

Tayside Health Board



Annual Accounts For Year Ended 31 March 2011



Tayside Health Board

Annual Accounts 2010-11

CONTENTS

	Page
Directors' Report	
1. Naming Convention	3
2. Principal activities and review of the business and future developments	3
3. Date of Issue	3
4. Accounting Convention	3
5. Appointment of Auditors	3
6. Board Membership	3
7. Board Members' and Senior Managers' Interests	4
8. Directors' third party indemnity provisions	4
9. Pension Liabilities	4
10. Remuneration for Non Audit Work	4
11. Value of land	5
12. Public Services Reform Act (Scotland) 2010	5
13. Payment Policy	5
14. Corporate Governance	5
15. Disclosure of Information to Auditors	7
16. Workforce / Human Resources	7
17. Events after the end of the reporting period	7
18. Financial Instruments	7
19. Acknowledgement	7
Operating & Financial Review	
1. Principal Activities and Review of the year	8
2. Financial Performance and Position	13
3. Performance against Key Non Financial Targets	16
4. Sustainability and Environmental Reporting	18
Remuneration Report	
1. Remuneration Report for year ended 31 March 2011 – Current year	20
2. Remuneration Report for year ended 31 March 2010 – Prior year	21
Remuneration arrangements	22

	Page
Annual Accounts Certificates	
Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board	23
Statement of Board Members' Responsibilities in respect of the Accounts	24
Statement on Internal Control	25
Independent Auditor's Report	28
Primary Statements	
Statement of Comprehensive Net Expenditure and Summary of Resource Outturn	30
Balance Sheet	32
Statement of Cash Flows	33
Statement of Changes in Taxpayers' Equity	34
Notes to the Accounts	36
Accounts Direction	80

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2011.

1. Naming Convention

Tayside NHS Board is the common name for Tayside Health Board.

2. Principal activities and review of the business and future developments

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Operating and Financial Review, which is incorporated in this report by reference.

3. Date of issue

The Accounting Officer authorised these financial statements for issue on 28 June 2011.

4. Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which is included as an annex to the accounts.

The statement of the accounting policies which have been adopted is shown at Note 1.

5. 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 Mr David McConnell, Assistant Director of Audit (Health), Audit Scotland to undertake the audit of Tayside Health Board. 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.

6. Board Membership

Under the terms of the Scottish Health Plan, Tayside Health Board is a board of governance whose membership is conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or 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.

Board membership during the year ended 31 March 2011 is detailed in the following table:

POSITION	APPOINTEE
Chairperson	Mr Alexander B Watson OBE, DL
Vice-Chair	Mr Murray Petrie
Non Executive Members	
Elected Local Authority Member	Councillor Lorraine Caddell
Lay Member	Mr Andrew Richmond
Lay Member	Mr Peter Withers
Employee Director	Mrs Margaret Harper (Term of office ended 30 April 2010)
	Mrs Judith Golden (Appointed 1 May 2010)
University Member	Professor Keith Matthews
Elected Local Authority Member	Provost Ruth Leslie Melville MBE
Lay Member	Mrs Angela Scott
Chair of Area Clinical Forum	Dr Alan Shepherd
CHP Member	Dr David Dorward
Lay Member	Mrs Linda Dunion (Appointed 1 May 2010)
Lay Member	Mrs Elizabeth Forsyth
Lay Member	Mrs Betty Ward
Lay Member	Mr John Angus
Elected Local Authority Member	Councillor Ken Lynn (Appointed 1 April 2010)
Executive members (Appointed for the period that the executive member is in post)	
Chief Executive	Professor W J Wells (Retired 31 March 2011)
	Mr Gerry Marr (Appointed 1 February 2011)
Director of Finance	Mr Ian McDonald
Director of Public Health	Dr Drew Walker
Chief Operating Officer – Delivery Unit	Mr Gerry Marr (To 31 January 2011)
Director for Workforce	Mr Alex Killick
Medical Director	Dr Andrew Russell
Nurse Director	Professor Liz Wilson (Retired 30 September 2010)
Acting Nurse Director	Miss Maggie Simpson (From 1 October 2010 to 31 March 2011)

The board members' responsibilities in relation to the accounts are set out in a statement following this report.

7. **Board Members' and Senior Managers' Interests**

To avoid issues of conflict of interest, all board members, senior managers and other senior staff are required annually to submit a signed statement with regard to relevant interests which may conflict with their management responsibilities. "Nil Returns", where applicable, are also required.

Interests are updated on a regular basis and are available on the NHS Tayside website at - Your NHS Tayside/About NHS Tayside/Governance.

Where a board member or senior manager exempts themselves from any decision because of a conflict of interest this is recorded in the minute of the relevant meeting. Details of transactions between related parties are disclosed in Note 29.

8. **Directors' third party indemnity provisions**

There have been no qualifying third party indemnity provisions in place for one or more of the directors during the year ended 31 March 2011.

9. **Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 to the Accounts and disclosure of the costs is shown within Note 24 and the Remuneration Report.

10. **Remuneration for Non Audit Work**

Details of any remuneration paid to auditors in respect of any non audit work carried out on behalf of the Board are disclosed in Note 3.

11. Value of Land

Specialised NHS land is stated at its existing use value, other than surplus land which is stated at its open market value. There is no significant difference between the market value and the balance sheet value.

12. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new 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 each financial year.

The information relating to the requirements of the Act will be available on the NHS Tayside website from 1 September 2011 at - Your NHS Tayside/About NHS Tayside/Publications/Public Services Reform (Scotland) Act.

13. Payment Policy

The Scottish Government is committed to supporting business during the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Board did endeavour to comply with the principles of The Better Payment Practice Code (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

In 2010/11 the average credit taken was 42 days (2009/10 37 days) and the Board paid 78.1% by value (2009/10 88.4%) and 77.7% by volume (2009/10 87.2%) within 30 days and paid 51.8% by value (2009/10 52.8%) and 47.1% by volume (2009/10 55.8%) within 10 working days.

14. Corporate Governance

Tayside NHS Board

The NHS Board met on ten occasions during the year. The Scottish Health Plan established that the following standing committees should exist at unified NHS Board level.

Audit Committee
Improvement & Quality Committee
Medical Research Ethics Committees A & B
Remuneration Committee
Staff Governance Committee
Discipline (for Primary Care Contractors)

The Board has also set up the following additional committees.

Delivery Unit Committee (ceased with effect from 1 April 2011)
Finance and Resources Committee
Universities Strategic Liaison Committee
Angus CHP Committee
Dundee CHP Committee
Perth & Kinross CHP Committee

The Chairperson of Tayside Health Board is ex officio a member of all standing committees except the Audit Committee, to which he has a right of attendance. Information regarding the purpose and membership of all standing committees required by the Scottish Health Plan is provided as follows.

Audit Committee

The purpose of the Audit Committee is to assist Tayside NHS Board deliver its responsibilities for the conduct of public business and the stewardship of funds under their control. In particular,

the Committee will seek to provide assurance that an appropriate system of internal control is in place. The Committee met on six occasions during the year.

The membership of the Audit Committee during the financial year ended 31 March 2011 has been as follows: - Mrs A Scott (**Chair**), Mrs E Forsyth, Mrs J Golden, Mrs L Dunion, Provost R Leslie Melville MBE, Mr A Richmond, Dr A Shepherd and Mr P Withers.

Improvement & Quality Committee

The purpose of the Improvement & Quality Committee is to provide Tayside NHS Board with the assurance that the appropriate systems are in place in respect of continuous improvement, clinical governance, risk and safety, Better Health: Better Care, information governance and educational governance. The Committee met on six occasions during the year.

The membership of the Improvement & Quality Committee during the financial year ended 31 March 2011 has been as follows: - Mrs E Forsyth (**Chair**), Mr J Angus, Mrs J Golden, Councillor K Lynn, Mr G Marr, Professor A Morris, Prof K Matthews, Dr A Russell, Ms A Scott, Ms C Selkirk, Area Partnership Forum Representative, Dr A Shepherd, Ms B Ward, Professor Tony Wells, Miss M Simpson and Professor Elizabeth Wilson.

Medical Research Ethics Committees

The Committees provide assurance that a mechanism is in place to undertake the ethical review of medical research; the dignity, rights and wellbeing of the participants of medical research are suitably protected; independent advice on medical research ethics is available to Tayside NHS Board when requested; there is appropriate liaison between the Medical Research Ethics Committee and researchers, funders, sponsors and participants in medical research and the interests, needs and safety of researchers are protected within medical research.

The membership of Medical Research Ethics Committee (A) during the financial year ended 31 March 2011 has been: - Dr C Wigderowitz (**Chair**), Mrs K Butlin, Mrs S Carson, Mrs S Cleary, Dr F Daly, Mrs W Howard, Dr B McGuire, Mr J McLeod, Professor K Matthews, Dr N Merrylees, Mrs C Neat, Mrs S Roff (**Vice Chair**), Dr A Schloerscheidt and Dr M Witham. The Committee met on 10 occasions during the year.

The membership of Medical Research Ethics Committee (B) during the financial year ended 31 March 2011 has been: - Mrs S Forbes (**Chair**), Dr L Carson, Mrs J Dunlop, Mrs S Eljamel, Dr G Lyon, Dr C MacMillan (**Vice Chair**), Dr R W Y Martin, Ms F McIntyre, Mr C McMurray, Dr S Ogston, Mrs P Robb, Mrs A Simpson, Dr W Stevenson, Mr P Withers and Dr P Kehagioglou. The Committee met on 11 occasions during the year.

Remuneration Committee

The third edition of the Staff Governance Standard made clear that each NHS Scotland Board is required to establish a Remuneration Committee, whose main function is to ensure application and implementation of fair and equitable pay systems on behalf of the Board as determined by Ministers and the Scottish Government. The Committee met on seven occasions during the year.

The membership of the Remuneration Committee during the year ended 31 March 2011 has been: - Mr A Watson OBE DL (**Chair**), Mr J Angus, Mrs E Forsyth, Councillor K Lynn, Mr M Petrie (**Vice Chair**), Mr A Richmond, Mrs B Ward and Mr P Withers.

Staff Governance Committee

The Staff Governance Committee advises Tayside NHS Board on its responsibility, accountability and performance against the NHS Scotland Staff Governance Standard, addressing the issues of policy, targets and organisational effectiveness. The Committee met on six occasions during the year.

The membership of the Staff Governance Committee during the financial year ended 31 March 2011 has been: - Mrs J Alexander, Mr J Angus (**Vice Chair**), Mrs Margaret Harper, Mr J Boland, Mr A Killick, Mr M Petrie, Mrs V Shand, Mrs B Ward, Professor Tony Wells, Mr G Marr, Mr P Withers (**Chair**), Mr A Watson OBE DL, Mr A Richmond, Councillor K Lynn, Mrs E Forsyth, Mrs J Golden.

15. 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.

16. Workforce/Human Resources

As an equal opportunities employer, the 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 approved the 2010-15 Workforce Strategy which sets out the vision for a thriving NHS Tayside and a balanced approach for how change is managed in the short term in light of the economic climate but continues to drive sustainable workforce solutions for the long term as one of the largest employers in the region.

During the year, the Steps to Better Healthcare programmes have assisted the Board achieve its most challenging savings target through a range of workforce initiatives. The overall size of the workforce has been reduced by around 2%, with the focus of reduction in costs being achieved through targeting supplementary pay. This has been achieved constructively in partnership with staff and their representatives.

Other highlights in the year included the achievement of Investors in Volunteers, a new Work Experience policy supported by Scottish Government and the introduction of an Education and Training endowment fund to support staff. Improving the employee experience and seeking innovative ways of supporting staff wellbeing through our Working Well programmes continue to be explored. This is more than just achieving legal employment duties but involves finding ways of increasing productivity and reducing inefficiency.

17. Events after the end of the reporting period

There have been no events after the end of the reporting period which have a material effect on the accounts.

18. Financial instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 27.

19. Acknowledgement

Tayside NHS Board wishes to record its thanks to staff throughout NHS Tayside for their hard work and dedication in maintaining a high quality of patient care whilst also helping the Board achieve its financial targets and other service imperatives.

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**Gerry Marr
Chief Executive
Tayside Health Board**

28 June 2011

OPERATING & FINANCIAL REVIEW

1. Principal Activities and Review of the year

Background

Tayside Health Board was established in April 1974 and is responsible for commissioning health care services for the residents in the geographical local government areas of Angus, Dundee and Perth and Kinross. The Board's boundaries are coterminous with these local government areas, which had a combined population of 402,641 based on mid year 2010 population estimates published by the General Register Office for Scotland.

NHS Tayside forms a local health system, with a single governing board responsible for improving the health of the local population and delivering the healthcare it requires. The overall purpose of the unified board is to ensure efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the unified NHS Board is to:

- Improve and protect the health of the people of Tayside;
- Improve health services;
- Focus clearly on health outcomes and people's experience of their local NHS system;
- Promote integrated health and community planning by working closely with other local organisations; and
- Provide a single focus of accountability for the performance of the local NHS system.

The functions of the unified NHS Board comprise:

- Strategy development – to develop a Local Delivery Plan;
- Resource allocation – to address local priorities;
- Implementation of the Local Delivery Plan; and
- Performance management of the local NHS system.

Service Highlights

During 2010/11 NHS Tayside undertook and facilitated a very wide range of activities which included:

Public Health

Following the endorsement of the Health Equity Strategy (HES) by Tayside Health Board in March 2010, the various partner organisations worked together to produce a plan to implement the HES. The subsequent 'Optimisation Plan' was endorsed by Tayside Health Board at its August meeting. The Optimisation Plan comprises eight key work streams – i.e. 3 CHP Action Plans, segmenting the data, learning from Equally Well/Keep Well, Organisational Development, Early Years, and the contribution of Acute Services.

Community pharmacies took an active role in providing smoking cessation services to over 3,000 smokers from a Tayside total of about 5,200 smokers wanting to quit. The Smoking in Pregnancy incentive scheme was implemented across Tayside with over 500 women recruited to the scheme since its inception. The e-referral scheme has referred 1,500 smokers wanting to quit to smoking cessation services in 2010/11. This tool is being used to facilitate referrals from general practice and is being employed in collaboration with surgical pre-anaesthetic assessment clinics. The Quit4U project had recruited 2,000 quitters by March 2011 which is 200 more than originally estimated. Quit rates at one month were around 50%, which exceeds other interventions.

Alcohol screening and brief intervention (ASBI) continues to be delivered in general practice, in Accident and Emergency (A&E) Departments at Ninewells, at Perth Royal Infirmary and in Minor Injuries Units (MIU) across Angus and Perth and Kinross. Within the NHS, ASBI is also being

offered in sexual health settings and as part of Keep Well. ASBI is also being targeted towards young people via The Corner in Dundee and mobile outreach activities in Perth and Kinross. The community pharmacy pilot is continuing and an evaluation plan is being developed for those settings. ASBI delivered through the Dundee Healthy Living Initiative targets people in the more deprived areas of Dundee.

The Healthy Working Lives Programme continues to support and encourage organisations to provide safer and healthier workplaces for their employees. 174 workplaces throughout Tayside are now participating in the programme which is now reaching circa 41,313 employees across Tayside. This year a further 13 workplaces have achieved the Bronze Standard Award, 2 having achieved Silver Standard and 1 having achieved the Gold Standard. Training provided by the team throughout the year has included mental health and wellbeing, weight management support and information, alcohol awareness, health and safety awareness, responsible persons training with regard to skin and respiratory issues and fit note awareness.

NHS Tayside has a prioritised approach to nutrition and obesity that is based on the national plan 'Healthy Eating Active Living'. Planning is related to priority areas within each of the four strategic themes: public health nutrition (prevention of obesity) – maternal and early years (including breastfeeding) and the workplace; weight management (treatment of overweight and obesity) – children and adult pathways; nutritional care (prevention and treatment of under-nutrition) – hospitals and the community; and therapeutic nutrition – Coeliac Disease.

Acute Services

Access Directorate

The first year of the Stracathro Regional Treatment Centre (SRTC) has seen the recruitment of circa 50 additional staff on the Stracathro site. There are now four general anaesthetic theatres and one local anaesthetic suite providing capacity for NHS Fife, Grampian and Tayside. To support the safe, effective and efficient use of the site NHS Tayside is currently working with Scottish National Blood Transfusion Service to develop the first electronic issue of blood service within Scotland. This service is being jointly managed and independently reviewed by Health Economists from the University of Glasgow.

The Broxden Dental Centre in Perth opened in November 2010 and provides dental treatment along with dental student teaching facilities. The Centre is now fully operational, registering new patients for treatment from across Perth & Kinross in addition to providing out-reach teaching for Dundee and Glasgow students.

Dundee Dental Hospital and School is the first dental hospital in the UK to install a state of the art milling machine to make stronger and more natural looking crowns. The new machine uses advanced computer aided technology to design and mill all ceramic crowns and bridges.

The new Nuclear Medicine Department at Perth Royal Infirmary has recently opened. The new gamma camera at the heart of the unit is a hybrid system combining a dual-detector variable angle gamma camera with a 2-slice CT scanner for rapid, accurate attenuation correction and precise localisation of molecular imaging data. The new service will provide a greater equity of access in Tayside and eventually reduce patient waiting times.

A new MRI scanner has been operational at Ninewells Hospital since February 2011. This is the most advanced scanner of its kind in the United Kingdom and has numerous clinical benefits. The wide base MRI scanner reduces claustrophobia, accommodates bariatric patients, simplifies paediatric imaging, improves the visibility of patients by staff and allows "off centre" imaging.

Medicine Directorate

In recognition of their innovative approach to child centred care, the paediatric oncology nursing team within Tayside Children's Hospital was awarded the 2011 WellChild / ABPN Scholarship. This award is set to further enhance a Trailblazing Project that is focussed on delivery of remote services to the homes of children with palliative care needs.

As part of the Steps to Better Healthcare (SBH) programme, NHS Tayside has embarked on an ambitious programme of modernisation of older people services across Dundee. The proposed pathway was implemented by October 2010 including 7 day Medicine for the Elderly consultant input and creation of a co-located Medicine for the Elderly ward within Ninewells wards 5 and 6.

The new Quality Improvement Scotland (QIS) compliant neurovascular clinic went live in January 2011. The mean waiting time from date of referral is 48 hours which effectively surpasses QIS standards.

The acute stroke team at Ninewells Hospital introduced a business hours thrombolysis service in January 2010. This incorporated developing a service model that would evolve to 24/7 by March 2011 in partnership with Accident & Emergency consultant team. The 24 hour, seven day thrombolysis pathway commenced on 8 February 2011.

A considerable amount of work has gone into the Acute Medicine Change Project and some significant tests of change have taken place including enhancing the Ambulatory Care Service, increasing the utilisation of the Acute Medical Unit (AMU) short stay ward, additional acute medicine consultant delivered ward rounds and acute consultant being available for telephone advice to GPs and Accident & Emergency. The data shows that the AMU team achieved the improvement targets set.

Surgical Directorate

The Regional Plastic Service is a partnership development between NHS Tayside and NHS Fife to provide a regional model of care that integrates Board capacity and includes transfer of services currently undertaken in NHS Lothian on behalf of NHS Fife to NHS Tayside. This includes emergency inpatient and day case activity currently undertaken in Lothian to Tayside with clinically appropriate outpatient and elective day case activity currently provided in NHS Fife remaining in NHS Fife.

During 2010/11 work has been completed to create an integrated General Breast Surgery and Plastic Surgery facility to provide a more effective service at Ninewells and Perth Royal Infirmary. A number of service changes have been completed including integration of breast patients into in-patient beds in Ward 27. A new counselling facility and improved waiting area has been built in Ward 27 to accommodate the oncoplastic service.

Redesign of Surgical Services within NHS Tayside, has had a specific focus on promoting day surgery as the “norm” and reducing pre-boarding for all elective surgery. Where appropriate, day surgery should be regarded by all our patients as ‘the norm’. In addition, the majority of patients should expect to come in on the same day as their routine surgery. These improvements will lead to a better experience for patients. Same-day surgery and a reduction in pre-boarding forms an important strand of the HEAT target to deliver agreed efficiencies by March 2011.

Under the aegis of Steps to Better Healthcare, the Surgical Directorate has focused on building the necessary capacity and capability in both planning and testing the implementation of a standardised pre-assessment process across Tayside. This enables early optimisation of patients for elective surgery and provides a robust basis for comprehensive clinical risk management. This foundation of pre-assessment supports the roll out of ‘same day surgery’ which for many elective surgical conditions has been found to be an effective way of delivering services. Individual advances in diagnosis, surgical practice, anaesthesiology, and post-operative recovery have aligned so that ‘same-day surgery’ now has the potential to be the ‘norm’ for many procedures.

There is now a substantial body of evidence supporting the use of bariatric surgery for weight loss in appropriately selected patients. For the obese patient, ‘success’ is measured in terms of achieved weight loss. NICE (2006) and SIGN (2010) demonstrated that surgery was also associated with significant improvements in clinical outcomes (e.g. blood pressure, cholesterol levels, triglycerides and glucose). Patients who underwent surgery were also less likely to develop type II diabetes at both 2 and 8 years, compared with those who had non-surgical intervention. In April 2010, a business case was approved to establish a Bariatric Surgical Service.

Tayside Pharmaceuticals

Tayside Pharmaceuticals (TP), an NHS licensed manufacturer of special medicines for Scottish NHS Boards and commercial customers (the biggest of its kind in Scotland), has been put forward to NHS Scotland as a potential national provider for unlicensed medicines. This will ultimately require the building of a new facility within NHS Scotland. An NHS Tayside Project Board has been established to oversee the development and implementation of this key project. Funding arrangements are currently being addressed by NHS Scotland.

Community Health Partnerships (CHPs)

Angus CHP

Working with Communities - The Angus Happy Healthy Communities Collaborative has gone from strength to strength. The focus topic is Nutrition in Under 5s, but the families have shaped the activities and actions to suit them and are taking on leadership of the groups. We now have young mums' projects in Brechin and Forfar with cooking and fruit, fun and fitness being the themes. Young people in Brechin completed a 6 week cookery course through the Attic Centre in Brechin. Forfar mums opened a Mums-to-be café in the town centre with a range of activities related to healthy family life and a community allotment has been created in Arbroath with a Green Gym/Healthy Eating focus for young families.

The Redesign of Dementia Services continued in 2010/11 following involvement of families and carers in the service design, with the result that we have now established assessment and specialist intermediate care in 2/3 localities, with the final locality coming on line in November 2011. We also consolidated a Dementia Liaison Team in recognition that the number of people with dementia is increasing and this means that many more general health workers in the Community, Community Hospitals and Care Homes have need of training and care advice to ensure optimum care of people with dementia in these settings.

Through remodelling the Palliative Care Day Treatment service on the advice of patients and families, there has been a three-fold increase in the number of people with palliative care needs and their families accessing this service. The CHP has worked in conjunction with Oncology to deliver specific treatments locally, which has been highly praised by patients. The CHP has also worked with Lippen Care to pilot a Community Befriender Scheme in palliative care.

Training for staff and volunteers enables them to deliver seated exercise to older people. 'Active Gold Plus' is part of the 50+ Active Gold programme in leisure centres, but is targeted at much older and less physically able individuals. The classes are also suitable for those people who have been through the chronic obstructive pulmonary disease or cardiac rehabilitation treatment programmes and who then wish to continue to improve their fitness.

Following the successful pilot of the award-winning Dial a Dietitian initiative, it will now be incorporated into the Adult Weight Management Patient Pathway. This will involve opening up and running the service for all discharged patients in Angus. In addition, following suggestions from patients, Angus dietitians are also planning to innovate the service and improve support mechanisms for patients by using contact via email, text messaging and a buddy chat line/website.

Dundee CHP

The Integrated Care Service is a workstream of SBH which aims to shift the balance of care in the Dundee locality to enable better outcomes for patients and carers through an effective use of available resource underpinned by both the Integrated Resource Framework and the catalyst of the change fund.

The aim of the virtual ward concept is to improve the health of those with long term conditions in Dundee and to enhance the patient experience by providing multi-disciplinary, multi-agency case management. The virtual ward identifies patients who may be at risk of admission in the coming year through a predictive risk stratification tool (PEONY 2). The model aims to reduce preventable hospital admission by identifying those at risk of admission and helping them and their carers to better manage their conditions at home. This is currently being developed under a restricted Locally Enhanced Service with four General Practices in the east of the city as part of

SBH Integrated Community Services and currently has capacity to manage 60 patients at any one time. Evaluation is underway.

The Dundee Family Nurse Partnership (FNP) was launched on the 11 January 2011. The FNP is an intensive preventive programme through pregnancy for all first time mothers under the age of 20 until the child is 2 years of age, which benefits children and families who have the poorest outcomes. The family nurse will work intensively with the family and follow and support families throughout the Tayside area. Intensive training for the team and team members is supported by the SGHD. The Dundee FNP is the second test site in Scotland, chosen as one of the largest groups, with small scale testing in Perth & Kinross and Angus.

The Dundee Equally Well test site is aimed at improving mental well-being within the Stobswell community. The approach has been to support public sector organisations, the third sector and local people to identify and address issues which have an influence on well-being. It uses an assets-based, partnership approach which supports sustainable change within services and community. Evaluation is demonstrating the processes and interventions which improve well-being and its determinants and which could be rolled out to other disadvantaged communities in Dundee.

Perth & Kinross CHP

Adult Mental Health Services in Perth and Kinross have undertaken a range of incremental improvements to develop and test a 24/7 locality based model for crisis services. This has resulted in patients being assessed in the most appropriate environment using a consistent assessment tool as part of the Integrated Care Pathway and the development of a formalised holistic plan of care developed in partnership with the patient and intensive home treatment provided where clinically appropriate.

Simpson Day Hospital has redesigned its model of care to an 'Elderly Assessment Clinic' model incorporating rapid access to comprehensive geriatric assessment. This has reduced the number of inappropriate admissions of frail elderly patients to secondary care and increased the number of frail elderly patients who receive comprehensive geriatric assessment as outpatients.

The patient journey transition from hospital to home has been significantly improved through the establishment of the Perth City Intermediate Care Hub. It provides programmes of rehabilitation in the person's own home ensuring high quality person-centred assessment through effective multi-disciplinary joint working. Community rehabilitation services - occupational therapy, physiotherapy and pharmacy - are centrally co-located with the hospital discharge team which includes nurses, occupational therapy and social workers. This has created a streamlined approach to accessing intermediate care services.

Supporting parents in the antenatal and the early years of a child's life can have a significant impact on that child's future health and well being. 'Baby Bumps' targets young pregnant women between the ages of 16 and 21 years of age and provides a one stop shop for antenatal care and parent education. In addition 'Beyond Bumps', supports this target group up to one year to facilitate their move into main stream services or groups as appropriate. This group offers a wide range of services to support both mother and baby.

Ninewells Hospital Fire Incident

On 9 September 2010 a major fire broke out in the nurses changing facility in Ninewells Hospital caused by a faulty light fitting. Fire control and procedures worked well with no loss of life or injuries and the fire was contained within the changing facility. However the facility was gutted involving loss of uniforms, lockers and other equipment. The fire also affected the operating theatres situated above the facility and disrupted activity within the Clinical Investigation Unit (CIU) and Pharmacy nearby. It proved necessary to cancel a number of elective procedures, but emergency activity was sustained by redesignating theatres elsewhere in the hospital. Almost all the theatres and CIU were back in service within 7 days and alternative arrangements were made for nurse changing. The original facility was refurbished and re-opened in May 2011.

Information Management & Technology - Health Delivery Plan

Clinical Portal/Electronic Patient Summary - NHS Tayside has developed a patient centric local portal which allows single sign on for clinicians to a patient summary of clinical data items agreed nationally stored in numerous clinical systems within Tayside.

Multi Disciplinary Information System (MiDIS) - The consortium now consists of six Boards with Tayside as host and Dumfries & Galloway and Lanarkshire as lead implementers. A further two Boards have expressed interest in taking the system. The system provides a single clinical record for over 2,500 users covering Community Nurses, Health Visitors, Mental Health and Allied Health Professionals (AHP) staff and provides child protection messaging functionality with Local Authority social work departments.

Clinical Communications Programme - NHS Tayside continues to roll out the undernoted elements of the above programme improving the clinical communications between primary and secondary care through the electronic transfer of clinical data directly into the GP's Information Technology system in Tayside and North East Fife.

- Electronic referral management service from GP practices which allows secondary care clinicians to vet referral letters on line.
- Electronic Document Discharge (EDD) service for immediate discharge communication
- Electronic Digital dictation service for final discharge communication
- Replacement of test requesting/results reporting service
- Implementation of Clinical Document Store for access by secondary care clinicians and the eventual replacement of paper records.

Patient Safety/Clinical Dashboard - With the introduction of a single healthcare domain which provides a single source of data for the organisation the clinical dashboard has been developed and rolled out to all wards in Tayside. This gives clinical staff on the ward a quick guide in the form of a dashboard to the wards position with regard to a number of patient safety indicators such as hand hygiene, respiratory rates observations etc. and clinical indicators such as compliance with ulcer and falls prevention etc.

Risk Stratification/Virtual ward - Through NHS Tayside Steps to Better Healthcare programme a risk stratification tool has been developed which allows patients at risk to be identified with a view to providing anticipatory care in place of admissions to hospitals. Fourteen GP Practices are taking part in a test of change project which will be evaluated to see whether this initiative should be rolled out.

Information Governance - In support of the above initiatives NHS Tayside has been the first in the UK to introduce an Event Based Access Control (EBAC) model which, with the introduction of business rules, ensures that the clinician has a legitimate relationship with the patient for him/her to access the patient's records for the period of time the patient is in the clinician's care.

Counter Fraud Services Report

In 2010/11, NHS Scotland Counter Fraud Services performed work to give an indication of the possible level of Family Health Service (FHS) income lost due to incorrect claims by patients for exemption from NHS charges. The level of FHS income not recovered and written off relating to Patient Exemption Checking included in Counter Fraud Reports covering 2010/11 was £10,701 (2009/10 £9,463).

2. Financial Performance and Position

The Scottish Government Health Directorates set three financial targets at Health Board level on an annual basis. These limits are:

Revenue Resource Limit (RRL) – a resource budget for ongoing operations. From 1 April 2010 the RRL has been split between core and non core elements. The non core Revenue Resource Limit includes funding for Capital Grants, Depreciation, Impairments, Creation of provisions and IFRS PFI expenditure.

Capital Resource Limit (CRL) – a resource budget for net capital investment. From 1 April 2010 the CRL has been split between core and non core elements. The non core Capital Resource Limit includes funding related to IFRS PFI schemes.

Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

Health boards are expected to contain their net expenditure within these limits and will report on any variation from the limits as set.

The Board Chief Executive is the sole Accountable Officer for NHS Tayside. This statutory status carries responsibility direct to the Scottish Parliament for stewardship of the public funds and resources with which the Accountable Officer is entrusted.

Outturn - Tayside Health Board achieved the financial targets as follows: -

	Financial Target	Limit as set by SGHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
1	Core Revenue Resource Limit	660,988	660,890	98
	Non Core Revenue Resource Limit	29,758	29,694	64
2	Core Capital Resource Limit	23,427	23,427	0
	Non Core Capital Resource Limit	0	0	0
3	Cash Requirement	752,000	751,261	739

Memorandum for in-year outturn

	£'000
Brought forward surplus from previous financial year	16
Surplus against in-year Revenue Resource Limit	82

Efficient Government

The NHSScotland Efficient Government 2.0% efficiency savings target for NHS Tayside was £11.82 million for 2010/11. Total savings achieved in respect of Efficient Government targets for 2010/11 amounted to £30.7 million, including non-recurring savings of £10.0 million. Additional savings amounting to £3.2 million were also achieved.

Provision for bad and doubtful debts

The total debtors figure includes a provision for bad debts of £185k (2009/10 £147k).

Outstanding liabilities

An accrual of £1.395 million in respect of sums due to staff in respect of assimilation to Agenda for Change bandings is included within trade and other payables (2009/10 £4.5 million). The accrual includes arrears due to staff at 31 March 2011, an estimate of the cost of outstanding successful reviews and estimated arrears of on-call and call out payments.

Legal obligations

The Board carried forward a provision for Clinical and Medical Negligence at 1 April 2010 of £26.83 million. Based on information provided by the Central Legal Office (CLO) this has been increased to £26.92 million at 31 March 2011. The provision for new claims arising during the year and increases to the provision for existing claims totalled £3.74 million. Utilisation of the provision during the year amounted to £0.72 million and provisions reversed unutilised to £2.93 million.

The provision for pensions, which relates mainly to injury benefit payments, reduced from £6.43 million at April 2010 to £6.16 million at March 2011.

Based on CLO information, the provision of £1.77 million carried forward in respect of other items including third party liabilities has been increased to £2.15 million.

Gross quantifiable contingent liabilities are assessed at £10.45 million (2009/10 £9.67 million). This is partly offset by contingent assets of £9.48 million (2009/10 £8.63 million).

The risk factors applied to the CLO's estimated liability in determining the level of provision and contingent liability are detailed in Note 1, section 18.

Unquantified contingent liability - NHS Tayside has received 163 claims under the Equal Pay Act 1970 from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. The basis of those claims is described in Note 19 to the Accounts.

Prior year adjustments

As indicated in the 2010-11 FReM, the financial regime of health bodies has been amended to remove the cost of capital as from 1 April 2010. The cost of capital charge of £11,621k for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement, Statement of Changes in Taxpayers Equity and from Notes 3, 4 and 6.

The amounts reported within the Statement of Cash Flows for 2009/10 for Operating Activities and the Purchase of Property, Plant and Equipment have been adjusted for the movement on working capital balances.

Depreciation

During the year a national review of compliance with International Accounting Standards was commissioned in respect of depreciation of assets valued under the depreciated replacement cost methodology. The review led to the useful economic lives of certain components of these assets to be lengthened, which resulted in a reduction in depreciation charges for the year of approximately £2.2 million. As this was a change in an accounting estimate there was no requirement for a prior year adjustment.

Significant changes in non-current assets

The following table lists the most significant capital schemes included within expenditure.

Description	£'000
Medical equipment	7,230
Nuclear Medicine facility – Dundee	2,885
Dental Teaching and Treatment Centre – Perth	2,848
Assisted Conception Unit - Dundee	2,748
Endoscopy – Perth	1,534
Nuclear Medicine - Perth	1,495

Public Finance Initiative/Public Private Partnerships/Non Profit Distributing

The Board has entered into the following PFI contracts, both of which are on balance sheet under International Accounting Standards.

Carseview Centre: The Carseview Centre is located on the Ninewells Hospital site in Dundee and provides in-patient facilities for Adult Psychiatry and Learning Disability. The estimated capital value of the scheme is £11.5 million. The contract start date was 11 June 2001 and the contract end date will be 11 June 2026. The ultimate parent company of the former PFI provider, Jarvis plc, and Jarvis Accommodation Services Ltd, which provided soft facilities management services to the Special Purpose Company (Dundee Healthcare Services Ltd) went into administration on 26 March 2010. The Special Purpose Company was taken over by Johnson Group plc and the soft facilities management contract was novated to SGP Ltd, a wholly owned subsidiary of Johnson Group plc, on 27 August 2010. The Centre has continued to operate throughout the year.

Whitehills Community Care Centre: Covers Forfar, Kirriemuir and the surrounding area in conjunction with Angus Council and Lippen Care. The estimated capital value of the scheme is £12.8 million. The contract start date was 21 March 2005 and the contract end date will be 21 March 2030.

On 18 June 2010 the Board reached financial close with the private sector developer of the Mental Health development project, which plans for new facilities in Tayside for General Adult Psychiatry together with a Medium Secure Unit serving the North of Scotland region. The project uses the Non Profit Distributing model of funding.

Sickness absence data

The average rate of absence in 2010/11 was 5.15% (2009/10 5.18%).

Personal data related incidents

There have been no incidents reported in 2010/11.

3. Performance against Key Non Financial Targets

The following provides some information on NHS Tayside's performance against key targets.

Mental Health

Suicide Prevention Training - 50% of key frontline staff across mental health and substance misuse services, primary care, and accident and emergency were educated and trained in using suicide assessment tools/suicide prevention training programmes by September 2010. The target timescale was December 2010.

Drug Treatment Waiting Times - NHS Tayside set a target of 90% of clients waiting no longer than 4 weeks from referral to assessment and also from assessment to appropriate drug treatment by April 2011 as a milestone towards the national target of 3 weeks referral to treatment by April 2013. The 90% referral to assessment target was achieved during quarter 2 with the assessment to treatment at close to 100% throughout 2010/11.

Children and Young People

Child and Adolescent Mental Health Waiting Times - NHS Tayside is focusing on progressing towards the March 2013 target of achieving nobody waiting over 26 weeks for a Child and Adolescent Mental health appointment. The appointment of the Consultant Psychiatrist in October 2010 has increased the capacity to see new referrals. There are also a number of national pieces of work that will be implemented this year into CAMHS that will help review the capacity and implement redesign for the service.

Child Healthy Weight Interventions - The number of child healthy weight interventions increased significantly in the second half of 2010/11 largely due to the introduction of the "whole school approach" on healthy lifestyle achieving 461 interventions by March 2011 which exceeded the 440 target.

Breastfeeding - There has been little change in the breastfeeding rate with the most recent figures available (quarter to December 2010) showing that 26.5% of new born children are exclusively breastfed at 6-8 weeks. A series of improvements are planned in the last quarter of 2010/11 relating dedicated time that could be released by midwives to provide breastfeeding support to mothers. It is expected that an improvement of circa 2% in the rate will be achieved, still significantly short of the national target of 33.3%. Work is underway to address key issues including support workers/volunteers, the role of midwives in educating and encouraging women to breast feed their baby and then providing the right support in hospital and early postnatal period and the high numbers of women who ceased to breastfeed at or around day 10.

Older People

Early Diagnosis and Management of Dementia - NHS Tayside has seen a steady increase in the number of dementia patients recorded by GP practices on Quality Outcomes Framework (QOF). The 60% target of people with a diagnosis of dementia registered on QOF was achieved at March 2011.

Older People with Complex Care Needs Receiving Intensive Care at Home – The position across the three local partnerships was as follows: -

Dundee – the 30% target was met; Perth & Kinross – the 26% target was met; Angus – the Board accepted that, due to various factors, the March 2011 target would be 15%. The rate has remained at 12% and it is not expected that the target will be achieved. However, there is evidence that the number of older people in care homes has fallen during the year.

Emergency Inpatient Bed Days for People Aged 65+ - Based on ISD information available to November 2010, the rate in Tayside has declined by 2% largely due to a number of initiatives, particularly the redesign of Medicine for the Elderly Services in Dundee and Angus, work on long term conditions management and action to reduce delayed discharges (including length of delay). However it is expected that NHS Tayside will fall short of the March 2011 target by a significant margin.

Long Term Conditions

Hospital Beds Days for People with Asthma, Diabetes and Coronary Heart Disease - The number of hospital bed days for people with long term conditions (asthma, diabetes and coronary heart disease) was 8,850 by September 2010 (target 8,837).

Public Health

Cardiovascular Health Checks - The number of health inequality targeted cardiovascular health checks delivered by March 2011 was 2,693 (target 1,491).

Alcohol Brief Interventions - The number of alcohol brief interventions delivered by March 2011 was 14,955 (target 11,495).

Smoking Cessation - The number of people quitting smoking, 4,012 by February 2011, represents about 65% of the March 2011 target of 6,316. The LDP 2010/11 stated that NHS Tayside would achieve 75% of the target by March 2011 and 100% by September 2011. It is estimated that through the number of people recruited to a smoking cessation service during March 2011 that a further 200 successful quits will be recorded towards the target. In addition, figures are yet awaited on the successful quits recorded through the Local Enhanced Service for January to March. Service activity in January 2011 was 61% up on activity in January 2010.

Service Quality and Access

Cancer Waiting Times: NHS Tayside has consistently exceeded cancer waiting times targets including the '62 Days Urgent Referral with a suspicion of cancer to first treatment' and the '31 days from decision to treat to first treatment' targets.

18 Weeks Referral to Treatment (RTT) - The standard requires NHS Scotland to measure the total period waited by each patient from referral to treatment and to manage each patient's journey in a timely and efficient manner. It will come into force at end December 2011. The 90% Combined Performance tolerance target to be met by end December 2011 has been consistently met throughout 2010/11.

Outpatient Waiting Times: NHS Tayside maintained the target of no patient waiting over 12 weeks from referral to first outpatient appointment until the service was hit by the pressures from the severe weather. The consequent backlog of patients on the waiting list has now been addressed and the 12 week target has been achieved at end March 2011.

Inpatient/Day Case Waiting Times: NHS Tayside had maintained the target of no patient waiting over 9 weeks from decision to treat to admission, until the service was hit by the pressures from the severe weather. The consequent backlog of patients on the waiting list has now been addressed and the 9 week target was achieved at end March 2011.

Diagnostic Waiting Times – NHS Tayside has met the 4 week target for referral to diagnostic test over February and March 2011.

Healthcare Associated Infection: MRSA/MSSA bacteraemias - The trend of reducing *Staphylococcus aureus* bacteraemias appeared to level off from June 2010. The level of 146 in 2010/11 exceeded the target of 124.

Healthcare Associated Infection: *C. difficile* - There has been a very steady decline in the number of *Clastridium difficile* infections over the past few years. The rate has remained below the March 2011 target of 1.0 infections per 100 occupied bed days throughout 2010/11 ending the year at 0.49 infections per 100 occupied bed days.

Primary Care Team: 48 Hour Access and Advance Booking - NHS Tayside was reporting 95.5% success in achieving access to a member of the GP practice team in March 2010. However, success in achieving advance booking with a member of the GP practice team was only 77.2% with the target rising during 2010/11 from 85% to 90%. Efforts are being made to engage with GPs on a wide range of quality issues.

Workforce

KSF Personal Development Reviews (PDRs) - The trajectory was challenging and when it became clear that progress was falling behind expected implementation, appropriate remedial steps were put in place to enable delivery. The performance achieved was 79.4% PDRs signed off against the 80% target for 2010/11.

Using Resources Efficiently

Non-Routine Inpatient Average Length of Stay - The average length of stay has been reducing for some years and, at 3.9 days, is now well below the target of 4.5 days for March 2011.

Day Surgery - There has been continued improvement in the day case rate during 2010/11 and is now consistently above the planned trajectory.

Pre-Operative Stay - There has been continued improvement in the length of stay prior to an operation being performed to 0.46 days in February 2011. Performance has been consistently above the March 2011 target of 0.7 days throughout 2010/11.

New Outpatient Appointment DNA Rate - The "Did Not Attend" (DNA) rate fell steadily in the first two quarters of 2010/11. However, the DNA rate increased significantly during the period of severe winter weather. The March 2011 outturn of 10.1% exceeded the 7.9% target. A test of change within ENT booking as part of the Referral & Outpatient Programme shows early indications that the level of DNA is improving for new patients. The Renal Service has also piloted a reminder system which has demonstrated a reduction in DNA rates.

Online Triage of New Outpatient Referrals - NHS Tayside consistently exceeded the target of 90% of new outpatient referrals to be managed electronically by the end December 2010, achieving 91.1% in January 2011.

Accident & Emergency Attendances - There has been a reduction in the number of Accident & Emergency attendances during 2010/11. The numbers fell to 1,322 per 100,000 population by February 2011, exceeding the target of 1,450 per 100,000 population.

4. Sustainability and Environmental Reporting

During the course of 2010/11 NHS Tayside continued to develop and implement its Sustainability and Environmental Management Strategy. The implementation of the strategy is the responsibility of the Environmental Management Group which is chaired by the Director of Operations. For 2010/11, the group focused on developing an action plan based on the Good Corporate Citizenship Model developed by Sustainable Scotland and endorsed by the Cabinet Secretary. The model focuses on six main themes these being; Transport & Travel, Procurement, Facilities Management, Workforce, Buildings and Community Engagement. An assessment was carried out against each of the areas and subsequent actions plans developed.

The remit of this group will continue to evolve with the requirement to ensure compliance with legislation, directives and national initiatives.

NHS Tayside has a requirement to meet the Government target of reducing energy consumption by 2% year on year from the base year for Phase 1 HEAT Target in 2009/10. This target was met. HEAT Target Phase 2 commenced in 2010/11 and runs until 2014/15 and consists of a 2 part target. A CO2 reduction target of 3% year-on-year on all fossil fuel use (designed to eliminate the use of fossil fuels by 2050) and a year-on-year energy efficiency target of 1%.

Preparatory work is underway for the forthcoming Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES), a scheme introduced by the Government and administered by SEPA. NHS Tayside is a registered participant and therefore has to comply with the requirements of the scheme such as annual reporting and carbon footprint reporting in 2010/11 with the actual purchasing of carbon to begin in 2012.

The Environmental Management Report noted the following key successes of this financial year:

- Installation programme of Automated Meter Reading (AMR) meters across NHS Tayside properties to provide accurate electricity readings and eliminate estimated meter readings for billing, have been completed. Programme for installing AMR for gas meters and potentially water meters will be continuing in 2011/12.
- Eartha Green Campaign is ongoing with Vital Signs on Staffnet on promoting the energy efficiency and sustainability message to staff across NHS Tayside. Good news stories publicised in Spectra to encourage staff to do more towards sustainability. Work started on a development of an Environmental Management website. This website should be live by 2011.
- Electrical equipment is subject to authorisation criteria which includes energy rating. Estates Managers will also have to approve the electrical equipment.
- Existing building management systems installed across NHS Tayside properties were reviewed and a strategic co-ordinated approach was developed to ensure that the systems are used to facilitate better monitoring of heating and other controls for more efficient energy use.
- Water survey carried out for Ninewells Hospital identified areas where water savings could be saved. This project was completed successfully. A survey was also carried out to determine the benchmark for water consumption in PRI.
- Extension of waste recycling programme to all NHS Tayside facilities.
- NHS Tayside Travel Group continued to meet and contributed to the achievement of a 13% reduction in staff travel costs through reduced travel and more effective travel methods.
- New build projects, such as the new Broxden Dental Centre in Perth, have incorporated renewable technologies wherever possible, such as solar water heating.
- Any new builds are expected to achieve the BREEAM Standard of Very Good with target energy consumption of 35GJ/100m³.

1. **REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENT YEAR)**
(Audited information)

	Remuneration (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2010	Cash Equivalent Transfer Value (CETV) at 31 March 2011	Real increase in CETV in year	Benefits in kind
					£'000	£'000	£'000	£'000
Remuneration of:								
Executive Members								
Chief Executive: (note 5) Professor W J Wells	170-175	0-0	-2.5-0	75-80	1,858	1,788	-70	0
Chief Executive: (note 5) Mr G Marr	150-155	0-0	-2.5-0	55-60	1,244	1,191	-53	0.2
Director of Public Health: Dr A D W Walker (note 4)	190-195	0-0	0-2.5	50-55	1,075	1,064	-11	0
Director of Finance: Mr I McDonald	115-120	0-0	2.5-5	45-50	836	836	0	1.4
Mr A Killick	125-130	0-0	0-2.5	30-35	538	489	-50	0
Dr A Russell (note 6)	160-165	0-0	2.5-5	10-15	173	204	31	2.5
Professor L Wilson (to 30 September 2010)	50-55	0-0	0-0	0-0	0	0	0	0
Miss M Simpson (from 1 October 2010)	45-50	0-0	0-2.5	35-40	704	693	-11	0
Non Exec Members								
Chair: Mr A B Watson OBE, DL	30-35	0-0	0-0	0-0	0	0	0	0
Mr J Angus (note 3)	15-20	0-0	0-0	0-0	0	0	0	0
Councillor L Caddell	5-10	0-0	0-0	0-0	0	0	0	0
Dr D Dorward	5-10	0-0	0-0	0-0	0	0	0	0
Mrs E Forsyth (note 3)	10-15	0-0	0-0	0-0	0	0	0	0
Mrs M Harper (to 30 April 2010)	0-5	0-0	0-0	0-0	0	0	0	0
Mrs A Scott	5-10	0-0	0-0	0-0	0	0	0	0
Mr M Petrie (note 3)	20-25	0-0	0-0	0-0	0	0	0	0
Mr K A Richmond (note 3)	10-15	0-0	0-0	0-0	0	0	0	0
Dr A Shepherd	5-10	0-0	0-0	0-0	0	0	0	0
Mrs B Ward (note 3)	15-20	0-0	0-0	0-0	0	0	0	0
Mr P Withers	5-10	0-0	0-0	0-0	0	0	0	0
Professor K Matthews	5-10	0-0	0-0	0-0	0	0	0	0
Provost R Leslie Melville MBE	5-10	0-0	0-0	0-0	0	0	0	0
Mrs L Dunion (from 1 May 2010)	5-10	0-0	0-0	0-0	0	0	0	0
Councillor K Lynn	5-10	0-0	0-0	0-0	0	0	0	0
Mrs J Golden (note 2) (from 1 May 2010)	45-50	0-0	0-0	0-0	0	0	0	0
Total					6,428	6,265	-164	4.1

1. Salaries include employers' superannuation contributions.
2. The Employee Director's salary includes £42k in respect of non-board duties.
3. In accordance with Scottish Government guidance, the Chairpersons of the Delivery Unit Committee and the three Community Health Partnership Committees are paid additional remuneration.
4. The Director of Public Health's salary includes awards payable under the terms of the national merit awards scheme.
5. Professor W J Wells retired on 31 March 2011. Mr G Marr was Chief Operating Officer to 31 January 2011 and was appointed Chief Executive from 1 February 2011.
6. The Medical Director's contract changed from part time to whole time from 1 May 2010.

2. REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2010 (PRIOR YEAR)

(Audited information)

	Remuneration (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (Bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2009 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Real increase in CETV in year £'000	Benefits in kind £'000
Remuneration of:								
Executive Members								
Chief Executive:	170-175	0-0	0-2.5	75-80	1,676	1,817	41	0
Professor W J Wells								
Director of Public Health: Dr A D W Walker (note 4)	180-185	0-0	2.5-5	45-50	928	1,048	63	0
Director of Finance: Mr D J Clark (to December 2009)	90-95	0-0	0-0	0-0	0	0	0	0
Director of Finance Mr I McDonald (from 1 January 2010)	25-30	0-0	0-2.5	40-45	759	815	11	1.7
Mr G Marr	145-150	0-0	0-2.5	50-55	1,146	1,213	7	0
Mr A Killick	120-125	0-0	12.5-15	30-35	281	525	226	0
Dr W Mutch (note 4) (to 15 April 2009)	5-10	0-0	0-0	0-0	0	0	0	0
Dr A Russell (from 1 August 2009)	85-90	0-0	2.5-5	10-15	93	168	69	2.0
Professor L Wilson	100-105	0-0	0-2.5	35-40	895	935	29	0
Non Exec Members								
Chair:	30-35	0-0	0-0	0-0	0	0	0	0.2
Mr A B Watson OBE, DL								
Mr J Angus (note 3)	15-20	0-0	0-0	0-0	0	0	0	0.2
Councillor L Caddell	5-10	0-0	0-0	0-0	0	0	0	0
Dr D Dorward	5-10	0-0	0-0	0-0	0	0	0	0
Mrs E Forsyth	5-10	0-0	0-0	0-0	0	0	0	0
Mrs M Harper (note 2)	35-40	0-0	0-0	0-0	0	0	0	0
Mrs A Scott	5-10	0-0	0-0	0-0	0	0	0	0
Mr M Petrie (note 3)	20-25	0-0	0-0	0-0	0	0	0	0
Mr K A Richmond	5-10	0-0	0-0	0-0	0	0	0	0.2
Dr A Shepherd	5-10	0-0	0-0	0-0	0	0	0	0
Mrs B Ward (note 3)	15-20	0-0	0-0	0-0	0	0	0	0
Mr I Wightman MBE (note 3)	15-20	0-0	0-0	0-0	0	0	0	0.1
Mr P Withers	5-10	0-0	0-0	0-0	0	0	0	0.3
Bailie H Wright	0-5	0-0	0-0	0-0	0	0	0	0
Professor K Matthews	5-10	0-0	0-0	0-0	0	0	0	0
Provost R Leslie Melville MBE	5-10	0-0	0-0	0-0	0	0	0	0
Other Snr Employees								
Mr D McLaren (to 31 May 2010)	20-25	0-0	0-0	0-0	0	0	0	0
Total					5,778	6,521	446	4.7

- Salaries include employers' superannuation contributions.
- The Employee Director's salary includes £30k in respect of non-board duties. This sum includes arrears relating to previous financial years.
- In accordance with Scottish Government guidance, the Chairpersons of the Delivery Unit Committee and the three Community Health Partnership Committees are paid additional remuneration.
- The former Medical Director and Director of Public Health's salaries include awards payable under the terms of the national merit awards scheme.

3. REMUNERATION ARRANGEMENTS

Details of the membership of the Remuneration Committee are reported in section 14 of the Directors' Report.

The remuneration arrangements and performance appraisal of Executive Directors and Senior Managers is governed by decisions of the NHS Tayside Remuneration Committee. Such decisions have been strictly in accordance with the provision of circulars issued by the Scottish Government Health Directorates and are subject to regular audit scrutiny. During 2010, the Board's Remuneration Committee received an 'A' audit assessment demonstrating excellent systems and controls.

Remuneration policy is determined by the Cabinet Secretary for NHS Scotland employers and directed through official circulars. This is regulated through a National Performance Management Committee for performance moderation and National Evaluation Committee for job grading - and is unique in the UK in this respect. There has been a recent review undertaken of some aspects and the recommendations have been published and are under consideration in terms of next steps. In light of wider public sector financial pressure there is likely to be further consideration of future pay policy for this group which may include linking to Senior Salaries Review Body (SSRB).

All decisions made by the Remuneration Committee are consistent with this policy framework.

Performance assessment for this period is still under consideration (due to the cycle of business between Boards and SGHD) as any uplifts will not be sanctioned by NPMC or SGHD until the performance year has concluded including confirmation of the Annual Accounts - normally June.

Remuneration for executives and senior managers is entirely performance based, with a small element of additional non consolidated pay potentially payable for the top performance categories of superior and outstanding. For the performance year 2009/10, effective from 1st October 2010, there is no change to the pay ranges, no provision for consolidated payments and revised consolidated pay progression for staff not on the maximum of the scale as set out in CEL(2011)7. The remainder of the employment package is the same as other members of staff in respect of pension and other entitlements. Executives and senior managers above certain salary levels will pay higher proportionate contributions to the pension scheme.

All executives were required to agree to new contracts when the revised pay arrangements were introduced in 2005. This included a standard contract with a 3 month notice period. There are no specific termination payments. These are in line with the Agenda for Change handbook.

All executives and senior managers are direct employees or seconded from other organisations. There were no payments to third parties for the services of a senior manager. No awards were made to past senior managers.

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Gerry Marr
Chief Executive
Tayside Health Board

28 June 2011

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

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

This designation carries with it, responsibility for:

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officer's letter to me of the 1 February 2011.

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**Gerry Marr
Chief Executive
Tayside Health Board**

28 June 2011

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

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2011 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHSScotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.
- State where applicable accounting standards as set out in the 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.

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Mr Ian McDonald
Director of Finance
Tayside Health

Board

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Mr Alexander B Watson OBE, DL
Chairperson
Tayside Health

Board

28 June 2011

STATEMENT ON INTERNAL CONTROL (SIC)

Scope of Responsibility

I, Gerry Marr, Chief Executive, as Accountable Officer, have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Chief Executive has been supported in the role as Accountable Officer throughout the year by a multi-disciplinary Executive Team, focused on ensuring the delivery of strategic objectives in a prudent, economical, efficient and effective manner.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers in the SPFM and supplementary NHS guidance and has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

Risk and Control Framework

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

The key elements of the risk and control framework in NHS Tayside are referred to below:

- The Scheme of Delegation, as part of the Code of Corporate Governance, sets out how responsibilities are delegated to others to ensure that organisational arrangements are in place to provide awareness and guidance on risk management as and when required.
- Risks are reviewed and managed through the Strategic Risk Management Group (SRMG), chaired by the Chief Executive. The Delivery Unit Risk/Health and Safety Management Group met on a bimonthly basis under the Chairmanship of the Director of Operations. Minutes of both groups were regularly considered by the Audit Committee which also received mid and year end reports
- Throughout 2010/11 NHS Tayside has maintained a rigorous approach to Risk Management with key risks being recorded within the electronic risk management software, SMART.
- Risk management and awareness training continued to be made available to staff in a variety of forms; individual, on line and computer based, tailored master classes and Board development days. Staff development plans and objectives include appreciation of risk, embedding the risk management culture at all levels in the organisation.

- The Improvement and Quality Committee (I&Q) continues to have delegated responsibility for Information Governance (IG) issues. Regular IG reporting to the I&Q has taken place during 2010/11.

More generally, the organisation is committed to a process of continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice in this area. In particular in the period covering the year to 31 March 2011 and up to the signing of the accounts the organisation has:

- Performed an exercise to map Corporate Risks to Strategic Aims.
- Improved the presentation of the Corporate Risk Profile to Tayside NHS Board by including a Summary Risk Profile Map. Reporting frequency has also been increased from biannual to a quarterly basis.
- Undertaken completion of the CIPFA Self Assessment Tool and Checklist for Risk Management. This will become an annual exercise as part of the cyclical risk management systems in place.
- Agreed to purchase and implement commercial risk management software to replace the current system and improve reporting.
- Devised a new suite of Key Performance Indicators for Risk Management.

Review of Effectiveness

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

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Chief Internal Auditor's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and
- comments made by the external auditors in their management letters and other reports.

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

- NHS Tayside Board met regularly during 2010/11 to consider its plans and strategic direction, to allocate resources, to review the management of performance and to receive minutes and reports from its Standing Committees.
- The Audit Committee provides assurance that an appropriate system of internal control is in place. The Committee met throughout the year, reviewing the system of internal control and monitoring compliance with the NHS Tayside Code of Corporate Governance. The Committee reviewed its own effectiveness with the Audit Committee Handbook.
- During 2010/11 the Corporate Governance Review Group met regularly to consider revisions to the existing code and make appropriate improvements.
- Internal Audit delivered their service on an approved risk-based audit plan. During the year Internal Audit was reviewed by External Auditors who found the service to be effective and compliant with Government Internal Audit Standards.

- External Audit has also considered the adequacy of the processes put in place by the Chief Executive as Accountable Officer, as well as providing external assurance on the work of Internal Audit in 2010/11.
- Work has continued during the year to achieve the HEAT targets set out in the Local Delivery Plan. Reporting mechanisms have been further developed to ensure a culture of continuous improvement continues to be promoted. Progress towards HEAT targets is monitored through the Chairman's Scrutiny Group and the Chief Executive's Taystat meetings.
- Staff objectives and development plans include where appropriate maintenance and review of internal controls.
- The Board has in place a procedure for identification and communication of legislation, NHS circulars and other guidance documents, The Board maintains a central register of documents circulated to the appropriate staff for information and action and has a follow up mechanism to monitor compliance with regulations and procedures laid down by Scottish Ministers and the Scottish Government Health Directorates.
- A performance appraisal system is in place for senior staff with personal objectives and development plans designed to support the Board in the attainment of corporate objectives. Implementation of the Knowledge and Skills (KSF) is ongoing in accordance with SGHD targets.

NHS Tayside approved a framework for Best Value for 2010/11 in November 2010 and received assurances that arrangements were operating as anticipated. Revised Best Value guidance was issued on 23 March 2011 and should any amendments to current practice be required they will be implemented in 2011/12.

Disclosures

During 2010/11 there were no significant control weaknesses, or failures to achieve the standards set out in the guidance on the Statement on Internal Control.

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Gerry Marr
Chief Executive
Tayside Health Board

28 June 2011

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

I have audited the financial statements of Tayside Health Board for the year ended 31 March 2011 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board (set out on page 23), the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Directors' Report, Operating and Financial Review and that part of the Remuneration Report which is not audited to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

David McConnell
Assistant Director of Audit (Health)
Audit Scotland
7th floor, Plaza Tower
EAST KILBRIDE
G74 1LW

Date:

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE
OUTTURN FOR THE YEAR ENDED 31 MARCH 2011**

	Note	2011 £'000	2010 £'000
Clinical Services Costs			
Hospital and Community	4	661,622	646,065
Less: Hospital and Community Income	8	<u>123,358</u>	<u>123,709</u>
		<u>538,264</u>	<u>522,356</u>
Family Health	5	184,163	181,504
Less: Family Health Income	8	<u>7,195</u>	<u>7,407</u>
		<u>176,968</u>	<u>174,097</u>
Total Clinical Services Costs		<u>715,232</u>	<u>696,453</u>
Administration Costs	6	5,565	5,629
Less: Administration Income	8	<u>10</u>	<u>22</u>
		<u>5,555</u>	<u>5,607</u>
Other Non Clinical Services	7	15,957	34,460
Less: Other Operating Income	8	<u>3,789</u>	<u>18,910</u>
		<u>12,168</u>	<u>15,550</u>
Net Operating Costs		<u>732,955</u>	<u>717,610</u>
OTHER COMPREHENSIVE NET EXPENDITURE			
	Note	2011 £'000	2010 £'000
Net (gain)/loss on revaluation of Property Plant and Equipment		8,249	4,954
Total Comprehensive Expenditure		<u>741,204</u>	<u>722,564</u>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE
OUTTURN (Continued) FOR THE YEAR ENDED 31 MARCH 2011**

	Note	£'000
SUMMARY OF CORE REVENUE RESOURCE OUTTURN		
Net Operating Costs		732,955
Total Non Core Expenditure (see below)		(29,694)
FHS Non Discretionary Allocation		<u>(42,371)</u>
Total Core Expenditure		660,890
Core Revenue Resource Limit		<u>660,988</u>
Saving/(excess) against Core Revenue Resource Limit		<u>98</u>

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Capital Grants to/(from) Other Bodies		1,102
Depreciation/Amortisation	3	19,665
Annually Managed Expenditure – Impairments		4,925
Annually Managed Expenditure – Creation of Provisions		1,146
IFRS PFI Expenditure		<u>2,856</u>
Total Non Core Expenditure		29,694
Non Core Revenue Resource Limit		<u>29,758</u>
Saving/(excess) against Non Core Revenue Resource Limit		<u>64</u>

SUMMARY RESOURCE OUTTURN

	Resource Expenditure		Saving/ (excess)
	£'000	£'000	£'000
Core	660,988	660,890	98
Non Core	<u>29,758</u>	<u>29,694</u>	64
Total	<u>690,746</u>	<u>690,584</u>	<u>162</u>

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2011		2011	2010	2009
		£'000	£'000	£'000
	Note			
Non-current assets				
Property, plant and equipment	11	462,767	455,197	448,335
Intangible Assets	10	918	1,138	1,229
Financial Assets: Available for sale financial assets	14	<u>1</u>	<u>1</u>	<u>1</u>
Total non-current assets		<u>463,686</u>	<u>456,336</u>	<u>449,565</u>
Current assets				
Inventories	12	5,388	5,061	4,532
Financial Assets: Trade and other receivables	13	46,228	45,693	34,224
Cash and cash equivalents	15	40	629	38
Assets classified as held for sale	11c	<u>734</u>	<u>1,519</u>	<u>1,119</u>
Total current assets		<u>52,390</u>	<u>52,902</u>	<u>39,913</u>
Total assets		<u>516,076</u>	<u>509,238</u>	<u>489,478</u>
Current liabilities				
Provisions	17	(29,496)	(28,994)	(12,541)
Financial liabilities: Trade and other payables	16	<u>(82,373)</u>	<u>(106,608)</u>	<u>(101,385)</u>
Total current liabilities		<u>(111,869)</u>	<u>(135,602)</u>	<u>(113,926)</u>
Non-current assets less current liabilities		<u>404,207</u>	<u>373,636</u>	<u>375,552</u>
Non-current liabilities				
Provisions	17	(5,733)	(6,033)	(4,744)
Financial Liabilities: Trade and other payables	16	<u>(24,399)</u>	<u>(25,293)</u>	<u>(24,796)</u>
Total non-current liabilities		<u>(30,132)</u>	<u>(31,326)</u>	<u>(29,540)</u>
Assets less liabilities		<u>374,075</u>	<u>342,310</u>	<u>346,012</u>
Taxpayers Equity				
General Fund	SOCTE	184,777	161,002	165,503
Revaluation reserve	SOCTE	178,892	171,314	171,101
Donated Asset Reserve	SOCTE	<u>10,406</u>	<u>9,994</u>	<u>9,408</u>
Total taxpayers' equity		<u>374,075</u>	<u>342,310</u>	<u>346,012</u>

Adopted by the Board on 28 June 2011

.....Ian S McDonald, Director of Finance

.....Gerry Marr, Chief Executive

The Notes to the Accounts, numbered 1 to 32, form an integral part of these accounts.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £'000	2010 £'000
Cash flows from operating activities			
Net operating cost	SOCNE	(732,955)	(717,610)
Adjustments for non-cash transactions	3	25,116	25,153
Add back: interest payable recognised in net operating cost	3	1,587	3,565
(Increase)/decrease in trade and other receivables	18	3,733	(13,505)
(Increase)/decrease in inventories	18	(327)	(529)
Increase/(decrease) in trade and other payables	18	(31,816)	3,254
Increase/(decrease) in provisions	18	202	17,742
Net cash outflow from operating activities		<u>(734,460)</u>	<u>(681,930)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,182)	(26,254)
Purchase of intangible assets		(82)	(187)
Proceeds of disposal of property, plant and equipment		1,134	7
Net cash outflow from investing activities		<u>(19,130)</u>	<u>(26,434)</u>
Cash flows from financing activities			
Funding	SOCTE	756,158	711,805
Movement in general fund working capital	SOCTE	<u>(4,897)</u>	<u>2,665</u>
Cash drawn down		751,261	714,470
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(981)	124
Interest paid	3	587	(1,354)
Interest element of finance leases and on-balance sheet PFI/PPP contracts	3	<u>(2,174)</u>	<u>(2,211)</u>
Net financing		<u>748,693</u>	<u>711,029</u>
Net Increase/(decrease) in cash and cash equivalents in the period		<u>(4,897)</u>	<u>2,665</u>
Cash and cash equivalents at the beginning of the period		<u>629</u>	<u>(2,036)</u>
Cash and cash equivalents at the end of the period		<u>(4,268)</u>	<u>629</u>
Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year		(4,897)	2,665
Net debt/cash at 1 April	15	<u>629</u>	<u>(2,036)</u>
Net debt/cash at 31 March	15	<u>(4,268)</u>	<u>629</u>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2010		161,002	171,314	9,994	342,310
Prior year adjustments for changes in accounting policy and material errors.	25				0
Restated Balance at 1 April 2010		161,002	171,314	9,994	342,310
Changes in taxpayers' equity for 2010/11					
Net gain/(loss) on revaluation/indexation of property plant and equipment	11		8,075	174	8,249
Impairment of property, plant and equipment	11		(4,925)	(274)	(5,199)
Receipt of donated assets	11b			854	854
Revaluation & impairments taken to operating costs	3		5,063		5,063
Release of reserves to the statement of comprehensive net expenditure	11b			(342)	(342)
Transfers between reserves		635	(635)		0
Transfer of non current assets from other bodies		(63)			(63)
Net operating cost for the year		(732,955)			(732,955)
Total recognised income and expense for 2010/11		(732,383)	7,578	412	(724,393)
Funding:					
Drawn down		751,261			751,261
Movement in General Fund (Creditor)/Debtor		4,897			4,897
Balance at 31 March 2011	BS	184,777	178,892	10,406	374,075

The Notes to the accounts, numbered 1 to 32, form an integral part of these Accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR
FOR THE YEAR ENDED 31 MARCH 2011**

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2009		169,891	164,903	9,408	344,202
Prior year adjustments for changes in accounting policy and material errors.		(4,388)	6,198		1,810
Restated Balance at 1 April 2009		165,503	171,101	9,408	346,012
Changes in taxpayers' equity for 2009/10					
Net gain/(loss) on revaluation/indexation of property plant and equipment	11		4,921	33	4,954
Impairment of property, plant and equipment	11		(5,169)	(863)	(6,032)
Receipt of donated assets	11b			1,738	1,738
Revaluation & impairments taken to operating costs	3		1,765		1,765
Release of reserves to the statement of comprehensive net expenditure	11b			(322)	(322)
Transfers between reserves		1,304	(1,304)		0
Transfer of non current assets from other bodies					0
Net operating cost for the year		(717,610)			(717,610)
Total recognised income and expense for 2009/10		(716,306)	213	586	(715,507)
Funding:					
Drawn down		714,470			714,470
Movement in General Fund (Creditor)/Debtor		(2,665)			(2,665)
Balance at 31 March 2010	BS	161,002	171,314	9,994	342,310

ACCOUNTING POLICIES

NOTE 1:

1. Authority

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 31 below.

(a) Standards, amendments and interpretations effective in 2010/11

There are no new standards, amendments or interpretations effective for the first time in 2010/11.

(b) Standards, amendments and interpretation early adopted in 2010/11

There are no new standards, amendments or interpretations early adopted in 2010/11.

2. Basis of consolidation

As directed by the Scottish Ministers, the financial statements do not consolidate the Tayside NHS Board Endowments Funds. Transactions between the Board and the Tayside NHS Board Endowments Funds are disclosed as related party transactions, where appropriate, in Note 29 to the financial statements.

3. Prior Year Adjustments

As indicated in Chapter 11 of the 2010-11 FReM, the financial regime of health bodies has been amended to remove the Cost of Capital as from 1st April 2010. This is considered to be a voluntary change in accounting policy for which the following disclosure is required:

- nature (change in NHS financial regime removing Cost of Capital charge.)
- reasons (properly reflect revised costs under current financial regime.)
- Quantification (the cost of capital charge of £11,621k for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement and Statement of Changes in Taxpayers Equity together with Notes 3, 4, and 6.)

The amounts reported within the Statement of Cash Flows for 2009/10 for Operating Activities and the Purchase of Property, Plant and Equipment have been adjusted for the movement on working capital balances.

4. Going Concern

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

5. Accounting Convention

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

6. Funding

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

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

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

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

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

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

- 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.

7.2 Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

Valuations of all land and buildings assets within Tayside Health Board have been reassessed as at 31 January 2011 by a consortium of independent professional valuers appointed by the Board. The valuers have stated that there will only be a nominal difference in valuation between 31 January 2011 and 31 March 2011. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

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

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

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

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

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.

Decreases in asset values 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. Impairments are charged to the Statement of Comprehensive Net Expenditure.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Other Comprehensive Expenditure.

7.3 Depreciation

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

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

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

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

Asset Category/Component	Useful Life (years)
Structure	25-100
Engineering	25-70
External Plant	25-50
Medical Equipment	3-15
Catering Equipment	5-15
General Equipment	4-15
Furniture	8-12
Fire Prevention Equipment	12-18
Mainframe information technology installations	2-8
Medical furniture	7-15
Telecommunication system	3-8
Vehicles	4-17
Initial Revenue Miscellaneous Equipment	10
Landscaping	15-30
Services	10-31
Surfacing	5-15
Fixed Plant	10-25
Internal upgrade to fabric of building	12-25

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

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

Software:

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

Software licences:

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

Websites

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

8.2 Measurement

Valuation:

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

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

Revaluation and impairment:

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

Decreases in asset values 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. Impairments are charged to the Statement of Comprehensive Net Expenditure.

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

8.3 Amortisation

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

Amortisation is charged to the 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 (years)
Software	5
Software Licences	5

9. Non-current assets held for sale

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The value of donated assets is credited to the Donated Asset Reserve. Where a donation covers only part of the total cost of the asset concerned, only that part element is included in the Donated Asset Reserve.

The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the Statement of Comprehensive Net Expenditure. Similarly, any impairment on donated assets charged to the Statement of Comprehensive Net Expenditure is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the General Reserve.

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

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the 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.

12. Leasing

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. 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 annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Statement of Comprehensive Net Expenditure.

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.

Leasing of Board assets to other bodies

Income received from leasing assets to other bodies is accounted for as it falls due.

13. Impairment of non-financial assets

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

14. General Fund Receivables and Payables

Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the Scottish Government Health Department. 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 SGHD.

15. Inventories

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

16. Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had 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.

17. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

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

contributions required. The most recent actuarial valuation took place in the year to 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

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.

18. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

Tayside Health Board 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 10%. 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.

19. Related Party Transactions

Material related party transactions are disclosed in the note 29 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

20. Value Added Tax

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

21. PFI Schemes

PFI/PPP transactions are accounted for in accordance with IFRIC 12, *Service Concession Arrangements*, which sets out how they should be accounted for in the private sector.

Schemes which do not fall within the HM Treasury 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.

PFI 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.

22. Provisions

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

23. Contingencies

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

Contingent liabilities are not recognised, but are disclosed in Note 19, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

24. Corresponding Amounts

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

25. Financial Instruments

Financial assets

Classification

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless

management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

Recognition and measurement

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

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

(a) 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) Loans and receivables

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

(c) Available-for-sale financial assets

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

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

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

Financial Liabilities

Classification

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

(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) Other financial liabilities

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

Recognition and measurement

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

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

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

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

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

(b) Other financial liabilities

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

26. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This had been identified as the Board's Executive Team which is chaired by the Chief Executive and the Delivery Unit Executive Management Team which is chaired by the Chief Operating Officer.

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

27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Where the Government Banking Service is using Citi and Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

28. Foreign exchange

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

- 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 historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

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

29. 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 31 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

30. 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 a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Clinical and Medical Negligence Costs

The Board's accounting policy relating to the provisions for clinical and medical negligence and other claims is described in section 18 above.

Agenda for Change

An accrual of £1.395 million in respect of sums due to staff in respect of assimilation to Agenda for Change bandings is included within Trade and Other Liabilities (2009/10 £4.479 million). The accrual includes arrears due to staff, an estimate of the cost of outstanding successful reviews and estimated arrears of on-call and call out payments. It is expected that the uncertainty regarding the level and cost of successful reviews will be resolved before 31 March 2012.

Holiday pay and flexible working hours accrual

The accrual is estimated on the basis of information provided by managers regarding outstanding annual leave and flexible working hours.

Assessment of leases

Leases are assessed under IFRS as being operating or finance leases, which determines their accounting treatment. The criteria for assessment are to a certain extent subjective, but a consistent approach has been taken through use of a standard template which sets out the relevant criteria.

Asset Lives

The Board has reviewed its methodology for determining useful asset lives to more faithfully reflect the actual pattern of consumption of depreciated replacement cost assets. The methodology adopted takes account of the impact of regular maintenance expenditure to align the lives of certain elements with that of the overall building. This results in a smoother and more consistent depreciation charge over the life of the asset.

NOTE 2(a): STAFF NUMBERS AND COSTS

	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	2011 Total £'000	2010 Total £'000
STAFF COSTS								
Salaries and wages	897	187	367,158			(10,826)	357,416	348,493
Social security costs	101	13	29,431				29,545	28,835
NHS scheme employers' costs	118		44,190				44,308	43,287
Inward Secondees				11,214			11,214	10,844
Agency staff					3,144		3,144	3,443
TOTAL	1,116	200	440,779	11,214	3,144	(10,826)	445,627	434,902

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 467 467

STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)

	2011 Annual Mean	2010 Annual Mean
Administration Costs	79.6	81.3
Hospital and Community Services	11,013.5	11,300.6
Non Clinical Services	87.1	86.3
Other, including recharge Trading Accounts	6.2	9.6
Inward Secondees	108.1	96.9
Agency Staff	41.1	45.2
Outward Secondees	(240.7)	(279.0)
Board Total Average Staff	<u>11,094.9</u>	<u>11,340.9</u>
Disabled Staff	<u>49.0</u>	<u>45.0</u>
The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	<u>11.3</u>	<u>12.8</u>

Notes

1) Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme can be found in Note 24.

2) The corresponding amounts have been restated. The change is presentational and does not impact on the outturn reported for the previous year.

NOTE 2 (b) HIGHER PAID EMPLOYEES REMUNERATION

			<u>2011</u>	<u>2010</u>
			Number	Number
Other employees whose remuneration fell within the following ranges:				
Clinicians				
£50,000	to	£60,000	252	224
£60,001	to	£70,000	102	94
£70,001	to	£80,000	68	68
£80,001	to	£90,000	66	37
£90,001	to	£100,000	52	41
£100,001	to	£110,000	61	60
£110,001	to	£120,000	46	52
£120,001	to	£130,000	40	45
£130,001	to	£140,000	40	35
£140,001	to	£150,000	34	30
£150,001	to	£160,000	28	20
£160,001	to	£170,000	15	15
£170,001	to	£180,000	4	3
£180,001	to	£190,000	4	5
£190,001	to	£200,000	0	2
£200,001	and above		0	1
Other				
£50,000	to	£60,000	47	40
£60,001	to	£70,000	31	30
£70,001	to	£80,000	13	15
£80,001	to	£90,000	5	4
£90,001	to	£100,000	2	3
£100,001	to	£110,000	3	4

Notes

- 1) The corresponding numbers have been restated. The change is presentational and does not impact on the outturn reported for the previous year.
- 2) Clinicians are staff directly providing patient care, including medical, nursing, allied health professions, radiography, scientific, clinical psychology and pharmacy staff.

NOTE 3. OTHER OPERATING COSTS

	Note	2011 £'000	2010 £'000
Expenditure Not Paid In Cash			
Depreciation	11	20,059	22,588
Amortisation	10	302	278
Impairments on property, plant and equipment charged to SOCNE	11	4,925	1,731
Revaluation loss on property, plant and equipment charged to SOCNE	11	138	34
Loss/(Profit) on disposal of property, plant and equipment	7/8	<u>(308)</u>	<u>522</u>
Total Expenditure Not Paid In Cash	CFS	<u>25,116</u>	<u>25,153</u>
Interest Payable			
PFI Finance lease charges allocated in the year	23	1,625	1,658
Other Finance lease charges allocated in the year		549	553
Provisions – Unwinding of discount		<u>(587)</u>	<u>1,354</u>
Total		<u>1,587</u>	<u>3,565</u>
Statutory Audit			
External auditor's remuneration and expenses		<u>292</u>	<u>306</u>

NOTE 4. HOSPITAL AND COMMUNITY HEALTH SERVICES

	Note	2011 £'000	2010 £'000
BY PROVIDER			
Treatment in Board area of NHSScotland Patients		606,159	591,672
Other NHS Scotland Bodies		19,590	19,206
Health Bodies outside Scotland		1,242	1,121
Primary Care Bodies		5,760	5,843
Private Sector		4,991	4,851
Community Care			
Resource Transfer		18,586	18,657
Other Healthcare (including Contributions to Voluntary Bodies and Charities)			
		<u>4,187</u>	<u>4,012</u>
Total NHS Scotland Patients		<u>660,515</u>	<u>645,362</u>
Treatments of UK residents based outside Scotland		<u>1,107</u>	<u>703</u>
Total Hospital & Community Health Service	SOCNE	<u>661,622</u>	<u>646,065</u>

Notes

1) Payments made to voluntary organisations are included under 'Resource Transfer' and 'Other Healthcare (including Contributions to Voluntary Bodies and Charities)'. The total for 2010/11 is £1,900k (2009/10 £2,073k).

2) The corresponding amounts have been restated. The change is presentational and does not impact on the outturn reported for the previous year.

NOTE 5. FAMILY HEALTH SERVICE EXPENDITURE

	Note	Unified Budget £'000	Non- discretionary £'000	2011 Total £'000	2010 Total £'000
Primary Medical Services		59,226	-	59,226	57,793
Pharmaceutical Services		76,452	12,457	88,909	88,678
General Dental Services		993	27,785	28,778	27,696
General Ophthalmic Services		<u>76</u>	<u>7,174</u>	<u>7,250</u>	<u>7,337</u>
Total	SOCNE	<u>136,747</u>	<u>47,416</u>	<u>184,163</u>	<u>181,504</u>

Note: Further analysis of these costs is available.

NOTE 6. ADMINISTRATION COSTS

	Note	2011 £'000	2010 £'000
Board Members' remuneration	2 (a)	1,316	1,237
Administration of Board Meetings and Committees		214	217
Corporate Governance and Statutory Reporting		1,054	1,105
Health Planning, Commissioning and Performance Reporting		1,349	1,447
Treasury Management and Financial Planning		833	845
Public Relations		240	226
Other		<u>559</u>	<u>552</u>
Total Administration Costs	SOCNE	<u>5,565</u>	<u>5,629</u>

Note – The corresponding amounts have been restated. The change is presentational and does not impact on the outturn reported for the previous year.

NOTE 7. OTHER NON CLINICAL SERVICES

	2011 £'000	2010 £'000	
Nurse Teaching	3	98	
Compensation Payments – Clinical	816	15,554	
Compensation Payments – Other	677	1,417	
Pension Enhancement & Redundancy	244	1,795	
Patients' Travel Attending Hospitals	389	353	
Health Promotion	3,167	2,724	
Public Health	1,997	1,977	
Public Health Medicine Trainees	165	153	
Emergency Planning	158	185	
Shared Services	996	993	
Loss on Disposal of Non Current Assets	0	522	
Other	<u>7,345</u>	<u>8,689</u>	
Total Other Non Clinical Services	SOCNE	<u>15,957</u>	<u>34,460</u>

Note: Expenditure reported against 'Other' includes the following: - CNORIS contribution £2.9m (2009/10 £2.9m), Capital Grants £0.6m (2009/10 £2.9m) and IC&T Infrastructure £1.1m (2009/10 £1.4m) and Additional Cost of Teaching £1.9m (2009/10 £0.9m).

NOTE 8.

OPERATING INCOME

		2011 £'000	2010 £'000
HCH Income			
NHS Scotland Bodies			
- SGHD		844	1,062
- Boards		98,302	95,178
NHS Non-Scottish Bodies		1,131	703
Non NHS			
Private Patients		132	215
Compensation Income		797	978
Other HCH income		<u>22,152</u>	<u>25,573</u>
Total HCH Income	SOCNE	<u>123,358</u>	<u>123,709</u>
FHS Income			
Unified		2,150	2,657
Non Discretionary			
General Dental Services		5,039	4,744
General Ophthalmic Services		<u>6</u>	<u>6</u>
Total FHS Income	SOCNE	<u>7,195</u>	<u>7,407</u>
Administration Income	SOCNE	<u>10</u>	<u>22</u>
Other Operating Income			
NHS Scotland Bodies		519	425
Contributions in respect of clinical/medical claims		1,307	16,423
Profit on disposal of non current assets		308	0
Transfer from Donated Asset Reserve in respect of Depreciation		343	322
Transfer from Donated Asset Reserve in respect of Impairment		273	0
Shared Services		994	993
Other		<u>45</u>	<u>747</u>
Total Other Operating Income	SOCNE	<u>3,789</u>	<u>18,910</u>
Total Income		<u>134,352</u>	<u>150,048</u>
Of the above, the amount derived from NHS bodies is		<u>98,821</u>	<u>95,498</u>

Note: The corresponding amounts have been restated. This change is presentational and does not impact on the outturn reported for the previous year.

NOTE 9. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2011 £'000	2010 £'000
EXPENDITURE			
Acquisition of Intangible Fixed Assets	10	82	187
Acquisition of Tangible Property, Plant and Equipment	11	24,171	30,041
Donated Asset Additions	11b	854	1,738
Release from donated asset reserve		(854)	(1,738)
Capital Grants to/(from) Other Bodies	SOCTE	0	6,654
(Profit) / Loss on disposal of non current assets	3	<u>0</u>	<u>522</u>
Gross Capital Expenditure		<u>24,253</u>	<u>37,404</u>
INCOME			
Net book value of disposal of Property, Plant and Equipment	11a	41	529
Value of disposal of Non-Current Assets held for sale	11c	<u>785</u>	<u>0</u>
Capital Income		<u>826</u>	<u>529</u>
Net Capital Expenditure		<u>23,427</u>	<u>36,875</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

Core capital expenditure included above	23,427	
Core Capital Resource Limit	<u>23,427</u>	
Saving/(excess) against Core Capital Resource Limit	<u>0</u>	
Non Core capital expenditure included above	0	
Non Core Capital Resource Limit	<u>0</u>	
Saving/(excess) against Non Core Capital Resource Limit	<u>0</u>	
Total Capital Expenditure	23,427	36,875
Total Capital Resource Limit	<u>23,427</u>	<u>36,881</u>
Saving/(excess) against Total Capital Resource Limit	<u>0</u>	<u>6</u>

Note – The analysis of the Capital Resource Limit into core and non core elements did not apply in 2009/10.

NOTE 10. INTANGIBLE ASSETS

	Software Licences	Information Technology Software	EC Carbon Emissions	Websites	Other Intangible	Assets Under Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1st April 2010	1,526	321	0	0	0	0	1,847
Additions	82	0	0	0	0	0	82
At 31 March 2011	1,608	321	0	0	0	0	1,929
Amortisation							
At 1 April 2010	597	112	0	0	0	0	709
Provided during the year	244	58	0	0	0	0	302
At 31 March 2011	841	170	0	0	0	0	1,011
Net Book Value at 1 April 2010	929	209	0	0	0	0	1,138
Net Book Value at 31 March 2011	767	151	0	0	0	0	918
	BS						
INTANGIBLE ASSETS - PRIOR YEAR							
	Software Licences	Information Technology Software	EC Carbon Emissions	Websites	Other Intangible	Assets Under Development	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2009	1,352	308	0	0	0	0	1,660
Additions	174	13	0	0	0	0	187
At 31 March 2010	1,526	321	0	0	0	0	1,847
Amortisation							
At 1 April 2009	377	54	0	0	0	0	431
Provided during the year	220	58	0	0	0	0	278
At 31 March 2010	597	112	0	0	0	0	709
Net Book Value at 1 April 2009	975	254	0	0	0	0	1,229
Net Book Value at 31 March 2010	929	209	0	0	0	0	1,138

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

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant and Machinery	Information Technology	Furniture and Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
at 1 April 2010	24,659	389,554	4,179	4,809	99,747	9,521	998	12,696	546,163
Additions	0	8,136	0	336	7,017	1,105	0	7,577	24,171
Completions	166	5,789	0	0	1,284	0	0	(7,239)	0
Transfers	0	0	0	0	(63)	0	0	0	(63)
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluation	0	(3,386)	(106)	0	0	0	0	0	(3,492)
Impairment Charge	0	(4,925)	0	0	0	0	0	0	(4,925)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(110)	(87)	0	0	0	(197)
At 31 March 2011	24,825	395,168	4,073	5,035	107,898	10,626	998	13,034	561,657
Depreciation									
at 1 April 2010	0	24,243	0	2,935	68,298	4,628	855	0	100,959
Provided during the year	0	12,316	190	360	6,178	994	21	0	20,059
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale	0	0	0	0	0	0	0	0	0
Revaluation	0	(11,377)	(190)	0	0	0	0	0	(11,567)
Impairment Charge	0	0	0	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(89)	(67)	0	0	0	(156)
At 31 March 2011	0	25,182	0	3,206	74,409	5,622	876	0	109,295
Net Book Value at 1 April 2010	24,659	365,311	4,179	1,874	31,449	4,893	143	12,696	445,204
Net Book Value at 31 March 2011 BS	24,825	369,986	4,073	1,829	33,489	5,004	122	13,034	452,362
Open Market Value of Land in Land and Dwellings included above	4,176		0						
Asset financing:									
Owned	24,825	337,616	4,073	1,829	33,193	5,004	122	13,034	419,696
Finance leased	0	8,517	0	0	296	0	0	0	8,813
On-balance sheet PFI contracts	0	23,853	0	0	0	0	0	0	23,853
Net Book Value at 31 March 2011	24,825	369,986	4,073	1,829	33,489	5,004	122	13,034	452,362

NOTE 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) – PRIOR YEAR

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant and Machinery £'000	Information Technology £'000	Furniture and Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2009	25,290	391,937	4,171	4,326	94,543	7,391	998	6,691	535,347
Additions	0	10,840	0	556	6,036	2,130	0	10,479	30,041
Completions	0	4,474	0	0	0	0	0	(4,474)	0
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale 11c	(75)	(325)	0	0	0	0	0	0	(400)
Revaluation	144	(9,817)	8	0	0	0	0	0	(9,665)
Impairment Charge	(700)	(6,601)	0	0	(739)	0	0	0	(8,040)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	(954)	0	(73)	(93)	0	0	0	(1,120)
At 31 March 2010	24,659	389,554	4,179	4,809	99,747	9,521	998	12,696	546,163
Depreciation									
At 1 April 2009	0	26,491	0	2,680	62,491	3,925	832	0	96,419
Provided during the year	0	15,078	239	327	6,218	703	23	0	22,588
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from non-current assets held for sale 11c	0	0	0	0	0	0	0	0	0
Revaluation	0	(14,347)	(239)	0	0	0	0	0	(14,586)
Impairment Charge	0	(1,219)	0	0	(342)	0	0	0	(1,561)
Impairment Reversal	0	(1,310)	0	0	0	0	0	0	(1,310)
Disposals	0	(450)	0	(72)	(69)	0	0	0	(591)
At 31 March 2010	0	24,243	0	2,935	68,298	4,628	855	0	100,959
Net Book Value at 1 April 2009	25,290	365,446	4,171	1,646	32,052	3,466	166	6,691	438,928
Net Book Value at 31 March 2010	24,659	365,311	4,179	1,874	31,449	4,893	143	12,696	445,204
Open Market Value of Land in Land and Dwellings included above	4,034		0						
Asset financing:									
Owned	24,659	332,501	4,179	1,874	30,789	4,893	143	12,696	411,734
Finance leased	0	8,479	0	0	660	0	0	0	9,139
On-balance sheet PFI contracts	0	24,331	0	0	0	0	0	0	24,331
Net Book Value at 31 March 2010	24,659	365,311	4,179	1,874	31,449	4,893	143	12,696	445,204

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

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant and Machinery	Information Technology	Furniture and Fittings	Assets Under Construction	Total
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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2010	15	9,234	130	52	2,496	23	44	274	12,268
Additions	0	751	0	0	89	8	6	0	854
Completions	0	274	0	0	0	0	0	(274)	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(27)	0	0	0	0	0	0	(27)
Impairment Charge	0	(274)	0	0	0	0	0	0	(274)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2011	15	9,958	130	52	2,585	31	50	0	12,821
Depreciation									
At 1 April 2010	0	244	0	51	1,942	0	38	0	2,275
Provided during the year	0	196	5	1	133	6	1	0	342
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(196)	(5)	0	0	0	0	0	(201)
Impairment Charge	0	0	0	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
At 31 March 2011	0	244	0	52	2,075	6	39	0	2,416
Net Book Value at 1 April 2010	15	8,990	130	1	554	23	6	274	9,993
Net Book Value at 31 March 2011	15	9,714	130	0	510	25	11	0	10,405
Open Market Value of Land in Land and Dwellings included above	0		0						
Asset financing:									
Owned	15	9,714	130	0	510	25	11	0	10,405
Finance leased	0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
Net Book Value at 31 March 2011	15	9,714	130	0	510	25	11	0	10,405

NOTE 11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) – PRIOR YEAR

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant and Machinery £'000	Information Technology £'000	Furniture and Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2009	15	6,818	145	115	2,393	0	38	2,086	11,610
Additions	0	1,606	0	0	103	23	6	0	1,738
Completions	0	1,812	0	0	0	0	0	(1,812)	0
Transfers	0	15	(15)	0	0	0	0	0	0
Revaluation	0	(154)	0	0	0	0	0	0	(154)
Impairment Charge	0	(863)	0	0	0	0	0	0	(863)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(63)	0	0	0	0	(63)
At 31 March 2010	15	9,234	130	52	2,496	23	44	274	12,268
Depreciation									
At 1 April 2009	0	244	0	111	1,810	0	38	0	2,203
Provided during the year	0	183	4	3	132	0	0	0	322
Transfers	0	0	0	0	0	0	0	0	0
Revaluation	0	(183)	(4)	0	0	0	0	0	(187)
Impairment Charge	0	0	0	0	0	0	0	0	0
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	(63)	0	0	0	0	(63)
At 31 March 2010	0	244	0	51	1,942	0	38	0	2,275
Net Book Value at 1 April 2009	15	6,574	145	4	583	0	0	2,086	9,407
Net Book Value at 31 March 2010	15	8,990	130	1	554	23	6	274	9,993
Open Market Value of Land in Land and Dwellings included above	0		0						
Asset financing:									
Owned	15	8,990	130	1	554	23	6	274	9,993
Finance leased	0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
Net Book Value at 31 March 2010	15	8,990	130	1	554	23	6	274	9,993

NOTE 11. (c) ASSETS HELD FOR SALE

The following assets related to the following properties have been presented as held for sale following the approval for sale by the Board. The completion dates held for the sales are expected to be early in the next financial year. The individual properties are listed as Irvine Memorial Hospital (£209k), Brae House (£125k) and Lochleven Health Centre (£400k).

		Property, Plant & Equipment	Intangible Assets	Total
		£'000	£'000	£'000
At 1 April 2010		1,519	0	1,519
Transfers (to)/from property, plant and equipment	11a	0	0	0
Disposals for non-current assets held for sale		<u>(785)</u>	<u>0</u>	<u>(785)</u>
As at 31 March 2011	BS	<u>734</u>	<u>0</u>	<u>734</u>
At 1 April 2009		1,119	0	1,119
Transfers (to)/from property, plant and equipment	11a	400		400
Disposals for non-current assets held for sale		<u>0</u>	<u>0</u>	<u>0</u>
As at 31 March 2010	BS	<u>1,519</u>	<u>0</u>	<u>1,519</u>

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

		2011	2010
		£'000	£'000
Net book value of tangible fixed assets at 31 March			
Purchased	11a	452,362	445,204
Donated	11b	<u>10,405</u>	<u>9,993</u>
Total	BS	<u>462,767</u>	<u>455,197</u>
Net book value related to land valued at open market value at 31 March		<u>4,176</u>	<u>4,034</u>
Net book value related to buildings valued at open market value at 31 March		<u>4,443</u>	<u>3,732</u>
Total value of assets held under:			
Finance Leases		8,813	9,139
PFI/PPP Contracts		<u>23,853</u>	<u>24,331</u>
		<u>32,666</u>	<u>33,470</u>
Total depreciation charged in respect of assets held under:			
Finance Leases		598	1,009
PFI/PPP Contracts		<u>696</u>	<u>670</u>
		<u>1,294</u>	<u>1,679</u>

Note: Land and buildings were fully revalued by a consortium of professional valuers led by James Barr Ltd at 31 March 2011 on the basis of fair value (market value or depreciated replacement cost where appropriate). There were no indices to apply to other tangible fixed assets at 31 March 2011. The net impact was an increase in value of £8.076m (2009/10 £4.788m) which was credited to the revaluation reserve.

NOTE 12. INVENTORIES

	2011	2010	2009
	£'000	£'000	£'000
Raw Materials and Consumables	5,056	4,723	4,234
Work in Progress	66	60	67
Finished Goods	<u>266</u>	<u>278</u>	<u>231</u>
Total Inventories	BS <u>5,388</u>	<u>5,061</u>	<u>4,532</u>

NOTE 13. TRADE AND OTHER RECEIVABLES

	2011	2010	2009
	£'000	£'000	£'000
Receivables due within one year			
NHSScotland			
- SGHD	128	167	232
- Boards	<u>4,891</u>	<u>9,020</u>	<u>7,712</u>
Total NHSScotland Receivables	5,019	9,187	7,944
NHS Non-Scottish Bodies	465	425	560
General Fund Receivable	4,268	0	2,036
VAT recoverable	1,110	499	599
Prepayments	2,773	3,542	3,749
Accrued Income	1,088	1,221	2,109
Other Receivables	2,649	2,445	3,790
Reimbursement of provisions	27,383	26,590	11,285
Other Public Sector Bodies	<u>1,473</u>	<u>1,784</u>	<u>2,152</u>
Total Receivables due within one year	BS <u>46,228</u>	<u>45,693</u>	<u>34,224</u>
Receivables due after more than one year	BS <u>0</u>	<u>0</u>	<u>0</u>
TOTAL RECEIVABLES	<u>46,228</u>	<u>45,693</u>	<u>34,224</u>

The total receivables figure above includes a provision for impairments of: 185 147 420

Movements on the provision for impairment of receivables are as follows

At 1 April	147	420
Provision for impairment	38	0
Receivables written off during the year as uncollectible	0	(273)
Unused amounts reversed	<u>0</u>	<u>0</u>
At 31 March	<u>185</u>	<u>147</u>

As of 31 March 2011, receivables with a carrying value of £185k (2010: £147k) were impaired and provided for. The amount of the provision was £185k (2010: £147k). The ageing of these receivables is as follows:

3 to 6 months past due	0	85
Over 6 months past due	<u>185</u>	<u>62</u>
	<u>185</u>	<u>147</u>

NOTE 13. TRADE AND OTHER RECEIVABLES (continued)

The receivables assessed as individually impaired include a cross section of debtors where based on age of debt and debt follow up information are considered at risk of full payment not being received.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2010, debtors of carrying value of £1,995,955 (2010: £2,362,745) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

	2011	2010
	£'000	£'000
Up to 3 months past due	1,543	1,697
3 to 6 months past due	172	439
Over 6 months past due	<u>281</u>	<u>227</u>
Total	<u>1,996</u>	<u>2,363</u>

The receivables assessed as past due but not impaired were mainly and there is no history of default from these customers recently.

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

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

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

	2011	2010
	£'000	£'000
Counterparties with external credit ratings		
A	0	0
BB	0	0
BBB	0	0
Counterparties with no external credit rating:		
New customers	0	0
Existing customers with no defaults in the past	1,996	2,363
Existing customers with some defaults in the past	<u>0</u>	<u>0</u>
Total neither past due or impaired	<u>1,996</u>	<u>2,363</u>

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

The carrying amount of receivables is denominated in the following currency:

	2011	2010
	£'000	£'000
Pounds	<u>46,228</u>	<u>45,693</u>
Total	<u>46,228</u>	<u>45,693</u>

The carrying amount of short term receivables approximates their fair value

NOTE 14. AVAILABLE FOR SALE FINANCIAL ASSETS

		2011 £'000	2010 £'000	2009 £'000
Government Securities		0	0	0
Other		<u>1</u>	<u>1</u>	<u>1</u>
TOTAL	BS	<u>1</u>	<u>1</u>	<u>1</u>
At 1 April		<u>1</u>	<u>1</u>	<u>1</u>
At 31 March		<u>1</u>	<u>1</u>	<u>1</u>
Current	BS	0	0	0
Non-current	BS	<u>1</u>	<u>1</u>	<u>1</u>
Total		<u>1</u>	<u>1</u>	<u>1</u>
The carrying value includes an impairment provision of		<u>0</u>	<u>0</u>	<u>0</u>

Notes:

1. Available for sale financial assets comprise the investment in TMRI Ltd., an unlisted investment denominated in UK pounds.
2. The carrying value of the investment is cost as there is no active market for the equity investment in TMRI Ltd.
3. The corresponding amounts have been restated. This change is presentational and does not impact on the outturn reported for the previous year.

NOTE 15. CASH AND CASH EQUIVALENTS

	Note	At 01/04/10 £'000	Cash Flow £'000	At 31/03/11 £'000
Government Banking Service account balance		591	(591)	0
Cash at bank and in hand		<u>38</u>	<u>2</u>	<u>40</u>
Total cash and cash equivalents – balance sheet	BS	629	(589)	40
Overdrafts	16	<u>0</u>	<u>(4,308)</u>	<u>(4,308)</u>
Total cash – cash flow statement	CFS	<u>629</u>	<u>(4,897)</u>	<u>(4,268)</u>

	Note	At 01/04/09 £'000	Cash Flow £'000	At 31/03/10 £'000
PGO account balance		0	591	591
Cash at bank and in hand		<u>38</u>	<u>0</u>	<u>38</u>
Total cash and cash equivalents – balance sheet	BS	38	591	629
Overdrafts	16	<u>(2,074)</u>	<u>2,074</u>	<u>0</u>
Total cash – cash flow statement	CFS	<u>(2,036)</u>	<u>2,665</u>	<u>629</u>

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

NOTE 16. TRADE AND OTHER PAYABLES

	Note	2011 £'000	2010 £'000	2009 £'000
Payables due in one year				
NHSScotland				
- SGHD		0	36	0
- Boards		<u>3,177</u>	<u>7,602</u>	<u>1,984</u>
Total NHS Scotland Payables		3,177	7,638	1,984
NHS Non-Scottish Bodies		206	291	289
General Fund Payable		0	629	0
FHS Practitioners		17,512	17,483	17,286
Trade Payables		820	9,465	5,945
Accruals		33,393	31,910	31,661
Payments received on account		1,790	1,533	1,362
Net obligations under Finance Leases	22	455	577	982
Net obligations under PPP/PFI Contracts	23	446	411	379
Bank Overdrafts	15	4,308	0	2,074
Income Tax and Social Security		9,546	9,293	9,257
Superannuation		5,660	5,524	5,500
Other Public Sector Bodies		3,488	16,633	9,218
Other payables		177	742	1,032
Other Significant Payables (Agenda for Change)		<u>1,395</u>	<u>4,479</u>	<u>14,416</u>
Total Payables due within one year	BS	<u>82,373</u>	<u>106,608</u>	<u>101,385</u>
Payables due after more than one year				
Net obligations under Finance Leases due within 5 years	22	1,069	1,256	1,458
Net obligations under Finance Leases due after 5 years	22	6,551	6,818	5,710
Net obligations under PPP/PFI Contracts due within 5 years	23	2,198	2,023	1,864
Net obligations under PPP/PFI Contracts due after 5 years	23	<u>14,581</u>	<u>15,196</u>	<u>15,764</u>
Total Payables due after more than one year	BS	<u>24,399</u>	<u>25,293</u>	<u>24,796</u>
TOTAL PAYABLES		<u>106,772</u>	<u>131,901</u>	<u>126,181</u>
Borrowings included above comprise:				
Bank Overdrafts		4,308	0	
Finance Leases		8,075	8,651	
PFI Contracts		<u>17,225</u>	<u>17,630</u>	
Total		<u>29,608</u>	<u>26,281</u>	
The carrying amount and fair value of the non-current borrowings are as follows:				
Carrying amount				
Finance leases		7,620	8,074	
PFI contracts		<u>16,779</u>	<u>17,219</u>	
Total		<u>24,399</u>	<u>25,293</u>	
Fair value				
Finance leases		0	0	
PFI contracts		<u>0</u>	<u>0</u>	
Total		<u>0</u>	<u>0</u>	
The carrying amount of short-term creditors approximates their fair value.				
The carrying amount of payables are denominated in the following currency:				
Pounds		<u>106,772</u>	<u>131,901</u>	
Total		<u>106,772</u>	<u>131,901</u>	

NOTE 17. PROVISIONS

Pensions and	Clinical &	Other	Total
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		similar obligations £'000	Medical £'000	£'000	£'000
At 1 April 2010		6,426	26,831	1,770	35,027
Arising during the year		841	3,743	871	5,455
Utilised during the year		(442)	(715)	(215)	(1,372)
Unwinding of discount		(587)	0	0	(587)
Reversed unutilised		(78)	(2,936)	(280)	(3,294)
At 31 March 2011	BS	6,160	26,923	2,146	35,229

The amounts shown above are stated gross and the amounts of any expected reimbursements are separately disclosed as debtors in Note 13.

Analysis of expected timing of discounted flows

		Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000
Current	BS	427	26,923	2,146	29,496
Non-current	BS	5,733	0	0	5,733
At 31 March 2011		6,160	26,923	2,146	35,229

NOTE 17. PROVISIONS – PRIOR YEAR

		Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000
At 1 April 2009		5,073	11,562	650	17,285
Arising during the year		564	15,682	1,554	17,800
Utilised during the year		(394)	(113)	(103)	(610)
Unwinding of discount		1,354	0	0	1,354
Reversed unutilised		(171)	(300)	(331)	(802)
At 31 March 2010	BS	6,426	26,831	1,770	35,027

Note - The amounts shown above are stated gross and the amounts of any expected reimbursements are separately disclosed as debtors in Note 13.

Analysis of expected timing of discounted flows

		Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000
At 31 March 2010					
Current	BS	393	26,831	1,770	28,994
Non-current	BS	6,033	0	0	6,033
Total		6,426	26,831	1,770	35,027
At 31 March 2009					
Current	BS	329	11,562	650	12,541
Non-current	BS	4,744	0	0	4,744
Total		5,073	11,562	650	17,285

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 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 2.9% in real terms. Expenditure is likely to be incurred over a period of up to 40 years.

Clinical & Medical

Employing health bodies in Scotland are responsible for meeting clinical and 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 Tayside provides for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'Category 1' as 10%. The balance of the value of claims not provided for is disclosed as a Contingent Liability. The procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from CNORIS 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. Expenditure is likely to be incurred over a period of up to 10 years. No discount rate is applied. Where it is anticipated that there may be a contribution from central funding towards settlement, this is disclosed.

Other

This provision relates to non-clinical compensation claims made against the Board. These are accounted for in the same way as Clinical and Medical Negligence claims.

NOTE 18. MOVEMENT ON WORKING CAPITAL BALANCES

		Opening Balances	Closing Balances	Net Movement	2010 Net Movement
	Note	£'000	£'000	£'000	£'000
INVENTORIES					
Balance Sheet	12	<u>5,061</u>	<u>5,388</u>		<u>(529)</u>
Net Decrease/(Increase)				<u>(327)</u>	<u>(529)</u>
TRADE AND OTHER RECEIVABLES					
Due within one year	13	45,693	46,228		(11,469)
Due after more than one year	13	<u>0</u>	<u>0</u>		0
		45,693	46,228		
Less: General Fund Debtor included in above	13	<u>(0)</u>	<u>(4,268)</u>		<u>(2,036)</u>
		<u>45,693</u>	<u>41,960</u>		
Net Decrease/(Increase)				<u>3,733</u>	<u>(13,505)</u>
TRADE AND OTHER PAYABLES					
Due within one year	16	106,608	82,373		5,223
Due after more than one year	16	25,293	24,399		497
Less: Property, Plant & Equipment (Capital) included in above		10,398	6,409		(3,787)
Less: Bank Overdraft	16	(0)	(4,308)		2,074
Less: General Fund Creditor included in above	16	(629)	(0)		(629)
Less: Lease and PFI Creditors included in above	16	<u>(26,281)</u>	<u>(25,300)</u>		<u>(124)</u>
		<u>115,389</u>	<u>83,573</u>		
Net (Decrease)/Increase				<u>(31,816)</u>	<u>3,254</u>
PROVISIONS					
Balance Sheet	17	<u>35,027</u>	<u>35,229</u>		<u>17,742</u>
Net (Decrease)/Increase				<u>202</u>	<u>17,742</u>
NET MOVEMENT (Decrease)/Increase	CFS			<u>(28,208)</u>	<u>6,962</u>

Note: The corresponding amounts have been restated. This change is presentational and does not impact on the outturn reported for the previous year.

NOTE 19. CONTINGENT LIABILITIES

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

Nature	2011 Value £'000	2010 Value £'000
Clinical and Medical Compensation Payments: No. of cases – 62	10,114	9,326
Third Party Liability: No. of cases – 27	337	347
Legal Claims for Equal Pay Disputes	0	0

NHS Tayside has received 121 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. The basis of those claims is as follows:

- The Claimant's job has been rated as being of equivalent value to that of their comparator using a valid Job Evaluation Study and/or is of equal value to that of their comparator.
- Their comparator is currently paid or has been paid more than them.
- They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years.)

Claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland and the developments relating to NHS equal pay claims elsewhere that may further inform the position. They continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available. On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that it is not possible to quantify.

TOTAL CONTINGENT LIABILITIES	<u>10,451</u>	<u>9,673</u>
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CONTINGENT ASSETS

Clinical and medical compensation payments	9,365	8,527
Third party liability	<u>110</u>	<u>102</u>
TOTAL CONTINGENT ASSETS	<u>9,475</u>	<u>8,629</u>

NOTE 20. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events after the end of the reporting period having a material effect on the accounts.

NOTE 21. COMMITMENTS

	Property, plant and equipment £'000	Intangible assets £'000	Total £'000	2010 £'000
Capital Commitments				
The Board has the following capital commitments which have not been included for in the accounts				
Contracted				
Nuclear Medicine, Ninewells Hospital	7,908	0	7,908	0
Assisted Conception Unit, Ninewells Hospital	2,111	0	2,111	0
Endoscopy Unit, Perth Royal Infirmary	726	0	726	0
Perth Dental Teaching and Treatment Facility	0	0	0	4,305
Perth Nuclear Medicine	0	0	0	2,425
Other	<u>432</u>	<u>0</u>	<u>432</u>	<u>1,946</u>
Total	<u>11,177</u>	<u>0</u>	<u>11,177</u>	<u>8,676</u>
Authorised but not Contracted				
Mail Room, Ninewells Hospital	924	0	924	0
Contribution to Educational Facilities Dundee	1,950	0	1,950	1,950
Assisted Conception Unit	0	0	0	3,394
Perth Endoscopy Unit	0	0	0	2,472
Other	<u>902</u>	<u>0</u>	<u>902</u>	<u>1,145</u>
Total	<u>3,776</u>	<u>0</u>	<u>3,776</u>	<u>8,961</u>

NOTE 22. 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

	2011 £'000	2010 £'000
Obligations under operating leases comprise:		
Buildings		
Not later than one year	990	1,029
Later than one year, not later than five years	3,230	3,221
Later than five years	10,358	10,896
Other		
Not later than one year	978	1,364
Later than one year, not later than five years	962	1,089
Later than five years	0	0
Amounts charged to Operating Costs in the year were:		
Hire of equipment (including vehicles)	777	826
Other operating leases	<u>1,742</u>	<u>2,067</u>
Total	<u>2,519</u>	<u>2,893</u>

Finance Leases

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

	2011 £'000	2010 £'000
Obligations under Finance Lease comprise		
Buildings		
Rentals due within one year	16	760
Rentals due between two and five years (inclusive)	16	3,237
Rentals due after five years	16	16,064
		<u>20,061</u>
Less interest element		<u>(12,304)</u>
		<u>7,757</u>
		<u>2010</u>
		<u>£'000</u>
		<u>2010</u>
		<u>£'000</u>

Other			
Rentals due within one year	16	247	382
Rentals due between two and five years (inclusive)	16	80	327
Rentals due after five years	16	<u>0</u>	<u>0</u>
		327	709
Less interest element		<u>(9)</u>	<u>(20)</u>
		<u>318</u>	<u>689</u>

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

NOTE 23. COMMITMENTS UNDER PFI CONTRACTS – On Balance Sheet

The Carseview Centre is located on the Ninewells Hospital site in Dundee and provides in-patient facilities for Adult Psychiatry and Learning Disability. The contract start date was 11 June 2001 and the end date will be 11 June 2026.

Whitehills Community Resource Centre covers Forfar, Kirriemuir and the surrounding area in conjunction with the Council and Lippen Care. The contract start date was 21 March 2005 and the end date will be 21 March 2030.

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:

Total obligations under on-balance sheet PFI/PPP contracts for the following periods comprises

	Carseview	Whitehills	Total	2010	2009
	£'000	£'000	£'000	£'000	£'000
Gross Minimum Lease Payments					
Rentals due within 1 year	1,134	1,583	2,717	2,542	2,480
Due within 2 to 5 years	4,826	6,739	11,565	10,818	10,554
Due after 5 years	16,014	29,590	45,604	46,596	49,400
Total	21,974	37,912	59,886	59,956	62,434
Less Interest Element					
Rentals due within 1 year	(846)	(1,425)	(2,271)	(2,131)	(2,101)
Due within 2 to 5 years	(3,461)	(5,906)	(9,367)	(8,795)	(8,690)
Due after 5 years	(9,678)	(21,345)	(31,023)	(31,400)	(33,636)
Total	(13,985)	(28,676)	(42,661)	(42,326)	(44,427)
Present value of minimum lease payments					
Rentals due within 1 year	288	158	446	411	379
Due within 2 to 5 years	1,365	833	2,198	2,023	1,864
Due after 5 years	6,336	8,245	14,581	15,196	15,764
Total	7,989	9,236	17,225	17,630	18,007

Amounts charged to the Statement of Comprehensive Net Expenditure in respect of on balance sheet PFI transactions, comprises:

	Total	2010	2009
	£'000	£'000	£'000
Present value of minimum lease payments			
Service charges	992	957	957
Interest charges	1,625	1,658	1,687
Other charges	535	443	443
Total	3,152	3,058	3,087

NOTE 24. PENSION COSTS

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

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS Board will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19.

For 2010/11, normal employer contributions of £44,307,000 were payable to the SPPA (prior year £43,287,000) at the rate of 13.5% (prior year: 13.5%) of total pensionable salaries. In addition, during the accounting period the NHS Board incurred additional costs of £126,000 (prior year £26,000) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provision/Liabilities/Prepayments amounting to £3,870,000 are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

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

Existing scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions are increased in line with the Consumer Prices Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions and allowances are index linked to protect their value.

Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

2010/11	2009/10
£'000	£'000

Pension cost charge for the year	44,307	43,287
Additional Costs arising from early retirements	126	26
Provisions / liabilities / pre-payments included in the Balance Sheet	3,870	3,978

NOTE 25. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Prior year adjustments which have been recognised in these accounts are: -

		Dr. £'000	Cr. £'000
Adjustment 1	Removal of cost of capital		
	Note 4: Hospital and Community Services		11,621
	SOCTE: General Fund - non cash charges	11,621	
	Note 30: Segment Information		11,621
Adjustment 2	Transfer of Property, Plant and Equipment (PPE)		
	Trade and Other Payables from Trade and Other		
	Payables due within one year.		
	Note 18		
	Property, Plant & Equipment (Capital)		3,787
	Due within one year	3,787	
	Statement of Cash Flows		
	Increase/(Decrease) in Trade and Other Payables	3,787	
	Purchase of Property, Plant and Equipment		3,787

NOTE 26 RESTATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE (SOCNE)

	Previous Accounts £'000	Removal of cost of capital Adjustment 1 £'000	These Accounts £'000
Clinical Services Costs			
Hospital and Community	657,686	(11,621)	646,065
Less: Hospital and Community Income	123,709	0	123,709
	<u>533,977</u>	<u>(11,621)</u>	<u>522,356</u>
Family Health Services	181,504	0	181,504
Less: Family Health Income	7,407	0	7,407
	<u>174,097</u>	<u>0</u>	<u>174,097</u>
Total Clinical Services Costs	<u>708,074</u>	<u>(11,621)</u>	<u>696,453</u>
Administration Costs	5,629	0	5,629
Less: Administration Income	22	0	22
	<u>5,607</u>	<u>0</u>	<u>5,607</u>
Other Non Clinical Services	34,460	0	34,460
Less: Other Operating Income	18,910	0	18,910
	<u>15,550</u>	<u>0</u>	<u>15,550</u>
Net Operating Costs	<u>729,231</u>	<u>(11,621)</u>	<u>717,610</u>

NOTE 26. RESTATED STATEMENT OF CASH FLOWS

	Previous Accounts	Removal of cost of capital	PPE Trade & Other Payables	These Accounts
	£'000	Adjustment 1 £'000	Adjustment 2 £'000	£'000
Cash flows from operating activities				
Net operating cost	(729,231)	11,621	0	(717,610)
Adjustments for non-cash transactions	36,774	(11,621)	0	25,153
Add back: interest payable recognised in net operating cost	3,565	0	0	3,565
(Increase)/decrease in trade and other receivables	(13,505)	0	0	(13,505)
(Increase)/decrease in inventories	(529)	0	0	(529)
Increase/(decrease) in trade and other payables	7,041	0	(3,787)	3,254
Increase/(decrease) in provisions	17,742	0	0	17,742
Net cash outflow from operating activities	(678,143)	0	(3,787)	(681,930)
Cash flows from investing activities				
Purchase of property, plant and equipment	(30,041)	0	3,787	(26,254)
Purchase of intangible assets	(187)	0	0	(187)
Proceeds of disposal of property, plant and equipment	7	0	0	7
Net cash outflow from investing activities	(30,221)	0	3,787	(26,434)
Cash flows from financing activities				
Funding	711,805	0	0	711,805
Movement in general fund working capital	2,665	0	0	2,665
Cash drawn down	714,470	0	0	714,470
Balance sheet PFI contracts	124	0	0	124
Interest paid	(1,354)	0	0	(1,354)
Contracts	(2,211)	0	0	(2,211)
Net financing	711,029	0	0	711,029
Net Increase/(decrease) in cash and cash equivalents in the period				
	2,665	0	0	2,665
Cash and cash equivalents at the beginning of the period	(2,036)	0	0	(2,036)
Cash and cash equivalents at the end of the period	629	0	0	629
Reconciliation of net cash flow to movement in net debt/cash				
Increase/(decrease) in cash in year	2,665	0	0	2,665
Net debt/cash at 1 April	(2,036)	0	0	(2,036)
Net debt/cash at 31 March	629	0	0	629

NOTE 27. FINANCIAL INSTRUMENTS

A FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

	Note	Loans and Receivables £'000	Assets at Fair Value through Profit and Loss £'000	Available for Sale £'000	Total £'000
AT 31 MARCH 2011					
Assets per balance sheet					
Available for sale financial assets	14			1	1
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	13	5,675			5,675
Cash and cash equivalents	15	40			40
Total		5,715	0	1	5,716
AT 31 MARCH 2010					
Assets per balance sheet					
Available for sale financial assets	14			1	1
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	13	5,875			5,875
Cash and cash equivalents	15	629			629
Total		6,504	0	1	6,505

Financial Liabilities

	Note	Liabilities at Fair Value through Profit and Loss £'000	Other Financial Liabilities £'000	Total £'000
AT 31 MARCH 2011				
Liabilities per balance sheet				
Finance lease liabilities	16		8,075	8,075
PFI Liabilities	16		17,225	17,225
Trade and payables, excluding statutory liabilities (VAT and income tax and social security) deferred income and superannuation	16		63,089	63,089
Total		0	88,389	88,389
AT 31 MARCH 2010				
Liabilities per balance sheet				
Finance lease liabilities	16		8,651	8,651
PFI Liabilities	16		17,630	17,630
Trade and payables, excluding statutory liabilities (VAT and income tax and social security) deferred income and superannuation	16		83,165	83,165
Total		0	109,446	109,446

B FINANCIAL RISK FACTORS

Exposure to Risk

The 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 measurements as interest rates, stock market movements or foreign exchange rates.

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

All NHS Scotland bodies 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. As part of the annual review and evaluation of the organisation's arrangements for risk management revised/enhanced governance and reporting arrangements were approved, following extensive consultation with both Executive and Non-Executive Board Members, by Tayside NHS Board in December 2009.

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 a 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 Board.

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

b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AT 31 MARCH 2011	£'000	£'000	£'000	£'000
PFI Liabilities	3,680	3,680	11,039	43,117
Finance lease liabilities	1,223	1,057	2,930	15,313
Trade and other payables excluding statutory liabilities	63,089	0	0	0
Total	67,992	4,737	13,969	58,430

	£'000	£'000	£'000	£'000
AT 31 MARCH 2010				
PFI Liabilities	3,564	3,654	10,691	45,189
Finance lease liabilities	1,269	1,136	2,773	15,107
Trade and other payables excluding statutory liabilities	83,165	0	0	0
Total	87,998	4,790	13,464	60,296

c) Market Risk

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

i) Cash Flow and Fair Value Interest Rate Risk

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

ii) Foreign Currency Risk

The Board is not exposed to foreign exchange risks.

iii) Price Risk

The Board is not exposed to equity security price risk.

C FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Valuation is at transaction price.

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.

NOTE 28. DERIVATIVE FINANCIAL INSTRUMENTS

The Board does not hold any derivative financial instruments.

NOTE 29. RELATED PARTY TRANSACTIONS

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

Tayside NHS Board Endowment Funds are managed by trustees who are also directors of the Board. Total income, expenditure and outstanding balances of the Endowment Funds are as follows:-

	2011	2010
	£'000	£'000
Income	2,905	3,252
Expenditure	3,165	3,964
Trade and other receivables	111	95
Trade and other payables	414	626

Dr D Dorward is a non executive director of the Board and also a General Practitioner within Westgate Health Centre. During the year the Board entered into the following material transactions with Westgate Health Centre.

	2011	2010
	£'000	£'000
Expenditure	1,319	1,293
Trade and other payables	77	79

NOTE 30. SEGMENT INFORMATION

Segmental information as required under IFRS has been reported for each strategic objective.

	2011	2010
	£'000	£'000
Access Directorate	61,688	58,122
Medicine Directorate	101,333	97,685
Surgical Directorate	135,181	128,318
Angus Community Health Partnership	94,747	95,513
Dundee Community Health Partnership	138,755	138,650
Perth & Kinross Community Health Partnership	105,083	103,832
Other Delivery Unit Services	58,345	55,007
Board Headquarters Services	37,823	40,483
Net Operating Cost	SOCNE 732,955	717,610

Note: The corresponding amounts have been restated. This change is presentational and does not impact on the outturn reported for the previous year.

NOTE 31. THIRD PARTY ASSETS

Third party assets managed by the Board consist of balances on patients' private funds accounts. These are not departmental assets and are not included in the accounts. The assets held at the reporting period 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.

	2010 £'000	Gross Inflows £'000	Gross Outflows £'000	2011 £'000
Monetary amounts such as bank balances and monies on deposit	711	661	(736)	636
Total Monetary Assets	711	661	(736)	636

NOTE 32. EXIT PACKAGES

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	3	3
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	1	1
£50,000 - £100,000	0	1	1
£100,000- £150,000	0	0	0
£150,000- £200,000	0	0	0
>£200,000	<u>0</u>	<u>0</u>	<u>0</u>
Total number of exit packages by type	<u>0</u>	<u>5</u>	<u>5</u>
Total resource cost (£'000)	0	£124	£124

EXIT PACKAGES – PRIOR YEAR

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	0	0
£100,000- £150,000	0	0	0
£150,000- £200,000	0	0	0
>£200,000	<u>0</u>	<u>0</u>	<u>0</u>
Total number of exit packages by type	<u>0</u>	<u>1</u>	<u>1</u>
Total resource cost (£'000)	0	£19	£19



Tayside Health Board

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated: 10/02/06

