

GRAMPIAN HEALTH BOARD
Annual Accounts Year-End 31 March 2014

GRAMPIAN HEALTH BOARD
(Commonly known as NHS Grampian)

ANNUAL ACCOUNTS

YEAR-END 31 MARCH 2014

GRAMPIAN HEALTH BOARD

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GRAMPIAN HEALTH BOARD

ANNUAL ACCOUNTS

DIRECTORS' REPORT

Naming Convention

NHS Grampian is the common name of Grampian Health Board.

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

Date of Issue

The Accountable Officer authorised these financial statements for issue on 24 June 2014.

Going Concern

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

Accounting Convention

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

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, available for sale financial assets 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 the Scottish Ministers, which is reproduced on page 72 of these accounts. The statement of the accounting policies, which have been adopted, is shown at Note 1 to the Accounts.

Appointment of Auditor

The Public Finance and Accountability (Scotland) Act 2000, places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2011/12 to 2015/16, the Auditor General appointed Deloitte LLP, to undertake the audit of Grampian Health Board. The general duties of the auditor of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

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

Role of the Board

Grampian Health Board was established in 1974 under the National Health Services (Scotland) Act 1974 and is responsible for commissioning services for the residents of Grampian, a total population of over half a million people.

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

The role of the Board is to:

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

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

GRAMPIAN HEALTH BOARD

DIRECTORS' REPORT (continued)

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

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

Board Membership

Board members are selected and appointed through the public appointment process on the basis of their current organisational roles and/or particular expertise which enables them to contribute to the decision making process at a strategic level. The Board has collective responsibility for the performance of NHS Grampian as a whole, working in partnership to improve health and healthcare services. The following served as members of the Board during the year:

Chairman : Councillor Bill Howatson

Vice Chairman : Mr Charles Muir

Non-Executive Members:

Mr David Anderson
Mr Raymond Bisset
Councillor Stewart Cree (from 3 June 2013)
Councillor Barney Crockett
Mrs Sharon Duncan
Professor Mike Greaves
Mrs Jennifer Greener (to 31 December 2013)
Mrs Linda Juroszek
Mrs Christine Lester
Dr Lynda Lynch (from 15 April 2013)
Councillor Anne MacKay (to 22 May 2013)
Mr Terry Mackie
Mr Jonathan Passmore (from 15 April 2013)
Councillor Anne Robertson
Mr Michael Scott

Executive Members:

Mr Richard Carey	Chief Executive
Dr Roelf Dijkhuizen	Medical Director
Mr Alan Gray	Director of Finance
Sir Lewis Ritchie	Director of Public Health
Mrs Elinor Smith	Director of Nursing and Quality

The Board members' responsibilities in relation to the accounts are set out in a statement on page 18.

Board Members' Interests

The Register of Interests of Board Members is held at Summerfield House, 2 Eday Road, Aberdeen and may be inspected by members of the public by contacting the Legal Advisor on 01224 558496. The Board Members have declared in the register of interests any potential business or other relationship, which they felt could influence, or could be seen to influence, the exercise of their judgement. For 2013/14 there were no interests, other than those discharged as a Trustee of NHS Grampian Endowment Funds that required disclosure in the accounts under IAS 24.

Corporate Governance

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

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

GRAMPIAN HEALTH BOARD

DIRECTORS' REPORT (continued)

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

Clinical Governance Committee

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

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

Membership: Mr Charles Muir (Chair), Mrs Jennifer Greener (to 31 December 2013), Councillor Bill Howatson (from 1 February 2014), Mr Terry Mackie, Mr Michael Scott and a public representative.

Staff Governance Committee

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

Membership: Mr Terry Mackie (Chair), Mr David Anderson, Mrs Sharon Duncan, Mrs Jennifer Greener (to 31 December 2013), Councillor Bill Howatson and Councillor Anne Robertson, Mr Michael Scott. There is Executive Director and Staff Side representation at each meeting.

Audit Committee

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

- The regular review of the role, function and performance of the Internal Audit service;
- The review of external audit arrangements;
- The review and monitoring of adherence to the Board's Standing Orders and Standing Financial Instructions; and
- Ensuring that effective internal control systems are maintained and corporate governance matters are observed.

Membership: Mr David Anderson (Chair), Councillor Barney Crockett (from 1 September 2013), Mrs Sharon Duncan, Professor Mike Greaves (from 1 March 2014), Mrs Jenny Greener (to 31 December 2013), Mrs Christine Lester (to 31 May 2013), Dr Lynda Lynch (from 1 June 2013), Mr Terry Mackie (to 30 June 2013).

Performance Governance Committee

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

Membership: Councillor Bill Howatson (Chair), Mr Raymond Bisset, Mrs Sharon Duncan, Mrs Christine Lester, Mr Charles Muir and Mr Michael Scott.

Patient Focus and Public Involvement Committee

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

Membership: Mrs Christine Lester (Chair), Mrs Jennifer Greener (to 31 December 2013), Mrs Linda Juroszek, Mr Jonathan Passmore (from 1 November 2013) and Councillor Anne Robertson. There is also Executive Director and extensive staff, clinical, management and public representation attendance at meetings.

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

eHealth Committee

Chairperson: Councillor Bill Howatson.

The eHealth Committee ensures that the NHS Grampian eHealth Strategy meets the requirements of the NHS Grampian Health Plan, whilst also supporting the strategic priorities of the NHS in Scotland.

GRAMPIAN HEALTH BOARD

DIRECTORS' REPORT (continued)

Endowment Committee

Chairperson: Mr Raymond Bisset.

The Endowment Committee oversees the management of the NHS Grampian Endowment Fund, which had assets at 31 March 2014 valued at £42.6 million (31 March 2013 valued at £39.9 million).

Clinical Ethics Committee

Chairperson: Dr Ruth Stephenson, Consultant Anaesthetist.

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

Discipline Committee

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

Spiritual Care Committee

Chairperson: Councillor Bill Howatson.

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

Other Committees

North of Scotland Research Ethics Committees

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

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

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

Remuneration Committee

The Board also has a Remuneration Committee details of which are included within the Remuneration Report on pages 6 to 9 of these Annual Accounts.

Disclosure of Information to Auditor

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

Pension Liabilities

The accounting policy for pensions is provided in Note 1 to the Accounts and disclosure of the costs is shown within Note 22 and the Remuneration Report.

GRAMPIAN HEALTH BOARD

DIRECTORS' REPORT (continued)

Remuneration for Non Audit Work

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

Public Services Reform (Scotland) Act 2010

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

Payment Policy

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

In 2013/14, the average credit taken was 6 days (2012/13: 4 days).

In 2013/14, 98% of invoices by value (2012/13 99%) and 97% of invoices by volume (2012/13 97%) were paid within 30 days.

In 2013/14, 94% of invoices by value (2012/13 95%) and 92% of invoices by volume (2012/13 90%) were paid within 10 days.

Human Resources

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

Events after the end of the reporting period

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

Financial Instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 24.



Mr Richard Carey
Chief Executive
Grampian Health Board

24 June 2014

GRAMPIAN HEALTH BOARD

NHS GRAMPPIAN

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2014

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

	Performance Related Bonus (bands of £5,000)	Sub Total earnings paid in 2013/14 (bands of £5,000)	Value of Pension Benefits (to be paid over 20 years following retirement)	Total Remuneration (bands of £5,000)	Total accrued pension at pensionable age at 31 March 2014 (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Total accrued lump sum at pensionable age at 31 March 2014 (bands of £5,000)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31/3/13 (£000)	Cash Equivalent Transfer Value (CETV) at 31/3/14 (£000)	Real increase in CETV in year
	£000	£000	£000	£000	£000		£000		£000	£000	£000
Executive Members											
Mr Richard Carey	0	155-160	19	170-175	60-65	0-2.5	185-190	5-7.5	1,194	1,288	94
Dr Roelf Dijkhuizen	0	155-160	10	165-170	45-50	0-2.5	135-140	2.5-5	945	1,021	76
Mr Alan Gray	0	115-120	23	135-140	5-10	0-2.5	0	0	35	59	24
Sir Lewis Ritchie *	0	120-125	N/A	120-125	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Elinor Smith	0	105-110	13	115-120	30-35	0-2.5	100-105	2.5-5	766	810	44
Non Executive Members											
The Chairman : Councillor Bill Howatson	0	30-35	N/A	30-35	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr David Anderson	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Raymond Bisset ****	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Stewart Cree (from 3/6/14)	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Barney Crockett	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Sharon Duncan **	0	60-65	17	75-80	25-30	0-2.5	75-80	2.5-5	476	519	43
Professor Mike Greaves	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Jennifer Greener (to 31/12/2013)	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Linda Juroszek ***	0	60-65	8	70-75	10-15	0-2.5	30-35	0-2.5	221	246	25
Mrs Christine Lester ****	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Lynda Lynch (from 15/4/13)	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Mackay (to 22/5/13)	0	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Terry Mackie	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Charles Muir ****	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Jonathan Passmore (From 15/4/13)	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Robertson	0	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Mike Scott ****	0	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

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

GRAMPIAN HEALTH BOARD

NHS GRAMPIAN

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2013

2012-13 figures have been restated to reflect publication of the pension benefits required in accordance with the Financial Reporting Manual (FRM) and the Companies Act. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. Where this would produce a negative figure this is stated at zero. The other figures shown as part of the single total figure of remuneration relate to actual earnings paid in 2012/13.

	Salary (bands of £5,000)	Performance Related Bonus (bands of £5,000)	Benefits in Kind	Sub Total earnings paid in 2012/13 (bands of £5,000)	Value of Pension Benefits to be paid over 20 years following retirement	Total Remuneration (bands of £5,000)	Total accrued pension at 31 March 2013 (bands of £5,000)	Real increase in pensionable age at 31 March 2013 (bands of £2,500)	Total accrued lump sum at pensionable age at 31 March 2013 (bands of £5,000)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31/3/12	Cash Equivalent Transfer Value (CETV) at 31/3/13	Real increase in CETV in year
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Remuneration of:													
Executive Members													
Mr Richard Carey	150-155	0	2.5	150-155	0	150-155	55-60	0-2.5	175-180	0-2.5	1,194	1,194	64
Dr Roelf Dijkhuizen ****	155-160	0	0.0	155-160	0	155-160	40-45	0-2.5	125-130	0-2.5	884	945	61
Mr Alan Gray	115-120	0	2.7	115-120	25	125-130	0-5	0-2.5	0	0	13	35	22
Sir Lewis Ritchie *	125-130	0	N/A	125-130	N/A	125-130	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Elinor Smith	100-105	0	2.4	100-105	0	100-105	30-35	0-2.5	95-100	0-2.5	716	766	50
Non Executive Members													
The Chairman : Councillor Bill Howatson													
Mr David Anderson	30-35	N/A	N/A	30-35	N/A	30-35	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Lee Bell (to 30/4/12)	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Raymond Bisset	0-5	N/A	N/A	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Bamey Crockett (from 1/6/12)	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Katharine Dean (to 30/4/12)	0-5	N/A	N/A	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Sharon Durcan **	55-60	0	0	55-60	0	55-60	20-25	0	70-75	0	459	476	18
Professor Mike Greaves (from 1/10/12))	0-5	N/A	N/A	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Jennifer Greener	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professor Neva Harles (to 30/9/12))	0-5	N/A	N/A	0-5	N/A	0-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mrs Linda Juroszek **	60-65	0	0	60-65	5	65-70	5-10	0-2.5	25-30	0-2.5	199	221	22
Mrs Christine Lester	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Terry Mackie	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professor Valerie Maehle ****	15-20	N/A	N/A	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Mackay (from 1/6/12)	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Charles Muir ****	15-20	N/A	N/A	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Councillor Anne Robertson (from 1/6/12)	5-10	N/A	N/A	5-10	N/A	5-10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Mike Scott ****	15-20	N/A	N/A	15-20	N/A	15-20	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Sir Lewis Ritchie is an employee of the University of Aberdeen, School of Medicine and Dentistry and is seconded to NHS Grampian as Director of Public Health on a part time basis. The remuneration disclosed above represents the direct salary and employer pension contributions re-imbursed to the University under the terms of the secondment agreement. Sir Lewis was a member of the University of Aberdeen pension scheme (Universities superannuation scheme) until October 2012. The cumulative pension benefit calculations are not available to NHS Grampian.

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

**** Mrs Sharon Durcan worked in a full time capacity as Employee Director of NHS Grampian.

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

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

GRAMPIAN HEALTH BOARD

REMUNERATION REPORT (continued)

Remuneration of Executive and Non-Executive Members

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

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

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

Remuneration Committee

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

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

Membership: Mr Michael Scott (Chair to July 2013 and ordinary member thereafter), Mr Terry Mackie (Chair from August 2013), Mr David Anderson, Mrs Sharon Duncan, Mrs Jennifer Greener (to December 2013), Councillor Bill Howatson and Councillor Anne Robertson.

Board Members Contracts of Employment

The Executive Board members of Grampian Health Board are employed on permanent contracts of employment with the exception of Sir Lewis Ritchie who is an employee of the University of Aberdeen, School of Medicine and Dentistry and is seconded to Grampian Health Board as Director of Public Health on a part time basis. The Non-Executive members are ministerial appointments on contracts of between two and four years.

Assessment of Performance

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

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

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

GRAMPIAN HEALTH BOARD

REMUNERATION REPORT (continued)

Relationship between the highest paid Director and the workforce median remuneration

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

2013-14		2012-13	
Highest Earning Director's Total Remuneration (£000s)	155-160	Highest Earning Director's Total Remuneration (£000s)	155-160
Median Total Remuneration (£)	27,901	Median Total Remuneration (£)	27,626
Ratio	5.60	Ratio	5.70



Mr Richard Carey
Chief Executive
Grampian Health Board

24 June 2014

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT

Principal Activities

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

2020 vision for Health and Social care

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

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

Delivery of the 2020 vision will see the transformation of the healthcare system in line with Government policy by helping people to take care of their own health, caring for more people at home or close to home, and improving access to specialist services for those who require specialist treatment. The approach also brings together the main redesign programmes related to planned care, unscheduled care and integration of services in partnership with local authorities, the third sector and the new Health and Social Care Partnerships to be established from April 2015.

Review of the Year

Preparing for health and social care integration was a major area of work during 2013/14. The Board has worked closely with the three local authorities in the Grampian area to create Transitional Leadership Groups which started to develop the arrangements for integration in Moray, Aberdeenshire and Aberdeen City. It is clear from the work of these groups that the integration agenda will have a significant impact on the role of NHS Grampian and result in the improvement of health and social care across the area.

During 2013/14 the Board provided a focus on the development of unscheduled care which resulted in the formulation and implementation of an unscheduled care programme of work. The programme included the creation of a clinical decision support service which provides on demand advice to clinicians at the first point of contact with patients who require emergency or urgent treatment. The initial outcomes from the service are positive and this has given the Board encouragement to develop the service further and extend the concept of clinical decision support across unscheduled and planned care.

2013/14 also saw the start of a process aimed at transforming the approach to primary care. Primary care continues to respond to pressures arising from demographic change, changes in clinical practice and increased patient expectations prompting the consideration of an approach which will strengthen the multidisciplinary team approach and seek greater involvement of patients and the population as a whole in taking responsibility for the improvement of health and the delivery of local healthcare.

Risk and Uncertainty

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

Key identified risks include the impact of changing demographics with both overall population numbers and the proportion of elderly in the population forecast to rise significantly. The Board is also considering the impact of recent policy and legislative change on governance arrangements and operational service delivery following the enactment of the Patient Rights (Scotland) Act and planned future enactment of the Public Bodies (Joint Working) (Scotland) Bill and Community Empowerment and Renewal Bill. Other identified risks include the ability to recruit and retain staff, cost of new drug therapies, rising costs of energy and climate change levies such as the Carbon Reduction Commitment Scheme, the planned rise in costs of employer contributions to the NHS Superannuation scheme and the need to invest in ageing infrastructure.

Moving forward the Board will build on the many positive changes and initiatives achieved in recent years and will continue to strengthen partnerships with the local authorities and the third sector, fully supporting the new health and social care integration arrangement and the preparation of a clinical services plan which will provide a focus for engagement in determining the future configuration of services.

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

Future Plans

Improving the Quality of Care

Person Centred Care

The Board's financial plans include a commitment to invest £8m on a recurring basis from 2014/15 to create additional capacity to ensure treatment of patients within the Treatment Time Guarantee. Beyond 2014/15, the Board will continue to work with surgical specialties to ensure that patient pathways are redesigned to address changes in future demand.

A number of priority initiatives will be progressed aimed at transforming the way services are organised around patient requirements. Priority areas include the implementation of the national initiative "Transforming Outpatients" and maximising the benefit from recent investment in additional theatre capacity to treat the majority of patients locally within the Treatment Time Guarantee.

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

Safe Care

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

Efforts continue across the organisation to improve the physical environment in which staff work and patients are treated. The Board's capital expenditure plans commit further significant investment in new facilities and upgrading existing buildings to meet statutory requirements and HAI standards, in addition to improving the environment for patients. The Board will also commence future planning dialogue with the Scottish Government in respect of the replacement of the main planned care admission and theatre block and maternity hospital which will require to be replaced with the next 10-15 years.

Keeping patients out of hospital when there is no need for them to be there remains a key objective in improving patient safety and the Board is working closely with local authority and third sector partners to ensure that we are jointly developing alternatives to ensure patients can stay well longer at home or in a homely setting.

Improving the health of the population

Whilst the Grampian region enjoys relatively good health in a Scottish context there are areas of deprivation and disadvantage where the health of the population is well below acceptable standards. The Board are committed to targeting resources to addressing inequalities within Grampian and ensuring proactive plans exist to support health improvement.

Government policy sets out to increase healthy life expectancy in Scotland, to break the link between early life adversity and adult disease, to reduce health inequalities particularly in the most deprived communities and to reduce smoking, excessive alcohol consumption and other risk factors to a healthier life. Protecting the public's health is equally a top priority and Grampian Health Board is well placed to take forward this whole agenda.

The Government continues to offer targeted funding in addition to core allocations to support health improvement and the Board will ensure that these funds are used innovatively in the most effective and efficient ways.

The Board will commit further investment to a number of preventative health programmes which will support the outcome for longer and healthier lives. In addition work is underway with communities to identify needs, and then collaborate effectively to meet these needs. This process will recognise and build on the strengths and resources that communities already have (an 'asset-based' approach).

Securing the value and sustainability of health services through innovation.

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

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

- Supporting delivery of clinical services: Examples include the further development of the Clinical Guidance Intranet and the systems and technology which support our approach to Clinical Decision Support which has already been rolled out within the Emergency Department;
- Supporting patients to live at home: Telemedicine and telecare will become increasingly sophisticated with remote monitoring and support systems. There are specific initiatives to develop telecare for respiratory patients and ensure that there is a consistent approach across Grampian; and
- Supporting population health and wellbeing: A number of initiatives are being taken forward which have the aim of providing information for the public to be proactive in maintaining good health. Increasingly this information will be conveyed by television and the targeting of individuals will become more sensitive as the use of smart televisions increases (there are now 10 million smart televisions in homes in the UK). These initiatives also require the use of individual and population health data to support the targeting of individuals and specific groups – this is sometimes difficult for the NHS to do given the high standards of information governance as it often involves providing third parties with access to information.

Financial Performance and Position

The Annual Accounts consolidate the results of Grampian Health Board and Grampian Health Board Endowment Funds in line with IAS 27. Consolidated net assets are £515.054 million (2012/13: £483.645 million). Of this total the net assets of Grampian Health Board were £472.460 million (2012/13: £443.744 million) and the net assets of Grampian Health Board Endowment Funds were £42.594 million (2012/13: £39.901 million).

Grampian Health Board Endowment Funds reported a net favourable movement in funds of £2.693m for 2013/14 (2012/13: £5.001 million). These results do not however form part of the statutory financial target set for NHS Boards by the Scottish Government Health and Social Care Directorates (SGHSCD) and are therefore not taken in to account when considering the Boards in year financial performance.

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

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

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

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

	Limit as set by SGHSCD £000	Actual Outturn £000	Variance Under £000
Core Revenue Resource Limit	835,981	835,865	116
Non Core Revenue Resource Limit	42,542	42,542	-
Core Capital Resource Limit	39,615	39,615	-
Non Core Capital Resource Limit	14,636	14,636	-
Cash Requirement	928,000	927,239	761

Memorandum for In Year Out-turn	£000
Brought forward surplus from previous financial year	(81)
Outturn against in year Revenue Resource Limit	(35)
Net Saving against Revenue Resource Limit	(116)

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

An in-year surplus of £35,000 was recorded for the year against a target of breakeven resulting in a small over-achievement against target. Total efficiency savings of £22.412 million were achieved against a requirement of £22.314 million. Recurring savings amounted to £21.775 million and non-recurring of £0.637 million.

Counter Fraud Services

During the year, NHS Scotland Counter Fraud Services performed work to give an indication of the possible level of Family Health Services income not generated due to incorrect claims by patients for exemption from NHS charges. Counter Fraud Services extrapolation of the sample results for Grampian indicates that the level of income from prescription, dental and ophthalmic charges in the year to 31 December 2013 could have potentially increased by £0.4 million (2012: £0.4 million) due to incorrect claims.

Infrastructure and Non Current Assets

The Board delivered a programme of infrastructure investment totalling £58.4 million during 2013/14. This overall programme was resourced using a combination of capital funding, revenue estates maintenance budgets, donated income and the proceeds from asset disposals.

Major achievements during the year include:

- The second phase of the new Radiotherapy Centre at Foresterhill was completed during the winter of 2013;
- The programme of work to upgrade Dr Gray's Hospital in Elgin was completed enabling the re-organisation of patient flows in line with the long term direction for the hospital;
- The Aberdeen Health and Community Care Village became operational, as planned, in December 2013;
- Development of additional theatre capacity at ARI and at Woodend Hospital with both facilities expected to be fully operational in the first quarter of 2014/15;
- Investment of £12m in a range of infrastructure improvements across our estate in line with our agreed programme to reduce high and significant risk backlog maintenance; and
- Investment, during the year of £6.8m in replacement of essential plant, IT and medical equipment, partly enabled by additional funding of £1.2 million allocated for this purpose by the Scottish Government Health and Social Care Directorates.

Property Valuation

Grampian Health Board carried out a formal revaluation of all owned land and buildings at 31 March 2014 which resulted in a net increase in the carrying value of these assets of £15.446 million. This increase in value was deemed to be mainly temporary in nature as a consequence of the recent increase in property market valuations and the revaluation reserve has been increased by £26.156 million to compensate. The balance of £10.710 million represents a permanent diminution in value mainly as a consequence of the reclassification of Health Centres and other office accommodation as non specialised NHS facilities and has been charged to Operating Costs. The Scottish Government Health Directorates have provided additional non recurring funding to compensate for this charge.

Future Financial Plans

NHS Grampian is fully committed to deliver efficiency benefits and for 2014/15 has set a 3% efficiency target of £23.2m in line with the expectations set by Scottish Government.

For the years 2015/16 and beyond, the Board will refresh the Grampian clinical services strategy through engagement with the North of Scotland planning network, local clinical staff, patients and the wider community including scenario planning around the provision of tertiary, acute and primary care services. The Board's financial plans and requirement for recurring efficiencies is reflected within the redesign proposals set out within the Healthfit 2020 Vision.

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

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

Staff Governance

A new workforce vision has been developed in partnership with our staff, sponsored by the Staff Governance Committee and supported by the Grampian Area Partnership Forum (GAPF). Workforce 2020 received Board approval in June 2013. Sectors and departments are now working on their local workforce 2020 strategies to support the overall vision of the Board.

During the year the Board also continued to implement, in partnership, a robust vacancy management and redeployment process to ensure staff were deployed to the areas of greatest need. A new emphasis has been placed on attracting and retaining staff, striving to become the 'Employer of Choice' in the local area. The Safe Affordable Workforce project has been integrated into the Workforce Planning process. The HR Service Centre continues to manage and deliver the payroll service for NHS Shetland and NHS Orkney, together with its responsibilities to NHS Grampian. The Service Level Agreement for NHS Orkney provided assistance across the full range of Workforce services. Further work was carried out on the challenging Health and Safety agenda which saw relationships with the Health and Safety Executive strengthened further.

Following successful completion of the 2010/11 HEAT target (Health, Improvement, Efficiency, Access to Services and Treatment) regarding progress to implementing the Knowledge and Skills Framework across NHS Grampian, progress has been less good in the following two years and the Staff Governance Committee continues to monitor the situation, having asked for continued improvement. In addition, the short term attendance management pilot (iAMS) has been extended more widely across the organisation through a partnership approach and has delivered a short term absence rate which has been consistently below the national average and has contributed to the achievement of the overall annual sickness absence rate of 4.6% (4.41% in 2012/13), which is one of the lowest in Scotland (Scottish average 4.75%).

Grampian Health Board had 14,024 employees, 11,585 female and 2,439 male, at 31 March 2014 (31 March 2013: 13,859 employees, 11,417 female and 2,442 male). Of this 58 (29 female and 29 male) were senior Managers other than Directors at 31 March 14 (31 March 2013: 70 Senior Managers, 35 female and 35 male). 4 of the 5 Executive Board Directors were male in both years.

Social Community and Human Rights

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

The challenge for the Board is to maintain the excellent progress achieved to date, taking forward work for all 9 "protected characteristics" which make up equality and diversity. These "protected characteristics", as defined by the Equality Act 2010 are: race, disability, age, sex (male or female), sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership and religion or belief.

The Board has also embraced the requirements of the Equality Act (Specific Duties) (Scotland) Regulations 2012. An example of work to ensure compliance is the NHS Grampian Equality Outcomes 2013-2017, which sets ambitious objectives for each of the 9 "protected characteristics" over the next four years. These objectives are currently being implemented by means of Annual Equality Action Plans. Work is also at an advanced stage to produce the new NHS Grampian Equality, Diversity and Human Rights Policy, as required by the new Partnership Information Network guidance.

Performance against Key Non Financial Targets

Key Performance Indicators

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

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

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

Planned performance against the HEAT indicators is a feature of the Board's Local Delivery Plan which represents the annual performance agreement between the Board and the Scottish Government. This performance is reviewed in public each year at an Annual Review meeting. The outcome of the Annual Review is captured in a formal letter to the Board, which then forms the basis of the Board's Annual Report. A full performance report is made available to the public in advance of the Annual Review.

The following gives some information on the Board's performance against key Local Delivery Plan (HEAT) targets as well as other national and local targets.

Health Improvement

- The Board has performed well in the delivery of national lifestyle targets in 2013/14. Full year data is not yet available but indications are that targets have been delivered in full and in many cases exceeded. This includes over 6,000 interventions to address alcohol consumption, encouraging a healthy weight in children through the child healthy weight intervention programme and undertaking over 1,700 cardiovascular health checks. The target for successful smoking cessation has once more been greatly exceeded with over 12,000 successful quits since April 2011. Despite this overall positive position, NHS Grampian is not complacent as performance does vary between population groups. We continue to focus on reducing inequalities in health and in 2013/14 a Public Health and Well Being Compendium was produced to :
 - improve common understanding about health trends, variation and projections;
 - monitor the gap in health status between the most and least advantaged; and
 - drive up performance of public health service delivery.

Efficiency and Governance

- As detailed on page 12 of this report the Board met its three key financial targets in 2013/14.
- There has been continued focus on increasing the efficiency and quality of service provision through modernisation and improvement. Considerable progress has been made with our Planned and Unscheduled Care priority programmes:
 - The new Emergency Care Centre opened in late 2012 and introduced new ways of working including a clinical decision support service. This received over 1200 calls in the first 7 months of operation. Outcome data shows that 23% of cases/calls resulted in a planned assessment in hospital and 20% of cases/calls were able to receive care closer to home or in the community. The continued roll out of "Know Who To Turn To" is providing information to people about how and where their unscheduled care needs can be met. At the end on March 2014 95% of people were treated or discharged within the 4 hour target and work continues to deliver the 98% standard by September 2014. We are facing short term challenges with workforce recruitment and the Board have committed to the resolution of this issue as a matter of priority. We continue to work within the service to achieve the required staffing levels and to meeting the 4 hours standard in full.
 - The overall aim of the Planned Care Programme is to transform planned care activities within Grampian with the aim of improving performance against measures such as referral rates, outpatient Did Not Attends (DNAs) and increasing support to patients and carers to manage their own conditions. The programme is working with clinical teams to develop a patient centred approach to patient pathway development. Improvement in the quality of estate is also important and during 2013/14 the Aberdeen Health Village opened, replacing older facilities at Woolmanhill and elsewhere no longer fit for purpose.

Access to Services

- For most of the 2013/14 year the Board delivered the 90% within 18 week referral to treatment access time standard. On a small number of occasions performance dipped below 90%, particularly over the winter period. Focus during 2013/14 has been on working towards delivery of the 12 week Treatment Time Guarantee in full and on a sustainable basis. Progress was made during 2013/14 with the building of 4 additional theatres and the employment of additional staffing. These become fully operational in early 2014/15. In the meantime breaches have continued to be reported to Scottish Government who have worked closely with the Board throughout the year. Patients have fully engaged in decisions about where and when their care is provided in accordance with local policy; and

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

- Delivery of the 95% target for the proportion of urgent cancer referrals treated within 62 days of referral has been a significant challenge and performance has been below target at 89-92% throughout 2013/14. Additional diagnostic and theatre capacity has been secured and the position is improving. The maximum 31 days 'decision to treat' to treatment was met during 2013/14.

Treatment Appropriate to Individuals

- The Board receives regular reports on all aspects of Healthcare Associated Infection, and reducing infection as well as ensuring cleanliness and good clinical practice are high priorities for the Board. The number of staphylococcus aureus bacteraemia cases has continued to fall with some in year fluctuation. The rate of Clostridium Difficile infections in the over 65s has fallen at a rate ahead of plan.
- A key tenet of the Board's Healthfit 2020 vision is around ensuring care is provided in the right place by the right person at the right time. One of the measures of this is the number of delayed discharges in hospital. The national target is that no-one should be delayed more than 14 days by April 2015. Over the 2013/14 winter period the number of delayed discharges in Grampian grew significantly, especially in Aberdeen City. The Board is working with local authority and third sector partners to improve patient flow from hospital to community or home based care.

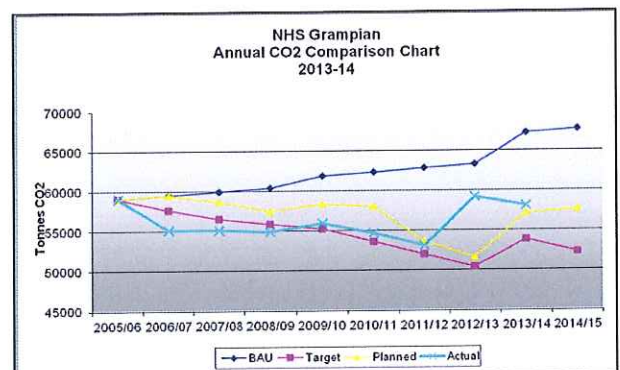
Sustainability and the Environment

Overview

The Scottish Government have set all NHS Boards a target of a 3% year on year reduction in fossil fuel CO₂ emissions across the whole asset base. NHS Grampian has incorporated these new targets in the Property & Asset Management Plan 2014 – 2023 which was approved by the Board on 4 April 2014.

This includes identification of site specific migration from fossil fuel to non-carbon alternatives, introduction of on-site renewables, new technologies and energy conservation measures.

The CO₂ Comparison Chart on the right highlights the position up to and including 2013/14 against an estimation of projected emissions/ costs if no action were taken (known as Business As Usual or BAU). Actual CO₂ emissions remain above target but this could be due to the Energy Centre not yet running at maximum efficiency. Work is ongoing to improve the situation with new energy saving initiatives being rolled out with the aim of improving our performance in this area.



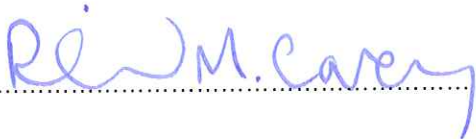
Key Environmental Performance Improvement delivery areas:

1. Building Energy Management System (BEMS) was reviewed and controls are managed according to NHS Encode standards, standardizing time and temperature settings for windows, doors, heating, cooling and lighting.
2. Introduce site specific consumption and emission monitoring and reporting arrangements.
3. Ensure all future building designs comply with the Simplified Building Energy Model (SBEM) calculation and carbon management criteria specifically the Building Research Establishment Environmental Assessment Method (BREEAM) Healthcare – excellent rating for new build and very good rating for refurbishment.
4. Develop proposals for a Board-wide sustainable investment strategy to map out site specific migration from fossil fuel to non-carbon alternatives and additional energy conservation measures sufficient to meet future HEAT targets and the requirements of the Climate Change Act (CCA).
5. Operating and optimising performance of the new Energy Centre at the Foresterhill Campus completed in February 2012. The design incorporates Combined Heat and Power, Biomass steam plant and conventional energy sources. Across a full year the revised design is expected to contribute estimated savings of 9,570 tonnes of CO₂ per annum, ensuring a reduction of a 15% on the first full year use in 2012/13. There are however ongoing issues with getting the plant to run at full efficiency as full electric and heat load of design is not yet fully available.

GRAMPIAN HEALTH BOARD

STRATEGIC REPORT (continued)

6. Working with the CEF Scotland (Carbon Energy Fund) programme to identify and fund major energy efficiency schemes at three sites. Foresterhill Campus to ensure full efficiency of Energy Centre, Royal Cornhill Hospital which may complement or supercede the grant funding mentioned in item below and also at Dr Gray's Hospital.
7. An application for grant funding to install a Biomass Facility at Royal Cornhill Hospital has been approved with estimated savings of 2772 tonnes of CO₂ per annum. However this scheme has been put on hold until the full CEF Scotland programme has been agreed.
8. Assessing and developing solutions across all sites to meet the Scottish Government's Zero Waste Plan, as became law and regulated from January 2014. We have identified a need for a specialist Waste Manager with the aim of being in post Q2-Q3 2014.



Richard Carey

Mr Richard Carey
Chief Executive
Grampian Health Board

24 June 2014

GRAMPIAN HEALTH BOARD

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

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

This designation carries with it, responsibility for:

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

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

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

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



Mr Richard Carey
Chief Executive
Grampian Health Board

24 June 2014

GRAMPIAN HEALTH BOARD


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

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2014 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

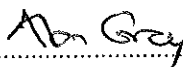
- Apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent;
- State where applicable accounting standards as set out in the Government Financial Reporting Manual have not been followed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

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

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


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**Councillor Bill Howatson
Chairman
Grampian Health Board**


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

24 June 2014

GRAMPIAN HEALTH BOARD

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

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

- A Board which meets regularly to consider and approve the strategic direction for the organisation (the Board comprises the senior management of the organisation and Non-Executive members). The Board activity is open to public scrutiny with minutes of meetings publicly available.
- Single system governance and risk management arrangements which include clear lines of accountability, robust prioritisation of risks and allocation of responsibility for mitigating action to named senior officers with regular consideration of progress against key strategic risks by the relevant Governance committee and the Executive Team.
- Scheme of Delegation, Standing Orders and Standing Financial Instructions are approved by the Board and are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements.
- The consideration by the Board of periodic reports from the chairs of the performance governance, patient focus and public involvement, staff governance, clinical governance and audit committees concerning any significant matters on governance, risk and internal controls.
- A strong focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements.
- Regular review of performance against key national targets, by the Performance Governance Committee.
- Clear allocation of responsibilities for ensuring that we continue to review and develop our organisational arrangements and services in line with national standards and guidance.
- Allocation of responsibilities for the implementation of improvement actions to lead directors and sector management across our clinical and non-clinical activities.
- Consultation on service change proposals is undertaken with stakeholders and used to inform decision making.
- A patient feedback service and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches.
- An annual general meeting of all Trustees of the NHS Grampian Endowment Funds to approve the accounts and review investment policy and strategy.

Purpose of the System of Internal Control

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance. The process within the organisation accords with guidance from Scottish Ministers in the SPFM and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

¹ The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

GRAMPIAN HEALTH BOARD

GOVERNANCE STATEMENT (continued)

Risk and Control Framework

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

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

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 2014 and up to the signing of the accounts, the organisation has implemented the following actions to further enhance the Board's governance arrangements and the overall system of internal control:

- A model of tiered intelligence is now in place and subject to continual development in support of the Board's quality agenda. This has involved a review of the flows of information and data from strategic to operational level to inform the improvement of reporting and monitoring arrangements at both Board and management level including the implementation of a revised format for Board and Board Committee papers.
- Ongoing development of processes in support of performance against waiting time guarantees.
- A review of the effectiveness of risk management arrangements including emerging risks.
- The Audit Committee commissioned an independent review of our governance arrangements by our internal auditors. The review covered a number of areas where our current arrangements could be enhanced. These improvements will be taken forward by the full Board as part of its development programme.
- NHS Board Executive and Non-Executive members have participated in development sessions, as required, to assess the governance arrangements operating at Board level and review arrangements that exist within a number of the Boards committees. These sessions are consistent with the Board's commitment to continuous improvement and assessment of our performance. Actions arising from these sessions are being actively progressed by the Board; for example a review of our advisory structure, revised arrangements for feedback from Committees to the Board and for communication between Committees.

GRAMPIAN HEALTH BOARD

GOVERNANCE STATEMENT (continued)

Best Value

I can confirm that Grampian Health Board is committed to ensuring that its activities are undertaken in a manner that will secure best value in the use of public funds in line with the arrangements set out in the Scottish Public Finance Manual. The Board incorporates the principles of best value within its planning, performance and delivery activities ensuring that it is part of everyday business and integral to the Board's decision making in all key areas. In addition, the Board continues to seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets and demonstrating best value and the efficient use of resources.

Review of Adequacy and Effectiveness

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

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes. In 2013/14 improvement plans were agreed by management in response to specific recommendations arising from internal audit reviews of the management of theatre utilisation, delayed discharges and patient complaints.
- Management letters and other reports issued by external audit; and
- Transparent assumptions regarding the timing of investment to deliver a significant reduction in high risk backlog maintenance in clinical areas agreed by the Scottish Government Health and Social Care Directorates as part of our Local Delivery Plan. The agreement allowed a planned carry forward in capital funding through our Capital Resource Limit of £3.4 million from 2012/13 to 2013/14 to enable this investment.


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

- Annual statements of assurance from each of the core governance committees of the Board, including the eHealth Committee with respect to Information Governance arrangements and the Endowment Committee with respect to the governance arrangements that exist for the NHS Grampian Endowment Funds charity which is consolidated for the first time in 2013/14 with the main Board accounts;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- Independent consideration of the governance statement and its disclosures by Internal Audit and the Audit Committee;
- Consideration and approval of the annual accounts, including the Governance Statement by the Board; and
- During the year, minutes of the meetings of the core governance committees were provided to all Board members.

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

Disclosures

On the basis of the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Grampian during the year ended 31 March 2014, I am not aware of any significant control weaknesses or failure to achieve the standards set out in the guidance on governance, risk management and control.


24 June 2014

Mr Richard Carey
Chief Executive
Grampian Health Board

GRAMPIAN HEALTH BOARD

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

We have audited the financial statements of Grampian Health Board for the year ended 31 March 2014 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, Consolidated Summary of Resource Outturn, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Taxpayers' Equity and related notes 1 to 28. 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 2013/14 Government Financial Reporting Manual (the 2013/14 FReM).

This report is made solely to the members of Grampian Health Board as a body, the Auditor General for Scotland and the Scottish Parliament, in accordance with Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to the members of Grampian Health Board as a body, the Auditor General for Scotland and the Scottish Parliament those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than to the members of Grampian Health Board as a body, the Auditor General for Scotland and the Scottish Parliament, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Accountable Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2014 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 2013/14 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

GRAMPIAN HEALTH BOARD

Independent auditor's report - continued

Opinion on other prescribed matters

In our opinion:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



James Boyle, CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Appointed Auditor
Edinburgh

24 June 2014

GRAMPIAN HEALTH BOARD

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2014

		Charitable				Restated			
		NHS	Endowment	Intra Group	Group	NHS	Charitable	Intra Group	Group
		Grampian 2014 £'000	Funds 2014 £'000	Adjustments 2014 £'000	2014 £'000	Grampian 2013 £'000	Endowment 2013 £'000	Adjustments 2013 £'000	2013 £'000
Clinical Services Costs									
Hospital and Community	4	771,599	0	0	771,599	738,409	0	0	738,409
Less: Hospital and Community Income	8	19,948	0	0	19,948	19,318	0	0	19,318
		<u>751,651</u>	<u>0</u>	<u>0</u>	<u>751,651</u>	<u>719,091</u>	<u>0</u>	<u>0</u>	<u>719,091</u>
Family Health	5	237,293	0	0	237,293	231,042	0	0	231,042
Less: Family Health Income	8	7,534	0	0	7,534	7,047	0	0	7,047
		<u>229,759</u>	<u>0</u>	<u>0</u>	<u>229,759</u>	<u>223,995</u>	<u>0</u>	<u>0</u>	<u>223,995</u>
Total Clinical Services Costs		981,410	0	0	981,410	943,086	0	0	943,086
Administration Costs	6	4,110	0		4,110	3,980	0		3,980
Other Non Clinical Services	7	15,802	2,457	(2,098)	16,161	19,674	3,522	(1,618)	21,578
Less: Other Operating Income	8	77,037	3,976	(2,098)	78,915	77,719	4,647	(1,618)	80,748
		<u>(61,235)</u>	<u>(1,519)</u>	<u>0</u>	<u>(62,754)</u>	<u>(58,045)</u>	<u>(1,125)</u>	<u>0</u>	<u>(59,170)</u>
Net Operating Costs/(Income)		924,285	(1,519)	0	922,766	889,021	(1,125)	0	887,896
OTHER COMPREHENSIVE NET EXPENDITURE (MEMORANDUM)									
Net (gain)/loss on revaluation of Property Plant and Equipment		(26,156)	0	0	(26,156)	5,281	0	0	5,281
Net (gain)/loss on revaluation of available for sale financial assets		0	(1,174)	0	(1,174)	0	(3,876)	0	(3,876)
Total Comprehensive Expenditure		898,129	(2,693)	0	895,436	894,302	(5,001)	0	889,301

SUMMARY OF RESOURCE OUTTURN FOR THE YEAR ENDED 31 MARCH 2014

SUMMARY OF CORE REVENUE RESOURCE OUTTURN

	2014 £'000	2014 £'000
Net Operating Costs		922,766
Total Non Core Expenditure (see below)		(42,542)
FHS Non Discretionary Allocation		(46,102)
Donated Assets Income		224
Endowment Net Movement in Funds		1,519
Total Core Expenditure		835,865
Core Revenue Resource Limit		<u>835,981</u>
Saving/(excess) against Core Revenue Resource Limit		<u>116</u>

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation	24,150	
Annually Managed Expenditure - Impairments	15,439	
Annually Managed Expenditure - Creation of Provisions	581	
Annually Managed Expenditure - Depreciation of Donated Assets	682	
Additional SGHSCD non-core funding	1,597	
IFRS - Depreciation of Hub schemes	93	
Total Non Core Expenditure		42,542
Non Core Revenue Resource Limit		<u>42,542</u>
Saving/(excess) against Non Core Revenue Resource Limit		<u>0</u>

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving £'000
Core	835,981	835,865	116
Non Core	42,542	42,542	0
Total	878,523	878,407	116

GRAMPIAN HEALTH BOARD

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

	Charitable				Restated							
	NHS Grampian 2014 £'000	Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	Group 2014 £'000	NHS Grampian 2013 £'000	Charitable Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000	Group 2013 £'000	NHS Grampian 2012 £'000	Charitable Endowment Funds 2012 £'000	Intra Group Adjustments 2012 £'000	Group 2012 £'000
Non-current assets:												
Property, plant and equipment	11	545,610	0	0	506,085	0	0	506,085	490,411	0	0	490,411
Intangible assets	10	2,330	0	0	1,623	0	0	1,623	1,225	0	0	1,225
Financial assets:												
Financial assets	14	309	40,037	0	309	39,897	0	40,206	28	34,593	0	34,621
Trade and other receivables	13	14,168	0	0	15,282	0	0	15,282	8,584	0	0	8,584
Total non-current assets		562,417	40,037	0	523,239	39,897	0	563,136	500,248	34,593	0	534,841
Current Assets:												
Inventories	12	4,098	0	0	3,871	0	0	3,871	4,485	0	0	4,485
Financial assets:												
Trade and other receivables	13	38,406	94	(516)	31,016	345	(295)	31,066	31,037	446	(249)	31,234
Cash and cash equivalents	15	641	3,831	0	247	1,417	0	1,664	1,581	1,121	0	2,702
Assets classified as held for sale	11c	223	0	0	188	0	0	188	750	0	0	750
Total current assets		43,368	3,925	(516)	35,322	1,762	(295)	36,789	37,853	1,567	(249)	39,171
Total assets		605,785	43,962	(516)	558,621	41,659	(295)	599,985	538,101	36,160	(249)	574,012
Current liabilities												
Provisions	17	(3,988)	(653)	0	(2,120)	(875)	0	(2,995)	(6,044)	(544)	0	(6,588)
Financial liabilities:												
Trade and other payables	16	(91,663)	(681)	516	(87,582)	(415)	295	(87,702)	(84,152)	(248)	249	(84,151)
Total current liabilities		(95,651)	(1,134)	516	(89,702)	(1,290)	295	(90,697)	(90,196)	(792)	249	(90,739)
Non-current assets (less) net current liabilities		510,134	42,828	0	468,919	40,369	0	509,288	447,905	35,368	0	483,273
Non-current liabilities												
Provisions	17	(17,152)	(234)	0	(18,746)	(468)	0	(19,214)	(8,137)	(468)	0	(8,605)
Financial liabilities:												
Trade and other payables	16	(20,522)	0	0	(6,429)	0	0	(6,429)	(6,677)	0	0	(6,677)
Total non-current liabilities		(37,674)	(234)	0	(25,175)	(468)	0	(25,643)	(14,814)	(468)	0	(15,282)
Assets less liabilities		472,460	42,594	0	443,744	39,901	0	483,645	433,091	34,900	0	467,991
Taxpayers' Equity												
General fund		381,222	0	0	376,142	0	0	376,142	356,913	0	0	356,913
Revaluation reserve		91,238	7,296	0	67,602	7,652	0	75,254	76,178	0	0	76,178
Other reserves		0	35,298	0	0	32,249	0	32,249	0	34,900	0	34,900
Total taxpayers' equity		472,460	42,594	0	443,744	39,901	0	483,645	433,091	34,900	0	467,991

Adopted by the Board on 24 June 2014

Richard M. Carey
Mr Richard Carey
Chief Executive

Alan Gray
Mr Alan Gray
Director of Finance

GRAMPIAN HEALTH BOARD

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Note	NHS Grampian 2014 £'000	Charitable Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	Group 2014 £'000	NHS Grampian 2013 £'000	Charitable Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000	Group 2013 £'000
Cash flows from operating activities									
Net operating cost		(924,285)	1,519	0	(922,766)	(889,021)	1,125	0	(887,896)
Adjustments for non-cash transactions	3	42,097	0	0	42,097	33,074	0	0	33,074
Add back: interest payable recognised in net operating cost	3	1,076	0	0	1,076	715	0	0	715
Investment income		0	(1,741)	0	(1,741)	0	(1,493)	0	(1,493)
(Increase)/decrease in trade and other receivables	18	(6,276)	251	221	(5,804)	(6,677)	101	46	(6,530)
(Increase)/decrease in inventories	18	(227)	0	0	(227)	614	0	0	614
Increase/(decrease) in trade and other payables	18	2,542	166	(221)	2,487	(3,079)	167	(46)	(2,958)
Increase/(decrease) in provisions	18	274	(557)	0	(283)	6,685	331	0	7,016
		(884,799)	(362)	0	(885,161)	(857,689)	231	0	(857,458)
Net cash outflow from operating activities									
Cash flows from investing activities									
Purchase of property, plant and equipment		(54,553)	0	0	(54,553)	(46,962)	0	0	(46,962)
Purchase of intangible assets		(1,288)	0	0	(1,288)	(1,200)	0	0	(1,200)
Investment Additions		0	(8,372)	0	(8,372)	(281)	(13,242)	0	(13,523)
Proceeds of disposal of property, plant and equipment		561	0	0	561	1,635	0	0	1,635
Proceeds of disposal of intangible assets		0	0	0	0	478	0	0	478
Receipts from sale of investments		0	9,407	0	9,407	0	11,814	0	11,814
Interest and dividends received		0	1,741	0	1,741	0	1,493	0	1,493
		(55,280)	2,776	0	(52,504)	(46,330)	65	0	(46,265)
Net cash outflow from investing activities									
Cash flows from financing activities									
Funding		926,845	0	0	926,845	904,955	0	0	904,955
Movement in general fund working capital		394	0	0	394	(1,334)	0	0	(1,334)
Cash drawn down		927,239	0	0	927,239	903,621	0	0	903,621
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		14,310	0	0	14,310	(221)	0	0	(221)
Interest element of finance leases and on-balance sheet PFI/PPP contracts	3	(1,076)	0	0	(1,076)	(715)	0	0	(715)
		940,473	0	0	940,473	902,685	0	0	902,685
Net Financing									
Net Increase / (decrease) in cash and cash equivalents in the period									
Cash and cash equivalents at the beginning of the year		394	2,414	0	2,808	(1,334)	296	0	(1,038)
Cash and cash equivalents at the end of the year		247	1,417	0	1,664	1,581	1,121	0	2,702
Cash and cash equivalents at the end of the year		641	3,831	0	4,472	247	1,417	0	1,664
Reconciliation of net cash flow to movement in net debt/cash									
Increase/(decrease) in cash in year		394	2,414	0	2,808	(1,334)	296	0	(1,038)
Net cash at 1 April		247	1,417	0	1,664	1,581	1,121	0	2,702
		641	3,831	0	4,472	247	1,417	0	1,664
Net cash at 31 March									

GRAMPIAN HEALTH BOARD

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

		NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS			Consolidated
Note	General Fund £'000	Revaluation Reserve £'000	Total Board Reserves £'000	Individual Endowment Funds £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000	
	376,142	67,602	443,744	32,249	7,652	39,901	483,645	
	Restated Balance at 31 March 2013							
	Changes in taxpayers' equity for 2013-14							
11/12	0	26,156	26,156	0	0	0	26,156	
	Net gain/(loss) on revaluation/indexation of property, plant and equipment and assets held for sale							
11	0	(15,439)	(15,439)	1,530	(356)	1,174	1,174	
	Net gain/(loss) on revaluation of financial assets							
3	0	15,439	15,439	0	0	0	(15,439)	
	Impairment of property, plant and equipment							
	2,520	(2,520)	0	0	0	0	15,439	
	Revaluation & impairments taken to operating costs							
	(924,285)	0	(924,285)	1,519	0	1,519	0	
	Transfers between reserves							
	(921,765)	23,636	(898,129)	3,049	(356)	2,693	(922,766)	
	Net operating cost for the year							
							(895,436)	
	927,239	0	927,239	0	0	0	927,239	
	(394)	0	(394)	0	0	0	(394)	
	Movement in General Fund (Creditor) / Debtor							
	381,222	91,238	472,460	35,298	7,296	42,594	515,054	
	Balance at 31 March 2014							

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE YEAR ENDED 31 MARCH 2013

		NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS			Consolidated
Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000	Individual Endowment Funds £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000	
	356,913	76,178	433,091	30,259	4,641	34,900	467,991	
	Restated Balance at 31 March 2012							
	Changes in taxpayers' equity for 2012-13							
11	0	(5,281)	(5,281)	0	0	0	(5,281)	
	Net gain/(loss) on revaluation/indexation of property, plant and equipment							
11	0	(10,339)	(10,339)	865	3,011	3,876	3,876	
	Net gain/(loss) on revaluation of financial assets							
3	0	10,339	10,339	0	0	0	(10,339)	
	Impairment of property, plant and equipment							
	3,295	(3,295)	0	0	0	0	10,339	
	Revaluation & impairments taken to operating costs							
	(889,021)	0	(889,021)	1,125	0	1,125	0	
	Transfers between reserves							
	(885,726)	(8,576)	(894,302)	1,990	3,011	5,001	(887,896)	
	Net operating cost for the year							
							(889,301)	
	903,621	0	903,621	0	0	0	903,621	
	1,334	0	1,334	0	0	0	1,334	
	Movement in General Fund (Creditor) / Debtor							
	376,142	67,602	443,744	32,249	7,652	39,901	483,645	
	Restated Balance at 31 March 2013							

GRAMPIAN HEALTH BOARD

NOTES TO THE ACCOUNTS

Note 1. ACCOUNTING POLICIES

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

The following new standards, amendments and interpretations became effective in 2013/14 for the first time:

IAS 1 - Presentation of financial statements (Other Comprehensive Income) (amendment).

IAS 12 - Income Taxes (amendment).

IAS 16 - Property, Plant and Equipment (amendment).

IAS 19 – Post employment benefits (pensions) (amendment) - requires multi-employer defined benefit schemes, treated as defined contribution schemes, to include an: *'indication of the level of participation of the entity in the plan compared with other participating entities*. This disclosure is incorporated in Note 22 to the accounts.

IAS 32 - Financial Instruments: Presentation (amendment).

IAS 34 - Interim Financial Reporting (amendment).

With the exception of the additional disclosure requirement for IAS 19 there is no impact on the financial statements as a result of the above.

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

IFRS 10 - Consolidated Financial Statements.

IFRS 11 - Joint Arrangements.

IFRS 12 - Disclosure of Interests in Other Entities.

IFRS 13 - Fair Value Measurement (new).

IAS 27 - Separate Financial Statements.

IAS 28 - Investments in Associates and Joint Ventures.

The impact on the financial statements as a result of the above is expected to be minimal.

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

2. Basis of Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Annual Accounts consolidate the results of Grampian Health Board Endowment Fund (operating as NHS Grampian Endowment Funds.) NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

NHS Grampian Endowment Funds is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit audited financial statements to OSCR on an annual basis. The accounts of the charity have been prepared in accordance with applicable UK accounting standards, the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 (as amended) and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The accounting policies have been aligned to the policies of the Board for the purposes of consolidation. The basis of consolidation used is Merger Accounting. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation. The consolidation has required the restatement of prior year comparatives including consolidating the opening Balance Sheet as at 1 April 2012.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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

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

Note 28 to the Annual Accounts, details how these consolidated Annual Accounts have been calculated.

3. Prior Year Adjustments

Except for the adjustments arising from the adoption of IAS27 - Consolidated and Separate Financial Statements detailed at 2 above there have been no changes to accounting policies during the year and therefore no further adjustments, beyond those arising from the adoption of IAS27, are required to be reflected in the accounts. In line with IAS27 the prior year comparative figures have been updated to incorporate the consolidation of NHS Grampian Endowment Funds in to a group structure. This requires prior year Balance Sheet, Cash Flow, Statement of Changes in Taxpayers Equity, Statement of Comprehensive Net Expenditure and notes 7,8,13,14,16,17 and 18 to be restated. Net assets have increased by £39.901 million in 2012/13 to £483.645 million and by £34.9 million in 2011/12 to £467.991 million.

4. Going Concern

The accounts are prepared on a 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, available for sale financial assets and certain financial assets and liabilities (including derivative instruments) at fair value. Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

6. Funding

6.1 NHS Grampian Board

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

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

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

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

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

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

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

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

6.2 NHS Grampian Endowment Funds

All incoming resources are recognised once the NHS Grampian Endowment Funds has received its entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Legacies and donations to the NHS Grampian Endowment Funds are accounted for as incoming resources upon receipt and classified as restricted or unrestricted based on the donors stated wishes.

Income from investment of charitable endowment funds is earmarked as restricted or unrestricted based on the classification of the original legacy or donation in line with the donor's stated wishes.

All expenditure, including grants, is accounted for on an accruals basis and is only incurred where this will further the charitable objects of the NHS Grampian Endowment Funds. All expenditure is recognised once there is a legal or constructive obligation committing the fund to the expenditure.

A liability for grants relating to the funding of salaries is recognised when the Trustees have granted approval. Where this relates to NHS Grampian employees, these balances will be eliminated on consolidation.

7. Property, plant and equipment

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

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 FRoM.

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

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

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

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

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' and non operational assets which have been declared surplus cease to be depreciated upon the reclassification.
- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.
- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

Depreciation is charged on a straight line basis.

The following asset lives have been used:

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

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 the Board's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

Internally generated intangible assets:

Internally generated publishing titles, customer lists and similar items are not capitalised as intangible assets. Expenditure on research is not capitalised.

Software:

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

Software licences:

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and the life of the licence exceeds one year.

Websites:

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

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.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

Revaluation and impairment:

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

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

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

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) Software: amortised over expected useful life;
- 2) Software licences: amortised over the shorter term of the licence and their useful economic lives;
- 3) Other intangible assets: amortised over their expected useful life; and
- 4) Intangible assets which have been reclassified as 'Held for Sale' cease to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

	Useful Life
Information technology	2-5

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.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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 accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual, as set out above.

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. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

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

Operating leases

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

Leases of land and buildings

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

13. PFI/HUB/NPD Schemes

Transactions financed as revenue transactions through the Private Finance Initiative or alternative initiatives such as HUB or the Non Profit Distributing Model (NPD) are accounted for in accordance with the HM Treasury application of IFRIC 12, *Service Concession Arrangements* as outlined in the FReM. Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

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

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme. The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

The Aberdeen Health and Community Care Village was reflected on the balance sheet of NHS Grampian as both an asset and a corresponding liability from 14th November 2013 at an initial fair value of £14.6 million. During the year NHS Grampian also completed financial close on the project agreement with HUB North of Scotland Ltd for Forres Health and Care Centre and Woodside Fountain Health Centre which will be reflected on balance sheet as an asset and a corresponding liability during 2014/15.

14. Impairment of non-financial assets

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

15. General Fund Receivables and Payables

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

16. Inventories

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

17. 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.

18. 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'.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary who determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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.

19. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government. NHS Grampian provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' at 50% of the claim and those in 'category 1' at nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

20. Related Party Transactions

Material related party transactions are disclosed in line with the requirements of IAS 24. There were no material related party transactions during 2013/14. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

21. Value Added Tax

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

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.

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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) Loans and receivables

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

(b) Available for sale financial assets

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

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

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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

Financial Liabilities

Classification

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

Other financial liabilities

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

Recognition and measurement

Financial liabilities are recognised when the NHS Board becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

Other financial liabilities

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

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 has been identified as the senior management of the Board.

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

27. Cash and cash equivalents

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

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 profit or loss) are translated at the spot exchange rate on 31 March;

GRAMPIAN HEALTH BOARD

Note 1. ACCOUNTING POLICIES (continued)

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

30. Key sources of judgement, estimation and uncertainty

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

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies.

The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Equal Pay Claims: NHS Grampian has 85 outstanding claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. NHS Grampian has used the advice from the NHS Scotland Central Legal Office and Equal Pay Unit. It is not practicable to attempt to make any estimate of financial liability at this stage because the lack of information available would mean that any such estimate would be likely to be misleading.

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

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

Fair Value of Property, Plant & Equipment: Where appropriate, buildings and other property, plant and equipment were revalued, and the impact of any impairment in value on operating costs agreed, on the basis of market related indices at 31 March 2014. Such indices, including zero indexation factors, were applied following consultation and advice from the Board's Property Advisor.

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

GRAMIPIAN HEALTH BOARD

2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members		Non Executive Board Members		Permanent Staff £'000	Inward Secondees £000s	Other Staff £'000	Outward Secondees £'000	2014	2013
	£'000	£'000	£'000	£'000					Total £'000	Total £'000
STAFF COSTS										
Salaries and wages	651	235	416,922	0	0	0	(916)	416,892	400,602	
Social security costs	80	15	32,762	0	0	0	0	32,857	32,857	
NHS scheme employers' costs	71	7	48,612	0	0	0	0	48,690	45,354	
Other employers' pension costs	0	0	0	0	0	0	0	0	0	
Inward secondees	0	0	0	438	0	0	0	438	343	
Agency staff	0	0	0	0	7,321	0	0	7,321	4,477	
	802	257	498,296	438	7,321	(916)	0	506,198	483,633	
Compensation for loss of office or early retirement	0	0	273	0	0	0	0	273	416	
TOTAL	802	257	498,569	438	7,321	(916)	0	506,471	484,049	

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

	2014 £'000	2013 £'000
	506	428
STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	2014 ANNUAL MEAN	2013 ANNUAL MEAN
Administration Costs	37	38
Hospital and Community Services	8,469	8,205
Non Clinical Services	3,466	3,425
Inward secondees	6	4
Agency staff	74	46
Outward Secondees	(11)	(10)
Board Total Average Staff	12,041	11,708
Staff with a Disability	66	71
The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	9	10

Note :

Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are given in note 22 to the accounts.

GRAMPIAN HEALTH BOARD

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

Other employees whose remuneration fell within the following ranges:

	2014 No.	2013 No.
Clinicians		
£ 50,001 to £60,000	298	268
£ 60,001 to £70,000	139	147
£ 70,001 to £80,000	79	82
£ 80,001 to £90,000	71	69
£ 90,001 to £100,000	50	65
£100,001 to £110,000	71	75
£110,001 to £120,000	69	59
£120,001 to £130,000	40	50
£130,001 to £140,000	44	35
£140,001 to £150,000	26	25
£150,001 to £160,000	35	25
£160,001 to £170,000	17	11
£170,001 to £180,000	5	6
£180,001 to £190,000	4	8
£190,001 to £200,000	5	6
£200,001 and above	8	2
Other		
£ 50,001 to £ 60,000	44	58
£ 60,001 to £ 70,000	37	32
£ 70,001 to £ 80,000	21	17
£ 80,001 to £ 90,000	7	6
£ 90,001 to £100,000	2	2
£100,001 to £110,000	2	2
£110,001 to £120,000	1	1
£120,001 to £130,000	1	0
£130,001 to £140,000	1	1
£140,001 to £150,000	0	0
£150,001 to £160,000	0	1
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

Note :

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

GRAMPIAN HEALTH BOARD

3. OTHER OPERATING COSTS

	Note	2014 £'000	2013 £'000
Expenditure Not Paid In Cash			
Depreciation	11	23,662	22,214
Amortisation	10	581	324
Depreciation Donated Assets	11b	682	688
Impairments on PPE charged to SOCNE	11	16,078	10,339
Reversal of impairments on PPE charged to SOCNE	11	(639)	0
Funding Of Donated Assets	11b	(224)	(288)
Loss/(Profit) on disposal of property, plant and equipment		1,957	(203)
Total Expenditure Not Paid In Cash		42,097	33,074
Interest Payable			
PFI Finance lease charges allocated in the year	23	382	0
Other Finance lease charges allocated in the year		694	715
Total Interest Payable		1,076	715
Statutory Audit			
Grampian Health Board External auditor's remuneration and expenses		267	265
NHS Grampian Endowment Funds External auditor's remuneration		11	7

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

	2014 £'000	2013 £'000
BY PROVIDER		
Treatment in Board area of NHSScotland Patients	711,585	680,193
Other NHSScotland Bodies	13,539	11,356
Health Bodies outside Scotland	1,360	1,503
Primary care bodies	42	46
Private sector	4,922	6,331
Community Care		
Resource Transfer	33,498	32,789
Contributions to Voluntary Bodies and Charities	5,405	4,568
Total NHSScotland Patients	770,351	736,786
Treatment of UK residents based outside Scotland	1,248	1,623
Total Hospital & Community Health Service	771,599	738,409

5. FAMILY HEALTH SERVICE EXPENDITURE

	Unified Budget 2014 £'000	Non Discretionary 2014 £'000	Total 2014 £'000	Total 2013 £'000
Primary Medical Services	84,369	0	84,369	82,748
Pharmaceutical Services	92,577	16,336	108,913	105,741
General Dental Services	8,230	25,975	34,205	33,296
General Ophthalmic Services	84	9,722	9,806	9,257
Total	185,260	52,033	237,293	231,042

GRAMPIAN HEALTH BOARD

6. ADMINISTRATION COSTS

	2014 £'000	2013 £'000
Board members' remuneration	1,059	1,040
Administration of Board Meetings and Committees	158	170
Corporate Governance and Statutory Reporting	628	584
Health Planning, Commissioning and Performance Reporting	1,104	1,040
Treasury Management and Financial Planning	452	426
Public Relations	709	720
Total Administration Costs	4,110	3,980

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

	2014 £'000	2013 £'000
Compensation payments - Clinical *	2,066	8,099
Compensation payments - Other *	1,404	157
Pension enhancement & redundancy	234	481
Patients' Travel Attending Hospitals	221	350
Patients' Travel Highlands and Islands scheme	15	21
Health Promotion	3,414	3,876
Public Health	2,852	2,778
Public Health Medicine Trainees	120	152
Emergency Planning	185	171
Loss on disposal of non-current assets **	1,957	0
Other	3,334	3,589
Total Other Non Clinical Services	15,802	19,674

Note :

* Expenditure on clinical and other compensation payments reflects the estimated cost of outstanding claims arising during the year, based on the most recent advice from the Central Legal Office.

** The loss on disposal relates to demolition of the old Accident and Emergency building at ARI following opening of the new facility in the Emergency Care Centre.

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

	2014 £'000	2013 £'000
Patient & Staff Education and Welfare	782	1,551
Clinical Research	310	580
Purchase of New Equipment	1,025	1,101
Infrastructure Improvements	178	133
Governance - including investment management	162	157
Total Charitable Endowment Funds	2,457	3,522

GRAMPIAN HEALTH BOARD

8. (a) OPERATING INCOME - NHS GRAMPIAN

	2014 £'000	2013 £'000
Hospital and Community Health Services Income		
NHSScotland Bodies		
Boards	15,927	15,475
NHS Non-Scottish Bodies	1,248	1,623
Non NHS		
Private Patients	932	684
Compensation Income	1,841	1,536
Total Hospital and Community Health Services Income	<u>19,948</u>	<u>19,318</u>
Family Health Service Income		
Unified	1,603	1,098
Non Discretionary		
General Dental Services	5,931	5,949
Total Family Health Services Income	<u>7,534</u>	<u>7,047</u>
Other Operating Income		
NHS Scotland Bodies	51,162	48,080
Contributions in respect of clinical and medical negligence claims *	3,066	7,390
Profit on disposal of non current assets	0	203
Donated Asset Additions	224	288
Other **	22,585	21,758
Total Other Operating Income	<u>77,037</u>	<u>77,719</u>
Total Income	<u>104,519</u>	<u>104,084</u>
Of the above, the amount derived from NHS bodies is	68,337	65,178

8. (b) OPERATING INCOME - CHARITABLE ENDOWMENT FUNDS

	2014 £'000	2013 £'000
Donations	1,583	1,938
Legacies	652	1,216
Investment Income	1,741	1,493
Total Charitable Endowment Funds	<u>3,976</u>	<u>4,647</u>

Note :

* Income in respect of Clinical/Medical Negligence claims reflects the extent to which income will be received through the Scottish Government Health Directorates risk sharing arrangements to partially offset the cost of outstanding claims arising during the year.

** Other income represents income generated from charges for a range of services provided to other bodies for the use of NHS services and accommodation. This includes charges for the use of NHS facilities, secondment of NHS employed staff with other public sector partners, charges to staff for residential accommodation, meals and laundry.

GRAMPIAN HEALTH BOARD

9. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2014 £'000	2013 £'000
EXPENDITURE			
Acquisition of Intangible Assets	10	1,288	1,200
Acquisition of property, plant and equipment	11	55,481	54,778
Donated Asset Additions	11b	224	288
Investments *		0	282
Gross Capital Expenditure		<u>56,993</u>	<u>56,548</u>
INCOME			
Net book value of disposal of Intangible Assets	10	0	478
Net book value of disposal of property, plant and equipment	11a	2,513	682
Net book value of disposal of Donated Assets	11b	5	0
Value of disposal of Non-Current Assets held for sale	11c	0	750
Donated Asset Income		224	288
Gross Capital Income		<u>2,742</u>	<u>2,198</u>
Net Capital Expenditure		<u>54,251</u>	<u>54,350</u>
SUMMARY OF CAPITAL RESOURCE OUTTURN			
Core Capital Resource Limit		39,615	54,350
Non Core Capital Resource Limit		14,636	0
Total Capital Resource Limit		<u>54,251</u>	<u>54,350</u>
Saving/(excess) against Total Capital Resource Limit		<u>0</u>	<u>0</u>

* Investments relate to a non equity loan in March 2013, repayable in full after 25 years with interest, made to HUB North of Scotland Ltd as part of the agreed enabling arrangements for the Health and Care Centre in Forres and the Woodside Fountain Medical Centre.

GRAMPIAN HEALTH BOARD

10. INTANGIBLE ASSETS

2013/14

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

PRIOR YEAR

	Software Licences £'000	Information technology - software £'000	EC Carbon Emissions £'000	Websites £'000	Total £'000
Cost or Valuation:					
As at 1st April 2012	385	1,148	478	5	2,016
Additions	501	699	0	0	1,200
Disposals *	0	0	(478)	0	(478)
At 31st March 2013	886	1,847	0	5	2,738
Amortisation					
As at 1st April 2012	74	712	0	5	791
Provided during the year	137	187	0	0	324
At 31st March 2013	211	899	0	5	1,115
Net Book Value at 1st April 2012	311	436	478	0	1,225
Net Book Value at 31 March 2013	675	948	0	0	1,623

Note:

* NHS Grampian received permission to withdraw from the European Carbon Emission Scheme (EUETS) and participate in the new UK Small Emitter Scheme with effect from 1 January 2013. The new scheme will continue to focus solely on carbon emissions from the Foresterhill Site and NHS Grampian will continue to receive an allocation of emission target allowances. Unlike the EUETS however where allowances were allocated prospectively and retained as an intangible asset, allowances are now allocated retrospectively and all costs associated with carbon emissions are charged straight to operating costs each year.

GRAMPIAN HEALTH BOARD

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2013	29,986	407,520	5,985	2,827	110,872	24,723	4,890	12,169	598,972
Additions	10	25,869	0	119	7,314	3,526	67	18,576	55,481
Completions	0	7,939	0	0	22	0	0	(7,961)	0
Transfers (to)/from non-current assets held for sale	50	(223)	0	0	0	0	0	0	(173)
Revaluation	7,946	(13,065)	102	0	0	0	0	0	(5,017)
Impairment Charge	(328)	(15,750)	0	0	0	0	0	0	(16,078)
Impairment Reversal	0	639	0	0	0	0	0	0	639
Disposals	0	(2,482)	0	(12)	(1,454)	(1,580)	(16)	0	(5,544)
At 31 March 2014	37,664	410,447	6,087	2,934	116,754	26,669	4,941	22,784	628,280
Depreciation									
At 1 April 2013	0	20,215	281	2,156	61,849	17,567	2,894	0	104,962
Provided during the year	0	11,788	215	172	8,624	2,619	244	0	23,662
Revaluation	0	(30,170)	(496)	0	0	0	0	0	(30,666)
Disposals	0	(216)	0	(12)	(1,207)	(1,580)	(16)	0	(3,031)
At 31 March 2014	0	1,617	0	2,316	69,266	18,606	3,122	0	94,927
Net book value at 1 April 2013	29,986	387,305	5,704	671	49,023	7,156	1,996	12,169	494,010
Net book value at 31 March 2014	37,664	408,830	6,087	618	47,488	8,063	1,819	22,784	533,353
Open Market Value of Land in Land and Dwellings Included Above	6,210								
Asset financing:									
Owned	37,664	386,326	6,087	618	47,488	8,063	1,819	22,784	510,849
Finance leased	0	6,834	0	0	0	0	0	0	6,834
On-balance sheet HUB contracts	0	15,670	0	0	0	0	0	0	15,670
Net Book Value at 31 March 2014	37,664	408,830	6,087	618	47,488	8,063	1,819	22,784	533,353

GRAMPIAN HEALTH BOARD

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

PRIOR YEAR

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2012	29,846	323,752	6,278	2,774	101,737	23,787	3,644	86,897	578,715
Additions	317	22,173	11	310	16,487	2,632	1,473	11,375	54,778
Completions	0	85,214	0	0	328	392	169	(86,103)	0
Transfers (to)/from non-current assets held for sale	(188)	0	0	0	0	0	0	0	(188)
Revaluation	83	(13,076)	(300)	0	0	0	0	0	(13,293)
Impairment Charge	(39)	(10,301)	(4)	0	0	0	0	0	(10,344)
Disposals	(33)	(242)	0	(257)	(7,680)	(2,088)	(396)	0	(10,696)
At 31 March 2013	29,986	407,520	5,985	2,827	110,872	24,723	4,890	12,169	598,972
Depreciation									
At 1 April 2012	0	17,015	328	2,261	61,020	17,104	3,161	0	100,889
Provided during the year	0	11,098	209	148	8,080	2,551	128	0	22,214
Revaluation	0	(7,866)	(256)	0	0	0	0	0	(8,122)
Impairment Charge	0	(5)	0	0	0	0	0	0	(5)
Disposals	0	(27)	0	(253)	(7,251)	(2,088)	(395)	0	(10,014)
At 31 March 2013	0	20,215	281	2,156	61,849	17,567	2,894	0	104,962
Net book value at 1 April 2012	29,846	306,737	5,950	513	40,717	6,683	483	86,897	477,826
Net book value at 31 March 2013	29,986	387,305	5,704	671	49,023	7,156	1,996	12,169	494,010
Open Market Value of Land in Land and Dwellings Included Above	5,610								
Asset financing:									
Owned	29,986	381,533	5,704	671	49,023	7,156	1,996	12,169	488,238
Finance leased	0	5,772	0	0	0	0	0	0	5,772
Net Book Value at 31 March 2013	29,986	387,305	5,704	671	49,023	7,156	1,996	12,169	494,010

GRAMPIAN HEALTH BOARD

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

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

GRAMPIAN HEALTH BOARD

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

PRIOR YEAR

	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation						
At 1 April 2012	12,010	192	4,317	90	27	16,636
Additions	0	0	232	56	0	288
Revaluation	(219)	0	0	0	0	(219)
At 31 March 2013	11,791	192	4,549	146	27	16,705
Depreciation						
At 1 April 2012	560	103	3,289	75	24	4,051
Provided during the year	380	16	280	10	2	688
Revaluation	(109)	0	0	0	0	(109)
At 31 March 2013	831	119	3,569	85	26	4,630
Net book value at 1 April 2012	11,450	89	1,028	15	3	12,585
Net book value at 31 March 2013	10,960	73	980	61	1	12,075
Asset financing:						
Owned	10,960	73	980	61	1	12,075
Net Book Value at 31 March 2013	10,960	73	980	61	1	12,075

GRAMPIAN HEALTH BOARD

11.(c) ASSETS CLASSIFIED AS HELD FOR SALE

The following asset relating to the City Hospital Pharmacy has been presented as held for sale following the approval for sale by the NHS Grampian Board and the acceptance of an unconditional offer for sale. The completion date of sale is expected to be September 2014.

	Property, Plant & Equipment	£'000
At 1 April 2013		188
Transfers from property, plant and equipment	11a	173
Loss recognised on remeasurement of non-current assets held for sale *		(138)
As at 31 March 2014		<u>223</u>
 PRIOR YEAR		
At 1 April 2012		750
Transfers from property, plant and equipment	11a	188
Disposals for non-current assets held for sale		(750)
As at 31 March 2013		<u>188</u>

Note:

* The purchasers of Maud Hospital, to date, have been unable to secure financing and accordingly the asset is no longer classified as "Held for Sale" on the basis that a sale within a year is now unlikely. The asset value has been remeasured downwards to reflect current market conditions.

GRAMPIAN HEALTH BOARD

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

		2014 £'000	2013 £'000
Net book value of property, plant and equipment at 31 March			
Purchased	11a	533,353	494,010
Donated	11b	12,257	12,075
Total		545,610	506,085

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

Net book value of surplus land valued at open market value at 31 March	6,210	5,500
Net book value of surplus buildings valued at open market value at 31 March	0	0

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

Net book value

Finance Leases	6,834	5,772
Hub Contracts	15,670	0
	22,504	5,772

Depreciation

Finance leases	(30)	391
Hub Contracts	93	0
	63	391

Land and buildings were fully revalued by the Valuation Office Agency at 31 March 2014 on the basis of fair value (market value or depreciated replacement cost where appropriate).

The revaluation of land and buildings resulted in a total net increase of £15.446 million in the carrying value of these assets (2012/13 net decrease of £6.746 million) of which £26.156 million was an increase to the Revaluation Reserve (2012/13 £5.419 million) and £10.710 million was charged to the Statement of Comprehensive Net Expenditure (2012/13 £1.327million).

Health Centres and office accommodation have been reclassified during the year from specialist to non specialist NHS facilities and valued at open market value on the basis that an active resale market exists. The impact of this reclassification, included within the overall figures stated above, was a net reduction in value of £2.033 million of which £9.251 million was an increase to the revaluation reserve and £11.284 million was charged to the Statement of Comprehensive Net Expenditure.

12. INVENTORIES

	2014 £'000	2013 £'000
Raw Materials and Consumables	4,098	3,871

GRAMPIAN HEALTH BOARD

13. TRADE AND OTHER RECEIVABLES

Receivables due within one year

	Charitable Endowment Funds		Intra Group Adjustments		Group	
	2014	2014	2014	2014	2014	2014
	£'000	£'000	£'000	£'000	£'000	£'000
NHS Scotland Boards	8,988	0	0	0	8,988	0
NHS Non-Scottish Bodies	1,196	0	0	0	1,196	0
VAT recoverable	868	0	0	0	868	0
Prepayments	4,734	0	0	0	4,734	0
Accrued income	3,551	0	0	0	3,551	0
Other Receivables	11,570	94	(516)	0	11,148	0
Reimbursement of provisions	4,254	0	0	0	4,254	0
Other Public Sector Bodies	3,245	0	0	0	3,245	0
Total Receivables due within one year	38,406	94	(516)	0	37,984	0

Receivables due after more than one year

Prepayments	0	0	0	0	0	0
Accrued income	2,013	0	0	0	2,013	0
Reimbursement of Provisions	12,155	0	0	0	12,155	0
Total Receivables due after more than one year	14,168	0	0	0	14,168	0

TOTAL RECEIVABLES

	Charitable Endowment Funds		Intra Group Adjustments		Group	
	2014	2014	2014	2014	2014	2014
	£'000	£'000	£'000	£'000	£'000	£'000
552	52,574	94	(516)	0	52,152	552
Total	52,574	94	(516)	0	52,152	552

The total receivables figure above includes a provision for bad debts of :

WGA Classification	
NHSScotland	8,988
Central Government Bodies	2,398
Whole of Government Bodies	1,705
Balances with NHS Bodies in England and Wales	1,196
Balances with bodies external to Government	36,237
Total	52,574

	NHS Grampian 2013		Charitable Endowment Funds 2013		Intra Group Adjustments 2013		Group 2013	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	5,697	0	0	0	0	0	5,697	
	804	0	0	0	0	0	804	
	1,208	0	0	0	0	0	1,208	
	3,873	0	0	0	0	0	3,873	
	2,646	0	0	0	0	0	2,646	
	11,551	345	(295)	0	0	0	11,601	
	1,432	0	0	0	0	0	1,432	
	3,805	0	0	0	0	0	3,805	
Total	31,016	345	(295)	0	0	0	31,066	

	NHS Grampian 2012		Charitable Endowment Funds 2012		Intra Group Adjustments 2012		Group 2012	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	3,774	0	0	0	0	0	3,774	
	673	0	0	0	0	0	673	
	980	0	0	0	0	0	980	
	5,719	0	0	0	0	0	5,719	
	2,562	0	0	0	0	0	2,562	
	10,900	446	(249)	0	0	0	11,097	
	1,681	0	0	0	0	0	1,681	
	4,748	0	0	0	0	0	4,748	
Total	31,037	446	(249)	0	0	0	31,234	

	NHS Grampian 2013		Charitable Endowment Funds 2013		Intra Group Adjustments 2013		Group 2013	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	0	0	0	0	0	0	0	
	1,955	0	0	0	0	0	1,955	
	13,327	0	0	0	0	0	13,327	
Total	15,282	0	0	0	0	0	15,282	

	NHS Grampian 2012		Charitable Endowment Funds 2012		Intra Group Adjustments 2012		Group 2012	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	177	0	0	0	0	0	177	
	1,683	0	0	0	0	0	1,683	
	6,724	0	0	0	0	0	6,724	
Total	8,584	0	0	0	0	0	8,584	

	NHS Grampian 2013		Charitable Endowment Funds 2013		Intra Group Adjustments 2013		Group 2013	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	3,774	0	0	0	0	0	3,774	
	1,105	0	0	0	0	0	1,105	
	4,623	0	0	0	0	0	4,623	
	673	0	0	0	0	0	673	
	29,446	446	(249)	0	0	0	29,643	
Total	39,621	446	(249)	0	0	0	39,818	

GRAMPIAN HEALTH BOARD

13. TRADE AND OTHER RECEIVABLES (Continued)

	2014 £'000	2013 £'000
Movements on the provision for impairment of receivables are as follows:		
At 1 April	342	247
Provision for debtors impairment	212	97
Receivables written off during the year as uncollectable	(2)	(2)
At 31 March	552	342

As of 31 March 2014, receivables with a carrying value of £0.552 million (2013: £0.342 million) were impaired and provided for. The aging of these receivables is as follows:

	2014 £'000	2013 £'000
Over 6 months past due	552	342

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

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2014, receivables with a carrying value of £4.658 million (2013: £2.439 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

	2014 £'000	2013 £'000
Up to 3 months past due	3,146	1,057
3 to 6 months past due	683	357
Over 6 months past due	829	1,025
	4,658	2,439

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

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

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

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

	2014 £'000	2013 £'000
Existing customers with no defaults in the past	4,658	2,439

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.

	2014 £'000	2013 £'000
The carrying amount of receivables are denominated in Pounds Sterling:	52,574	46,298

All non-current receivables are due within two years (2012-13: two years) from the balance sheet date.

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

The fair value of long term other receivables is £14.168 million (2012-13: £15.282 million)

GRAMPIAN HEALTH BOARD

14. FINANCIAL ASSETS

	Charitable Endowment Funds		NHS Grampian 2014		Restated Charitable Endowment Funds 2013		Restated Charitable Endowment Funds 2012	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stocks and Bonds **	0	40,037	0	39,897	0	39,897	0	34,593
Other *	309	0	309	0	309	0	28	0
TOTAL	309	40,037	309	39,897	309	39,897	28	34,593
At 1 April	309	39,897	28	34,593	28	34,593	1	34,070
Additions	0	8,372	281	13,242	0	13,242	27	8,611
Disposals	0	(9,487)	0	(11,909)	0	(11,909)	0	(7,671)
Impairment recognised in SOCNE	0	0	0	0	0	0	0	0
Revaluation surplus/(deficit) transferred to equity	0	1,255	0	3,971	0	3,971	0	(417)
At 31 March	309	40,037	309	39,897	28	39,897	28	34,593
Current	0	0	0	0	0	0	0	0
Non-current	309	40,037	309	39,897	309	39,897	28	34,593
At 31 March	309	40,037	309	39,897	309	39,897	28	34,593

Note:

*Other financial assets comprise an investment of £1k in equity share capital with TMRI Ltd and a further small shareholding in HUB North of Scotland Ltd both unlisted investments denominated in UK pounds and two separate non equity loans of £27k and £281k respectively made to Hub North of Scotland Ltd, both repayable in full with interest after 25 years. The carrying value of other investments is cost less impairment as there is no active market for either the equity investments or the loan.

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

GRAMPIAN HEALTH BOARD

15. CASH AND CASH EQUIVALENTS

	NHS GRAMPIAN		CHARITABLE ENDOWMENT FUNDS		CONSOLIDATED		
	At 01/04/13 £'000	Cash Flow £'000	At 01/04/13 £'000	Cash Flow £'000	At 01/04/13 £'000	Cash Flow £'000	At 31/03/14 £'000
Government Banking Service account balance	217	318	496	1,379	715	1,697	2,412
Cash at bank and in hand	30	76	137	302	167	378	545
Cash investments and deposits	0	0	782	733	782	733	1,515
Total cash and cash equivalents - balance sheet	247	394	1,417	2,414	1,664	2,808	4,472
	At 01/04/12 £'000	Cash Flow £'000	At 01/04/12 £'000	Cash Flow £'000	At 01/04/12 £'000	Cash Flow £'000	At 31/03/13 £'000
Government Banking Service account balance	1,551	(1,334)	539	(41)	2,090	(1,375)	715
Cash at bank and in hand	30	0	122	15	152	15	167
Cash investments and deposits	0	0	460	322	460	322	782
Total cash and cash equivalents - balance sheet	1,581	(1,334)	1,121	296	2,702	(1,038)	1,664

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

GRAMPIAN HEALTH BOARD

16. TRADE AND OTHER PAYABLES

Payables due within one year

	NHS Grampian 2014 £'000	Charitable Endowment Funds 2014 £'000	Intra Group Adjustments 2014 £'000	Group 2014 £'000	NHS Grampian 2013 £'000	Charitable Endowment Funds 2013 £'000	Intra Group Adjustments 2013 £'000	Group 2013 £'000	NHS Grampian 2012 £'000	Charitable Endowment Funds 2012 £'000	Intra Group Adjustments 2012 £'000	Group 2012 £'000
NHS Scotland Boards	4,464	0	0	4,464	3,399	0	0	3,399	5,480	0	0	5,480
NHS Non-Scottish Bodies	717	0	0	717	568	0	0	568	531	0	0	531
Amounts Payable to General Fund	641	0	0	641	247	0	0	247	1,581	0	0	1,581
FHS Practitioners	26,403	0	0	26,403	26,527	0	0	26,527	26,414	0	0	26,414
Trade Payables	2,930	0	0	2,930	220	0	0	220	5,132	0	0	5,132
Accruals	31,986	0	0	31,986	30,609	0	0	30,609	19,148	0	0	19,148
Deferred income	1,064	0	0	1,064	1,335	0	0	1,335	1,480	0	0	1,480
Net obligations under Finance Leases	288	0	0	288	255	0	0	255	228	0	0	228
Net obligations under PPP/PFI Contracts	184	0	0	184	0	0	0	0	0	0	0	0
Income tax and social security	9,751	0	0	9,751	9,978	0	0	9,978	10,180	0	0	10,180
Superannuation	6,929	0	0	6,929	6,141	0	0	6,141	6,187	0	0	6,187
Holiday Pay Accrual	2,563	0	0	2,563	3,055	0	0	3,055	2,731	0	0	2,731
Other Public Sector Bodies	2,075	0	0	2,075	2,098	0	0	2,098	1,033	0	0	1,033
Other payables	2,068	581	(516)	2,163	3,150	415	(295)	3,270	4,027	248	(249)	4,026
Total Payables due within one year	91,663	581	(516)	91,728	87,882	415	(295)	87,702	84,152	248	(249)	84,151

Payables due after more than one year

Net obligations under Finance Leases due within 2 years	334	0	0	334	291	0	0	291	255	0	0	255
Net obligations under Finance Leases due after 2 years but within 5 years	1,075	0	0	1,075	1,117	0	0	1,117	1,010	0	0	1,010
Net obligations under Finance Leases due after 5 years	4,737	0	0	4,737	5,021	0	0	5,021	5,412	0	0	5,412
Net obligations under PPP/PFI Contracts due within 2 years	202	0	0	202	0	0	0	0	0	0	0	0
Net obligations under PPP/PFI Contracts due after 2 years but within 5 years	730	0	0	730	0	0	0	0	0	0	0	0
Net obligations under PPP/PFI Contracts due after 5 years	13,444	0	0	13,444	0	0	0	0	0	0	0	0
Total Payables due after more than one year	20,522	0	0	20,522	6,429	0	0	6,429	6,677	0	0	6,677

TOTAL PAYABLES

	112,185	581	(516)	112,250	94,011	415	(295)	94,131	90,829	248	(249)	90,828
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WGA Classification

NHSScotland	4,464	3,399	5,480
Central Government Bodies	17,229	16,211	16,621
Whole of Government Bodies	1,353	2,006	782
Balances with NHS Bodies in England and Wales	717	568	531
Balances with bodies external to Government	88,422	71,827	67,415
Total	112,185	94,011	90,829

Borrowings included above comprise:

Finance Leases	6,434	6,664	6,905
PFI Contracts	14,560	0	0
	20,994	6,664	6,905

The carrying amount and fair value of the non-current borrowings are as follows:

	Carrying amount	Fair value
Finance Leases	6,146	6,677
PFI Contracts	14,375	0
	20,522	6,677

The carrying amount of payables are denominated in Pound Sterling

	112,185	581	(516)	112,250	94,011	415	(295)	94,131	90,829	248	(249)	90,828
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GRAMPIAN HEALTH BOARD

17. PROVISIONS

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS		
	Pensions and similar obligations	Clinical & Medical	EC Carbon Emissions	Provision for liabilities	Total Funds Held on Trust	Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	5,164	15,702	0	1,343	1,343	22,209
Arising during the year	778	2,812	0	164	164	3,564
Utilised during the year	(410)	(1,317)	0	(711)	(711)	(2,438)
Unwinding of discount	0	0	0	0	0	0
Reversed unutilised	(244)	(1,145)	0	(9)	(9)	(1,398)
At 31 March 2014	5,288	15,852	0	787	787	21,927

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

Analysis of expected timing of discounted flows to 31 March 2014

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS		
	Pensions and similar obligations	Clinical & Medical	EC Carbon Emissions	Provision for liabilities	Total Funds Held on Trust	Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payable in one year	345	3,643	0	553	553	4,541
Payable between 2 - 5 years	1,365	12,209	0	234	234	13,809
Payable between 6 - 10 years	1,605	0	0	0	0	1,605
Thereafter	1,972	0	0	0	0	1,972
Total as at 31 March 2014	5,288	15,852	0	787	787	21,927

PRIOR YEAR (Restated)

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS		
	Pensions and similar obligations	Clinical & Medical	EC Carbon Emissions	Provision for liabilities	Total Funds Held on Trust	Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2012	5,340	8,438	403	1,012	1,012	15,193
Arising during the year	292	7,969	0	763	763	8,964
Utilised during the year	(407)	(390)	(408)	(288)	(288)	(1,488)
Unwinding of discount	0	0	0	0	0	0
Reversed unutilised	(61)	(255)	0	(144)	(144)	(460)
At 31 March 2013	5,164	15,702	0	1,343	1,343	22,209

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

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

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS		
	Pensions and similar obligations	Clinical & Medical	EC Carbon Emissions	Provision for liabilities	Total Funds Held on Trust	Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payable in one year	331	1,789	0	875	875	2,995
Payable between 2 - 5 years	1,377	13,913	0	468	468	15,758
Payable between 6 - 10 years	1,541	0	0	0	0	1,541
Thereafter	1,915	0	0	0	0	1,915
At 31 March 2013	5,164	15,702	0	1,343	1,343	22,209

Analysis of expected timing of discounted flows - to 31 March 2012

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS		
	Pensions and similar obligations	Clinical & Medical	EC Carbon Emissions	Provision for liabilities	Total Funds Held on Trust	Consolidated Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payable in one year	417	5,224	403	544	544	6,568
Payable between 2 - 5 years	4,923	3,214	0	468	468	8,605
Payable between 6 - 10 years	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0
At 31 March 2012	5,340	8,438	403	1,012	1,012	15,193

GRAMPIAN HEALTH BOARD

17. PROVISIONS - continued

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.8% in real terms. The liabilities are provided for on the basis of the expected remaining life of the pensioners and are estimated to be incurred over a period of up to 38 years.

Clinical and Medical

The Board holds a provision to meet costs of outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 10 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as receivables in the notes to the accounts.

EC Carbon Emissions

NHS Grampian received permission to opt out of the European Carbon Emission Scheme (EUETS) and participate in the new UK Small Emitter Scheme with effect from 1 January 2013. The new scheme continues to focus solely on carbon emissions from the Foresterhill Site and NHS Grampian will continue to receive an allocation of emission target allowances. Unlike the EUETS however where allowances were allocated prospectively and retained as an intangible asset with a corresponding provision to cover the cost of actual emissions, future allowances are allocated retrospectively and all costs associated with carbon emissions are charged directly to operating costs during the course of each year.

Charitable Endowment Funds

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

GRAMPIAN HEALTH BOARD

18. MOVEMENT ON WORKING CAPITAL BALANCES

	NHS GRAMPIAN			CHARITABLE ENDOWMENT FUNDS			INTRA GROUP ADJUSTMENTS			NET MOVEMENT			
Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000	Opening Balances £'000	Closing Balances £'000	Net Movement £'000	Opening Balances £'000	Closing Balances £'000	Net Movement £'000	NHS Grampian 2013 £'000	Charitable Endowment Funds 2013 £'000	Intra group Adjustment £ 2013 £'000	Group 2013 £'000
INVENTORIES													
Balance Sheet													
Net Decrease/(increase)	12	3,871	4,098	0	0	0				614	0		614
			(227)							(227)			
TRADE AND OTHER RECEIVABLES													
Due within one year	13	31,016	38,406	345	94	(285)				(516)			
Due after more than one year	13	15,282	14,188	0	0								
Net Decrease/(increase)		46,298	52,574	345	94	(285)				(516)			(530)
			(6,276)							(6,577)	101	46	(6,530)
TRADE AND OTHER PAYABLES													
Due within one year	16	87,582	91,663	415	581	(295)				(516)			
Due after more than one year	16	6,426	20,522	0	0								
Less: Property, Plant & Equipment (Capital) included in above		(8,940)	(9,898)	0	0								
Less: General Fund Creditors included in above	16	(247)	(641)	0	0								
Less: Lease and PFI Creditors included in above	16	(6,844)	(20,994)	0	0								
Net (Decrease)/increase		75,140	80,682	415	581	(295)				(516)			(2,956)
			2,542							(2,487)			
PROVISIONS													
Balance Sheet													
Net (Decrease)/increase	17	20,866	21,140	1,344	787					5,685	0	0	6,685
			274							(283)			
NET MOVEMENT (Decrease)/increase	CFS									(2,457)	288	0	(2,169)
			(3,687)							(3,827)			

GRAMPIAN HEALTH BOARD

19. CONTINGENT LIABILITIES AND ASSETS

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

	2014 £000	2013 £000
CONTINGENT LIABILITIES		
Clinical and medical compensation payments	1,747	1,516
CONTINGENT ASSETS		
Clinical and medical compensation payments	1,200	992

Clinical, Medical and employers liability compensation claims

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

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

Equal Pay Claims

NHS Grampian has 85 claims outstanding under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements.

The basis of claims is as follows:

- The claimant's job has been rated as being of equivalent 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; and
- They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years).

The current position and recent developments are summarised below.

- Work is ongoing to ensure that there is consistency in relation to the data that is held on the CLO data, and that held by the claimants' representatives, and the Employment Tribunal. Until this exercise is concluded it is not possible to accurately advise of the number of live claims.
- Comparators have still not been identified, with the exception of a small number of cases. Work is still ongoing by both claimants and respondents in this regard. Until comparators are identified it is not possible to identify the term which is said to breach the equality clause.
- The period over which back pay for any established breach would have to be calculated is the period between dissolution of their employing Trust and 30 September 2004. For NHS Grampian this means that the period of the claim is limited to 6 months. The limited scope of these claims was upheld by the Employment Appeal Tribunal in the test case of Foley and Ors v Greater Glasgow Health Board (August 2012).
- The issue of the basis of claims was considered at the Case Management Discussion on 22 January 2013, which centred on Emmanuel v City and Hackney Primary Care Trust. This was a national test case to establish, where claimant and comparators carried out work of equal value, whether there was a genuine material factor defence for different terms relating to pay. The Tribunal decided that the Trust had failed to demonstrate a justification in the respect of different weekend overtime rates, but had done in relation to basic pay.

The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland as well as 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 is not possible to quantify.

GRAMPIAN HEALTH BOARD

20. COMMITMENTS

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

Capital Commitments	2014 £'000	2013 £'000
Contracted		
Fraserburgh Dental Centre	0	1,105
Cullen Medical Centre	0	100
Woodend Theatres	0	2,252
Nuclear Medicine HSE recommendations	0	281
PET/CT Scanner	2,370	0
Radiotherapy Equipment programme	538	6,048
Dr Grays Hospital	0	300
Eastend 2 ARI backlog maintenance	386	5,623
Emergency Care Centre	680	3,780
Total	3,974	19,489
Authorised but not Contracted		
Phase 2 ARI backlog maintenance	10,985	13,551
Wards 25/26 ARI	0	585
ARI Theatres	0	5,523
Total	10,985	19,659

In addition to the above capital commitments, NHS Grampian completed financial close on the project agreement with HUB North of Scotland Ltd for joint delivery with NHS Highland of a bundled scheme including Tain Health Centre, Forres Health and Care Centre and Woodside Fountain Health Centre. Under the terms of these agreements NHS Grampian have a legal commitment to occupy the buildings for a period of 25 years from completion, estimated June 2014. From the actual date of occupation NHS Grampian will incur charges to occupy and for maintenance of the building estimated at £0.8 million per annum for Forres Health and Care Centre and £0.5 million per annum for the Woodside Fountain Health Centre.

One additional project for the reprovision of Inverurie Health Centre is being progressed under the Scottish Government's hub initiative. Although no formal contractual commitment exists at the balance sheet date the project is well advanced with financial close expected in 2015/16.

Financial Guarantees, indemnities and Letter of Comfort

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

GRAMPIAN HEALTH BOARD

21. COMMITMENTS UNDER LEASES

2014
£'000

2013
£'000

Operating Leases

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

Obligations under operating leases comprise:

Land

Not later than one year	235	230
Later than one year, not later than 2 years	235	230
Later than two year, not later than five years	701	690
Later than five years	2,184	2,463
Total	<u>3,355</u>	<u>3,613</u>

Buildings

Not later than one year	490	472
Later than one year, not later than 2 years	436	472
Later than two year, not later than five years	1,259	1,754
Later than five years	4,245	4,539
Total	<u>6,430</u>	<u>7,237</u>

Other

Not later than one year	463	347
Later than one year, not later than 2 years	365	466
Later than two year, not later than five years	725	450
Later than five years	0	0
Total	<u>1,553</u>	<u>1,263</u>

Amounts charged to Operating Costs in the year were:

Hire of equipment (including vehicles)	1,676	1,653
Other operating leases	1,095	908
Total	<u>2,771</u>	<u>2,561</u>

Finance Leases

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

Obligations under Finance leases comprise:

Buildings

Rentals due within one year	952	925
Rentals due between one and two years (inclusive)	943	925
Rentals due between two and five years (inclusive)	2,714	2,817
Rentals due after five years	10,182	10,770
	<u>14,791</u>	<u>15,437</u>

Less interest element	(8,357)	(8,753)
	<u>6,434</u>	<u>6,684</u>

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

GRAMPIAN HEALTH BOARD

22. PENSION COSTS

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

The National Health Service Superannuation Scheme for Scotland is an unfunded multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. NHS Grampian will therefore account for its pension costs on a defined contribution basis as permitted by International Accounting Standard 19. The most recent actuarial valuation discloses a liability of £29.1 billion with a balance of £370 million to be met by future contributions from employing authorities.

For 2013/14, normal employer contributions of £48.390 million were payable to the SPPA (2012/13 £45.354 million) at the rate of 13.5% (2012/13 13.5%) of pensionable salaries. The total contributions made to the scheme, across all employers, for 2012/13 were £595.6 million (per most recent published accounts for the NHS Superannuation Scheme. 2013/14 figures are expected to be published in September 2014). NHS Grampians share of the total employer contributions in 2012/13 was 7.6%.

During 2013/14 NHS Grampian incurred no additional costs arising from the early retirement of staff (2012/13 £0.073 million).

Provisions amounting to £5.287million (2012/13 £5.164 million) are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

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

Existing scheme:

The scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th 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 contributions on a tiered basis, dependent on earnings, of between 5% and 13.3% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

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

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. For members joining the scheme from April 2009 the earliest age at which voluntary early retirement, with a reduced pension, may be taken is 55 years.

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th 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 13.3% of pensionable earnings. Pensions and allowances are index linked to protect their value. Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on full pension and lump sum which they have earned.

	2014	2013
	£000	£000
Pension cost charge for the year	48,390	45,354
Additional Costs arising from early retirement	0	73
Amounts included in the Balance Sheet	5,287	5,164

GRAMPIAN HEALTH BOARD

23. COMMITMENTS UNDER SERVICE CONCESSION CONTRACTS - On Balance Sheet

Service Concession agreement with HUB North of Scotland Ltd for occupancy of the Aberdeen Health and Community Care Village effective 14th November 2013. Under the terms of the agreement NHS Grampian have a legal commitment to occupy the buildings for a period of 25 years and will incur annual charges for occupancy, maintenance and running costs.

	2014
	£'000
Gross Minimum Lease Payments	
Rentals due within 1 year	1,323
Due within 1 to 2 years	1,327
Due within 2 to 5 years	4,003
Due after 5 years	26,876
Total	<u>33,529</u>
Less Interest Element	
Rentals due within 1 year	(1,139)
Due within 1 to 2 years	(1,125)
Due within 2 to 5 years	(3,273)
Due after 5 years	(13,432)
Total	<u>(18,969)</u>
Present value of minimum lease payments	
Rentals due within 1 year	184
Due within 1 to 2 years	202
Due within 2 to 5 years	730
Due after 5 years	13,444
Total	<u>14,560</u>
Service charges	144
Interest charges	382
Other charges	0
Total	<u>526</u>

GRAMPIAN HEALTH BOARD

24. FINANCIAL INSTRUMENTS

a. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

NHS GRAMPIAN

	Loans and Receivables £'000	Available for sale £'000	Total £'000
At 31 March 2014	0	309	309
Assets per balance sheet			
Investments	21,585	0	21,585
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	541	0	541
Cash and cash equivalents	22,226	309	22,535

PRIOR YEAR

	£'000	£'000	£'000
At 31 March 2013			
Assets per balance sheet			
Investments	0	309	309
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	20,761	0	20,761
Cash and cash equivalents	247	0	247
	21,008	309	21,317

FINANCIAL LIABILITIES

	Loans and Receivables £'000	Available for sale £'000	Total £'000	Other financial liabilities £'000
At 31 March 2014				
Liabilities per balance sheet				
Finance lease liabilities	5,434	0	5,434	
HUB Service Concession Liabilities	14,560	0	14,560	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	69,003	581	69,584	
	89,997	581	90,578	

PRIOR YEAR

	£'000	£'000	£'000	£'000
At 31 March 2013				
Liabilities per balance sheet				
Finance lease liabilities	5,684	0	5,684	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	66,474	415	66,889	
	72,158	415	72,573	

CHARITABLE ENDOWMENT FUNDS

	Loans and Receivables £'000	Available for sale £'000	Total £'000
At 31 March 2014	0	40,037	40,037
Assets per balance sheet			
Investments	94	0	94
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	3,831	0	3,831
Cash and cash equivalents	3,925	40,037	43,962

	£'000	£'000	£'000	£'000
At 31 March 2013				
Assets per balance sheet				
Investments	0	39,897	39,897	
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	345	0	345	
Cash and cash equivalents	1,417	0	1,417	
	1,762	39,897	41,659	

	Loans and Receivables £'000	Available for sale £'000	Total £'000	Other financial liabilities £'000
At 31 March 2014				
Liabilities per balance sheet				
Finance lease liabilities	5,434	0	5,434	
HUB Service Concession Liabilities	14,560	0	14,560	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	69,003	581	69,584	
	89,997	581	90,578	

	£'000	£'000	£'000	£'000
At 31 March 2013				
Liabilities per balance sheet				
Finance lease liabilities	5,684	0	5,684	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	66,474	415	66,889	
	72,158	415	72,573	

INTRAGROUP ADJUSTMENTS

	Loans and Receivables £'000	Available for sale £'000	Total £'000
At 31 March 2014	0	0	0
Assets per balance sheet			
Investments	(516)	0	(516)
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	0	0	0
Cash and cash equivalents	(516)	0	(516)

	£'000	£'000	£'000	£'000
At 31 March 2013				
Assets per balance sheet				
Investments	0	0	0	
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	(295)	0	(295)	
Cash and cash equivalents	0	0	0	
	(295)	0	(295)	

	Loans and Receivables £'000	Available for sale £'000	Total £'000	Other financial liabilities £'000
At 31 March 2014				
Liabilities per balance sheet				
Finance lease liabilities	5,434	0	5,434	
HUB Service Concession Liabilities	14,560	0	14,560	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	69,003	581	69,584	
	89,997	581	90,578	

	£'000	£'000	£'000	£'000
At 31 March 2013				
Liabilities per balance sheet				
Finance lease liabilities	5,684	0	5,684	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	66,474	415	66,889	
	72,158	415	72,573	

CONSOLIDATED

	Loans and Receivables £'000	Available for sale £'000	Total £'000
At 31 March 2014	0	40,346	40,346
Assets per balance sheet			
Investments	21,163	0	21,163
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	4,472	0	4,472
Cash and cash equivalents	25,635	40,346	65,981

	£'000	£'000	£'000	£'000
At 31 March 2013				
Assets per balance sheet				
Investments	0	40,206	40,206	
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	20,811	0	20,811	
Cash and cash equivalents	1,664	0	1,664	
	22,475	40,206	62,681	

	Loans and Receivables £'000	Available for sale £'000	Total £'000	Other financial liabilities £'000
At 31 March 2014				
Liabilities per balance sheet				
Finance lease liabilities	5,434	0	5,434	
HUB Service Concession Liabilities	14,560	0	14,560	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	69,003	581	69,584	
	89,997	581	90,578	

	£'000	£'000	£'000	£'000
At 31 March 2013				
Liabilities per balance sheet				
Finance lease liabilities	5,684	0	5,684	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	66,474	415	66,889	
	72,158	415	72,573	

GRAMPIAN HEALTH BOARD

24. FINANCIAL INSTRUMENTS - continued

b) FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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

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

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 rate 'A' are accepted.

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

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

b) Liquidity Risk

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

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

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2014				
PFI Liabilities	1,323	1,327	4,003	26,876
Finance lease liabilities	952	943	2,714	10,182
Trade and other payables excluding statutory liabilities	69,003	0	0	0
Total	71,278	2,270	6,717	37,058

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2013				
PFI Liabilities	0	0	0	0
Finance lease liabilities	925	925	2,817	10,770
Trade and other payables excluding statutory liabilities	66,474	0	0	0
Total	67,399	925	2,817	10,770

c) Market Risk

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

GRAMPIAN HEALTH BOARD

24. FINANCIAL INSTRUMENTS - continued

b) FINANCIAL RISK FACTORS - continued

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

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

iii) Price Risk

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

d) FAIR VALUE ESTIMATION

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

25. SEGMENT INFORMATION

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

	Aberdeen City CHP £'000	Aberdeenshire CHP £'000	Moray CHP £'000	Acute Sector £'000	Corporate & others £'000	Mental Health & Learning Disabilities £'000	£'000
Grampian Health Board Net operating cost 2014	70,730	62,069	23,556	351,695	358,859	57,376	924,285
PRIOR YEAR							
Grampian Health Board Net operating cost 2013	65,229	56,015	21,183	338,136	352,538	55,921	889,021

26. THIRD PARTY ASSETS

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

	2013 £000	Gross Inflows £000	Gross Outflows £000	2014 £000
Monetary amounts including bank balances	441	325	(237)	529

GRAMPIAN HEALTH BOARD

27. EXIT PACKAGES

2014

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

PRIOR YEAR 2013

<£10,000	0	2	2
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	2	2
£50,000 - £100,000	0	3	3
£100,000- £150,000	0	1	1
£150,000- £200,000	0	0	0
>£200,000	0	0	0
Total number exit packages by type	0	9	9
Total resource cost (£'000)	0	416	416

GRAMPIAN HEALTH BOARD

28. ADJUSTMENTS ON CONSOLIDATION

Consolidation adjustments which have been recognised in these Accounts are:

		2014 Dr £000's	2014 Cr £000's
Group SOCNE - Other Operating Income	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.	2,098	
Group SOCNE Other Non Clinical Services	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.		2,098
Group Balance Sheet - Trade and Other Payables	Adjust consolidated payables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.	516	
Group Balance Sheet - Trade and Other Receivables	Adjust consolidated receivables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.		516
PRIOR PERIOD ADJUSTMENTS		2013 £000's	2013 £000's
Group SOCNE - Other Operating Income	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.	1,618	
Group SOCNE Other Non Clinical Services	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.		1,618
Group Balance Sheet - Trade and Other Payables	Adjust consolidated payables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.	295	
Group Balance Sheet - Trade and Other Receivables	Adjust consolidated receivables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.		295
		2012 £000's	2012 £000's
Group SOCNE - Other Operating Income	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.	1,808	
Group SOCNE Other Non Clinical Services	Reduce consolidated income and expenditure for amounts paid and payable to/from Grampian Health Board and NHS Grampian Endowment Funds.		1,808
Group Balance Sheet - Trade and Other Payables	Adjust consolidated payables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.	249	
Group Balance Sheet - Trade and Other Receivables	Adjust consolidated receivables for balances owed by the NHS Grampian Endowment Funds to Grampian Health Board.		249



Gramplan 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 10/2/2006