.

* Note 2: Due to the Covid-19 pandemic, health care services are functioning differently now compared to previous flu seasons so the consultation rates are not directly comparable to historical data.

- The number of people waiting for in-patient or daycase treatment is 4,301 (March 2023), which has been steadily rising month on month (March 2022 was 2,955). The number of people treated has been consistently below the agreed trajectory throughout most of 2022/23. There has been significant focus on reducing the longer waits. Latest information from March 2023 indicates there were:
 - no people waiting over 2 years
 - 1 person waiting over 18 months
- The number of people waiting for a new doctor led outpatient appointment is 11,879 (March 2023), which has been steadily rising month on month (March 2022 was 10,959). The number of people seen has been consistently below the agreed trajectory throughout most of 2022/23. There has been significant focus on reducing the longer waits. Latest information from March 2023 indicates there were:
 - no people waiting over 2 years
 - 1 person waiting over 18 months
- The number of people waiting for a diagnostic scope is 819 (March 2023), which is higher than the number of people who were waiting in March 2022 (456). 80% of the people waiting for diagnostic scopes were waiting less than 6 weeks, against a 100% target, and this has fallen over the last 6 months. 95% of people are waiting 10 weeks or fewer.
- The number of people waiting for a diagnostic scan is 2,369 (March 2023), which is less than the monthly throughput, still higher than March 2022 (1,732). 83% of the people waiting for diagnostic scans were waiting less than 6 weeks, against a 100% target and 97% of people are waiting 10 weeks or fewer. The longest waits are for Magnetic Resonance Imaging (MRI) scans; there is a plan to purchase additional capacity.
- The waiting time standard for patients diagnosed with cancer to begin treatment within 31 days of decision to treat has been met consistently over the last year. However, the 62 day waiting time standard for urgent referral of suspicion of cancer to begin treatment has been impacted by the national challenges relating to colorectal and urological cancer treatment. In March 2023, 71% of eligible people started their treatment within 62 days, which is similar to the previous year (70%). In the year April 2022 to March 2023, 13 people have experienced delays against the 31 day standard, with a maximum wait of 83 days; 93 people have experienced delays against the 62 day standard, with a maximum wait of 334 days.

- Up to December 2022*, the waiting list for CAMHS had varied between 65 and 160 people per month, with no people waiting longer than 18 weeks. The waiting times standard has been consistently above the 90% target all year (*the CAMHS team has switched over to a new information system and whilst this is bedding in, there are no updated figures beyond December 2022.)
- Psychological Therapies services saw 200 people in March 2023 compared to the ambition to see 193 people; this is normal fluctuation around the median. 59% of people were seen within 18 weeks. The waiting list is 943 people, 36% of whom have already been waiting more than 18 weeks. Group therapy sessions have been re-established to address the capacity issues.
- The 4 hour Emergency Department (ED) waiting standard was met 79% of the time against the winter ambition of 87% in March 2023. A new target to eliminate ED waits over 12 hours has been introduced, with the ambition to reach 0 by the end of March 2023. There were 88 people in March 2023 that waited longer than 12 hours for the end of their ED attendance. The longest wait was 20 hours 56 minutes. Frailty at the Front Door looks to support the most complex people and the flow navigation centre is scheduling appropriate attendances for quieter times of day.
- The number of people experiencing a delayed discharge (across all hospital settings) has reached an all time high this year. The number of bed days lost to delayed discharge was 3,573 in March 2023, with 107 people awaiting a more suitable setting of care at month end. A trajectory has been agreed with Scottish Government colleagues, to reduce the number of people experiencing a delay by 25% by the end of March 2023. We have not met this trajectory. Improvement activities include the roll out of Planned Date of Discharge and Home by lunchtime.
- Of the people experiencing a delay, a substantial proportion awaits support to return to their own homes. Staff who would otherwise be providing intermediate care are currently providing Care at Home for people in the community as the Partnership attempts to address the Care at Home challenges. Additional surge beds in Mountainhall Treatment Centre remain open to relieve occupancy pressures.
- The vaccines programme was very successful in Dumfries and Galloway both the Covid-19 winter booster vaccine uptake and the flu vaccine uptake both higher than Scotland.
- The number of Care at Home assessed hours awaiting a provider has risen over the year, despite the priority focus on this area. There is substantial ongoing improvement work, including the establishment of a community waiting times team, brokering package swaps between providers to enable efficient deployment of staff and paying on planned hours.
- The iMatter Health Social Care staff experience survey response rate and Employee Engagement Index (EEI) Score have both risen since the previous year and are at similar levels to the Scottish average.

Performance information for the Board can be found on www.nhs.uk with other performance information being publicly 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 www.nhsperforms.scot/
- Public Health Scotland (PHS) publishes reports on the various activities and performance of NHS Boards throughout the year. You can find up-to-date information on the PHS website: www.publichealthscotland.scot/publications/

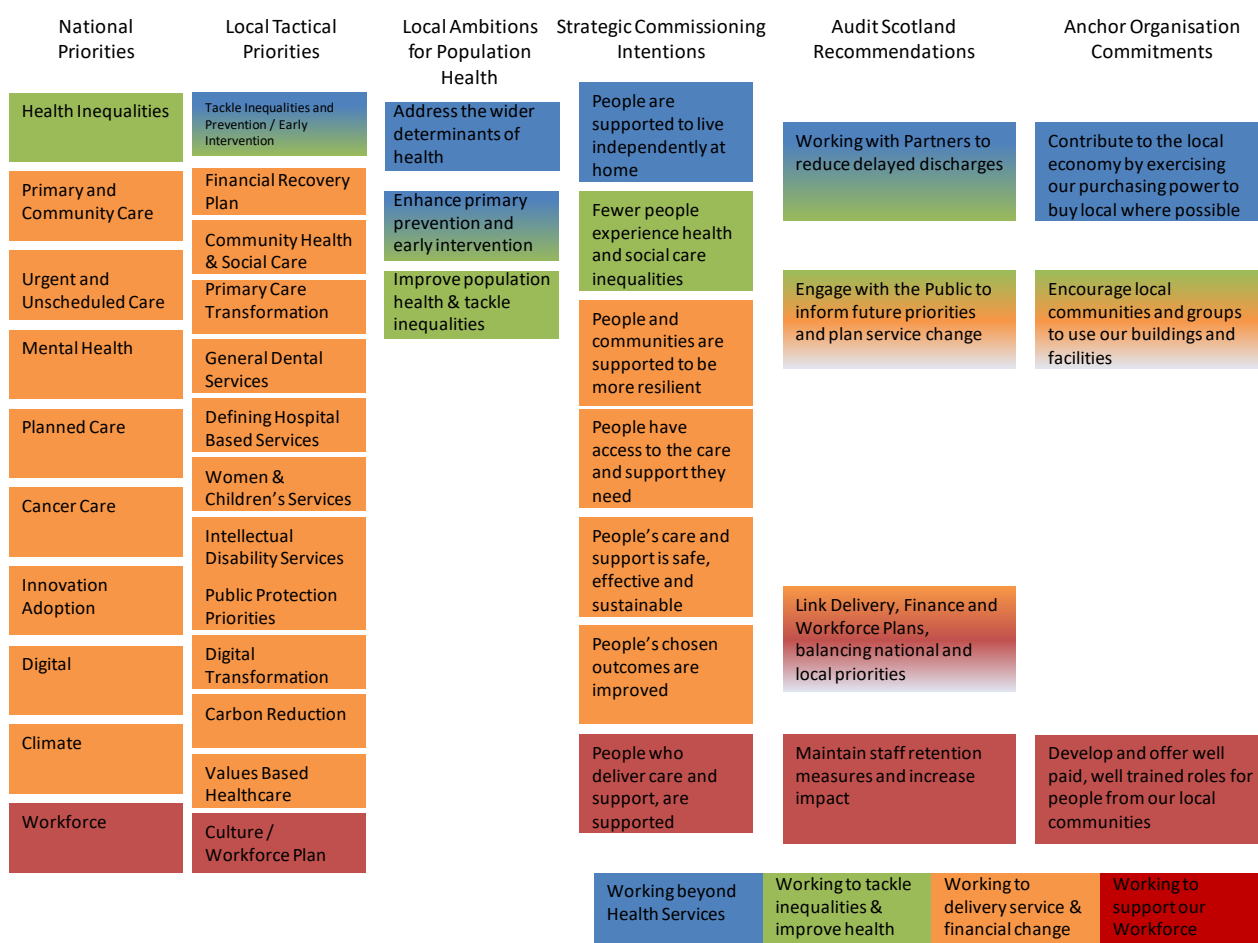
Future Performance

The Partnership has developed an integrated ADP and Medium Term Plan (MTP) that describe the challenges, opportunities and ambitions for the coming 1-5 years. There is a range of overlapping priorities that define the context within which we intend to deliver:

- 10 Nationally Defined Areas for Recovery
- 13 Locally Defined Tactical Priorities
- Locally Defined Commitments as an Anchor Organisation
- The Strategic Commissioning Intentions, as set out in the IJB's Strategic Commissioning Plan
- Nationally Defined Recommendations from the Audit Scotland Report on the NHS in 2022

We believe the findings from the 10 national areas for recovery, our commitment to improving population health, our agreed local Tactical Priorities, the strategic direction set by our IJB, the Audit Scotland Report, and our commitments as an Anchor Organisation offer a consistent and coherent foundation for the actions we are committing to within the Annual Delivery Plan 2023/24 and MTP.

The figure below demonstrates how we believe these elements link together and our ADP actions have been mapped against these areas to enable monitoring and reporting of progress towards their delivery:



In the short term, we expect to see:

- The work of Home Teams and the more flexible approach towards Care at Home reduce the level of delayed discharge seen across Acute and Cottage Hospitals.
- A reduction in Psychological Therapy waiting lists, as group interventions become the norm.
- Increased levels of planned care, including inpatient, daycase and outpatient care.
- A worsening, then recovery, of CAMHS waiting times (based on known staffing pressures).
- Continuing challenges for the 62 day cancer waiting times, which are strongly influenced by the national picture.

In the medium term, we expect to see:

- Stabilised GP Out of Hours services, supported through a mixed professional model, with GPs and Advanced Practitioners.
- Improvements in ED waiting times and better experience for people who are frail.
- Established monitoring and management against the Joseph Rowntree Foundation Progressive Anchor Organisation Framework.
- Stabilised general dental service.
- Reduced occupancy in Midpark Hospital (Mental Health) and DGRI (Acute).

NHS Dumfries and Galloway 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 68.

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 following table highlights the Boards delivery against these targets for 2022/23:

2022/23 Target Delivery	Limit as set by Scottish Governance Health and Social Care Directorate (SGHSCD) £000's	Actual Outturn £000's	Variance (Deficit)/Surplus £000's
Core Revenue Resource Limit	413,369	413,277	92
Non-Core Revenue Resource Limit	9,071	9,071	0
Total Revenue Resource Limits	422,440	422,348	92
Core Capital Resource Limit	8,078	8,078	0
Non-Core Capital Resource Limit	434	433	1
Total Capital Resource Limits	8,512	8,511	1
Cash Requirement	471,653	471,653	0

Memorandum for in year outturn	£000's
Core Revenue Resource Variance (Deficit)/Surplus in 2022/23	92
Financial flexibility: funding banked with/(provided by) Scottish Government	37
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	129
Percentage	0%

The NHS Board approved the opening financial plan for 2022/23 with a projected financial gap of £20m after savings of £12.5m were required to be delivered. Despite the challenges of the ongoing pandemic, in year total savings of £23.5m were achieved of which £2.2m were delivered recurrently, further specific reductions were identified to further drive down the financial gap and Scottish Government provided £9.3m of repayable additional financial support to support a break-even position.

The underlying financial position remained relatively stable in year but increasing inflationary and activity pressures were experienced across a range of areas. There was also a number of late allocations received from Scottish Government which improved the overall position but made financial forecasting more challenging. The workforce recruitment and retention challenges across all services previously reported continue to be experienced although there were some successes with international recruitment impacting positively on the level of nursing vacancies.

During 2021/22, NHS Boards were provided funding to support their ongoing response to the Covid-19 pandemic. The balance of this funding was carried forward through IJB reserves into 2022/23 to ensure resources were available to the Health and Social Care Partnership. For Dumfries and Galloway, this totalled £16.346m. Included within this total was £2.7m 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 vaccination programme, test and protect, 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 team capacity. The balance of this funding which was unused (£5m) was returned to Scottish Government during 2022/23.

NHS Dumfries and Galloway required £9.3m from Scottish Government in order to achieve financial balance in 2022/23 and delivered a small surplus of £92k. Without this additional support, the Board's final outturn would have been an overspend of £9.2m (equivalent to 2.3% of the Revenue Resource Limit). Through the Board's Financial Recovery Board, plans are being worked through to develop savings plans and develop a financial recovery plan. This looks to bring the Board closer to closing the recurring deficit but extends the recovery period up to ten years given the scale of the deficit and the ongoing inflationary, activity and other cost pressures which are not expected to improve in the near future. No specific timescale for repayment of this additional financial support has been agreed with Scottish Government but there is no expectation to repay until the Board are returned to financial balance.

The following provides additional explanation of amounts included in the Board's financial statements within 2022/23:

- Provisions for impairment of receivables

At 31st March 2023, trade and other receivables due to NHS Dumfries & Galloway included a provision for impairment of debtors of £0.190m (2021/22 £0.074m). During the year, £0.040m of the provision was released.

- Outstanding liabilities

At 31st March 2023, NHS Dumfries and Galloway had outstanding liabilities of circa £243m (2021/22 £266m). This included £4.4m due to other NHS Scotland boards, £11.7m to family health service practitioners, £4.7m to HM Revenue and Customs (HMRC) and £189m in Private Finance Initiative (PFI)/Not for Profit Distribution (NPD) contracts.

- Legal Obligations

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

The Board brought forward a provision for individual claims of clinical and medical negligence under the CNORIS scheme at 1st April 2022 of £21.01m. Based on information provided by the Central Legal Office this has been decreased to £19.36m at 31st March 2023. The provision for new claims arising during the year and increases to the provision for existing claims totalled £6.46m. Utilisation of the provision during the year amounted to £5.12m and unutilised provisions of £3.00m were reversed.

The Board also provides for its respective share of the total NHS Scotland CNORIS liability as advised by the Scottish Government, based on information prepared by NHS Boards and the Central Legal Office, which amounts to £15.54m.

The provision for pensions, which relates mainly to injury benefits payments, decreased from £3.75m at 1st April 2022 to £2.69m at 31st March 2023.

Contingent liabilities for CNORIS are assessed at £15.73m (2021/22 £5.62m). This is partly offset by a contingent asset for CNORIS of £15.32m (2021/22 £5.13m).

- Significant Changes in Non-Current Assets

As a result of the in year revaluation of land and buildings, a partial reversal of a previous impairment for Mountainhall Treatment Centre has impacted on Non-Current Assets (£3.1m).

- PFI/NPD Contracts

The Board has one contract financed under a PFI and one under the 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 now known as Mountainhall Treatment Centre is included on the balance sheet (land and buildings) as a PFI at a valuation of £7.160m as at 31st March 2023 and the contract ends in January 2032.

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 £224.446m as at 31st March 2023 and the contract ends in September 2042.

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, explained in Note 1 Accounting Policies on page 52 and 53 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. The Endowment Funds have reported an excess of expenditure over income for the year of £1.799m (2021/22, surplus £0.671m).

Voting membership of the IJB is, however, split equally between members of Dumfries and Galloway Health Board and Dumfries and Galloway Council. The Board therefore 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 into the main Board accounts.

The financial impact of consolidation is summarised below:

Consolidated Net Assets	2022/23 £'000	2021/22 £'000
NHS Dumfries and Galloway	113,375	55,837
Integrated Joint Board	7,757	15,386
Endowment Fund	9,965	11,764
Consolidated Net Assets	131,097	82,987

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	2022/23		2021/22	
Average credit taken (days)	8		7	
Invoices Paid	Value	Volume	Value	Volume
Within 30 days	94.90%	95.27%	96.12%	97.00%
Within 10 days	84.10%	86.61%	87.69%	88.56%

Fraud, Bribery and Corruption

NHS Dumfries and Galloway has 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 updates on training courses within the Core briefing. Fraud awareness remains a mandatory element within our induction programme. There is also a Fraud page on the staff intranet which provides a wide range of information and links to raise concerns.

NHS Dumfries and Galloway has procedures in place which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (ie. Standards of Business Conduct, Standing Orders, and Standing Financial Instructions), financial procedures, systems of internal control and risk assessment and not least a counter fraud policy and action plan which is undergoing review to reflect the recently introduced Fraud Standard.

A recent internal audit on Gifts and Hospitality and Register of Interests gave a moderate level of assurance and made nine recommendations for improvement in the process.

Fraud is a standing item on the Audit and Risk Committee agenda, with the Chair of the committee being Counter Fraud Champion for the Board. The Chief Internal Auditor is Fraud Liaison Officer and works closely with Counter Fraud Services on both proactive and reactive fraud matters.

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 by participating in the bi-annual National Fraud Initiative data matching exercise. The recent exercise flagged a number of matches although no fraud has been identified from these.

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 and subsequently reinstated in January 2021 and continues to check claims in both dental and ophthalmic care settings. The Board is involved in the post payment verification processes which cover all Family Health Service expenditure.

Pension Costs

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report.

Social Matters

NHS Dumfries and Galloway promotes Equality and Diversity and supports human rights in terms of the provision of services for the community it serves, and in its practice as an exemplar employer and anchor organisation within our region. Further information can be found in the mainstreaming report which can be found on the Boards website under the About Us section <https://www.nhsdg.co.uk/equality-and-diversity/>.

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

NHS Dumfries and Galloway has implemented and publicised the National Whistleblowing Standards as established by the Independent National Whistleblowing Officer and is committed to ensuring that no member of staff who raises a genuine concern in good faith will be victimised or suffer for doing so.

Sustainability and Environmental Reporting

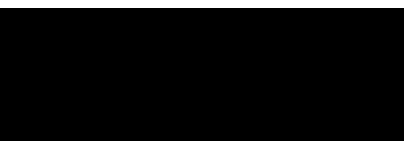
The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer term target to Net Zero by 2045, five years in advance of the rest of the UK. In 2020, 'The Climate Change (Scotland) Amendment order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets. All designated Major Players (of which NHS Dumfries and Galloway is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act and the Amendment order. 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.

During 2022/23, the Board established a new Climate Emergency Sustainability Programme Board in response to the NHS Scotland revised guidance to Boards through Director's Letter (DL) (2021) 38 and the updated sustainability strategy which can be found through the link below:

<https://www.gov.scot/publications/nhs-scotland-climate-emergency-sustainability-strategy-2022-2026>

As a Board, we have recognised the priority of this work through the inclusion of Net Zero as one of our Tactical Priorities for 2022/23 and into the longer term given the nature of this objective. Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032 while national reports can be found at the following resource: <https://sustainablesotlandnetwork.org/reports>

The Board is developing a suite of performance measures to support the delivery of this agenda with formal reporting on these commencing during 2023/24.



J Ace
Chief Executive and Accountable Officer

29 June 2023

THE ACCOUNTABILITY REPORT

Overview

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

- **Corporate Governance Report**

This explains how NHS Dumfries and Galloway has been governed during 2022/23, 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 18.

- **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 34.

- **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 42.

CORPORATE GOVERNANCE REPORT

A) The Directors Report

Date of Issue

The Accountable Officer authorised these financial statements for issue on 29th June 2023.

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 Fiona Mitchell-Knight, Audit Director, Audit Scotland 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		
Chair	Nick Morris	Until 31 st March 2023
Vice Chair	Lesley Bryce	
Member	Greg Black	
Member	Marsali Caig	Until 31 st March 2023
Member	Laura Douglas	
Member	Grace Cardozo	
Member	Kim Dams	Until 31 st March 2023
Member	Claire Holmes	
Employee Director	Vicky Keir	
Chair of Area Clinical Forum	Bill Irving	Until 30 th April 2022
Local Authority Representative	Andy Ferguson	
Local Authority Representative	Paula Stevenson	
Local Authority Representative	Chrissie Hill	From 14 th June 2022 until 7 th March 2023
Executive Board Members		
Chief Executive	Jeff Ace	
Nurse Director	Alice Wilson	
Medical Director	Ken Donaldson	
Director of Public Health	Valerie White	
Director of Finance	Katy Kerr	

Gwilym Gibbons and Rhianna Davies-McCrorie became Non-Executive Board Members on 6th April 2023.

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 31st March 2023 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 on a reasonable basis;
- 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 CNORIS in respect of potential claims against them.

Remuneration for Non-Audit Work

During 2022/23, the Board's auditors (Audit Scotland) 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 2022/23 twelve incidents were reported to the Information Commissioner Office (ICO). Only one response from the ICO is outstanding. On all other occasions, the ICO has determined that regulatory action is not appropriate, however, recommended that, based on their investigations into these incidents, the Board

should check adherence to local policies and processes regularly, offer routine reminders to employees about data security to ensure data protection awareness remains high within the organisation, proactively ensure completion of mandatory repeatable data protection training is undertaken by anyone handling personal information on behalf of the organisation and develop comprehensive guidance to support the workforce.

In response to these suggestions made by the ICO, quarterly alerts are issued to all staff, including GP staff and General Managers to remind them of mandatory Information Governance and Information Security training requirement. New Personal Data Breach Notification procedures have been developed and are available to all staff, and the Information Governance Team offers data protection awareness and training sessions on an ad-hoc basis to all services if and when a training need is identified.

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;
- 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 judgments 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 22nd March 2022.

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 (IJB). 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
- 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 Delivery Plan
- Resource allocation to address local priorities
- 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. A list of the NHS Board Members is included in the table below:

POSITION	APPOINTEE	START/END DATE IF APPLICABLE
Non-Executive Board Members		
Chair	Nick Morris	Up to 31 st March 2023
Interim Vice Chair	Lesley Bryce	
Member	Laura Douglas	
Member	Grace Cardozo	
Member/Whistleblowing Champion	Marsali Caig	
Member	Greg Black	
Member	Claire Holmes	
Member	Kim Dams	Up to 31 st March 2023
Employee Director	Vicky Keir	
Chair of Area Clinical Forum	Bill Irving	
Local Authority Representative	Andy Fergusson	
Local Authority Representative	Paula Stevenson	
Local Authority Representative	Chrissie Hill	Up to 30 th April 2022 From 14 th June 2022 to 7 th March 2023 From 7 th March 2023
Executive Board Members		
Chief Executive	Jeff Ace	
Nurse Director	Alice Wilson	
Medical Director	Ken Donaldson	
Director of Public Health	Valerie White	
Director of Finance	Katy Kerr	
Senior Managers		
Interim Nurse Director	Mark Kelly	
Chief Operating Officer	Julie White	
Workforce Director	Caroline Cooksey	

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 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; Public Health Committee; Audit and Risk Committee; Performance and Resources Committee and Staff Governance Committee. You can find the Standing Orders (and other key documents) on the Board's website in the Governance and Policies section under About Us tab (<https://www.nhsdg.co.uk/code-of-corporate-governance/>).

The Terms of Reference for each of the standing governance Committees are also included in the Standing Orders.

In addition, the Remuneration 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.

In May 2020, the Cabinet Secretary for Health and Sport extended the professional accountability of Executive 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-19 pandemic for the period 18th May 2020 to 30th June 2021. These duties were made to be a permanent area of accountability for the Executive Nurse Director in June 2021.

The work of the Collaborative Care Home Support Team continues and through partnership working, has significantly strengthened many aspects of care home care and continues to work in close partnership with the Care Inspectorate, care homes and partner agencies.

The table below demonstrates the activity of the NHS Board and Standing Committees in 2022/23:

Committee	Chair	Quorate Meetings Held 2022/23
NHS Dumfries and Galloway Board	Nick Morris	12 6 public, 6 private
Audit and Risk Committee	Laura Douglas (until 12 th July 2022) Greg Black (from 12 th July 2022 onwards)	5
Healthcare Governance Committee	Kim Dams	5
Performance and Resources Committee	Marsali Caig	4
Public Health Committee	Grace Cardozo	4
Staff Governance Committee	Lesley Bryce (up to 25 th July 2022) Claire Holmes (from 25 th July 2022 onwards)	6

NHS Board meetings for 2022/23 took place via Microsoft Teams and during the year there were 6 public meetings with the recordings published on the website after the meeting. In addition, there were 6 private “in committee” Board meetings held during the year.

Operation of the Board

Whilst 2021/22 was dominated by the Covid-19 response, with the Board operating in emergency response mode, 2022/23 saw the end of the emergency response phase and the move into the recovery and remobilisation phase.

To assist the Board in focussing on the recovery and remobilisation of services, the Board developed a set of Tactical Priorities in 2022/23, which identified a number of areas of business that the Board felt were its key priorities for the year ahead. Each item that was presented to Board and the Committees was required to relate to the mitigation of the Tactical Priorities noted below, or cover the Board's statutory governance requirements:

- Vaccination Programme
- Elective Remobilisation
- Home Team Establishment
- Community Infrastructure Review
- Unscheduled Care Improvement
- Financial Recovery
- Workforce Development
- Tackling Inequalities – Embedding Our Approach
- Net Zero
- Drug and Alcohol Services

The Board received regular updates throughout the year on the progress of the mitigation of the Tactical Priorities and held a series of workshops in early 2023 to review the closing year's priorities and identify themes and new priorities for 2023/24, carrying forward some of the longstanding priorities, such as Net Zero and the Financial Recovery.

The Board has commenced a review of the Performance Framework, taking into account learning from the statistical data that was required during the pandemic, to the national targets and the changes that have been made to them, and the development of a dashboard to allow more detailed interpretation of the performance data.

During 2023/24 a new webpage will be developed on the Board's external website, which will include a link to the Performance Management Framework and supporting performance evidence based on the four quadrant areas "Quality", "Service", "People", "Finance".

Annual Delivery Plan

The delivery of the Local Waiting Times Targets (agreed by Scottish Government) has been extremely challenging particularly given the system pressures experienced. There is an ongoing challenge to deliver planned care trajectories in light of the continued pressures caused by urgent/unscheduled care and flow through the hospitals.

In particular, throughout Winter 2022/23, our performance has not consistently met our local targets, however, we have continued to be the second or third best performing mainland Board against the 4-Hour Emergency Department (ED) Target, whilst also delivering some of the best performance nationally against the Out-Patients and TTG (Treatment Time Guarantee) Targets. Our clinical and operational teams have developed plans to ensure ongoing delivery of the planned care trajectories by September 2023.

Further to this, performance in relation to delayed discharges has proved challenging over the last financial year. However, there are key pieces of work in place with the introduction of Community Waiting Times to monitor and manage delays together with unmet need within the Community. We have also seen the introduction of daily 'scrutiny' huddles for both Acute and Community Hospitals to ensure delayed patients are managed on a daily basis. This is a multi-disciplinary approach with the Flow Teams, Social Work, Third Sector, Acute and Community Nursing/Allied Health Professionals (AHP) and Home Teams Management. We are also working closely with external providers of care at home and care homes to identify solutions to the ongoing imbalance of demand and capacity within the social care sector.

Escalation plans are in place to address periods of surge in activity.

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 Chair 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 a continued focus for the year ahead, with further work on community engagement and co-production planned. For 2022/23 we continued to communicate with stakeholders in a variety of ways, including:

- Time to Talk – a series of engagement events which gave the public the opportunity to talk about the future of Community Health and Social Care within Dumfries and Galloway.
- Maternity Services in the West of the Region – a full independent review commenced towards the end of 2022/23 which looks at the maternity services in the west of Dumfries and Galloway, seeking comments and feedback from patients and families, and how the service can be adapted to meet the needs of the population whilst continuing to deliver a safe, effective and person-centred service.
- Right Care, Right Place – this followed on from the Time to Talk engagement in 2022, which highlighted the importance placed on intermediate care as part of Health and Social Care services in the region. In early 2023, Dumfries and Galloway Health and Social Care Partnership launched Right Care, Right Place, an engagement programme which will allow members of the public to comment on what they think should be the future of intermediate care.

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 2022/23 has been to support the IJB 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 developed a 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. All complaints received are managed in line with the standardised NHS Model Complaints Handling Procedure. During the year, Healthcare Governance Committee received regular reports on our performance against the national standards. The reports highlighted that the management of complaints continue to be an area that can be improved upon as a significant number of complaints are not being managed within the time:

- Stage 1 complaints are being managed on average within 6 working days as opposed to the target of 5 days
- Stage 2 Direct complaints are managed on average within 64 days as opposed to the target of 20 days
- Stage 2 escalated complaints are being managed on an average within 103 days as opposed to the target of 20 days
- Extensions are being requested to manage complaints in 61% of all cases

In 2022/23, Acute and Diagnostics (including Women and Children's) received 72% of all complaints received by the Board. The next highest being Mental Health which received 19% of all complaints received. In addition, they had 59% of all concerns and saw an increase of 72% in business-as-usual enquiries.

The investigation of complaints relies heavily on frontline staff to provide the necessary information to inform responses. Due to the significant pressures experienced across the Board, their availability to assist with that has been limited which has resulted in extended timeframes to respond to complaints and a backlog within the Acute and Women and Children's Directorates.

A plan was agreed in October 2022 for the Patient Experience Team to address the backlog with support from Patient Services in managing new cases and early resolution of emerging issues. Unfortunately, due to the above and a number of long-term staff absences within both teams, this work has taken significantly longer than initially hoped. Despite efforts, the pace of new complaints/feedback coming in is not being matched by the pace of records being closed and the number of live records remains high (103 in total; 93 for Acute/Women and Children's).

The Acute and Diagnostics Directorate has highlighted that there is a continued backlog of Significant Adverse Event Reports (SAERs) being completed, however, this has been supported by the Corporate Team together with the Directorate's Patient Experience Team.

Mental Health Directorate have also highlighted a risk in terms of the management of SAERs being completed, however, a quality improvement process has been implemented to monitor this.

Within the Women and Children's Directorate, Neonatal Workforce remains an escalated risk on the Corporate Risk Register, however, sustainability planning is in place and the risk has dropped for a very high to a high risk grading.

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. The Core Briefing is our weekly newsletter that gives detail on upcoming events, Covid-19 related information, as well as any non-Covid, non-urgent and operational information. The #OnTheGround newsletter is issued on a monthly basis and celebrates staff and volunteer achievements, positive news and updates, and significant developments within the Health and Social Care Partnership.

In July 2020, Gillian Russell, Director, Scottish Government Health Workforce Leadership and Service Reform Directorate, wrote to Boards noting her support for the rollout of staff networks across NHS in Scotland. Four Staff Networks have been set up for members of the Dumfries and Galloway Health and Social Care Partnership workforce: the Disability Network, Ethnic Minority Network, Lesbian, Gay, Bisexual, and Transgender (LGBT)+ Network and Women's Network.

Each Network has been supported to collaboratively establish Terms of Reference, Ways of Working and an Annual Action Plan and is provided with a supporting 'team' including the Networks Facilitator, a dedicated Board Champion, Workforce Sponsor, Workforce link and Staff side rep.

The Staff Equality Networks are representative of communities that face inequalities in relation to one or more specific protected characteristics. They are designed to create 'safe' spaces for members to support each other and be part of a collective voice for positive change. During their initial year, 180 people joined one of the Networks, participating in social, learning and wellbeing opportunities, and sharing experiences and suggestions to play a role in the organisation's development.

The Scottish Public Services Ombudsman took on the role of Independent National Whistleblowing Officer (INWO) from July 2020. The INWO developed a set of National Whistleblowing Standards (the Standards) that set out high level principles and detailed procedures for managing whistleblowing concerns. NHS Boards in Scotland were required to adopt the new standards from 1st April 2021, which NHS Dumfries and Galloway did from 1st April 2021.

Whistleblowing is defined in the Public Services Reform (the Scottish Public Services Ombudsman) (Healthcare Whistleblowing) Order 2020 as:

'when a person who delivers services or used to deliver services on behalf of a health service body, family health service provider or independent provider (as defined in section 23 of the Scottish Public Services Ombudsman Act 2002) raises a concern that relates to speaking up, in the public interest, about an NHS service, where an act or omission has created, or may create, a risk of harm or wrong doing.'

Risks can relate to a wrongdoing, patient safety or malpractice which the organisation oversees or is responsible or accountable for. A whistleblowing concern is different from a grievance in that it relates to the public interest, rather than an individual's own employment situation.

The Standards are applicable across all NHS services. This means that they must be accessible to anyone working to deliver an NHS service, whether directly or indirectly. This includes current (and former) employees, bank and agency workers, contractors (including third sector providers), volunteers, trainees and students.

Dr Donaldson (the Medical Director) is the Board's Whistleblowing Lead. The Board also has a Non-Executive Whistleblowing Champion, which was Ms Caig until 3rd April 2023 (new appointment awaited). The Board has a Senior Manager designated as a Confidential Contact and there are three Whistleblowing Advocates in place for students. The implementation and operational activities around whistleblowing are supported by Patient Services. During 2022/23 the Board received two whistleblowing concerns.

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.

It is a legal requirement of the Public Health Act that a Joint Health Protection Plan is developed in consultation with the Local Authority. The local plan was due for review in July 2020 and this did not happen. The Covid-19 pandemic has led to significant delays in updating this document. Work on the plan has progressed significantly during 2022/23 but has not yet gone through governance processes for approval, which will take place during 2023/24.

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.

NHS Dumfries and Galloway has in place a Risk Management Strategy (2021-2024) which was refreshed and approved in April 2021. It forms a key part of the systems of internal control which ensures that staff, patients, visitors, the Board's 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, Interim Nurse Director, Workforce Director, Director of Finance, Patient Safety and Improvement Manager, Risk Manager and the Corporate Business Manager. The REG currently meets bi-monthly.

The Risk Oversight Group (ROG) formed in February 2021 to oversee the implementation of the Risk Strategy and associated policies and procedures. The group is chaired by the Patient Safety and Improvement Manager with members drawn from Directorates and Corporate Services. ROG met monthly throughout 2022/23, alternating the sessions by having a group meeting one month, then a risk related workshop/training session the next month.

A separate Tactical Health and Safety Group (THSG) was formed in December 2021 to deal with matters of health and safety. The chairs of THSG and ROG meet regularly and act as Vice-Chair for ROG and THSG respectively.

As part of the review of risk processes, a Risk Management course was developed and all staff who have access to add or manage risks on the Datix Risk Management System were required to complete the training. Between 1st April 2021 to 31st March 2023 a total of 188 people have undergone the Risk Management training, which is a significant achievement in raising awareness around risk processes. In addition to the specific risk management training, 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 2022/23, NHS Dumfries and Galloway's Internal Audit Team conducted its tri-annual review of NHS Dumfries and Galloway's Risk Management arrangements and reported a moderate level of assurance on risk management; this review was scrutinised through Audit and Risk Committee in-year. The Risk Manager and other team members are working on progressing the recommendations from the audit report to a close.

A Risk Management Annual Report sets out in year progress and a summary of work for the year ahead. A detailed Risk Management Workplan is reviewed, agreed and monitored via REG.

In year progress includes:

- A comprehensive review of the Board's Risk Appetite Statement was undertaken to ensure appropriate tolerance levels for risk was embedded and effectively managed within Risk Management organisation wide.
- Reviewed and strengthened the membership and reporting arrangements to ROG, ensuring all Directorates and Corporate Teams are represented
- Continued weekly meetings of Patient Safety Group to consider Significant Adverse Events, commission investigations, seek assurance with regard to action and promote learning
- Used the adverse event data to inform local and national Quality Improvement initiatives overseen by Management Team and aligned to programmes of improvement, eg. Scottish Patient Safety Programme
- Continuous review of Risk Profile through the management of the Corporate and Directorate Risk Registers to reflect current and emerging risk through Management Team
- Supported Directorates to formally embed Risk into all management processes
- Fully implemented real time risk reporting via Datix Dashboard

Corporate Risks continue to be managed through the REG and have been updated to reflect the Board's Corporate Objectives and Tactical Priorities. As of March 2023, there are 22 risks on the Corporate Risk Register which have been through a process of individual review with Executives, REG, Board Management Team, Audit and Risk Committee and NHS Board.

Of the 22 risks, we currently have 5 risks graded as Very High, 14 risks graded as High and the remaining 3 risks as Medium. Each of the risks have been reviewed by the Lead Director/Risk Owner in line with the review timeline set out in the Risk Policy of monthly for very high risks, 3 monthly for high risks, 6 monthly for medium risks and annually for low risks. The detailed mitigations on each of the risks are reported to NHS Board and Committees on a 6 monthly basis where assurances are sought on actions being taken to mitigate the risks, however, noted below are the 5 very high risks that sit on the Corporate Risk Register and a brief summary of the actions that have been taken to date to help mitigate the risks:

Risk No	Risk Title	Summary of actions
2923	There is a risk that the organisation does not have a sustainable workforce	<p>The International Nurses Programme is now in place with the first cohort of nurses, midwives and AHPs having been recruited in April 2022.</p> <p>The SCOTGEM programme has commenced and is actively recruiting GPs to the region.</p> <p>Local Employability Partnerships Skills Matching events as well as week long schools placements were held during 2022 with positive feedback.</p>
2924	Failure of the Board to meet financial targets	<p>A new Financial Framework for investment decisions has been approved by Financial Recovery Board to ensure consistency in approach when considering when new investment is required.</p> <p>Financial recovery work has been aligned to the Sustainability and Value Collaborative set up by Scottish Government.</p> <p>Workshops were held with Senior Managers to progress efficiency and costs containment work.</p>
2926	Risk that sectors of our population continue to experience Health Inequalities	<p>A Short Life Working Group on Inequalities has been established, which aims to progress a number of key areas including the development of Anchor organisation status for the NHS Board/Health and Social Care Partnership.</p> <p>NHS Board have developed a Tactical Priority around tackling health inequalities and supporting a shift to prevention and early intervention.</p> <p>The Equality and Diversity Impact Assessment Policy and Toolkit were fully reviewed and approved for implementation in early 2023.</p>

Risk No	Risk Title	Summary of actions
2932	Risk that we will not improve the health and wellbeing of our population	<p>NHS Board established a Public Health Committee in late 2021 which looks at a number of issues, specially around the health and wellbeing of the population.</p> <p>Increasing Public Health specialist Input to Community Planning Structures via the Public Health Scotland – Localised Working Programme Pathfinder.</p> <p>Developing the Board approach to being an anchor organisation.</p>
3177	Access to NHS General Dental Services (GDS)	<p>A Local Dental Taskforce was established in January 2023, which the Director of Strategic Planning and Transformation, Director of Public Health and colleagues from Scottish Government attend.</p> <p>The Group meets on a fortnightly basis and has oversight of the Dental Taskforce Action plan which is regularly reviewed and new actions to mitigate impacts are added.</p> <p>The Dental Taskforce reports to Health and Social Care Leadership team on a monthly basis and has an escalation route up to Board Management Team, if required.</p>

When identifying the risk level to the organisation, both the likelihood and impact scores are combined to produce an overall risk rating of Low, Medium, High or Very High. Judgments on the acceptability or tolerability of a risk will depend on the context and the ability to safely manage the risk, and also takes into consideration the effectiveness of controls put in place.

Further information on how the level of risk is assessed and what it means can be found on the Risk Policy and Procedures, on the Board's Policies webpage ([Policies – NHS Dumfries & Galloway \(nhsdq.co.uk\)](https://nhsdq.co.uk)) under the Quality section.

Assessment of Corporate Governance Performance

Board Governance

In March 2020, the Board needed to develop a response to the Covid-19 pandemic and implemented interim governance arrangements in April 2020 which remained in place until June 2021. The pandemic and the associated work with running the emergency command structure and the more frequent Management Team meetings, severely impacted on our management capacity to implement new governance arrangements locally and much of the national work through the Corporate Governance Steering Group. However, we have maintained strong governance levels through this period and implemented a number of areas of improvement, which include:

- Implementation of the new Once for Scotland template for Board papers and Committees, along with guidance on the assurance levels
- Implementation of revised Committee assurance processes and development of Committee knowledge and understanding
- Set up and establishment of Public Health Committee
- Recruitment, training and set up of Corporate Business Support Team
- Transfer of responsibility of support for Healthcare Governance Committee, Performance and Resource Committee and Public Health Committee to the Corporate Business Support Team
- Improved consistency of recording minutes and consistency of operation of Committees
- All Committees and Board have a clear agenda matrix, which is updated regularly
- Regular review of all Terms of Reference for all Committees
- Commenced work to start mapping all Board meetings (beyond formal governance Committees) – information gathering, charting of meetings and understanding current activity
- Implementation of a new Code of Corporate Governance webpage on the external website (approved by Board in August 2022)
- Implementation of Corporate Risk reporting structure to Committees and Board
- Implementation of the updated Code of Conduct endorsed at Board in June 2022

- Review and update of Board policies approval documentation and response to Internal Audit for policy development
- Update and implement new Standing Orders which were approved by Board in April 2022
- Development of Corporate Governance portal on the external website, which went live in October 2022
- Development work has commenced on the updated performance framework
- Engagement with Covid-19 inquiry work and set up local governance arrangements

In addition to this work, there are a number of key areas which remain outstanding and will reflect a core element of the workplan moving forward:

- Update and review of original Blueprint plan and development of an overarching corporate governance workplan
- Development of a Board Assurance Framework
- Review of all items going to Committees and Board, and further review of matrixes to ensure correct information being reported including statutory requirements
- Development of a Corporate Governance Manual
- Conclude the governance mapping work
- Conclude and implement revised performance framework
- Review quality and content of reports going to Board and Committees
- Review and conclude plan aligned to Internal Audit recommendations from recent governance Blueprint audit
- Review process, training and induction process for Board Members

Following the implementation of the initial “Blueprint for Good Governance” document in 2019, a second edition of the Blueprint was issued in December 2022, which incorporates the learning from the initial Blueprint and the development of revised methods of governance following the pandemic, building on the ethos of active governance that was introduced to NHS Boards in 2019, and covers a number of areas including governance of healthcare, performance frameworks, risk management and collaborative governance.

Discussions are underway to review the details within the Blueprint to ensure the Corporate Governance Framework and Workplan that has been developed encompasses and aligns to the requirements within both the first and second editions of the Blueprint for Good Governance.

In 2020/21, Internal Audit undertook a full review of the Board’s Policy Framework, focusing on the internal controls that were in place at the time. The audit identified a number of weaknesses and was given a limited level of assurance. Significant work has been undertaken in relation to the Policy Framework, which included:

- A full review of the Policy Management Policy
- A full review of the template used for Board Policies to ensure a consistent approach to the information included within them
- Development of a robust review system with reminders being issued to Policy Owners 3 months in advance of the policy review date
- Inclusion of a checklist with risk assessment to identify the risk to the Board if the policy is out of date for any period of time, which then determines how quickly the policy needs to be reviewed and updated
- Strengthened approval routes for policies, updated in the policy register and also the Scheme of Delegation

Internal Audit closed all of the recommendations in April 2023, noting their contentment around the robustness of the policy framework and the internal controls.

During 2021/22, Internal Audit reviewed the Board’s governance arrangements and progress to develop them in line with the Blueprint for Good Governance. This report identified a number of improvement areas, whilst recognising some of the inevitable delays in implementation, both nationally and locally, as a result of the pandemic. The report identified 16 recommendations which have been progressed during 2022/23, resulting in 5 of the 16 recommendations having been closed and a governance workplan established to action the remaining 11 recommendations over the next few months.

Financial Governance

Assurance on all financial governance matters is reported through Audit and Risk Committee and continues to maintain a significant level of assurance. Financial Management continues to be a challenge as delays in funding allocations and increasing complexity over funding solutions, and an increased level of scrutiny on all financial matters has increased workloads exponentially. The Board and Performance and Resources Committee continue to receive regular reports on the financial position and the Board's financial recovery programme.

Staff Governance

Staff Governance Committee has reviewed its adequacy and effectiveness against their delegated responsibilities and are satisfied that where there are any areas of control weakness, these have been acknowledged and reported in the Board's risk management processes. During 2022/23, the following areas of improvement were undertaken through the Committee to strengthen their internal controls:

- Further development of Workforce Key Performance Indicators (KPIs) - an excellent reporting system is in place, which is continually evolving with new indicators added such as Whole Time Equivalent (WTE) staff members aged 25 years and under; Employee Relations case information. A workshop was held in January 2023 to consider KPIs further.
- A deep dive session was held to look into staff turnover, a number of actions and learning points were taken from the session and will be monitored through the Committee.
- A detailed look into the Employee Relations work was presented for the first time in September 2022; this showed impressive improvements made, especially in resolving cases informally. The Committee will look forward to receiving regular updates going forward.
- Considerable work was undertaken around the Health and Social Care Workforce Plan 2022-25, with regular updates provided to the Committee enabling sign off at the Board in October 2022.

In addition, the Committee also developed a new reporting matrix, which will take effect from April 2023. The matrix strengthens the Committee's oversight on a number of key areas and is aligned to the change to frequency of the Committee meetings from bi-monthly to quarterly. This was agreed by Committee members and takes effect from April 2023 in line with the changes to the Committee's operating frequency. Examples of reporting changes include:

- Bi-annual reporting from Occupational Health, which will include qualitative information and will be focussed around staff wellbeing initiatives and multi-agency working
- The new Staff Networks will report into the Committee on a regular basis with an overall annual report
- Regular reporting on Employee Relations information
- Summaries from the Area Partnership Forum will highlight key issues to ensure stronger connectivity and oversight

Clinical Governance

During 2022/23, NHS Dumfries and Galloway have had no major reportable Clinical Governance issues for escalation. Our systems and processes continue to offer the assurance that any issues are identified, documented, mitigated, actioned and where required, lessons learned.

Information Governance

Work continues to improve our Cyber defences with the continued mandatory compliance of Network and Information Systems (NIS) Regulations 2018. Assurance for the Audit and Risk Committee has been provided in the period with the publication of the second NIS external report, which received a score of 80% in 2022 up from 73% the previous year and remains the highest score of any territorial Board across NHS Scotland.

The recommendations from this Audit have now also been added to the significant agenda within the Information Technology (IT) Department's annual work plan, which also includes a series of additional external penetration tests - Hardwired/Wi-Fi/Medical device/External ethical hacking and cyber tests.

The Board has improved data sharing between partner organisations including the significant body of work to support HOME Teams. There is currently a low risk of data breaches with this new solution, however, difficulty remains in sharing relevant detailed information which will improve the ability of practitioners to carry out rapid assessments with the minimum of bureaucracy.

Mandatory training for Information Governance and Security has been reintroduced to the organisation with an increase to 88% compliance across the entire organisation at the end of 2022/23.

There have been twelve incidents reported in year to the Information Commissioners Officer as significant breaches. No recommendations have been made or received so far as a result.

Internal Audit

Further assurance is taken from the work carried out by Internal Audit. Regular reports are provided to Audit and Risk Committee which give 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 which worsened during the pandemic. The position as at 3rd April 2023 shows 132 open actions of which 95 (71.9%) are currently overdue which is a decrease from 80.6% last quarter.
- Audit and Risk Committee are responsible for ensuring progress is monitored on remedial action plans from previous Limited Assurance audits. There has been one Limited Assurance audit this year in relation to the Board's Environmental Strategy. Positive progress is being made against implementing the actions from this with only two actions remaining with target dates for later in the year.
- A further Risk Management audit was undertaken during 2022/23 to follow up the previous Limited Assurance audit in 2020. The recent audit gave a Moderate level of assurance which demonstrates progress on risk during the year. A concern remains around the sustainability of the workforce to progress required actions.
- The Public Sector Internal Audit Standards require that the Internal Audit function are subject to an External Quality Assessment (EQA) every 5 years, in order to demonstrate compliance with the Standards. The last EQA was completed in 2016/17 and was due to be completed again by the end of 2021/22. The Chief internal Auditor carries out an annual self-assessment which demonstrates compliance, however an EQA or validation of the self-assessment now requires to be carried out. This is being progressed to ensure full compliance.

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.
- A review of key performance and risk indicators.
- The minutes and papers presented to the Board which demonstrate that the Board met regularly during 2022/23 to consider its plans, strategic direction, revisions and updated to the Annual Delivery Plans, allocation of resources, 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 2022/23. All statements have been prepared by the lead Executive Director and Non-Executive Committee Chair and submitted to their Committee for approval. This process has been strengthened in year to align the statement with the Committee Terms of Reference and identifying areas of best practice and areas for improvement to be taken forward into the new committee year.
- 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, subject to the completion of an External Quality Assessment (EQA).
- The Board has been appointed new external auditors (Audit Scotland) to review and audit the end of year processes, systems and internal controls. The auditors took on their role with NHS Dumfries and Galloway in October 2022.
- Comments made by the external auditors in their attendance at Audit and Risk Committee, their management letters and other reports.
- The Board has undertaken a series of workshop during 2022/23 for Board Members to attend and further develop their skills and knowledge in specific areas, which strengthens the scrutiny they are able to provide within the Board and Committee meetings. Some of the workshops held were on the following topics:
 - Corporate Risks Review and themes for Tactical Priorities
 - Performance Framework and Financial Plan
 - Draft Tactical Priorities 2023/24
 - Ethnic Minorities Project
 - Review of the Integration Scheme
 - Further review on the draft Tactical Priorities 2023/24, including a comparison to the 2022/23 priorities
 - Draft Annual Delivery Plan
- 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.
- 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 control's 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. For 2022/23, the service audit reports in relation to NSI financial ledger services, IT services and Practitioner and Counter Fraud Services are unqualified.
- 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.

The number of overdue actions arising from internal audit reports has the potential to increase risk to the organisation and we are committed to continual reduction of this backlog.

Whilst our elective and non-elective access times continue to be amongst the best in the country, they remain high in relation to pre-pandemic performance. We are committed to a very ambitious improvement trajectory but it is likely to take several years before we have restored sustained rapid access.

The pandemic had a major impact on the Board's ability to make financial savings which, coupled with significant inflationary pressures on our cost base, has increased our underlying financial deficit to an unprecedented level. The financial recovery plan highlights a period of recovery over several years and remains a very high risk for the Board as reflected in our corporate risk register. The Board reported a small surplus in 2022/23 which was achieved using £9.3m of additional financial support from the Scottish Government.

REMUNERATION REPORT AND STAFF REPORT

A) Remuneration Report

Remuneration Committee

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

The Committee agree all the terms and conditions of employment of Executive Board Level Directors, including job description; job evaluation; terms of employment; basic pay; performance pay; benefits; objectives and performance ratings; 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 Committee also agrees the arrangements to award discretionary points for Consultant Medical Staff.

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 Committee meets as required; three meetings were held in 2022/23.

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 the 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 the Executive Directors and Senior Managers cohort 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 2022/23.

All Non-Executive Directors are appointed by the Scottish Government Ministers for a fixed term. All other Executive Directors and Senior Managers are on permanent contracts with the exception of Mark Kelly, who has been on secondment as Interim Nurse Director from NHS 24 for the duration of 2022/23. No awards were made to past Senior Managers.

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

Directors and Senior Employees Remuneration (Audited Information)

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2022/23.

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)
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
Executive Members						
Jeff Ace, Chief Executive	125-130	0	0	125-130	0	125-130
Katy Kerr, Director of Finance (a)	100-105	0	0	100-105	0	100-105
Ken Donaldson Medical Director (b)	195-200	0	1.7	195-200	2	200-205
Alice Wilson, Director of Nursing (c)	95-100	0	0	95-100	0	95-100
Valerie White Director of Public Health	120-125	0	0	120-125	22	140-145
Non-Executive Members						
Nick Morris	40-45	0	0	40-45	0	40-45
Lesley Bryce (d,f)	15-20	0	0	15-20	0	15-20
Greg Black (d)	10-15	0	0	10-15	0	10-15
Laura Douglas (d,g)	10-15	0	0	10-15	0	10-15
Grace Cardozo (d,e)	5-10	0	0	5-10	0	5-10
Marsali Caig (d)	10-15	0	0	10-15	0	10-15
Kim Dams (d)	10-15	0	0	10-15	0	10-15
Claire Holmes	5-10	0	0	5-10	0	5-10
Vicky Keir (h)	55-60	0	0	55-60	11	65-70
Bill Irving (i)	65-70	0	0	65-70	20	85-90
Andy Ferguson (j)	0-5	0	0	0-5	0	0-5
Paula Stevenson (k)	5-10	0	0	5-10	0	5-10
Chrissie Hill (l)	0-5	0	0	0-5	0	0-5
Other Senior Employees						
Julie White (a)	115-120	0	0	115-120	0	115-120
Caroline Cooksey	80-85	0	0	80-85	0	80-85
Mark Kelly (m)	75-80	0	0	75-80	27	100-105
Total			1.7		82	
Notes						
(a)	The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2022/23.					
(a)	Remuneration for the Chief Officer and Chief Finance Officer reflects their total salary for both their roles within the Board and also their IJB responsibilities, with remuneration also disclosed in the IJB accounts. Due to the integrated model in Dumfries and Galloway, no arbitrary apportionment of the remuneration between the two roles has been made with full remuneration disclosed.					
(b)	Ken Donaldson received £25k to £30k in respect of non-Board duties included in remuneration above for Consultant sessions.					
(c)	Alice 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. Alice Wilson is currently absent.					
(d)	Greg Black, Laura Douglas, Grace Cardozo, Lesley Bryce, Marsali Caig and Kim Dams all receive payment for being an IJB member.					
(e)	Grace Cardozo left on 31 March 2023.					
(f)	Lesley Bryce left on 31 March 2023.					
(g)	Laura Douglas left on 31 March 2023					
(h)	Vicky Keir receives payment for being an IJB member. In addition received £45-50k in respect of non-Board duties included in remuneration above for nursing shifts worked.					
(i)	Bill Irving receives payment for being a IJB substitute voting member and received £55 to £60k in respect of non-Board duties included in remuneration above for his substantive post					
(j)	Andy Ferguson left on 20 April 2022. The FYE would have been £5-£10k					
(k)	Paula Stevenson joined 14 June 2022 and left on 7 March 2023. The FYE would have been £5-£10k					
(l)	Chrissie Hill joined 7 March 2023. The FYE would have been £5-£10k					
(m)	The Director of Nursing is currently absent, Mark Kelly has remained on secondment from NHS 24 throughout 2022/23					

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)
	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
Executive Members						
Jeff Ace, Chief Executive	120-125	0	0	120-125	61	185-190
Katy Kerr, Director of Finance (a)	95-100	0	0	95-100	45	140-145
Ken Donaldson Medical Director (b)	185-190	0	3.4	190-195	42	230-235
Alice Wilson, Director of Nursing (c)	95-100	0	0	95-100	77	170-175
Valerie White Director of Public Health (e)	115-120	0	0	115-120	43	155-160
Non-Executive Members						
Nick Morris	40-45	0	0	40-45	0	40-45
Penny Halliday (f)	5-10	0	0	5-10	0	5-10
Lesley Bryce (h)	10-15	0	0	10-15	0	10-15
Greg Black (g)	0-5	0	0	0-5	0	0-5
Laura Douglas (h)	10-15	0	0	10-15	0	10-15
Grace Cardozo (h)	10-15	0	0	10-15	0	10-15
Marsali Caig (h)	10-15	0	0	10-15	0	10-15
Kim Dams (i)	0-5	0	0	0-5	0	0-5
Ros Francis (j)	5-10	0	0	5-10	0	5-10
Ms Claire Holmes (k)	0-5	0	0	0-5	0	0-5
Vicky Keir (l)	60-65	0	0	60-65	15	75-80
Bill Irving (m)	60-65	0	0	60-65	18	80-85
Andy Ferguson	5-10	0	0	5-10	0	5-10
Other Senior Employees						
Julie White (n)	110-115	0	0	110-115	36	145-150
Caroline Cooksey	95-100	0	0	95-100	32	130-135
Mark Kelly (d)	30-35	0	0	30-35	0	30-35
Total			3.4		369	
Notes						
(a)	The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2021/22.					
(b)	Katy Kerr is the Chief Finance Officer of the Integration Joint Board (IJB) and receives payment for this.					
(c)	Ken Donaldson received £20k to £25k in respect of non-Board duties included in remuneration above for Consultant sessions.					
(d)	Alice 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. Alice Wilson is currently absent.					
(e)	Mark Kelly joined on 22 nd November as Interim Director of Nursing, the FYE would have been £70-£75k. His appointment is by secondment arrangement from NHS 24.					
(f)	Valerie White was appointed Executive Director on 1 June 2021.					
(g)	Penny Halliday left on 31st August 2021. The FYE would have been £10-£15k					
(h)	Greg Black joined 1 November 2021. The FYE would have been £5-£10k					
(i)	Laura Douglas, Grace Cardozo, Lesley Bryce and Marsali Caig all received payment for being an IJB member.					
(j)	Kim Dams joined 1 November 2021 and receives payment for being an IJB member. The FTE would have been £10-£15k.					
(k)	Ros Francis left on 31st January 2022, The FYE would have been £5-£10k					
(l)	Claire Holmes joined 1 November 2021. The FYE would have been £5-£10k					
(m)	Vicky Keir receives payment for being an IJB member. In addition received £5-10k in respect of non-Board duties included in remuneration above for nursing shifts worked.					
(n)	Bill Irving receives payment for being a IJB substitute voting member and received £50 to £55k in respect of non-Board duties included in remuneration above for his substantive post.					
(n)	Julie White is the Chief Officer of the IJB and receives payment for this.					

Directors and Senior Employee Pension Benefits (Audited Information)

The following tables show the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2022/23 and prior year.

Pension Benefits (2022/23)							
	Accrued pension at pension age at 31 March 2023	Accrued lump sum at pension age at 31 March 2023	Real increase in pension at pension age	Real increase in lump sum at pension age at 31 March 2023	CETV at 31 March 2022	CETV at 31 March 2023	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							
Jeff Ace	55-60	170-175	0	0	1363	1350	-13
Katy Kerr	40-45	85-90	0	0	819	818	-1
Ken Donaldson	60-65	100-105	0-2.5	0	973	998	25
Alice Wilson	40-45	120-125	0	0	1009	949	-60
Valerie White	30-35	40-45	0-2.5	0	418	446	28
Non-Executive Members							
Vicky Keir	20-25	40-45	0-2.5	0	371	387	16
Bill Irving	10-15	15-20	0-2.5	0-2.5	171	192	21
Senior Employees							
Julie White	40-45	70-75	0-2.5	0	658	669	11
Caroline Cooksey	20-25	60-65	0	0	537	527	-10
Mark Kelly	30-35	90-95	0-2.5	0-2.5	660	701	41
Total							58

Pension Benefits (2021/22)							
	Accrued pension at pension age at 31 March 2022	Accrued lump sum at pension age at 31 March 2022	Real increase in pension at pension age	Real increase in lump sum at pension age at 31 March 2022	CETV at 31 March 2021	CETV at 31 March 2022	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							
Jeff Ace	60-65	135-140	2.5-5	2.5-5	1130	1217	87
Katy Kerr	40-45	80-85	2.5-5	0-2.5	687	744	57
Ken Donaldson	50-55	95-100	2.5-5	0	827	884	57
Alice Wilson	40-45	120-125	2.5-5	10-12.5	811	917	106
Valerie White	25-30	40-45	2.5-5	0-2.5	336	375	39
Non-Executive Members							
Vicky Keir	15-20	40-45	0-2.5	0-2.5	317	337	20
Bill Irving	5-10	15-20	0-2.5	0-2.5	136	155	19
Senior Employees							
Julie White	35-40	70-75	2.5-5	0-2.5	556	598	42
Caroline Cooksey	25-30	55-60	0-2.5	0-2.5	491	537	46
Mark Kelly	30-35	80-85	0-2.5	0-2.5	698	701	3
Total							476

Fair Pay Disclosure (Audited Information)

The previous fair pay disclosures have been revised. The disclosure is intended to hold organisations to account for remuneration policy, and in particular, the remuneration of the highest paid Director compared with the median, lower quartile and upper quartile remuneration of staff. The pay ratio information is set out in the table below:

	2023	2022	Change %
Range of staff remuneration	8,941-238,458	8,233-192,325	
Highest Earning Director's Total Remuneration	175k-180k	165k-170k	4.69%
Median (Total Pay & Benefits)	32,876	30,289	8.58%
Median (Salary Only)	32,858	30,278	8.52%
Ratio	5.4:1	5.6:1	
25 th percentile (Total Pay & Benefits)	26,129	23,936	9.16%
25 th percentile (Salary Only)	26,129	23,936	9.16%
Ratio	6.8:1	7.0:1	
75 th percentile (Total Pay & Benefits)	41,480	38,910	6.60%
75 th percentile (Salary Only)	41,239	38,646	6.71%
Ratio	4.3:1	4.3:1	

The pay ratios for staff on the 25th Percentile and 50th Percentile have reduced when compared to the salary of the highest paid Director, with the 75th Percentile remaining constant, this can be attributed to the Agenda for Change pay uplift, which represented an overall average uplift of 7.5%. The pay ratios and percentage movements between years are consistent for this pay award.

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 £10,000)	2023 Number of Staff	2022 Number of Staff	Band (bands of £10,000)	2023 Number of Staff	2022 Number of Staff
£70,001 to £80,000	24	28	£70,001 to £80,000	3	7
£80,001 to £90,000	25	25	£80,001 to £90,000	4	0
£90,001 to £100,000	10	20	£90,001 to £100,000	6	7
£100,001 to £110,000	24	24	£100,001 to £110,000	1	0
£110,001 to £120,000	19	15	£110,001 to £120,000	1	1
£120,001 to £130,000	25	19	£120,001 to £130,000	0	0
£130,001 to £140,000	14	10	£130,001 to £140,000	0	0
£140,001 to £150,000	5	16	£140,001 to £150,000	0	0
£150,001 to £160,000	14	14	£150,001 to £160,000	0	0
£160,001 to £170,000	11	3	£160,001 to £170,000	0	0
£170,001 to £180,000	5	10	£170,001 to £180,000	0	0
£180,001 to £190,000	5	6	£180,001 to £190,000	0	0
£190,001 to £200,000	4	4	£190,001 to £200,000	0	0
£200,001 and Above	6	4	£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	2022/23 Total	2021/22 Total
Salaries and wages	618	159	166,567	6,524	0	(908)	172,960	164,275
Taxation and Social security costs	90	8	18,717	830	851	(112)	20,384	17,675
NHS scheme employers' costs	126	0	31,433	797	0	(189)	32,167	29,720
Other employers' pension costs	0	0	60	0	117	0	177	217
Secondees	0	0	0	1,260	0	0	1,260	931
Agency staff	0	0	0	0	15,061	0	15,061	13,742
	834	167	216,777	9,411	16,029	(1,209)	242,009	226,560
Compensation for loss of office/early retirement	0	0	0	0	0	0	0	0
Total Employee Expenditure	834	167	216,777	9,411	16,029	(1,209)	242,009	226,560
STAFF NUMBERS (WTE)	Executive Board Members	Non- Executive Board Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2022/23 Total	2021/22 Total
Whole time equivalent	5	11	3,993	121	87	18	4,235	4,058
Notes								
<ul style="list-style-type: none"> There were 0 staff engaged directly on capital projects (0 in 2021 – 2022) Included in the total staff numbers above were disabled staff of 89 WTE (2021 – 66 WTE) No special advisors or consultants are included in these numbers Other employers' pension costs are the contribution to the NEST scheme Doctors and Dentists in Training that are on placement within the Board, have previously been disclosed as permanent staff, as these contracts are held centrally by NHS Education for Scotland, they are now disclosed as inward secondees, No wte was included for Doctors and Dentists in Training who were on placement within the Board during 2021/22. 								

Reconciliation to income and expenditure

	£'000
Total employee expenditure as above	242,009
Add: employee income included in Note 5	1,209
Total employee expenditure disclosed in Note 4	<u>243,218</u>

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:

	2023			2022		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	3	5	2	3	5
Non-Executive Directors and Employee Director	3	8	11	4	8	12
Senior Employees	123	92	215	136	78	214
Other Employees	795	4,417	5,212	774	4,322	5,096
Total Headcount	923	4,520	5,443	916	4,411	5,327

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 most up to date Equality Mainstreaming Report can be found at <https://www.nhs.uk/equality-and-diversity/>. Gender pay information was published in March 2023 and work on reviewing the data and taking action locally will continue via Staff Governance Committee recognising that all NHS pay is negotiated nationally, not at Board level.

Sickness Absence Data

	2022/23	2021/22
NHS Dumfries & Galloway	5.38%	5.37%

Sickness absence continues to be higher than the 4% target and has once more 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, our goal remains to achieve 96% of our workforce to be consistently well, motivated and at work, in line with the current Scottish Government standard (Working Well Strategy and Action Plan, January 2017).

In 2018, the Board established the Working Well Steering Group, chaired jointly by the Workforce Director and the Employee Director, which reports to the Health and Social Care Performance and Governance Group, and provides regular updates on progress via the Area Partnership Forum and Staff Governance Committee. In 2021, the steering group was stood down in response to the workload demands of the Covid-19 pandemic, and a core Working Well Executive Group was established to continue to take this work forward. The objective of the Executive Group is to oversee the delivery of the priorities for workforce wellbeing and staff support required across the NHS and wider Health and Social Care workforce in Dumfries and Galloway, in line with the strategic change programme and action plan for building health and wellbeing resilience within the workforce in NHS Dumfries and Galloway. The organisation agreed a three year action plan for 2019–2022 which was extended and enhanced during the financial year 2022/23 to reflect the changing needs of the workforce in the light of learning from the Covid-19 pandemic, and the emergent economic crisis experienced countrywide thereafter. We have continued to invest in this important work for our staff, working collaboratively with our partners across the region.

Over the past twelve months our focus on embedding staff wellbeing support has been essential to our delivery of Tactical Priorities. We have continued to deliver 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. We have also developed support and resources in partnership with The Dumfries and Galloway Citizen’s Advice Bureau to provide support to staff across the partnership who are struggling with the cost of living crisis. This has been complemented by a range of national programmes that staff have been able to access, including the Promis website and the Wellbeing Hub.

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 is monitored through the Board's Staff Governance Committee and through submission of an annual self assessment return for Scottish Government. Our report on our self-assessment of performance in 2021/22 against the national Staff Governance standards was approved by our Staff Governance Committee on 28th November 2022 and was submitted to Scottish Government thereafter.

Exit Packages (Audited Information)

There were no exit packages during 2022/23 (2021/22 – 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 2022/23 will be published on the Boards website (www.nhsdg.co.uk) by August 2023.

The online reporting service can be found here: <https://www.gov.uk/government/publications/trade-union-facility-time-publication-service-2018-19>

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 £300k 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:

	2023		2022	
	Number of cases	£'000	Number of cases	£'000
Losses	20	103	49	57
Special Payments	48	5,146	66	5,445

In the year to 31st March 2023, there were no balances in excess of £300,000 written off.

In 2022/23, the Board was required to pay out £4.182m in respect of 3 claims individually greater than £300,000 settled under the CNORIS scheme (2021/22: £3.899m, 1 claim). 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.



J Ace
Chief Executive and Accountable Officer

29 June 2023

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

I 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 2023 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2023 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 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

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the board and its group 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.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the board and its group. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of 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 there is an intention to discontinue the board's operations.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 my 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 my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

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

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

Other information

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

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on 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 the Performance Report and Governance Statement

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

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

Matters on which I am required to report by exception

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

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

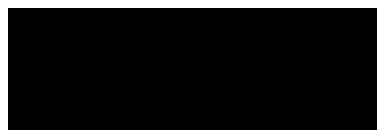
I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

29 June 2023

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Statement of Consolidated Comprehensive Net Expenditure

	Note	2023 £000's	2022 £000's
Staff costs	4a	243,218	227,588
Other operating expenditure	4b		
Independent Primary Care Services		46,267	44,733
Drugs and medical supplies		75,239	75,592
Other health care expenditure		505,368	496,968
Gross expenditure for the year		870,092	844,881
Less: Operating Income	5	(425,445)	(393,323)
Integration Joint Board accounted for on an equity basis	9	7,629	(7,181)
Net Expenditure for the year		452,276	444,377
OTHER COMPREHENSIVE NET EXPENDITURE		2023 £000's	2022 £000's
Net (gain)/loss on revaluation of Property Plant and Equipment		(29,468)	(13,511)
Net (gain)/loss on revaluation of available for sale financial assets		915	(1,057)
Other Comprehensive (Income)/ Expenditure		(28,553)	(14,568)
Total Comprehensive Net Expenditure		423,723	429,809

The Notes to the Accounts, numbered 1 to 24, form an integral part of these accounts.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Consolidated and Board Statement of Financial Position

	Note	Consolidated 2023 £000's	Board 2023 £000's	Consolidated 2022 £000's	Board 2022 £000's
Non-current assets:					
Property, plant and equipment	8c	356,676	356,638	325,099	325,072
Intangible assets	7	577	577	640	640
Right of Use Assets	17a	2,412	2,412	0	0
Financial assets:					
- Investments	11	297	297	0	0
- Investments in associates and joint ventures	9	7,757	0	15,386	0
- Trade and other receivables	10	19,410	19,410	20,589	20,589
		<u>387,129</u>	<u>379,334</u>	<u>361,714</u>	<u>346,301</u>
Current Assets:					
Inventories		1,549	1,549	1,459	1,459
Financial assets:					
- Trade and other receivables	10	12,526	12,416	10,768	10,618
- Cash and cash equivalents	12	391	100	613	79
- Investments	11	10,408	0	11,859	0
Assets classified as held for sale	8b	308	308	308	308
		<u>25,182</u>	<u>14,373</u>	<u>25,007</u>	<u>12,464</u>
Current liabilities					
Provisions	14a	(6,334)	(6,334)	(7,090)	(7,090)
Financial liabilities:					
- Trade and other payables	13	(58,626)	(57,851)	(76,820)	(76,102)
Total Current Liabilities		<u>(64,960)</u>	<u>(64,185)</u>	<u>(83,910)</u>	<u>(83,192)</u>
Non-Current assets plus/less net current assets/liabilities		<u>347,351</u>	<u>329,522</u>	<u>302,811</u>	<u>275,573</u>
Non-current liabilities					
Provisions	14a	(32,180)	(32,180)	(30,646)	(30,646)
Financial liabilities:					
- Trade and other payables	13	(184,074)	(183,967)	(189,178)	(189,090)
		<u>(216,254)</u>	<u>(216,147)</u>	<u>(219,824)</u>	<u>(219,736)</u>
Total Assets less Total Liabilities		<u>131,097</u>	<u>113,375</u>	<u>82,987</u>	<u>55,837</u>
Taxpayers' Equity					
General fund	SOCTE	31,677	31,677	3,596	3,596
Revaluation reserve	SOCTE	81,698	81,698	52,241	52,241
Other reserves	SOCTE	7,757	0	15,386	0
Funds Held on Trust	SOCTE	9,965	0	11,764	0
Total taxpayers' equity		<u>131,097</u>	<u>113,375</u>	<u>82,987</u>	<u>55,837</u>

The Notes to the Accounts, numbered 1-24, form an integral part of these accounts.

The financial statements on pages 47 to 103 were approved by the Board on 29th June 2023 and signed on their behalf by:

Jeffrey Ace
Chief Executive and Accountable Officer

29 June 2023

Katy Kerr
Director of Finance

29 June 2023

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Statement of Consolidated Cash Flows

	Note	2023 £000's	2022 £000's
Cash flows from operating activities			
Net expenditure	SOCTE	(452,276)	(444,377)
Adjustments for non-cash transactions	3a	13,992	(4,353)
Add back: interest payable recognised in net operating expenditure	3b	12,051	12,844
Investment Income		(201)	(204)
Movements in working capital	3c	(18,715)	21,310
Net cash (outflow) / inflow from operating activities	23c	(445,149)	(414,780)
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,965)	(5,964)
Purchase of intangible assets		(20)	(455)
Investment Additions	11	(1,268)	(1,411)
Proceeds of disposal of property, plant and equipment		0	0
Receipts from sale of investments		1,371	1,136
Interest and dividends received		201	204
Net cash (outflow) / inflow from investing activities	23c	(7,681)	(6,490)
Cash flows from financing activities			
Funding	SOCTE	471,632	439,479
Movement in general fund working capital	SOCTE	21	(714)
Cash drawn down		471,653	438,765
Capital element of payments in respect of finance leases and on-balance sheet PFI		(6,674)	(6,302)
IFRS 16 - 2022-23 cash lease payment		(320)	0
Interest Paid	3b	705	0
PFI Contracts: Interest element of finance leases and on-balance sheet PFI	3b	(12,756)	(12,844)
Net Financing	23c	452,608	419,619
Net Increase / (decrease) in cash and cash equivalents in the year		(222)	(1,651)
Cash and cash equivalents at the beginning of the year		613	2,264
Cash and cash equivalents at the end of the year		391	613
Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year	12	(222)	(1,651)
Net cash at 1 April		613	2,264
Net cash at 31 March		391	613

The Notes to the Accounts, numbered 1-24, form an integral part of these accounts.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Statement of Consolidated Changes in Taxpayers' Equity

				Other		2023
	Note	General Fund £000's	Revaluation Reserve £000's	Reserve (IJB) £000's	Funds Held on Trust £000's	Consolidated Reserve £000's
Balance At 1st April 2022						
		3,596	52,241	15,386	11,764	82,987
Changes in taxpayers' equity for 2022/23						
Net gain on revaluation/indexation of property, plant and equipment	8a	0	29,457	0	11	29,468
Net (loss) on revaluation of available for sale financial assets		0	0	0	(915)	(915)
Impairment of property, plant and equipment	8a	0	2,946	0	0	2,946
Revaluation & impairments taken to operating costs	3a	0	(2,946)	0	0	(2,946)
Transfers between reserves		0	0	0	0	0
Other non cash costs - Implementation of IFRS16		201	0	0	0	201
Net operating cost for the year	CFS	(443,752)	0	(7,629)	(895)	(452,276)
Total recognised (expense) / income for 2022/23		(443,551)	29,457	(7,629)	(1,799)	(423,522)
Funding:						
Drawn down	CFS	471,653	0	0	0	471,653
Movement in General Fund	CFS	(21)	0	0	0	(21)
	SoFP	471,632	0	0	0	471,632
Balance At 31st March 2023						
		31,677	81,698	7,757	9,965	131,097

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Statement of Consolidated Changes in Taxpayers' Equity

				Other		2022
	Note	General Fund £000's	Revaluation Reserve £000's	Reserve (IJB) £000's	Funds Held on Trust £000's	Consolidated Reserve £000's
PRIOR YEAR						
Balance At 1st April 2021		15,290	38,734	8,205	11,092	73,321
Changes in taxpayers' equity for 2021/22						
Net gain on revaluation/indexation of property, plant and equipment	8a	0	13,507	0	0	13,507
Net (loss) on revaluation of available for sale financial assets		0	0	0	1,057	1,057
Impairment of property, plant and equipment	8a	0	5,392	0	0	5,392
Revaluation & impairments taken to operating costs	3a	0	(5,392)	0	0	(5,392)
Transfers between reserves		0	0	0	0	0
Other non cash costs - Covid equipment from DOH		0	0	0	0	0
Net operating cost for the year	CFS	(451,173)	0	7,181	(385)	(444,377)
Total recognised (expense) / income for 2021/22		(451,173)	13,507	7,181	672	(429,813)
Funding:						
Drawn down	CFS	438,765	0	0	0	438,765
Movement in General Fund	CFS	714	0	0	0	714
	SoFP	439,479	0	0	0	439,479
Balance At 31st March 2022		3,596	52,241	15,386	11,764	82,987

The Notes to the Accounts, numbered 1-24, form an integral part of these accounts.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

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 (IFRS) as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) 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

IFRS 16 is the new standard which has been issued and adopted for the year 2022-2023.

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

There are no new standards, amendments or interpretations early adopted in the 2022/23 financial year.

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

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2022/23 financial year.

Standard	Current Status
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2021. However this Standard is not yet adopted by the FReM. Expect adoption by the FReM from April 2025

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.

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.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

1 ACCOUNTING POLICIES

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint ventures. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in IJBs 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 NHS Board will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention of dissolution without transfer of services or functions to another entity.

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 as determined by the relevant accounting standards and the FReM.

1.5 Funding

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

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

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

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

Non-discretionary funding out with the (RRL) is allocated to match actual expenditure incurred for the provision of specific Family Health Services (comprised of General Pharmaceutical Services, General Medical Services, General Dental Services and General Ophthalmic Services as designated 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.

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.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

1 ACCOUNTING POLICIES

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.

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuation and are 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 (Red Book) insofar as these terms are consistent with the agreed requirements of the Scottish Government

In general, operational assets which are in use delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following variations of the RICS Appraisal and Valuation Manual are adopted:

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

Non-specialised equipment, installations and fittings are valued at fair value, using the most appropriate valuation methodology available. 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).

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 agreed by the District Valuer.

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

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.

Assets under construction are valued at current cost; these are also subject to impairment review.

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

1 ACCOUNTING POLICIES

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

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit are charged 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 arising from a change in market price are charged to the revaluation reserve where 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) Leased Property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight line basis. The following asset lives have been used:

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

1 ACCOUNTING POLICIES

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

1.7 Intangible Assets

1.7.1 Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

1 ACCOUNTING POLICIES

Software licences

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

Carbon Emissions (Intangible Assets)

Participation in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme gives rise to an asset for purchased allowances held and a liability for the obligation to deliver allowances to the CRC registry equal to emissions made.

Intangible Assets, such as CRC emission allowances which are intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets and are initially measured at cost, with subsequent revaluation at fair value. Until there is evidence of an active market, CRC scheme assets shall be measured at cost as a proxy for fair value.

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

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

Websites

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

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 market value in existing use. Where no active market exists, the intangible asset is revalued, using indices or an alternative 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.

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.

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1 ACCOUNTING POLICIES

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.
- 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/amortisation 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.

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Notes to the Accounts

1 ACCOUNTING POLICIES

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. Donated assets are revalued, depreciated/amortised and subject to impairment in the same way as other non-current assets in accordance with 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

Accounting Policies

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the FReM deferred adoption until 2021. The cumulative catch-up method has been mandated by the FReM. Consequently, the comparatives for 2021-22 reflect the requirements of IAS 17 Leases.

Leases

Scope and classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from the assets and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit on the lease, or, where this cannot be determined, the rate advised by HM Treasury for the calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changing in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured as its existing lease value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under

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1 ACCOUNTING POLICIES

index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessment and modifications. These are measured by re-discounting the revised cash flows.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than 12 months are expensed.

Transitional arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021-22 reflect the requirements of IAS17
- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts entered into from 1 April 2022 have been classified using the IFRS16 criteria;
- For leases previously treated as operational leases
 - To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
 - To measure the asset at an amount equal to the liability, adjusted for any prepayment or any accrual balances previously recognised for that lease;
 - To exclude leases whose term ends within twelve months of first adoption;
 - To use hindsight in assessing the remaining lease terms
 - For leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision
- For leases previously treated as finance leases;
 - To use the carrying amount of the lease asset and liability measured immediately before first adoption under IAS 17 as the carrying value of the right-of-use asset and lease liability as at first adoption
- The 2023-24 FrEM has been amended to require reporting entities to record indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023-24. The 2022-23 FrEM has not been amended to clarify that this specific aspect of IFRS 16 has been deferred until 2023-24 and therefore does not apply in 2022-23. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g. CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023.

Estimates and Judgements

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair value of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FrEM requires right-of-use assets held under "peppercorn" leases to be measured at existing use value.

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1 ACCOUNTING POLICIES

Accounting for leases under IAS 17 (2021-22)

Finance leases

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

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

Operating leases

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

Leases of land and buildings

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

1.12 Impairment of non-financial assets

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

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

1.13 General Fund Receivables and Payables

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

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.

Dumfries and Galloway NHS Board

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1 ACCOUNTING POLICIES

1.16 Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to 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 NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

1.18 Related Party Transactions

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

1.19 Value Added Tax

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

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Notes to the Accounts

1 ACCOUNTING POLICIES

1.20 PFI/HUB/NPD Schemes

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

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

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

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.

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Notes to the Accounts

1 ACCOUNTING POLICIES

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 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.

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1 ACCOUNTING POLICIES

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

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

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

(b) Financial assets held at amortised cost

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

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

Financial Liabilities

Classification

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

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

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

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

(b) Financial liabilities held at amortised cost

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

Recognition and measurement

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

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

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

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

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

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Notes to the Accounts

1 ACCOUNTING POLICIES

(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. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts are not class as commercial bank balance.

1.27 Foreign exchange

The functional and presentational currencies of the Board are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

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

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

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

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.

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Notes to the Accounts

1 ACCOUNTING POLICIES

Property Valuations

In making judgements on the measurement of assets at 31 March 2023, NHS Dumfries and Galloway place reliance on valuation information received from the appointed valuers, Avison Young. The valuations have been prepared having regard to the contents of the RICS Valuation Global Standards 2022 (the Red Book) and specifically the appropriate bases on valuation for International Financial Reporting Standards (IFRS).

It is provided within these Standards (and associated RICS Practice Statements) that (a) for these properties that are owner-occupied and are of a non-specialised nature, the bases of valuation is Fair Value assuming on-going operational use, (b) for properties which are either owned but not occupied by the Board or have been declared surplus, these are also to be valued on the basis of Fair Value. Fair value is defined as 'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. (In this context, Fair Value is generally taken to be the equivalent of the RICS definition of Market Value) and (c) for properties that are owner occupied but are of a specialist nature, where few, if any, open market transactions involving a continuation of the existing use occur, then the basis of valuation is also Fair Value but the Depreciated Replacement Cost method of valuation is appropriate set against the assumption of a continuation of the existing health care use for the foreseeable future.

The valuation of the Board's assets have been undertaken within the context of the above stated principles and recognising the very specialist nature of the majority of the assets, these have thus been valued on the Depreciated Replacement Cost (DRC) model of valuation. Land assets have been assessed to Fair Value but, where relevant, subject to an assumption of on-going use for operational purposes in support of the activities undertaken by the Board.

PFI and NPD

The models used for PFI and NPD have been created by external advisors and check totals are included for ensuring the models continue to operate as intended. There is a low level of uncertainty as the model have been verified a number of times and continue to only be adjusted for RPI as required by the contract. The asset valuations are re-valued as part of the routine valuation as required by the Capital Accounting Manual.

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.

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Notes to the Accounts

2. SUMMARY OF CORE REVENUE RESOURCE OUTTURN

	Note	2023 £000's	2022 £000's
Net Expenditure	SoCNE	452,276	444,377
Total Non Core Expenditure (see below)		(9,071)	(3,757)
FHS Non Discretionary Allocation		(21,404)	(19,982)
Donated asset income		0	0
Endowment Net Operating Income/(Costs)		(895)	(385)
Integration Joint Board accounted for on an equity basis		(7,629)	7,181
Total Core Expenditure		413,277	427,434
Core Revenue Resource Limit		413,369	427,471
Saving against Core Revenue Resource Limit		92	37

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation		8,373	8,010
Annually Managed Expenditure - Impairments		(2,947)	(5,392)
Annually Managed Expenditure - Creation of Provisions		2,844	929
Annually Managed Expenditure - Depreciation of Donated Assets	3a	106	98
Additional SGHSCD non-core funding		0	0
IFRS PFI Expenditure		167	112
Right of Use (RoU) Asset Depreciation		528	0
Total Non Core Expenditure		9,071	3,757
Non Core Revenue Resource Limit		9,071	3,757
Saving/(excess) against Non Core Revenue Resource Limit		0	0

	Revenue Resource Limit £000's	Net Expenditure £000's	2023 Saving £000's	2022 Saving £000's
SUMMARY RESOURCE OUTTURN				
Core	413,369	413,277	92	37
Non Core	9,071	9,071	0	0
Total	422,440	422,348	92	37

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

3. NOTES TO THE CASH FLOW STATEMENT

3a. Consolidated adjustments for non-cash transactions	Note	2023 £000's	2022 £000's
Expenditure Not Paid In Cash			
Depreciation	8a	8,456	8,003
Amortisation	7	83	119
Depreciation of donated assets	8a	106	98
Depreciation of Right of Use (RoU) Assets	17a	528	0
Impairments on property, plant and equipment charged to SOCNE	8a	158	(5,392)
Net revaluation on PPE charged to SoCNE			0
Reversal of impairments on PPE charged to SoCNE	8a	(3,104)	0
Loss/(profit) on disposal of property, plant and equipment			0
Loss on re-measurement of non-current assets held for sale			0
GP Loans fair value adjustment	11	136	0
Other non cash transactions - Covid Equipment - DOH			0
Other non cash transactions - PPE and Testing Kits			0
Increase in investment in Integrated Joint Board	SoCNE	7,629	(7,181)
Total expenditure not paid In cash	CFS	13,992	(4,353)
3b. Interest payable recognised in operating expenditure			
PFI Finance lease charges allocated in the year	18	12,729	12,844
Lease interest	17b	27	0
Provisions - Unwinding of discount	14a	(705)	0
Net interest payable	CFS	12,051	12,844

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

3c. Consolidated movements in working capital

	Opening balances £000's	Closing balances £000's	2023 Net movement £000's	2022 Net movement £000's
INVENTORIES				
Balance Sheet	1,459	1,549		
Net decrease / (increase)			(90)	(149)
TRADE AND OTHER RECEIVABLES				
Due within one year	10,768	12,526		
Due after more than one year	20,589	19,410		
	31,357	31,936		
Net decrease / (increase)			(579)	3,906
TRADE AND OTHER PAYABLES				
Due within one year	76,820	58,626		
Due after more than one year	189,178	184,074		
Less: property, plant & equipment (capital) included in above	(240)	0		
Less: General Fund creditor included in above	(79)	(100)		
Less: lease and PFI creditors included in above	(195,764)	(191,509)		
	69,915	51,091		
Net decrease / (increase)			(18,824)	24,895
PROVISIONS				
Balance Sheet	37,736	38,514		
Net decrease / (increase)			778	(7,342)
Net movement (decrease) / increase			(18,715)	21,310

3d. Other General Fund non-cash costs shown on the face of SoCTE

	2023 £000's	2022 £000's
Other non-cash costs		
Implentation of IFRS16 - Prepayment of Leases	201	0

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

4. OPERATING EXPENSES

4a. Staff Costs	Note	2023 £000's	2022 £000's
Medical and Dental		55,764	54,898
Nursing		104,749	96,860
Other Staff		82,705	75,830
Total Board Staff Costs	SoCNE	<u>243,218</u>	<u>227,588</u>

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

	2023 £000's	2022 £000's
Independent Primary Care Services		
General Medical Services	30,422	29,481
Pharmaceutical Services	1,704	1,594
General Dental Services	11,181	10,829
General Ophthalmic Services	2,960	2,829
Total	<u>46,267</u>	<u>44,733</u>
Drugs and medical supplies		
Drugs - Primary Care	42,379	40,209
- Secondary Care	22,549	21,529
PPE and Testing Kits	629	4,932
Medical Supplies	9,682	8,922
Total	<u>75,239</u>	<u>75,592</u>
Other health care expenditure		
Contribution to Integration Joint Board	376,290	384,214
Goods and services from other NHS Scotland Bodies	27,782	28,064
Goods and services from other UK NHS Bodies	2,250	3,163
Goods and services from private providers	4,301	2,818
Goods and services from voluntary organisations	1,241	1,253
Resource Transfer	22,774	23,753
Loss on disposal of asset	0	0
Other operating expenditure	69,105	52,644
Auditor's remuneration - statutory audit fee - Board	170	146
Total	<u>503,913</u>	<u>496,055</u>
Total Endowment expenditure (adjusted for Intra Group transactions)	<u>1,455</u>	<u>913</u>
Total consolidated other health care expenditure	<u>505,368</u>	<u>496,968</u>
Total consolidated other operating expenditure	<u>626,874</u>	<u>617,293</u>

The external auditors, Audit Scotland 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 2023

Notes to the Accounts

5. OPERATING INCOME

	Note	2023 £000's	2022 £000's
NHS Scotland Bodies		12,633	10,663
NHS Non-Scottish Bodies		1,205	1,149
Income from Scottish Government		31	2
Income from services commission by IJB		395,467	367,731
Patient charges for primary care		3,189	6,019
Donations		0	2,898
Profit on disposal of assets		42	0
Contributions in respect of clinical and medical negligence claims		3,446	(2,813)
Non NHS:			
Overseas patients (non reciprocal)		98	8
Other		8,774	7,138
Total Board income		424,885	392,795
Endowment Fund Income		560	528
Consolidated Total Income	SoCNE	425,445	393,323

Dumfries and Galloway NHS Board

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Notes to the Accounts

6. BOARD SEGMENTAL INFORMATION - CURRENT YEAR

	Acute & Diagnostics £000's	Community & Prescribing £000's	Mental Health £000's	Womens & Childrens £000's	Operating Services £000's	Corporate & Strategic £000's	Endowments £000's	IJB £000's	2023 £000's
Net operating cost	148,850	122,794	28,989	27,745	21,792	93,582	895	0	444,647
Total Assets	296,071	35,044	28,367	10,339	8,734	15,152	10,847	7,757	412,311
Total Liabilities	94,035	77,572	18,313	17,527	13,767	59,118	882	0	281,214
Total segment revenue	3,637	6,220	1,434	759	766	16,602	560	0	29,978
Impairment losses recognised in SOCNE	158	0	0	0	0	0	0	0	158
Impairment reversals recognised in SoCNE	(3,104)	0	0	0	0	0	0	0	(3,104)
Depreciation and amortisation	6,848	834	628	197	474	192	0	0	9,173
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)	6,130	552	563	177	152	171	0	0	7,745

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

6. BOARD SEGMENTAL INFORMATION - PRIOR YEAR

	Acute & Diagnostics £000's	Community & Prescribing £000's	Mental Health £000's	Womens & Childrens £000's	Operating Services £000's	Corporate & Strategic £000's	Endowments £000's	IJB £000's	2022 £000's
Net operating cost	145,211	117,385	26,740	25,544	18,526	117,767	385	0	451,558
Total Assets	270,648	30,620	27,004	8,857	7,003	14,905	12,570	15,386	386,993
Total Liabilities	97,495	78,812	17,771	17,150	12,438	79,232	806	0	303,704
Total segment revenue	2,023	8,371	1,090	875	500	12,205	528	0	25,592
Impairment losses recognised in SOCNE	5,392	0	0	0	0	0	0	0	5,392
Depreciation and amortisation	6,561	556	626	176	142	159	0	0	8,220
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)	4,887	414	466	131	106	118	0	0	6,122

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

7. INTANGIBLE ASSETS

	Note	Software Licenses £000's	Information Technology Software £000's	Assets under construction £000's	2023 £000's
Cost or Valuation:					
At 1st April 2022		289	1,440	0	1,729
Additions		0	0	20	20
Completions		20	0	(20)	0
Transfers		0	0	0	0
Disposals		0	0	0	0
At 31st March 2023		309	1,440	0	1,749
Amortisation					
At 1st April 2022		269	820	0	1,089
Provided during the year		5	78	0	83
Transfers		0	0	0	0
Disposals		0	0	0	0
At 31st March 2023		274	898	0	1,172
Net Book Value at 1st April 2022		20	620	0	640
Net Book Value at 31st March 2023	SoFP	35	542	0	577

INTANGIBLE ASSETS - PRIOR YEAR

		Software Licenses £000's	Information Technology Software £000's	Assets under construction £000's	2022 £000's
Cost or Valuation:					
At 1st April 2021		268	1,006	0	1,274
Additions		0	0	455	455
Completions		21	434	(455)	0
Transfers		0	0	0	0
Disposals		0	0	0	0
At 31st March 2022		289	1,440	0	1,729
Amortisation					
At 1st April 2021		266	704	0	970
Provided during the year		3	116	0	119
Transfers		0	0	0	0
Disposals		0	0	0	0
At 31st March 2022		269	820	0	1,089
Net Book Value at 1st April 2021		2	302	0	304
Net Book Value at 31st March 2022		20	620	0	640

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

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

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2023 £000's
Cost or valuation									
At 1st April 2022	6,989	293,172	3,524	159	26,132	10,809	555	7,236	348,576
Additions - purchased	0	0	0	0	0	0	0	7,725	7,725
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	13	392	935	0	3,188	2,479	0	(7,007)	0
Revaluations	260	23,000	655	0	11	0	0	0	23,926
Impairment Charges	(63)	(95)	0	0	0	0	0	0	(158)
Impairment Reversals	0	3,104	0	0	0	0	0	0	3,104
Disposals - purchased	0	0	0	0	(747)	0	0	0	(747)
Disposals - donated	0	0	0	0	(149)	0	0	0	(149)
At 31st March 2023	7,199	319,573	5,114	159	28,435	13,288	555	7,954	382,277
Depreciation									
At 1st April 2022	0	0	0	159	16,737	6,099	482	0	23,477
Provided during the year - purchased	0	5,249	234	0	2,052	894	27	0	8,456
Provided during the year - donated	0	59	0	0	47	0	0	0	106
Revaluations	0	(5,308)	(234)	0	0	0	0	0	(5,542)
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	0	0	0	(747)	0	0	0	(747)
Disposals - donated	0	0	0	0	(149)	0	0	0	(149)
At 31st March 2023	0	0	0	159	17,940	6,993	509	0	25,601
Net Book Value at 1st April 2022	6,989	293,172	3,524	0	9,395	4,710	73	7,236	325,099
Net Book Value at 31st March 2023	7,199	319,573	5,114	0	10,495	6,295	46	7,954	356,676
Open Market Value of Land in Land and Dwellings Included Above	375		519						

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

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

	Land (incl under buildings) £000's	Buildings (excluding dwellings) £000's	Dwellings £000's	Transport Equipment £000's	Plant & Machinery £000's	Information Technology £000's	Furniture & Fittings £000's	Assets under Construction £000's	2023 £000's
Asset financing:									
Owned - purchased	7,199	86,797	5,114	0	10,417	6,295	46	7,954	123,822
Owned - donated	0	2,758	0	0	78	0	0	0	2,836
On-balance sheet PFI/NPD contracts	0	230,018	0	0	0	0	0	0	230,018
Net Book Value at 31st March 2023	7,199	319,573	5,114	0	10,495	6,295	46	7,954	356,676

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

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	2023 £000's
Cost or valuation									
At 1st April 2022	6,989	293,172	3,524	159	26,105	10,809	555	7,236	348,549
Additions - purchased	0	0	0	0	0	0	0	7,725	7,725
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	13	392	935	0	3,188	2,479	0	(7,007)	0
Revaluations	260	23,000	655	0	0	0	0	0	23,915
Impairment Charges	(63)	(95)	0	0	0	0	0	0	(158)
Impairment Reversals	0	3,104	0	0	0	0	0	0	3,104
Disposals - purchased	0	0	0	0	(747)	0	0	0	(747)
Disposals - donated	0	0	0	0	(149)	0	0	0	(149)
At 31st March 2023	7,199	319,573	5,114	159	28,397	13,288	555	7,954	382,239
Depreciation									
At 1st April 2022	0	0	0	159	16,737	6,099	482	0	23,477
Provided during the year - purchased	0	5,249	234	0	2,052	894	27	0	8,456
Provided during the year - donated	0	59	0	0	47	0	0	0	106
Revaluations	0	(5,308)	(234)	0	0	0	0	0	(5,542)
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	0	0	0	(747)	0	0	0	(747)
Disposals - donated	0	0	0	0	(149)	0	0	0	(149)
At 31st March 2023	0	0	0	159	17,940	6,993	509	0	25,601
Net Book Value at 1st April 2022	6,989	293,172	3,524	0	9,368	4,710	73	7,236	325,072
Net Book Value at 31st March 2023	7,199	319,573	5,114	0	10,457	6,295	46	7,954	356,638
Open Market Value of Land in Land and Dwellings Included Above	375		519						

Dumfries and Galloway NHS Board

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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	2023 £000's
Asset financing:									
Owned - purchased	7,199	86,797	5,114	0	10,379	6,295	46	7,954	123,784
Owned - donated	0	2,758	0	0	78	0	0	0	2,836
On-balance sheet PFI/NPD contracts	0	230,018	0	0	0	0	0	0	230,018
Net Book Value at 31st March 2023	7,199	319,573	5,114	0	10,457	6,295	46	7,954	356,638

Dumfries and Galloway NHS Board

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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	2022 £000's
Cost or valuation									
At 1st April 2021	7,330	289,014	3,438	159	24,942	10,700	555	2,871	339,009
Additions - purchased	0	0	0	0	0	0	0	5,667	5,667
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	0	0	0	0	1,191	108	0	(1,299)	0
Revaluations	(341)	(1,234)	86	0	(1)	1	0	(3)	(1,492)
Impairment Charges	0	5,392	0	0	0	0	0	0	5,392
At 31st March 2022	6,989	293,172	3,524	159	26,132	10,809	555	7,236	348,576
Depreciation									
At 1st April 2021	0	9,677	233	159	14,664	5,191	451	0	30,375
Provided during the year - purchased	0	4,869	181	0	2,017	907	29	0	8,003
Provided during the year - donated	0	42	0	0	56	0	0	0	98
Revaluations	0	(14,588)	(414)	0	0	1	2	0	(14,999)
Impairment Charges	0	0	0	0	0	0	0	0	0
At 31st March 2022	0	0	0	159	16,737	6,099	482	0	23,477
Net Book Value at 1st April 2021	7,330	279,337	3,205	0	10,278	5,509	104	2,871	308,634
Net Book Value at 31st March 2022	6,989	293,172	3,524	0	9,395	4,710	73	7,236	325,099
Open Market Value of Land in Land and Dwellings Included Above	118		135						
Asset financing:									
Owned - purchased	6,989	75,190	3,524	0	9,270	4,710	73	7,236	106,992
Owned - donated	0	1,972	0	0	125	0	0	0	2,097
On-balance sheet PFI/NPD contracts	0	216,010	0	0	0	0	0	0	216,010
Net Book Value at 31st March 2022	6,989	293,172	3,524	0	9,395	4,710	73	7,236	325,099

Dumfries and Galloway NHS Board

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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	2022 £000's
Cost or valuation									
At 1st April 2021	7,330	289,014	3,438	159	24,915	10,700	555	2,871	338,982
Additions - purchased	0	0	0	0	0	0	0	5,667	5,667
Additions - donated	0	0	0	0	0	0	0	0	0
Completions	0	0	0	0	1,191	108	0	(1,299)	0
Revaluations	(341)	(1,234)	86	0	(1)	1	0	(3)	(1,492)
Impairment Charges	0	5,392	0	0	0	0	0	0	5,392
At 31st March 2022	6,989	293,172	3,524	159	26,105	10,809	555	7,236	348,549
Depreciation									
At 1st April 2021	0	9,677	233	159	14,664	5,191	451	0	30,375
Provided during the year - purchased	0	4,869	181	0	2,017	907	29	0	8,003
Provided during the year - donated	0	42	0	0	56	0	0	0	98
Revaluations	0	(14,588)	(414)	0	0	1	2	0	(14,999)
Impairment Charges	0	0	0	0	0	0	0	0	0
At 31st March 2022	0	0	0	159	16,737	6,099	482	0	23,477
Net Book Value at 1st April 2021	7,330	279,337	3,205	0	10,251	5,509	104	2,871	308,607
Net Book Value at 31st March 2022	6,989	293,172	3,524	0	9,368	4,710	73	7,236	325,072
Open Market Value of Land in Land and Dwellings Included Above	118		135						
Asset financing:									
Owned - purchased	6,989	75,190	3,524	0	9,243	4,710	73	7,236	106,965
Owned - donated	0	1,972	0	0	125	0	0	0	2,097
On-balance sheet PFI/NPD contracts	0	216,010	0	0	0	0	0	0	216,010
Net Book Value at 31st March 2022	6,989	293,172	3,524	0	9,368	4,710	73	7,236	325,072

Dumfries and Galloway NHS Board

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Notes to the Accounts

8(b). ASSETS HELD FOR SALE

	Note	2023 £000's	2022 £000's
At 1st April 2022		308	308
Transfers (to)/from property, plant and equipment	8a	0	0
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals for non-current assets held for sale		0	0
At 31st March 2023		308	308

A review at 31st March 2023 of assets currently declared surplus by the Board identified that two, namely Ladyfield West and Ladyfield East met the criteria to be transferred and held as Assets Held for Sale. The sale is expected to be completed by 31st March 2024.

8(c). PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

		2023 £000's	2022 £000's
Net book value of tangible fixed assets at 31 March			
Purchased		353,802	322,975
Donated		2,836	2,097
Net book value of Board assets		356,638	325,072
Net book value of Endowment Fund assets		38	27
Total	SoFP	356,676	325,099
Net book value related to land valued at open market value at 31 March		375	118
Net book value related to buildings valued at open market value at 31 March		519	135
Total value of Assets held as per IFRS16 classification		2,940	0
Total Depreciation charged in respects of Assets held as per IFRS16 classification.		528	0
Total value of assets held under:			
PFI and PPP Contracts		230,018	216,010
		230,018	216,010
Total depreciation charged in respect of assets held under:			
PFI and PPP contracts		3,430	3,244
		3,430	3,244

All land and buildings were revalued by an independent valuer, Avison Young, as at 31/03/2023 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £29.5m (2021-22: an increase of £13.5m) which was credited to the revaluation reserve. Impairment of £3.1m (2021-22 £5.4m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Dumfries and Galloway NHS Board

Annual Accounts for the year ended 31 March 2023

Notes to the Accounts

8d. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2023 £000's	2022 £000's
EXPENDITURE			
Acquisition of Intangible Assets	7	20	455
Acquisition of Property, plant and equipment	8a	7,725	5,667
Donated Asset Additions	8a	0	0
GP Loans advances		433	0
Right of Use (RoU) Additions		333	0
Right of Use Dilapidation Provisions		0	0
Gross Capital Expenditure		8,511	6,122
INCOME			
Net book value of disposal of Property, plant and equipment	8a	0	0
Value of disposal of Non-Current Assets held for sale	8b	0	0
Donated Asset Income		0	0
Capital Income		0	0
Net Capital Expenditure		8,511	6,122
Summary of Capital Resource Outturn			
Core Capital Expenditure included above		8,078	6,122
Core Capital Resource Limit		8,078	6,122
Saving against Core Capital Resource Limit		0	0
Non core capital expenditure included above (including Financial Transactions)		433	0
Non core Capital Resource Limit (including Financial Transactions)		434	0
Saving / (excess) against Non Core Capital Resource Limit		1	0
Total capital expenditure		8,511	0
Total Capital Resource Limit		8,512	0
Saving / (excess) against Total Capital Resource Limit		1	0

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2023 £000's	2022 £000's
Dumfries & Galloway Integration Joint Board		
Balance brought forward at 1 April	15,386	8,205
Decrease in investment during year	(7,629)	7,181
Balance carried forward at 31 March	7,757	15,386

Dumfries and Galloway NHS Board

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10. TRADE AND OTHER RECEIVABLES

	2023 £000's	2022 £000's
Receivables due within one year		
NHSScotland		
Scottish Government Health & Social Care Directorate	108	32
Boards	743	547
Total NHSScotland Receivables	851	579
NHS Non-Scottish Bodies	279	116
VAT recoverable	562	749
Prepayments	3,301	3,825
Accrued income	1,437	1,433
Other Receivables	5,893	3,838
Other Public Sector Bodies	93	78
Total Receivables due within one year	12,416	10,618
Total Endowment Receivables due within one year (adjusted for Intra Group receivables)	110	150
Total Receivables due within one year	12,526	10,768
Receivables due after more than one year		
NHSScotland		
Reimbursement of Provisions	19,410	20,589
Total Receivables due after more than one year	19,410	20,589
Total Board Receivables	31,826	31,207
Total Consolidated Receivables	31,936	31,357
The total receivables figure above includes a provision for impairments of :	190	74
Movements on the provision for impairment of debtors are as follows:		
At 1st April	74	390
Provision for impairment	159	33
Receivables written off during the year as uncollectable	(3)	(6)
Unused amounts reversed	(40)	(343)
At 31st March	190	74
The ageing of these receivables is as follows:		
3 to 6 months past due	97	10
Over 6 months past due	93	64
	190	74

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Notes to the Accounts

11. INVESTMENTS

	2023 £000's	2022 £000's
At 1st April	11,859	10,527
Additions	835	1,411
GP Loans advances	433	0
Disposals	(1,371)	(1,136)
GP Loans Fair Value Adjustment	(136)	0
Revaluation surplus/(deficit) transferred to equity	(915)	1,057
At 31st March	10,705	11,859
Total Board Investments	297	0
Total Endowments Investments	10,408	11,859
Total Consolidated Investments	10,705	11,859

Investments are managed by Aberdeen Standard Capital who are the appointed investment advisors for the funds with and are registered in the name abdrn (which is their current brand name) on behalf of the Dumfries and Galloway Health Board Endowment Fund.

The current investment objective is to maximise total return with the investment objective of the charity to at least maintain real value of assets whilst generating a stable and sustainable return to fund grant making, with a medium degree of risk. This is under review by the Trustees with a workshop scheduled with the advisors to agree revised strategy. In practice, the Trustees select only those investments which they consider appropriate for a NHS endowment fund.

There are no ethical or geographical restrictions with regard to investment other than the exclusion of direct investment in companies primarily involved in the manufacture of alcohol, tobacco products, gambling, armaments, land mines/cluster bombs or organisations that provide short term, high interest loans (also known as pay-day loan companies).

Investment performance is monitored by the Trustees by reviewing regular reports from the investment managers.

12. CASH AND CASH EQUIVALENTS

	As at 01/04/22 £000's	Cash Flow £000's	At 31/03/23 £000's	At 31/03/22 £000's
Government Banking Service account balance	46	23	69	46
Cash at bank and in hand	33	(2)	31	33
Total cash - balance sheet	79	21	100	79
Overdrafts	0	0	0	0
Total Board cash - cash flow statement	79	21	100	79
Total Endowment Fund Cash	534	(243)	291	534
Total Consolidated Cash	613	(222)	391	613

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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13. TRADE AND OTHER PAYABLES

	2023 £000's	2022 £000's
Payables due within one year		
NHSScotland		
Scottish Government Health & Social Care Directorate	0	0
Boards	4,432	1,836
Total NHSScotland Payables	4,432	1,836
 NHS Non-Scottish Bodies	 790	 923
General Fund Payable	100	79
FHS Practitioners	11,686	11,296
Trade Payables	1,224	581
Accruals	13,550	16,720
Deferred income	445	1,427
Net obligations under leases	476	0
Net obligations under PPP/PFI/NPD Contracts	7,068	6,674
Income tax and social security	4,689	4,391
Superannuation	3,750	3,491
Holiday Pay Accrual	3,648	3,057
Other significant payables - Pay award accrual	0	0
Other payables	85	543
Other payables - IJB	5,908	25,084
Total Payables due within one year	57,851	76,102
 Total Endowment Creditors due within one year (adjusted for Intra Group payables)	 775	 718
Total Payables due within one year	58,626	76,820
 Payables due after more than one year		
Net obligations under leases due within 2 years	375	0
Net obligations under leases due after 2 years but within 5 years	809	0
Net obligations under leases due after 5 years	759	0
Net obligations under PPP/PFI/NPD Contracts due within 2 years	7,300	7,068
Net obligations under PPP/PFI/NPD Contracts due after 2 years but within 5 years	22,782	21,898
Net obligations under PPP/PFI/NPD Contracts due after 5 years	151,940	160,124
Other payables	2	0
Total Payables due after more than one year	183,967	189,090
 Total Endowment Creditors due within one year (adjusted for Intra Group payables)	 107	 88
Total Payables due within one year	184,074	189,178
 Total Board Payables	 241,818	 265,192
Total Consolidated Payables	242,700	265,998

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14a. PROVISIONS

	Pensions and other similar obligations £000's	Clinical & Medical £000's	Participation in CNORIS £000's	Other (Non- Endowment) £000's	Total at 31 March 2023 £000's	Total at 31 March 2022 £000's
At 1st April 2022	3,747	21,012	12,835	142	37,736	45,078
Arising during the year	0	6,456	4,825	785	12,066	4,423
Utilised during the year	(241)	(5,116)	0	0	(5,357)	(5,459)
Unwinding of discount	(705)	0	0	0	(705)	0
Reversed unutilised	(107)	(2,997)	(2,122)		(5,226)	(6,306)
At 31st March 2023	2,694	19,355	15,538	927	38,514	37,736

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

Analysis of expected timing of discounted flows

	Pensions and other similar obligations £000's	Clinical & Medical £000's	Participation in CNORIS £000's	Other (Non- Endowment) £000's	Total at 31 March 2023 £000's	Total at 31 March 2022 £000's
Payable in one year	223	1,855	3,879	377	6,334	7,090
Payable between 2-5 years	852	17,500	9,451	0	27,803	26,337
Payable between 6-10 years	741	0	804	550	2,095	1,643
Thereafter	878	0	1,404	0	2,282	2,666
At 31 March 2023	2,694	19,355	15,538	927	38,514	37,736

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.70% (2021/22 negative 1.3%) in real terms. The liabilities are provided for on the basis of the expected remaining life of the pensioners and are estimated to be incurred over a period of up to 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 9, 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.

Other (Non-Endowment)

The Board retains provisions in respect of other long term liabilities including dilapidations and all non medical claims notified through the Scottish NHS Central Legal Office

Dumfries and Galloway NHS Board

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Notes to the Accounts

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

	Note	2023 £000's	2022 £000's
Provision recognising individual claims against the NHS Board as at 31 March	14a	19,355	21,012
Associated CNORIS receivable at 31 March	10	(19,410)	(20,589)
Provision recognising the NHS Board's liability from participating in the scheme at 31 March	14a	15,538	12,835
Net Total Provision relating to CNORIS at 31 March		15,483	13,258

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

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

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

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

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

15. CONTINGENT LIABILITIES / ASSETS

CONTINGENT LIABILITIES

	2023 £000's	2022 £000's
The following contingent liabilities have not been provided for in the Accounts:		
Clinical and medical compensation payments	15,725	5,622
Employer's liability	155	0
Total Contingent Liabilities	15,880	5,622

CONTINGENT ASSETS

	2023 £000's	2022 £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	15,320	5,133

Dumfries and Galloway NHS Board

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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:

	2023 £000's	2022 £000's
Contracted		
Mountainhall refurbishment projects	552	637
Acute Services Redevelopment Enabling Works	0	0
Replacement, Development, and Contingency Programme	443	915
Total	995	1,552
Authorised but not Contracted		
Mountainhall refurbishment projects	0	2,363
Acute Services Redevelopment Enabling Works	0	2,500
Replacement, Development, and Contingency Programme	2,655	1,734
Estates Infrastructure	4,773	0
Total	7,428	6,597

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17(a). RIGHT OF USE ASSETS (ROU)

	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	Intangibles £000's	2023 £000's
Cost or valuation									
At 1 April 2022	0	2,007	0	600	0	0	0	0	2,607
Additions (include new dilapidation provisions)	0	40	0	146	147	0	0	0	333
Additions - peppercorn leases	0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation E	0	0	0	0	0	0	0	0	0
Transfers between asset categories	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	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31st March 2023	0	2,047	0	746	147	0	0	0	2,940
Depreciation									
At 1 April 2022	0	0	0	0	0	0	0	0	0
Provided during the year - (include new dilapidation	0	218	0	304	6	0	0	0	528
Provided during the year - peppercorn leases	0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation E	0	0	0	0	0	0	0	0	0
Transfers between asset categories	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	0	0	0	0	0	0	0	0	0
Disposals - peppercorn leases	0	0	0	0	0	0	0	0	0
At 31st March 2023	0	218	0	304	6	0	0	0	528
Net Book Value at 1st April 2022	0	2,007	0	600	0	0	0	0	2,607
Net Book Value at 31st March 2023	0	1,829	0	442	141	0	0	0	2,412

Dumfries and Galloway NHS Board

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17(b). LEASE LIABILITIES

	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	Intangibles £000's	2023 £000's
Amounts falling due:									
Not later than one year	0	216	0	236	24	0	0	0	476
Later than one year, not later than 2 years	0	219	0	132	24	0	0	0	375
Later than two year, not later than five years	0	666	0	68	75	0	0	0	809
Later than five years	0	739	0	0	20	0	0	0	759
Less: Unaccrued interest	0	0	0	0	0	0	0	0	0
At 31st March 2023	0	1,840	0	436	143	0	0	0	2,419
Current	0	216	0	236	24	0	0	0	476
Non Current	0	1,624	0	200	119	0	0	0	1,943
At 31st March 2023	0	1,840	0	436	143	0	0	0	2,419

Amounts recognised in the Statement of Comprehensive Net Expenditure

	Consolidated	Board
Depreciation	528	528
Interest Expense	27	27
Non Recoverable VAT on lease payments	45	45
Total	600	600

Amounts recognised in the Statement of Cash Flows

	Consolidated	Board
Interest Expense	27	27
Total	27	27

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17(c). 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:

	2023 £000's	2022 £000's
Obligations under operating leases comprise:		
Buildings		
Not later than one year	280	274
Later than one year, not later than two years	281	275
Later than two year, not later than five years	839	821
Later than five years	1,155	1,129
Other		
Not later than one year	343	611
Later than one year, not later than two years	176	291
Later than two year, not later than five years	129	161
Later than five years	0	0
	3,203	3,562
Amounts charged to Operating Costs in the year were:		
Hire of equipment (including vehicles)	708	808
Other operating leases	90	259
Total	798	1,067

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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 £7.160m as at 31 March 2023. 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 £224.446m as at 31 March 2023 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 non current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements; imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

	Mountainhall 2023	DGRI 2023	Total 2023 £000's	Total 2022 £000's
Gross Minimum Lease Payments				
Rentals due within 1 year	2,702	17,090	19,792	18,846
Due within 1 to 2 years	3,095	17,009	20,104	19,416
Due within 2 to 5 years	9,463	49,466	58,929	58,458
Due after 5 years	10,219	223,243	233,462	250,955
Total	25,479	306,808	332,287	347,675
Less Interest Element				
Rentals due within 1 year	(1,998)	(10,726)	(12,724)	(12,172)
Due within 1 to 2 years	(2,458)	(10,346)	(12,804)	(12,348)
Due within 2 to 5 years	(7,498)	(28,649)	(36,147)	(36,560)
Due after 5 years	(7,667)	(73,855)	(81,522)	(90,831)
Total	(19,621)	(123,576)	(143,197)	(151,911)
Present value of minimum lease payments				
Rentals due within 1 year	704	6,364	7,068	6,674
Due within 1 to 2 years	637	6,663	7,300	7,068
Due within 2 to 5 years	1,965	20,817	22,782	21,898
Due after 5 years	2,552	149,388	151,940	160,124
Total	5,858	183,232	189,090	195,764

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

Interest charges	12,729	12,844
Service charges	3,406	2,778
Principal Repayment	6,674	6,317
Other charges	0	0
Total	22,809	21,939

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19. PENSION COSTS

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

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

The scheme is an unfunded multi-employer defined benefit scheme

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

The employer contribution rate for the period from 1 April 2023 was 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that the current employer contribution rates would stay in force until 1 April 2024.

NHS Dumfries & Galloway's level of participation in the scheme is 2.20% based on the proportion of employer contributions paid in 2021-22.

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.

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19. PENSION COSTS (Continued)

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 £50,270, 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 October 2018	3%	2%	5%
1 st October 2019	5%	3%	8%

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

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

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

The following are included within the accounts:

	2023 £000's	2022 £000's
Pension cost charge for the year	32,532	29,720
Additional costs arising from early retirement	45	48
Provisions/liabilities/pre-payments included in the Statement of Financial Position	298	385

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20(a). FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Financial assets at amortised cost £000's	Financial assets at fair value through profit/loss £000's	Consolidated Total at 31 March 2023 £000's	Consolidated Total at 31 March 2022 £000's
Assets					
Investments	11		10,705	10,705	11,859
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	10	7,812		7,812	5,615
Cash and cash equivalents	12	391		391	613
As at 31 March 2023		8,203	10,705	18,908	18,087
Endowment totals included above (adjusted for Intra Group balances)					
		401	10,408	10,809	12,543

		Financial liabilities at amortised cost £000's	Total at 31 March 2023 £000's	Total at 31 March 2022 £000's
Liabilities				
Lease liabilities	13	2,419	2,419	0
PFI Liabilities	13	189,090	189,090	195,764
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	13	37,875	37,875	59,089
As at 31 March 2023		229,384	229,384	254,853
Endowment totals included above (adjusted for Intra Group balances)				
		882	882	1,078

20(b). FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

The Board provides written principles for overall risk management, as well as written policies covering each of the below:

a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

Dumfries and Galloway NHS Board

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20(b). FINANCIAL RISK FACTORS (Continued)

b) Liquidity Risk

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

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

	Less than 1 Year £000's	Between 1 and 2 years £000's	Between 2 and 5 years £000's	Over 5 Years £000's
At 31 March 2023				
PFI Liabilities	26,860	27,403	81,712	385,390
Trade and other payables excluding statutory liabilities	33,178	2		
Total	60,038	27,405	81,712	385,390
	Less than 1 Year £000's	Between 1 and 2 years £000's	Between 2 and 5 years £000's	Over 5 Years £000's
At 31 March 2022				
PFI Liabilities	25,521	26,484	80,355	411,068
Trade and other payables excluding statutory liabilities	54,937	16		
Total	80,458	26,500	80,355	411,068

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

iii) Price risk

The NHS Board is not exposed to equity security price risk. The Endowment Charity has £10.408m 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

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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:

Related Party - Dumfries and Galloway Council

NHS Dumfries and Galloway had the following transactions in 2022-23:

Income: £214,776

Expenditure: £25,697,736

Endowment Fund had the following transactions in 2022-23:

Expenditure: £9,291

Details of Related Party: Councillors P Stevenson and C Hill, Non Executive Director's are also elected members of Dumfries and Galloway Council.

Related Party - Wilsons (Dumfries)

NHS Dumfries and Galloway had the following transactions in 2022-23:

Expenditure: £7,885

Endowment Fund had the following transactions in 2022-23:

Expenditure: £408

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).

Related Party - The Crichton Trust

NHS Dumfries and Galloway had the following transactions in 2022-23:

Income: £473,895

Details of Related Party: Dr L Douglas, Non Executive Director and Endowment Trustee is a Director at The Crichton Trust

Related Party - NHS Lanarkshire

NHS Dumfries and Galloway had the following transactions in 2022-23:

Income: £651,980

Expenditure: £1,851,590

Year End Balances - creditor: £291,512

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

Dumfries and Galloway NHS Board

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Notes to the Accounts

21. RELATED PARTY TRANSACTIONS (continued)

Related Party - Dumfries and Galloway Citizens Advice Service

NHS Dumfries and Galloway had the following transactions in 2022-23:

Income: £137

Expenditure: £34,450

Details of Related Party: Ms M Caig, Non Executive Director is a Trustee for Dumfries and Galloway Citizens Advice Service

Related Party - Third Sector Dumfries and Galloway

NHS Dumfries and Galloway had the following transactions in 2022-23:

Expenditure: £25,363

Details of Related Party: Ms K Dams, Non Executive Director and Endowments Trustee, is a Board Member for Third Sector Dumfries and Galloway

Related Party - DG Voice

NHS Dumfries and Galloway had the following transactions in 2022-23:

Expenditure: £6,457

Details of Related Party: Ms K Dams, Non Executive Director and Endowments Trustee, is the Chief Executive Officer for Third Sector Dumfries and Galloway

Related Party - Sleeping Giants Community Development CIC

NHS Dumfries and Galloway had the following transactions in 2022-23:

Expenditure: £25,000

Details of Related Party: Ms G Cardozo, Non Executive Director and Endowments Trustee, is an Executive Managing Director for Sleeping Giants Community Development CIC

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 2022	Gross Inflows £000's	Gross Outflows £000's	As at 31 March 2023 £000's	2022 £000's
Monetary amounts such as bank balances and monies on deposit	14	66	(57)	23	14
Total Monetary Assets	14	66	(57)	23	14

Dumfries and Galloway NHS Board

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23a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

	Note	2023 Board £000's	2023 Endowment £000's	2023 IJB £000's	2023 Consolidated £000's	2022 Consolidated £000's
Staff costs	4a	243,218	0	0	243,218	227,588
Other operating expenditure	4b					
Independent Primary Care Services		46,267	0	0	46,267	44,733
Drugs and medical supplies		75,239	0	0	75,239	75,592
Other health care expenditure		503,913	1,455	0	505,368	496,968
Gross expenditure for the year		868,637	1,455	0	870,092	844,881
Less: Operating Income	5	(424,885)	(560)	0	(425,445)	(393,323)
Integration Joint Board accounted for on an equity basis		0	0	7,629	7,629	(7,181)
Net Expenditure for the year		443,752	895	7,629	452,276	444,377

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Notes to the Accounts

23b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023 Board £000's	2023 Endowments £000's	2023 Intra Group £000's	2023 IJB £000's	2023 Consolidated £000's	2022 Consolidated £000's
Non-current assets:							
Property, plant and equipment	8c	356,638	38	0	0	356,676	325,099
Intangible assets	7	577	0	0	0	577	640
Right of Use assets	17a	2,412	0	0	0	2,412	0
Financial assets: - Investments	11	297	0	0	0	297	0
- Investments in associates and joint ventures	9	0	0	0	7,757	7,757	15,386
- Trade and other receivables	10	19,410	0	0	0	19,410	20,589
		379,334	38	0	7,757	387,129	361,714
Current Assets:							
Inventories		1,549	0	0	0	1,549	1,459
Financial assets: - Trade and other receivables	10	12,416	175	(65)	0	12,526	10,768
- Cash and cash equivalents	12	100	291	0	0	391	613
Investments	11	0	10,408	0	0	10,408	11,859
Assets classified as held for sale	8b	308	0	0	0	308	308
		14,373	10,874	(65)	0	25,182	25,007
Current liabilities							
Provisions	14a	(6,334)	0	0	0	(6,334)	(7,090)
Financial liabilities: - Trade and other payables	13	(57,851)	(840)	65	0	(58,626)	(76,820)
		(64,185)	(840)	65	0	(64,960)	(83,910)
Total Assets less Current Liabilities		329,522	10,072	0	7,757	347,351	302,811
Non-current liabilities							
Provisions	14a	(32,180)	0	0	0	(32,180)	(30,646)
Financial liabilities: - Trade and other payables	13	(183,967)	(107)	0	0	(184,074)	(189,178)
		(216,147)	(107)	0	0	(216,254)	(219,824)
Total Assets less Total Liabilities		113,375	9,965	0	7,757	131,097	82,987
Taxpayers' Equity							
General fund		31,677	0	0	0	31,677	3,596
Revaluation reserve		81,698	0	0	0	81,698	52,241
Other reserves		0	0	0	7,757	7,757	15,386
Funds Held on Trust		0	9,965	0	0	9,965	11,764
Total taxpayers' equity		113,375	9,965	0	7,757	131,097	82,987

Dumfries and Galloway NHS Board

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Notes to the Accounts

23c. CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2023 Board £000's	2023 Endowments £000's	2023 IJB £000's	2023 Consolidated £000's	2022 Consolidated £000's
Cash flows from operating activities						
Net expenditure		(443,752)	(895)	(7,629)	(452,276)	(444,377)
Adjustments for non-cash transactions	3a	6,363	0	7,629	13,992	(4,353)
Add back: interest payable recognised in net operating expenditure	3b	12,051	0	0	12,051	12,844
Investment income		0	(201)	0	(201)	(204)
Movements in working capital	3c	(18,831)	116	0	(18,715)	21,310
Net cash (outflow) / inflow from operating activities		(444,169)	(980)	0	(445,149)	(414,780)
Cash flows from investing activities						
Purchase of property, plant and equipment		(7,965)	0	0	(7,965)	(5,964)
Purchase of intangible assets		(20)	0	0	(20)	(455)
Investment Additions		(433)	(835)	0	(1,268)	(1,411)
Receipts from sale of investments		0	1,371	0	1,371	1,136
Interest and dividends received		0	201	0	201	204
Net cash (outflow) / inflow from investing activities		(8,418)	737	0	(7,681)	(6,490)
Cash flows from financing activities						
Funding		471,632	0	0	471,632	439,479
Movement in general fund working capital		21	0	0	21	(714)
Cash drawn down		471,653	0	0	471,653	438,765
Capital element of payments in respect of finance leases and on-balance sheet PFI		(6,674)	0	0	(6,674)	(6,302)
IFRS 16 - 2022-23 cash lease payment		(320)	0	0	(320)	0
Interest paid	3b	705	0	0	705	0
PFI Contracts: Interest element of finance leases and on-balance sheet PFI	3b	(12,756)	0	0	(12,756)	(12,844)
Net Financing		452,608	0	0	452,608	419,619
Net Increase / (decrease) in cash and cash equivalents in the year		21	(243)	0	(222)	(1,651)
Cash and cash equivalents at the beginning of the year		79	534	0	613	2,264
Cash and cash equivalents at the end of the year		100	291	0	391	613
Reconciliation of net cash flow to movement in net debt/cash						
Increase/(decrease) in cash in year	12	21	(243)	0	(222)	(1,651)
Net cash at 1 April		79	534	0	613	2,264
Net cash at 31 March		100	291	0	391	613

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24. RETROSPECTIVE RESTATEMENTS

		Debit £000's	Credit £000's
Adjustment 1	Note 17a, recogniton of balance b/f for buildings (exc dwellings), this adjustment was created by the implmentation of IFRS16 on 1st April 2022	2,007	0
Adjustment 2	Note 17a, recogniton of balance b/f for Transport and Equipment, this adjustment was created by the implmentation of IFRS16 on 1st April 2022	600	0
Adjustment 3	SOFP - Investments in Associates and Joint Ventures - to remove the cost from the Board column for the Investment in the Integrated Joint Board	0	15,386
Adjustment 4	SOFP - Other reserves - associates and joint ventures - to remove the cost from the Boards column for the Investment in the Integrated Joint Board	15,386	0

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Dumfries & Galloway by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Dumfries & Galloway must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Dumfries & Galloway must use the NHS Dumfries & Galloway Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Dumfries & Galloway must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
 - (a) The NHS Scotland Capital Accounting Manual,
 - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
 - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Dumfries & Galloway in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Dumfries & Galloway must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

“financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

“Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

“Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

“NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29),

“NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Dumfries & Galloway is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Dumfries & Galloway Annual Accounts template” means the Excel spreadsheet issued to NHS Dumfries & Galloway by the Scottish Ministers as a template for their statement of accounts, and

“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.



Signed by the authority of the Scottish Ministers

Dated 22 March 2022