



**NHS Greater Glasgow and Clyde  
Annual Accounts  
for the Year Ended 31 March 2012**



# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2012.

Any references in these accounts to NHS Greater Glasgow and Clyde (NHSGGC) are taken to mean Greater Glasgow Health Board.

### Principal activities and review of the business and future developments

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

### Date of Issue

The financial statements were approved and authorised for issue by the Board on 26 June 2012.

### Accounting convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which is included as an annex to the accounts. The statement of the accounting policies, which have been adopted, is shown at Note 1.

### Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General has appointed Gillian Woolman, Assistant Director, Audit Services Group, Audit Scotland to undertake the audit of NHS Greater Glasgow and Clyde. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

### Board membership

Under the terms of the Scottish Health Plan, the NHS Board is a board of governance whose membership will be conditioned by the functions of the Board.

Members of the NHS Board are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The NHS Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. The members of the NHS Board who served during the year from 1 April 2011 to 31 March 2012 were as follows:

#### Non-Executive Members

Mr A O Robertson OBE	Chairman
Mr C Bell	Non-Executive Director (retired 31 May 2011 )
Dr C Benton MBE	Non-Executive Director
Ms M Brown	Non-Executive Director (appointed 1 April 2011)
Mr G Carson	Non-Executive Director
Cllr J Coleman	Non-Executive Director; Councillor, Glasgow City Council
Mr P Daniels OBE	Non-Executive Director
Ms R Dhir MBE	Non-Executive Director (retired 31 March 2012 )
Prof A Dominiczak	Non-Executive Director
Mr I Fraser	Non-Executive Director
Cllr J Handibode	Non-Executive Director; Councillor, South Lanarkshire Council
Dr M Kapasi MBE	Non-Executive Director
Cllr B Lawson	Non-Executive Director; Councillor, Renfrewshire Council (appointed 20 June 2011)

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Mr I Lee	Non-Executive Director
Cllr R McColl	Non-Executive Director; Councillor, West Dunbartonshire Council
Cllr J McIlwee	Non-Executive Director; Councillor, Inverclyde Council
Mrs J Murray	Non-Executive Director (retired 31 March 2012)
Dr R Reid	Non-Executive Director (appointed 1 April 2011)
Rev Dr N Shanks	Non-Executive Director
Mr D Sime	Employee Director
Mrs E Smith	Non-Executive Director (retired 30 June 2011)
Mrs P Spencer	Non-Executive Director (appointed 20 June 2011)
Cllr A Stewart	Non-Executive Director; Councillor, East Dunbartonshire Council
Mr B Williamson	Non-Executive Director
Mr K Winter	Non-Executive Director
Cllr D Yates	Non-Executive Director; Councillor, East Renfrewshire Council

### **Executive Members**

Mr R Calderwood	Chief Executive
Dr L de Caestecker	Director of Public Health
Dr B N Cowan	Medical Director (retired 10 February 2012)
Ms R Crocket	Nurse Director
Mr D Griffin	Director of Finance (left 30 June 2011)
Mr P James	Director of Finance (appointed 1 July 2011)

Following the year end, all Councillors on the NHS Board relinquished their positions on 30 April 2012, in advance of the local government elections, and Dr J Armstrong was appointed to the post of Medical Director on 1 April 2012.

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

### **Board members' and senior managers' interests**

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the NHS Board as required by IAS 24 are disclosed in Note 27.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting NHS Board Headquarters, JB Russell House, Gartnavel Royal Hospital, 1055 Great Western Road, Glasgow or can be found on the Board's website at [www.nhsggc.org.uk](http://www.nhsggc.org.uk).

### **Directors' third party indemnity provisions**

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

### **Pension Liabilities**

The accounting policy note for pensions is provided in Note 1, and disclosure of the costs is shown within Note 23 and the remuneration report.

### **Remuneration for non audit work**

During the year 2011/12 our auditors, Audit Scotland, received no fees in relation to non audit work.

### **Public Services Reform (Scotland) Act 2010**

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

The required information can be found on the Board's website [www.nhsggc.org.uk](http://www.nhsggc.org.uk).

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### Payment policy

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

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

Prior to this, the Boards did endeavour to comply with the principles of The Better Payment Practice Code by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner. The payment statistics (calculated by reference to invoice receipt date and relating only to non-NHS suppliers) were as follows: -

	2011/12	2010/11
Average period of credit taken	<b>31 days</b>	33 days
Percentage of invoices by volume paid within 30 days	<b>93%</b>	93%
Percentage of invoices by value paid within 30 days	<b>95%</b>	94%
Percentage of invoices by volume paid within 10 days	<b>82%</b>	83%
Percentage of invoices by value paid within 10 days	<b>81%</b>	75%

### CORPORATE GOVERNANCE

The Board met six times during the year to progress the business of NHS Greater Glasgow and Clyde. Following the publication, in May 2010, of "The Healthcare Quality Strategy for NHSScotland", the NHS Board considered its governance structure with a view to introducing an integrated approach to governance across clinical areas, performance management, staff and involving and engaging people in our services and developments.

At its meeting in April 2011, the NHS Board agreed the establishment of a new Standing Committee of the Board – the Quality and Performance Committee (Q&P). Q&P replaced the Performance Review Group and the Clinical Governance, Research Ethics Governance and Involving People Committees. In addition, the Staff Governance Committee became a sub-committee of the new committee. The standing committees which currently support the NHS Board, and which are directly accountable to it, are:

- Quality and Performance Committee
- Audit Committee
- Area Clinical Forum
- Disciplinary Committees (for primary care contractors)
- Pharmacy Practices Committee

### Quality and Performance Committee

The objectives of Quality and Performance Committee are to provide assurance to the NHS Board on performance in a number of critical areas, including: -

- the quality of services delivered to patients
- effective patient safety and governance systems
- delivery of corporate objectives, including those set out in the Local Development Plan as agreed with Scottish Government Health Directorates
- financial planning and management
- staff and patient focused public involvement
- ensuring that learning from performance issues drives improvement

The membership of the Quality and Performance Committee comprised Mr I Lee (Convener), Dr C Benton CBE, Ms M Brown, Mr P Daniels OBE, Ms R Dhir MBE, Mr I Fraser, Cllr R McColl, Cllr J McIlwee, Mr D Sime, Mrs P Spencer, Mr B Williamson, Mr K Winter and Cllr D Yates.

The Quality and Performance Committee first met in July 2011 and met subsequently on a further four occasions during the year. As well as the members of the Committee, meetings were attended by other NHS Board members and senior managers.

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## **Audit Committee**

The purpose of the Audit Committee is to assist the NHS Board to deliver its responsibilities for the conduct of its business, including the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the NHS Board that an appropriate system of internal control has been in place throughout the year.

During the year, the membership of the Audit Committee comprised Mrs E Smith, Mr K Winter, Mr P Daniels OBE, Cllr J Handibode, Dr M Kapasi MBE, Mr I Lee, Mrs J Murray, Dr R Reid, and Mr D Sime. The committee met six times during 2011/12. Until her retirement from the NHS Board, the Audit Committee was chaired by Mrs E Smith, and was subsequently chaired by Mr K Winter.

In fulfilling its remit, the Audit Committee is supported by two Audit Support Groups, one serving the Acute Services Division, and the other serving Corporate and Partnerships; each support group met four times during the year.

## **Area Clinical Forum**

The role of the Area Clinical Forum is to represent the multi-professional views of the advisory structures for medical, dental, nursing and midwifery, pharmaceutical, optometric and allied health professions and healthcare scientists to NHS Greater Glasgow and Clyde, ensuring the involvement of all professions across the local NHS system.

The membership of the Area Clinical Forum comprised Dr H Cameron, Dr R Carter, Ms M Darroch, Mr C Fenelon, Ms J Frederick, Mr K Irvine, Dr A McDevitt, Ms N McElvanney, Mr A McMahon Mrs N Reid, Mrs V Reilly, Mrs P Spencer and Ms T Welbury. With the exception of Mrs P Spencer, none of the other members of the forum was a member of the NHS Board. The forum met six times during 2011/12 and was chaired by Mrs P Spencer.

## **Disciplinary Committees (for Primary Care Contractors)**

NHS Greater Glasgow and Clyde is the lead board for the West of Scotland Disciplinary Consortium which also comprises members from Ayrshire and Arran, Dumfries and Galloway, Forth Valley, Highland, Lanarkshire, and Western Isles Health Boards. There are four committees, with one for each contractor group, which meet, on an ad hoc basis as required, to consider disciplinary issues referred to it by NHS Boards outwith the Consortium. No referrals have been received in the past year.

## **Pharmacy Practices Committee**

The role of the Committee is to carry out the functions of NHS Greater Glasgow and Clyde in terms of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended), i.e. to prepare "the pharmaceutical list" – the list of those eligible to provide pharmaceutical services within the Board area.

The Committee is also empowered by NHS Greater Glasgow and Clyde, to exercise other functions as delegated to it under the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009 (as amended) to the extent that those functions are not delegated to an officer of the Board under the Scheme of Delegation.

The membership of the Pharmacy Practices Committee comprised Mr P Daniels OBE, Dr C Benton MBE, Mr E Black, Mr G Dykes, Mr C Fergusson, Mr A Fraser, Mr K Irvine, Dr J Johnson, Mrs J Miller, Mr J Wallace, Mr I Mouat, Ms M Lynch, Mr A MacIntyre, Mr A Imrie, Cllr L Rebecchi, Cllr W O'Rourke and Mr S Daniels. With the exception of Mr P Daniels OBE and Dr C Benton MBE, none of the other members of the committee was a member of the NHS Board.

The committee met on 8 occasions during 2011/12 and was chaired by Mr P Daniels OBE.

## **Disclosure of Information to Auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors have not been made aware of; and each director has taken all steps that they ought reasonably to have taken as a director to make themselves aware of any relevant audit information and to establish that the Board's auditors have been made aware of that information.

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### Human Resources

As an equal opportunities employer, NHS Greater Glasgow and Clyde 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.

Greater Glasgow & Clyde NHS Board is the largest single NHS employer in the United Kingdom with over 39,000 employees.

The Board has in place statutory staff governance arrangements to ensure its staff are well informed, involved in decisions, appropriately trained, treated fairly and consistently and provided with a safe environment. The Board's performance against the 2011-2013 Staff Governance Improvement Plan has been monitored throughout the year by the Board's Staff Governance Committee. The Committee comprises non-executive directors and has the involvement of general managers and trade union staff. The Committee also fulfilled its obligation to review workforce data from a diversity/equality perspective, considering staff-in-post data, recruitment activity, training activity and other HR activity data.

We recognise that in order to provide the best service, we must recruit the best available candidates and provide a supportive working environment for all, through the promotion of a wide range of progressive Human Resources policies and practices. We ensure that our employees have access to training through their own Personal Development Plans and engagement with the NHS's Knowledge & Skills Framework (KSF).

The Board values its management cohort, and our Organisational Development Framework serves to equip them with the necessary skills and behaviours to secure maximum engagement from the wider workforce. Through a variety of partnership mechanisms, including the Area Partnership Forum, the Board strives to engage trades unions and professional associations in both strategic and more operational matters. The Board has invested in developing a robust Health & Safety infrastructure and the most recent Staff Survey results indicated a significant reduction in physical violence on employees compared to when the survey was last performed.

The next five years will see significant changes to the way in which we deliver our acute services, including the provision of a new children's hospital and culminating with the opening in South Glasgow, in 2015, of the largest inpatient hospital in the UK. We have therefore commenced planning our workforce requirements to ensure we have an appropriately trained and skilled workforce to deliver efficient, effective and equitable services to our future patients. To this end, discussions have been ongoing with West of Scotland Further Education Principals regarding the development of new educational programmes to meet future needs. We have continued our work with higher and further education providers to ensure that we can continue to attract staff from as wide a population as possible, and provide a career path for all staff regardless of their initial level of training. The next few years will also see the national roll-out of a major new HR system and plans have commenced for migration to that new platform. To support all of this change, we launched a cultural change programme in 2011 called Facing The Future Together (FTFT). FTFT is a framework of employee engagement measures to improve the sense of involvement in change and to improve the flow of communication throughout the organisation.

During 2012/13 we will continue to work to improve the working lives of our staff and assist our management colleagues in delivering ever increasing quality health care and health improvement services to the public.


### 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 26.

### Events after reporting date

The Board has no significant post balance sheet events to report.

**The Accountable Officer authorised these financial statements for issue on 26 June 2012**



**R Calderwood**  
**Chief Executive & Accountable Officer**

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### OPERATING AND FINANCIAL REVIEW

#### PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The NHS Board was established in 1974, under the National Health Service (Scotland) Act 1974, with responsibility for providing health care services for the residents of Greater Glasgow. In 2006, the area covered by the Board was enlarged to include the Clyde area of the former Argyll and Clyde NHS Board. NHS Greater Glasgow and Clyde now serves a population of almost 1.2m.

The NHS Board forms a local health system with and is responsible for improving the health of its local population and delivering the healthcare it requires. The overall purpose of the NHS Board is to provide strategic leadership and direction, and ensure the efficient, effective and accountable governance of the local NHS system.

Specific roles of the NHS Board include:

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

The functions of the NHS Board comprise:

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

NHS Greater Glasgow and Clyde's structure comprises an Acute Division, three Community Health Partnerships (CHPs) and three Community Health and Care Partnerships (CHCPs). From 1 April 2011, services formerly managed by the Mental Health Partnership were fully disaggregated and devolved to local partnerships. The CHPs are responsible for managing NHS services only, whereas the CHCPs are joint organisations formed with local authority partners, responsible for managing jointly provided services.

The majority of NHS Board's capital resource (as shown in the table on page 9) has been utilised on the new South Glasgow Hospitals Development (further detail on the Acute Services Review is given below). Other significant capital projects during the year included the installation of a new PET scanner at Gartnavel General Hospital, work on decontamination facilities at various sites across the area, work on the catering unit at the Royal Alexandra Hospital and work on mental health facilities at Dykebar and Inverclyde Royal Hospitals.

The NHS Board has contracted commitments for capital expenditure in 2012/13, which have not been included in the accounts, amounting to £507.3m; details are shown in Note 20 to the financial statements.

#### Acute Services Review

In 2002, the Scottish Executive approved the Health Board's plans for a programme of modernisation of Glasgow's hospitals, as set out in the Board's Acute Services Review (ASR). The programme is being implemented, in two phases, over a thirteen year period.

The ASR strategy is being undertaken in two phases and is well underway: the first phase, the development of the two ambulatory care hospitals, was completed in 2009, and the strategy has now moved into the final stage of its implementation, which will see the construction of two new hospitals and a new laboratory facility on the Southern General site.

Construction of the laboratory facilities commenced in February 2010 and was completed on time, and under budget, in March 2012. The new laboratory is one of the most modern in the UK, and is being equipped with state of the art technology to deliver diagnostic services across the city. A phased migration of services involving approximately 700 diagnostic staff is currently underway and due to be completed in July 2012.



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The Full Business Case for the new adult and children's hospitals was approved by the Scottish Government in December 2010 and construction commenced shortly thereafter.

The new hospitals will achieve the gold standard triple co-location of adult, children's and maternity services and will modernise services, facilitating the reduction in the number of acute adult inpatient sites in Glasgow from six to three. Inpatient services will be transferred to new, state of the art facilities, with over 1,100 beds, in single room accommodation, and twenty operating theatres fitted out with high quality equipment. The new adult hospital will be the largest acute hospital in the United Kingdom. The new children's hospital, which will be linked to the new adult hospital, will replace the Royal Hospital for Sick Children at Yorkhill. It will also be linked to the existing maternity building in order to provide the best possible care for babies and their mothers.

Building work is progressing on time and within budget. Construction is scheduled to finish in February 2015 with building commissioning and migration of clinical services following this.

There has been, and continues to be, involvement in the project by local schools and colleges, with over 100 work placements having been provided to young people. The development is generating employment and apprenticeship opportunities for the local community and also helping to regenerate the local area through local businesses and social enterprises securing contracts in the construction of the new buildings.

### Patient Exemption Checking

NHS Counter Fraud Services (CFS) carried out a number of checks designed to identify cases where patients have wrongly claimed exemption from NHS charges. The results of these checks have been extrapolated by CFS in an attempt to quantify the value of NHS income lost due to patient fraud or error. The extrapolations for 2011/12 indicate a total potential fraud level of £3.6 million. This compares with £8.8 million in 2010/11. The large reduction in the current year is significantly due to pharmacy charges no longer being covered following the introduction of free prescriptions (these accounted for £3.6m of the total in 2010/11). It is not considered that this potential patient exemption fraud/error arises as a result of any significant weakness in the Board's system of internal control and it is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of any patient exemption fraud/error occurring.

### Financial Performance

The Scottish Government sets 3 financial targets at NHS Board level on an annual basis. These targets are:

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

NHS Boards are expected to contain their net expenditure within these limits, and to report on any variation from the limits as set. The Board's performance against these financial targets is as follows:

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Core Revenue Resource Limit	2,085,892	2,084,603	1,289
Non-core Revenue Resource Limit	152,091	153,078	(987)
Core Capital Resource Limit	203,931	203,913	18
Non-core Capital Resource Limit	0	0	0
Cash Requirement	2,432,000	2,431,306	694

Memorandum for in-year outturn	£'000
Brought forward surplus from previous financial year	(685)
Excess against in year Revenue Resource Limit	(383)

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During the year, the provision for bad and doubtful debts increased from £1.519m as at 1 April 2011, to £1.547m as at 31 March 2012; these figures are included in the note on trade and other receivables, Note 13.

As at the year end the Board had legal obligations arising from clinical and medical negligence claims and also other non-medical claims; details are provided in Note 17.

Details of PFI/PPP projects are provided in Note 22.

### Sickness absence data

During the year ended 31 March 2012, the NHS Board's sickness absence rate was 4.67%. The overall trend in sickness absence continues downwards, with a reduction from the previous year's absence rate of 4.77%.

### Personal data related incidents

During the year, there were fifty serious incidents relating to loss, theft or unauthorised use of personal data. Forty-eight incidents related to IT equipment, laptops and memory sticks, while two related to the unauthorised use of personal data. All incidents were investigated and appropriate action taken; the two incidents relating to personal data have been reported to the Information Commissioner's Office and are currently being investigated by the Commissioner.

### Performance against Key Non Financial Targets

In December 2005 the then Scottish Executive issued guidance to Boards requiring them to prepare Local Delivery Plans (LDPs), which set targets for specified indicators of performance in four key areas; these are known as the HEAT targets, and cover Health improvement, Efficiency, Access and Treatment.

Health Improvement
<ul style="list-style-type: none"> <li>Achieve agreed completion rates for child healthy weight intervention programme over the three years ending March 2014.</li> </ul>
<ul style="list-style-type: none"> <li>Achieve agreed number of screenings using the setting-appropriate screening tool and appropriate alcohol brief intervention, in line with SIGN 74 guidelines during 2011/12.</li> </ul>
<ul style="list-style-type: none"> <li>Reduce suicide rate between 2002 and 2013 by 20%.</li> </ul>
<ul style="list-style-type: none"> <li>NHSScotland to deliver universal smoking cessation services to achieve at least 80,000 successful quits (at one month post quit) including 48,000 in the 40% most-deprived within-Board SIMD areas over the three years ending March 2014.</li> </ul>
<ul style="list-style-type: none"> <li>Achieve agreed number of inequalities targeted cardiovascular Health Checks during 2011/12.</li> </ul>
<ul style="list-style-type: none"> <li>At least 60% of 3 and 4 year old children in each SIMD quintile to receive at least two applications of fluoride varnish (FV) per year by March 2014.</li> </ul>
Efficiency
<ul style="list-style-type: none"> <li>NHS boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement.</li> </ul>
<ul style="list-style-type: none"> <li>NHS Boards to deliver a 3% efficiency saving to reinvest in frontline services.</li> </ul>
<ul style="list-style-type: none"> <li>NHSScotland to reduce energy-based carbon emissions and to continue a reduction in energy consumption to contribute to the greenhouse gas emissions reduction targets set in the Climate Change (Scotland) Act 2009.</li> </ul>
Access To Service
<ul style="list-style-type: none"> <li>From the quarter ending December 2011, 95 per cent of all patients diagnosed with cancer to begin treatment within 31 days of decision to treat, and 95 per cent of those referred urgently with a suspicion of cancer to begin treatment within 62 days of receipt of referral.</li> </ul>
<ul style="list-style-type: none"> <li>Deliver 18 weeks referral to treatment from 31 December 2011.</li> </ul>
<ul style="list-style-type: none"> <li>By March 2013, 90% of clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery.</li> </ul>

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<ul style="list-style-type: none"> <li>Deliver faster access to mental health services by delivering 26 weeks referral to treatment for specialist Child and Adolescent Mental Health Services (CAMHS) services from March 2013; and 18 weeks referral to treatment for Psychological Therapies from December 2014.</li> </ul>
<b>Treatment</b>
<ul style="list-style-type: none"> <li>Reducing the need for emergency hospital care, NHS Boards will achieve agreed reductions in emergency inpatient bed day rates for people aged 75 and over between 2009/10 and 2011/12 through improved partnership working between the acute, primary and community care sectors.</li> </ul>
<ul style="list-style-type: none"> <li>To improve stroke care, 90% of all patients admitted with a diagnosis of stroke will be admitted to a stroke unit on the day of admission, or the day following presentation by March 2013.</li> </ul>
<ul style="list-style-type: none"> <li>To support shifting the balance of care, NHS Boards will achieve agreed reductions in the rates of attendance at A&amp;E between 2009/10 and 2013/14.</li> </ul>
<ul style="list-style-type: none"> <li>Further reduce healthcare associated infections so that by 2012/13 NHS Boards' staphylococcus aureus bacteraemia (including MRSA) cases are 0.26 or less per 1000 acute occupied bed days; and the rate of Clostridium difficile infections in patients aged 65 and over is 0.39 cases or less per 1000 total occupied bed days.</li> </ul>

Through their LDPs, Boards are required to commit to achieving a target, and also to a specific trajectory of intermediate milestones accompanied by an assessment of the main risks. NHS Greater Glasgow and Clyde has developed a performance management framework to monitor performance against key targets. A summary of progress against a sample of key targets as at March 2012 is provided below. Further information on performance against targets can be found on the NHSGGC website.

<b>Target 2011/12</b>	Achieve agreed number of screenings using the setting-appropriate screening tool and appropriate Alcohol Brief Intervention (ABI), in line with SIGN 74 guidelines by 2011/12.
<b>Performance</b>	Achieved – 19,886 ABIs undertaken by March 2012, against a target of 14,066
<b>Target 2011/12</b>	Achieve agreed number of inequalities targeted cardiovascular Health Checks during 2011/12.
<b>Performance</b>	Achieved – 19,466 against a target of 7,050
<b>Target 2011/12</b>	Achieve agreed completion rates for child healthy weight intervention programme over the three years ending March 2014.
<b>Performance</b>	Achieved – 1,134 against a target of 1,131
<b>Target 2011/12</b>	NHS boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement.
<b>Performance</b>	Achieved ( <i>subject to external audit confirmation</i> )
<b>Target 2011/12</b>	Deliver 18 weeks referral to treatment from 31 December 2011.
<b>Performance</b>	Achieved – 91.9% against a target of 90%
<b>Target 2011/12</b>	To support shifting the balance of care, NHS Boards will achieve agreed reductions in the rates of attendance at A&E between 2009/10 and 2013/14.
<b>Performance</b>	Achieved – 2,851 per 100,000 population against a target of 2,990 per 100,000 population

As we move into 2012/13, action is underway to ensure that the Board's performance against the current national targets is being driven forward and progress will be subject to close and regular review. Throughout 2011/12 the Board has continued to develop its approach to performance management to encompass its full range of responsibilities and to embed this approach at all levels in the organisation. This comprehensive approach to performance management will be further developed in 2012/13.

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## Sustainability and Environmental Reporting

NHS Greater Glasgow and Clyde ensures its obligations on reduction in energy use and carbon footprint, climate change adaptation and broader sustainability issues, including community engagement, are met through the work of the Sustainability Planning and Implementation Group (SPIG). The group's overall Sustainable Development Action Plan (SDAP) provides a framework for action for the NHS Board to meet its obligations under the Climate Change Act and other legislation, as well as National Outcomes, and provides for action in specific sectors of the organisation with named leads and timescales.

Progress made during 2011/12 can be summarised as follows:

Objectives	Progress in 2011/12
<ul style="list-style-type: none"> <li>Develop SDAP to guide the SPIG and corporate sustainability actions</li> </ul>	<p>Updated SDAP prepared in consultation with SPIG and leads for key sectors in organisation and submitted to Scottish Government. SDAP is based around the six domains of the Good Corporate Citizen tool: Facilities Management; Workforce; Transport &amp; Travel; Procurement; Buildings; Community Engagement</p>
<ul style="list-style-type: none"> <li>Conduct Good Corporate Citizenship self assessment (GCCAM)</li> </ul>	<p>Ongoing self assessment with reporting on two domains to each SPIG meeting of the six GCCAM domains and annual reporting to Scottish Government. NHSGGC exceeded minimum requirements against the assessment for 2011/12. Ongoing work with Health Facilities Scotland/Scottish Government to refine process</p>
<ul style="list-style-type: none"> <li>Develop Corporate Greencode environmental management system</li> </ul>	<p>Corporate Greencode group established in Glasgow Royal Infirmary and pilot phase completed in 2010/11, laying ground for rollout to other acute sites in 2011/12.</p>
<ul style="list-style-type: none"> <li>Carbon Management Plan</li> </ul>	<p>Regular reporting on progress against HEAT targets to the SPIG. Carbon Management Plan being extensively reviewed and revised for 2012.</p>
<ul style="list-style-type: none"> <li>Co-ordinate awareness raising initiatives</li> </ul>	<p>"Ecosmart" awareness campaign launched summer 2010 with regular features in Staff News, Core Brief, and dedicated pages on Staffnet. New category of Chairman's Award, links with wider partnership initiatives, staff survey and staff side involvement in steering group.</p>
<ul style="list-style-type: none"> <li>Develop approaches to areas of tension or conflict between sustainability priorities and other organisational imperatives</li> </ul>	<p>SPIG includes membership from across the organisation and provides director level leadership. The SPIG governance structure has been adopted by Scottish Government as exemplar for its Sustainable Development Policy.</p>
<ul style="list-style-type: none"> <li>Ensure there is an appropriate process for decision making on specific initiatives</li> </ul>	<p>Specific proposals considered through the SPIG.</p>
<ul style="list-style-type: none"> <li>Review emerging evidence and best practice and ensure NHSGGC responds accordingly</li> </ul>	<p>Regular horizon scanning / new developments reports to Planning and Implementation Group to ensure new evidence and best practice informs plans. Sustainability Policy Framework and SDAP drive action across NHSGGC and are informed by evidence and best practice.</p> <p>Partnership work with Glasgow Climate Change Partnership and Sustainable Glasgow.</p>

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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### REMUNERATION REPORT

#### Remuneration Sub-committee

The Remuneration Sub-committee is a sub-committee of the Staff Governance Committee. Its main role is to ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the Board as determined by Scottish Ministers and the Scottish Government Health Directorate.

The members of the Remuneration Sub-committee during 2011/12 were Mr A O Robertson OBE, Ms R Dhir MBE, Mr I Fraser, Mr D Sime, Cllr J Coleman and Rev Dr N Shanks. The Board Chief Executive and Director of Human Resources are invited to attend meetings of the Remuneration Sub-committee, where appropriate, to provide advice.

The sub-committee met once during 2011/12, and, in accordance with Scottish Government Health Directorate guidance, it determined and reviewed the pay arrangements for the NHS Board's senior managers whose posts are part of the Executive and Senior Management Cohorts, and ensured that a fair, equitable and effective system of performance management for these groups was in operation.

The Directors' Remuneration report, which is shown on the following pages, details Board Members' and Senior Employee's remuneration, in bandings of £5,000. These bandings include any backdated salary payments made, and Board contributions made in respect of national insurance and pension.

As at 31st March 2012 (31st March 2011), the annual (or part year where indicated below) salaries of executive board members were as follows: -

R Calderwood £162,882 (£162,882); L de Caestecker £153,766 (£153,766); B N Cowan (left 10 Feb 12) £144,858 (£168,055); R Crocket £122,931 (£122,931); D Griffin (left 30 Jun 11) £31,652 (£124,148); P James (from 1 Jul 11) £96,288 (Nil).

REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - CURRENT YEAR (AUDITED INFORMATION)

	* Remuneration (Bands of £5,000)	Performance Related Bonus	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Real increase in lump sum at age 60 at 31 March (bands of £2,500)	Total accrued lump sum at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2011	Cash Equivalent Transfer Value (CETV) at 31 March 2012	Real increase in CETV in year	Benefits in kind - nearest
							£'000	£'000	£'000	£100
<b>Remuneration of:</b>										
<b>Executive Members</b>										
Chief Executive : R Calderwood	185-190	-	0 - 2.5	80-85	0-2.5	250-255	1,791	1,899	108	-
Director of Public Health : L de Caestecker	170-175	-	0 - 2.5	35-40	0-2.5	110-115	673	750	77	800
Medical Director : B N Cowan (left 10.02.12)	160-165	-	-	-	-	-	1,403	-	-	-
Nurse Director : R Crocket	135-140	-	0 - 2.5	35-40	0-2.5	115-120	766	836	70	-
Director of Finance : P James (from 01.07.11)	105-110	-	0 - 2.5	5-10	2.5-5.0	0-5	-	20	20	-
Director of Finance : D Griffin (left 30.06.11)	35-40	-	-	-	-	-	551	-	-	500
<b>Non Executive Members</b>										
The Chair : A O Robertson	35-40	-	-	-	-	-	-	-	-	-
C Bell (left 31.05.11)	0-5	-	-	-	-	-	-	-	-	-
C Benton	5-10	-	-	-	-	-	-	-	-	-
M Brown (from 01.04.11)	5-10	-	-	-	-	-	-	-	-	-
G Carson	5-10	-	-	-	-	-	-	-	-	-
J Coleman	5-10	-	-	-	-	-	-	-	-	-
P Daniels	10-15	-	-	-	-	-	-	-	-	-
R Dhir	15-20	-	-	-	-	-	-	-	-	-
A Dominiczak	5-10	-	-	-	-	-	-	-	-	-
I Fraser	5-10	-	-	-	-	-	-	-	-	-
J Handibode	5-10	-	-	-	-	-	-	-	-	-
M Kapasi	5-10	-	-	-	-	-	-	-	-	-
B Lawson (from 20.06.11)	5-10	-	-	-	-	-	-	-	-	-
I Lee	15-20	-	-	-	-	-	-	-	-	-
R Mc Coll	20-25	-	-	-	-	-	-	-	-	-
J Mc Ilwee	15-20	-	-	-	-	-	-	-	-	-
J Murray	5-10	-	-	-	-	-	-	-	-	-
R Reid (from 01.04.11)	5-10	-	-	-	-	-	-	-	-	-
N Shanks	5-10	-	-	-	-	-	-	-	-	-
D Sime (Employee Director - this post is full time and the salary shown relates to the substantive post held)	60-65	-	0 - 2.5	15-20	0-2.5	45-50	319	350	31	-
E Smith (left 30.06.11)	5-10	-	-	-	-	-	-	-	-	-
P Spencer (from 20.06.11)	5-10	-	-	-	-	-	-	-	-	-
A Stewart	5-10	-	-	-	-	-	-	-	-	-
B Williamson	15-20	-	-	-	-	-	-	-	-	-
K Winter	10-15	-	-	-	-	-	-	-	-	-
D Yates	15-20	-	-	-	-	-	-	-	-	-
<b>Other Senior Employees</b>										
Chief Operating Officer, Acute Division : J Grant	130-135	-	0 - 2.5	30-35	2.5-5.0	95-100	487	572	85	300
							<b>5,990</b>	<b>4,427</b>	<b>391</b>	<b>1,600</b>

Note

\* 1. Remuneration bandings above include Board contributions made in respect of national insurance and pension.

2. CETV figures are notional calculations based on actuarial tables.

Prior Year CETV values have been adjusted due to factors provided by the Government's Actuary Department to the following:-

Chief Executive : R Calderwood	1,930	to	1,791
Director of Public Health : L de Caestecker	743	to	673
Medical Director : B N Cowan	1,500	to	1,403
Nurse Director : R Crocket	833	to	766
Director of Finance : D Griffin	606	to	551
Employee Director : D Sime	348	to	319
Chief Operating Officer, Acute Division : J Grant	552	to	487

REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - PRIOR YEAR (AUDITED INFORMATION)

	* Remuneration (Bands of £5,000)	Performance Related Bonus	Real increase in pension at age 60 (Bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Real increase in lump sum at age 60 at 31 March (bands of £2,500)	Total accrued lump sum at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2010	Cash Equivalent Transfer Value (CETV) at 31 March 2011	Real increase in CETV in year	Benefits in kind - nearest
							£'000	£'000	£'000	£100
<b>Remuneration of:</b>										
<b>Executive Members</b>										
Chief Executive : R Calderwood	180-185	-	0 - 2.5	80-85	0-2.5	240-245	1,819	1,930	(9)	-
Director of Public Health : L de Caestecker	170-175	-	0 - 2.5	35-40	5.0-7.5	105-110	662	743	30	900
Medical Director : B N Cowan	190-195	-	0 - 2.5	60-65	5.0-7.5	180-185	1,373	1,500	43	2,300
Nurse Director : R Crocket	135-140	-	0 - 2.5	35-40	0-2.5	110-115	793	833	(10)	-
Director of Finance : D Griffin	135-140	-	0 - 2.5	25-30	2.5-5.0	80-85	553	606	10	1,200
<b>Non Executive Members</b>										
The Chair : A O Robertson	35-40	-	-	-	-	-	-	-	-	-
D H Barlow (left 31.12.10)	5-10	-	-	-	-	-	-	-	-	-
C Bell	5-10	-	-	-	-	-	-	-	-	-
C Benton	5-10	-	-	-	-	-	-	-	-	-
G Carson	5-10	-	-	-	-	-	-	-	-	-
R Cleland (left 31.3.11)	15-20	-	-	-	-	-	-	-	-	-
J Coleman	15-20	-	-	-	-	-	-	-	-	-
P Daniels	5-10	-	-	-	-	-	-	-	-	-
R Dhir	15-20	-	-	-	-	-	-	-	-	-
A Dominiczak (from 01.01.11)	0-5	-	-	-	-	-	-	-	-	-
I Fraser ( from 01.08.10)	5-10	-	-	-	-	-	-	-	-	-
P Hamilton (left 31.3.11)	15-20	-	-	-	-	-	-	-	-	-
J Handibode	5-10	-	-	-	-	-	-	-	-	-
M Kapasi	5-10	-	-	-	-	-	-	-	-	-
I Lee	5-10	-	-	-	-	-	-	-	-	-
D MacKay (left 23.03.11)	15-20	-	-	-	-	-	-	-	-	-
R Mc Coll ( from 01.08.10)	5-10	-	-	-	-	-	-	-	-	-
J Mc Ilwee	15-20	-	-	-	-	-	-	-	-	-
G McLaughlin (left 05.09.10)	5-10	-	-	-	-	-	-	-	-	-
R Nijjar (left 31.3.11)	5-10	-	-	-	-	-	-	-	-	-
J Murray	5-10	-	-	-	-	-	-	-	-	-
I Robertson (left 30.06.10)	0-5	-	-	-	-	-	-	-	-	-
N Shanks ( from 01.08.10)	5-10	-	-	-	-	-	-	-	-	-
D Sime (Employee Director - this post is full time and the salary shown relates to the substantive post held)	60-65	-	0 - 2.5	15-20	0-2.5	45-50	318	348	12	-
E Smith	20-25	-	-	-	-	-	-	-	-	-
A Stewart	5-10	-	-	-	-	-	-	-	-	-
B Williamson	5-10	-	-	-	-	-	-	-	-	-
K Winter	5-10	-	-	-	-	-	-	-	-	-
D Yates	20-25	-	-	-	-	-	-	-	-	-
<b>Other Senior Employees</b>										
Chief Operating Officer, Acute Division : J Grant	130-135	-	0 - 2.5	25-30	2.5-5.0	85-90	508	552	5	1700
							<b>6,026</b>	<b>6,512</b>	<b>81</b>	<b>6,100</b>

**Note**

\* 1. Remuneration bandings above include Board contributions made in respect of national insurance and pension.

2. CETV figures are notional calculations based on actuarial tables.

Prior Year CETV values have been adjusted due to factors provided by the Government's Actuary Department to the following:-

Chief Executive : R Calderwood	1,799	to	1,819
Director of Public Health : L de Caestecker	654	to	662
Medical Director : B N Cowan	1,359	to	1,373
Nurse Director : R Crocket	785	to	793
Director of Finance : D Griffin	547	to	553
Employee Director : D Sime	315	to	318
Chief Operating Officer, Acute Division : J Grant	502	to	508

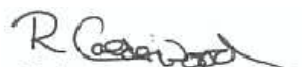
**REMUNERATION REPORT (continued)**

**Annualised Remuneration**

	Remuneration (Bands of £5,000)	Performance Related Bonus	Benefits in kind - nearest £100
Chief Executive : R Calderwood	160-165	-	-
Director of Public Health : L de Caestecker	150-155	-	800
Medical Director : B N Cowan (left 10.02.12)	165-170	-	-
Nurse Director : R Crocket	120-125	-	-
Director of Finance : P James (from 01.07.11)	120-125	-	-
Director of Finance : D Griffin (left 30.06.11)	120-125	-	500
Band of highest paid Director's total remuneration	165-170		
Workforce Median total	25.22		
Remuneration Ratio	6.64		

**Note**

1. The banded annualised remuneration of the highest paid director in NHSGG&C in the financial year 2011-12 was £167,500. This was 6.64 times the median remuneration of the workforce, which was £25,215.
2. In 2011-12 fifty four clinical employees received remuneration in excess of the highest paid director. Remuneration ranged from £167,500 to £239,000.
3. The calculation does not include agency staff costs.
4. Due to the calculation being taken from the payroll system no prior year median comparisons are available.



**R Calderwood**  
**Chief Executive**  
**26 June 2012**



# **NHS Greater Glasgow and Clyde**

## **Annual Accounts for the year ended 31 March 2012**

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### **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 Greater Glasgow Health Board.

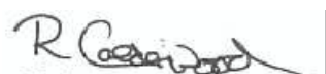
This designation carries with it, responsibility for:

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of 23 March 2009.



**R Calderwood**  
**Chief Executive**  
**NHS Greater Glasgow and Clyde**

**26 June 2012**

# NHS Greater Glasgow and Clyde Annual Accounts for the year ended 31 March 2012

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## 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 2012 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

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



**P James**  
**Director of Finance**



**A O Robertson**  
**Chairman**

**26 June 2012**

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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### 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.

#### Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing 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 Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

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

#### Governance Framework

Under the terms of the Scottish Health Plan, the NHS Board is a board of governance. Its purpose 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, focusing on agreed outcomes.

The NHS Board comprises the Chair, twenty-three non-executive and five executive board members; of the non-executive members, seven are Council Members nominated by each of the councils within the NHS Board area. Board members are appointed by Scottish Ministers and are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The functions of the NHS Board comprise:

- Strategy development - to develop a single Local Health Plan for the area
- Implementation of the Local Health Plan and Local Delivery Plan
- Resource allocation to address local priorities
- Performance management of the local NHS system, including risk management

Following the publication, in May 2010, of "The Healthcare Quality Strategy for NHSScotland", the NHS Board considered its governance structure with a view to introducing an integrated approach to governance across clinical areas, performance management, staff and involving and engaging people in our services and developments.

In April 2011, therefore, the NHS Board reviewed its governance framework, and, as a result, established a new Standing Committee of the Board – the Quality and Performance Committee (Q&P). The new committee comprises thirteen members of the NHS Board, and replaced the Performance Review Group and the Clinical Governance, Research Ethics Governance and Involving People Committees. In addition, the Staff Governance Committee, previously a Standing Committee of the NHS Board, became a sub-committee of Q&P. The first meeting of Q&P was held in July 2011.

Q&P takes an integrated approach to the key responsibilities of quality, patient safety, patient experience and funding decisions, and at each meeting, the committee considers an Integrated Quality and Performance Report. Whereas historically we have viewed finance, service performance, clinical outcomes, and patient and staff views as discreet processes, our development of the Healthcare Quality Strategy has provided the opportunity for integrating the wide range of performance measurement that exists in the NHS to help drive progress towards achieving our quality ambitions.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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The other standing committees which currently support the NHS Board, and which are directly accountable to it, are:

- Audit Committee – this committee assists the NHS Board in the delivery of its responsibilities for the conduct of its business, and provides assurance to the NHS Board that an appropriate system of internal control has been in place throughout the year.
- Area Clinical Forum - the role of the Forum is to represent the multi-professional views of the advisory structures for healthcare professionals, allied health professions and healthcare scientists to NHS Greater Glasgow and Clyde, ensuring the involvement of all professions across the local NHS system.
- Disciplinary Committees (for primary care contractors) - NHS Greater Glasgow and Clyde is the lead board for the West of Scotland Disciplinary Consortium which comprises of a committee for each primary care contractor group, which considers disciplinary issues referred to it by NHS Boards outwith the consortium.
- Pharmacy Practices Committee - the role of this committee is to prepare “the pharmaceutical list” – the list of those eligible to provide pharmaceutical services within the Board area.

In April 2011, the services managed by the Mental Health Partnership Committee were absorbed into, and subject to strengthened performance management arrangements and scrutiny within local CHP and CHCP Committees. These CHP and CHCP Committees discharge their local governance functions, including those issues delegated to them by the NHS Board. The Standing Orders for the Proceedings and Business of the CHP/CHCP have been approved by the NHS Board.

The conduct and proceedings of the NHS Board are set out in its Standing Orders; the document specifies the matters which are solely reserved for the NHS Board to determine, the matters which are delegated under the Scheme of Delegation and the matters which are remitted to a Standing Committee of the NHS Board.

The Standing Orders also include the Code of Conduct that board members must comply with, and, along with the Standing Financial Instructions, these documents are the focus of the NHS Board's Annual Review of Governance Arrangements. The annual review also covers the remits of the NHS Board's Standing Committees.

In addition to the Code of Conduct for Members, the NHS Board has in place a Code of Conduct for Staff. This contains information for staff on how to deal with the disclosure, either internally or externally, of malpractice, as well as illegal acts or omissions at work - commonly known as “whistle blowing”. We also have in place a well established complaints system, whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment; information on our complaints procedures are available on the NHSGGC website.

Whilst pay arrangements for NHS staff are determined under national arrangements, the pay arrangements for the NHS Board's senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to Scottish Government Health Directorates guidance, determined by the Remuneration Sub-committee (a sub-committee of the Staff Governance Committee). The Remuneration Sub-committee ensures the application and implementation of fair and equitable systems for pay and for performance management on behalf of the NHS Board.

All NHS Board executive directors undertake a review of their development needs as part of annual performance management and development process. A leadership development framework is in place to offer a range of development activities to meet needs identified, with additional support from Organisational Development when required. Access to external and national programmes in line with development plan and career objectives is also in place. The Chief Executive is accountable to the Board through the Chair of the NHS Board. The Chair agrees the Chief Executive's annual objectives in line with the Board's strategic and corporate plans.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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

To ensure that the NHS Board complies with relevant legislation, regulations, guidance and policies, the Corporate Planning, Policy and Performance Team produces a monthly policy update which highlights recent publications and developments in health policy, including information regarding Scottish Government consultations and legislation, reports from "think tanks" and health policy organisations and UK wide developments. Internal policies are created in line with the Board's Policy Development Framework, which ensures that there is a consistent and clear approach to policy development, consultation, approval, dissemination/communication, access to documents and review, and that NHSGGC complies with relevant legislation, governance, audit and controls assurance requirements. All policies, strategies or procedures are reviewed every three years as a minimum, or sooner if there is a specific legislative or service requirement or change in guidance, law or practice.

NHS Greater Glasgow and Clyde strives to consult with all of its key stakeholders. We do this in a variety of ways. How we inform, engage and consult with patients and the public in transforming hospitals and services is an important part of how we plan for the future. To fulfil our responsibilities for public involvement, we routinely communicate with, and involve, the people and communities we serve, to inform them about our plans and performance. Public Partnership Forums, established by each CHP/CHCP, provide a mechanism for promoting the routine involvement of local people in the design and delivery of the health services they use. This process of involvement is required before we can decide to begin consultation on a proposed service change.

We meet with the Cabinet Secretary for Health, Wellbeing & Cities Strategy twice a year; the main meeting is our formal Annual Review at which we are held to account in public in respect of our performance against targets.

We also strive to engage with staff, and as well as our well established methods of communication (Staff Newsletter, Core Briefs and Team Briefs), during the year, we launched "Facing the Future Together"; this initiative allows greater engagement with staff, and encourages more staff to be involved in contributing to decision making in the areas in which they work. It was developed using feedback gathered from staff.

NHS Greater Glasgow and Clyde is committed to working in partnership with its staff, other public sector agencies and voluntary sector bodies. The NHS Board, through its NHS Partnerships has well developed community planning processes to enable it to work effectively with local authorities and the voluntary sector to implement a whole system approach to providing patient care. This work is reported to, and monitored by, the NHS Board through its CHP and CHCP committee structure. The introduction of the Change Fund for Older Peoples Services and the forthcoming move to integrate adult health and social care services will further strengthen these relationships.

I have reviewed the UK Corporate Governance Code and believe that NHS Greater Glasgow and Clyde complies with it, with the exception that, during the year the NHS Board did not have in place arrangements for evaluation of its own performance. Plans are in place to introduce this in the coming year.

### **Review of Adequacy and Effectiveness**

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

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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- comments made by the external auditors in their management letters and other reports.

The control mechanisms are overseen and continually evaluated by the NHS Board, its standing committees (as detailed above) and a number of other groups including:

- the Risk Management Steering Group
- the Information Governance Steering Group

I have been advised in my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Risk Management Steering Group and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Audit Committee's review of the system of internal control in place during 2011/12 was informed by a number of sources of assurance including the following:

- All matters considered by the Audit Committee;
- Review of the NHS Board's internal control arrangements against the extant guidance by the Scottish Government Health Directorates;
- Statements of assurance from the Risk Management Steering Group, the Quality and Performance Committee in respect of clinical governance arrangements, the Staff Governance Committee and the Information Governance Steering Group;
- All matters considered by the Audit Support Groups and the statements of assurance issued by them;
- Reports issued by the internal auditors, including the annual statement of their independent opinion on the adequacy and effectiveness of the system of internal control;
- Reports issued by Audit Scotland arising from the audit of the annual accounts and the programme of performance audits;
- Private discussions with both internal and external auditors;
- Statement of Accounts;
- Third party assurances in respect of key services provided by National Services Scotland;
- Annual Fraud Report;
- Report on Losses and Compensations.

### **Best Value**

In accordance with the principles of Best Value, the board aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual.

### **Risk Assessment**

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

NHS Greater Glasgow and Clyde has in place a Risk Management Strategy; this strategy includes having a Risk Management Steering Group (RMSG), which is responsible for developing a single system of risk management for NHS Greater Glasgow and Clyde, and overseeing the development and maintenance of strategy and infrastructure. It monitors implementation of associated plans to co-ordinate the management of risk across the NHS Board using a consistent methodology and set of standards.

The RMSG has its line of reporting to the Corporate Management Team. Chaired by the Director of Finance, the RMSG's key remit continued to be the oversight of the development of risk management arrangements within NHS Greater Glasgow and Clyde.

The key components of the NHS Board's risk management arrangements are the Risk Management Strategy, the Risk Register Policy and the Corporate Risk Register. All of the key areas within the organisation maintain a risk register; these local registers are scrutinised by the RMSG and, from this scrutiny, the Corporate Risk Register is reviewed and updated on an annual basis.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

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The Corporate Risk Register summarises the main risks identified within each of the organisational areas, and the processes by which these risks were managed, and is presented to the Audit Committee for its approval on an annual basis.

In respect of clinical governance and risk management arrangements we continue to have

- clearly embedded risk management structures throughout the organisation;
- a strong commitment to clinical effectiveness and quality improvement across the organisation;
- a sound cycle of annual clinical governance reporting arrangements for operational entities with devolved responsibilities; and
- a robust performance management framework that provides the context to support statistics with a high level of qualitative information.

There are training programmes, available to all staff, which include training on risk assessment, hazardous substances, general awareness of safety and display screen equipment risks. Practical training sessions provided by the organisation include a range of moving and handling training for staff primarily involved in patient handling, and also training for staff that may be exposed to violence and aggression. Both moving and handling and violence and aggression training courses are based on a robust training needs analysis and the concept of risk assessment is a fundamental component of the training.

Taking account of the work done, I consider that we have taken appropriate steps to ensure that we have discharged our responsibilities in relation to the management of risk.

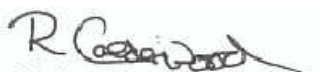
During the last year, we have continued our efforts to ensure that all staff are aware of their responsibilities when handling personal identifiable information and a number of communications have been issued reminding staff of their duty to treat patient and staff data in a confidential and secure manner. We also had a follow up audit from the Information Commissioner's Office who considered the arrangements in place provided reasonable assurance that processes and procedures to mitigate risks of non-compliance with data protection were in place.

The NHSScotland Code of Practice: Protecting Patient Confidentiality was updated by Scottish Government and a copy of this Code has been issued to all staff.

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 particular, in the period covering the year to 31 March 2012 and up to the signing of the accounts the organisation has continued to monitor, review and enhance its governance arrangements to support the organisational structure; that process includes the annual review of corporate governance.

### Disclosures

During the year ended no significant control weaknesses or issues have arisen, nor have there been any significant failures in the expected standards for good governance, risk management and control.



**R Calderwood**  
Chief Executive and Accountable Officer

**26 June 2012**

# **NHS Greater Glasgow and Clyde**

## **Annual Accounts for the year ended 31 March 2012**

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### **Independent auditor's report to the members of Greater Glasgow Health Board, the Auditor General for Scotland and the Scottish Parliament**

I have audited the financial statements of Greater Glasgow Health Board for the year ended 31 March 2012 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2011/12 Government Financial Reporting Manual (the 2011/12 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and income in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the directors' report, the operating and financial review and accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2012 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 2011/12 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.



# **NHS Greater Glasgow and Clyde**

## **Annual Accounts for the year ended 31 March 2012**

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### **Opinion on regularity**

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

### **Opinion on other prescribed matters**

In my opinion:

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

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

**Gillian Woolman MA FCA**  
**Assistant Director of Audit**  
**Audit Scotland**  
**18 George Street**  
**EDINBURGH**  
**EH2 2QU**  
**29 June 2012**

# NHS Greater Glasgow & Clyde

Annual Accounts for the year ended 31 March 2012

## Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

	Note	2012 £'000	2011 £'000
<b>Clinical Services Costs</b>			
Hospital and Community	4	<b>2,232,778</b>	2,223,486
Less: Hospital and Community Income	8	<b>431,281</b>	429,231
		<b>1,801,497</b>	1,794,255
Family Health	5	<b>586,907</b>	580,862
Less: Family Health Income	8	<b>14,951</b>	18,563
		<b>571,956</b>	562,299
<b>Total Clinical Services Costs</b>		<b>2,373,453</b>	2,356,554
Administration Costs	6	<b>10,791</b>	11,891
Less: Administration Income	8	<b>198</b>	102
		<b>10,593</b>	11,789
Other Non Clinical Services	7	<b>64,502</b>	31,713
Less: Other Operating Income	8	<b>56,572</b>	59,294
		<b>7,930</b>	(27,581)
<b>Net Operating Costs</b>		<b>2,391,976</b>	2,340,762
<b>OTHER COMPREHENSIVE NET EXPENDITURE</b>			
Net gain on revaluation of property, plant and equipment		<b>(45,987)</b>	(24,164)
Net gain on revaluation of intangibles		-	(212)
Other Comprehensive Net Expenditure		<b>(45,987)</b>	(24,376)
<b>Total Comprehensive Expenditure</b>		<b>2,345,989</b>	2,316,386

# NHS Greater Glasgow & Clyde

Annual Accounts for the year ended 31 March 2012

## Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

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	2012 £'000
<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>	
<b>Net Operating Costs</b>	2,391,976
Total Non Core Expenditure (see below)	(153,078)
FHS Non Discretionary Allocation	(155,367)
Donated Assets Income	1,072
<b>Total Core Expenditure</b>	<u>2,084,603</u>
Core Revenue Resource Limit	2,085,892
<b>Saving against Core Revenue Resource Limit</b>	<u>1,289</u>
 <b>SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN</b>	
Capital Grants to Other Bodies	1,059
Depreciation/Amortisation	71,977
Annually Managed Expenditure - Impairments	37,981
Annually Managed Expenditure - Creation of Provisions	8,085
Annually Managed Expenditure - Depreciation of Donated Assets	846
IFRS PFI Expenditure	33,130
<b>Total Non Core Expenditure</b>	<u>153,078</u>
Non Core Revenue Resource Limit	152,091
<b>Excess against Non Core Revenue Resource Limit</b>	<u>(987)</u>
 <b>SUMMARY RESOURCE OUTTURN</b>	
Core Expenditure	2,084,603
Non Core Expenditure	153,078
<b>Total Net Expenditure</b>	<u>2,237,681</u>
Core Revenue Resource Limit	2,085,892
Non Core Revenue Resource Limit	152,091
<b>Total Revenue Resource Limit</b>	<u>2,237,983</u>
<b>Saving against Revenue Resource Limit</b>	<u>302</u>

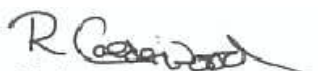
**NHS Greater Glasgow & Clyde**  
**Annual Accounts for the year ended 31 March 2012**  
**Balance Sheet**

	Note	2012 £'000	2011 £'000	2010 £'000
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	11	<b>1,698,796</b>	1,562,788	1,487,808
Intangible assets	10	<b>941</b>	1,719	1,230
Financial assets:				
Available for sale financial assets	14	<b>1</b>	1	1
Trade and other receivables	13	<b>55,235</b>	58,456	55,728
<b>Total Non Current Assets</b>		<b>1,754,973</b>	1,622,964	1,544,767
<b>CURRENT ASSETS</b>				
Inventories	12	<b>21,951</b>	24,348	25,360
Financial assets:				
Trade and other receivables	13	<b>78,341</b>	86,880	69,602
Cash and cash equivalents	15	<b>1,060</b>	2,182	992
Available for sale financial assets	14	-	-	-
Assets classified as held for sale	11c	<b>241</b>	-	-
		<b>101,593</b>	113,410	95,954
<b>CURRENT LIABILITIES</b>				
Provisions	17	<b>(33,024)</b>	(19,731)	(27,333)
Financial liabilities:				
Trade and other payables	16	<b>(360,405)</b>	(332,744)	(345,829)
		<b>(393,429)</b>	(352,475)	(373,162)
<b>Total assets less current liabilities</b>		<b>1,463,137</b>	1,383,899	1,267,559
<b>NON CURRENT LIABILITIES</b>				
Provisions	17	<b>(81,645)</b>	(85,262)	(93,406)
Financial liabilities:				
Trade and other payables	16	<b>(244,277)</b>	(247,195)	(233,705)
		<b>(325,922)</b>	(332,457)	(327,111)
		<b>1,137,215</b>	1,051,442	940,448
<b>TAXPAYERS EQUITY</b>				
General Fund		<b>839,595</b>	784,366	689,733
Revaluation Reserve		<b>297,620</b>	267,076	250,715
Other Reserves		-	-	-
		<b>1,137,215</b>	1,051,442	940,448

Adopted by the Board on 26 June 2012



**P James**  
**Director of Finance**



**R Calderwood**  
**Chief Executive**

**NHS Greater Glasgow & Clyde**  
**Annual Accounts for the year ended 31 March 2012**  
**Cash Flow Statement**

	Note	2012 £'000	2011 £'000
<b>NET OPERATING CASHFLOW</b>			
Net operating cost		<b>(2,391,976)</b>	(2,340,762)
Adjustments for non cash transactions	3	<b>114,609</b>	110,782
Interest payable	3	<b>19,499</b>	14,853
Interest receivable	8	<b>(3)</b>	(8)
Net movement on working capital	18	<b>42,346</b>	(11,191)
Net cash outflow from operating activities		<b>(2,215,525)</b>	<b>(2,226,326)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(207,658)</b>	(201,022)
Purchase of intangible assets		<b>(178)</b>	(302)
Proceeds of disposal of property, plant and equipment		<b>13,755</b>	2,551
Interest received		<b>3</b>	8
Net cash outflow from Investing Activities		<b>(194,078)</b>	<b>(198,765)</b>
<b>FINANCING</b>			
Funding		<b>2,431,871</b>	2,428,081
Movement in general fund working capital	SOCTE	<b>(565)</b>	254
Cash drawn down	SOCTE	<b>2,431,306</b>	2,428,335
Capital element of payments in respect of finance leases and on balance sheet PFI Contracts		<b>(2,769)</b>	11,863
Interest paid	3	<b>153</b>	3,564
Interest element of finance leases and on balance sheet PFI Contracts	3	<b>(19,652)</b>	(18,417)
Net cash inflow from financing		<b>2,409,038</b>	2,425,345
<b>Increase/(decrease) in cash in year</b>		<b>(565)</b>	254
Net cash at 1 April	15	<b>1,056</b>	802
<b>Net cash at 31 March</b>	15	<b>491</b>	1,056

**NHS Greater Glasgow & Clyde**  
**Annual Accounts for the year ended 31 March 2012**  
**Statement of Changes In Taxpayers Equity**

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2011</b>		<b>784,366</b>	<b>267,076</b>	<b>-</b>	<b>1,051,442</b>
Net gain on revaluation/indexation of property, plant and equipment	11	-	45,987	-	45,987
Impairment of property, plant and equipment	11	-	(37,210)	-	(37,210)
Impairment of intangible assets	10	-	(881)	-	(881)
Revaluation & impairments taken to operating costs	3	-	37,982	-	37,982
Transfers between reserves		15,334	(15,334)	-	-
Net operating cost for the year		(2,391,976)	-	-	(2,391,976)
<b>Total recognised income and expense for 2011-12</b>		<b>(2,376,642)</b>	<b>30,544</b>	<b>-</b>	<b>(2,346,098)</b>
<b>Funding:</b>					
Drawn down		2,431,306	-	-	2,431,306
Movement in General Fund (Creditor) / Debtor		565	-	-	565
<b>Balance at 31 March 2012</b>		<b>839,595</b>	<b>297,620</b>	<b>-</b>	<b>1,137,215</b>

**PRIOR YEAR**

	Note	General Fund £'000	Revaluation Reserve £'000	Other Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2010</b>		<b>689,733</b>	<b>250,715</b>	<b>-</b>	<b>940,448</b>
Net gain on revaluation/indexation of property, plant and equipment	11	-	24,164	-	24,164
Net gain on revaluation/indexation of intangible assets	10	-	212	-	212
Impairment of property, plant and equipment	11	-	(38,670)	-	(38,670)
Revaluation & impairments taken to operating costs	3	-	38,670	-	38,670
Transfers between reserves		8,101	(8,101)	-	-
Transfer of non current assets from other bodies		(787)	86	-	(701)
Net operating cost for the year		(2,340,762)	-	-	(2,340,762)
<b>Total recognised income and expense for 2010-11</b>		<b>(2,333,448)</b>	<b>16,361</b>	<b>-</b>	<b>(2,317,087)</b>
<b>Funding:</b>					
Drawn down		2,428,335	-	-	2,428,335
Movement in General Fund (Creditor) / Debtor		(254)	-	-	(254)
<b>Balance at 31 March 2011</b>		<b>784,366</b>	<b>267,076</b>	<b>-</b>	<b>1,051,442</b>

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### 1. ACCOUNTING POLICIES

##### a) Authority

These accounts have been prepared in accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended. The particular accounting policies adopted follow guidance in 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 (ad) below.

##### b) Basis of Consolidation

As directed by the Scottish Ministers, the financial statements do not consolidate the NHS Greater Glasgow and Clyde Endowment Funds. Transactions between the Board and the NHS Greater Glasgow and Clyde Endowment Funds are disclosed as related party transactions, where appropriate, in note 27 to the financial statements.

##### c) Prior Year Adjustments

A change in the treatment of assets financed by government grant or donation was agreed by the government's Financial Reporting Advisory Board (FRAB) at its meeting in May 2010. The effect of this revised treatment is to remove the Donated Asset and Government Grant Reserves. This change is applicable to all NHS Boards in 2011-12. As this is a change in accounting policy a prior year adjustment has been made to reflect the change in the Board's accounts.

Additionally responsibility for the Healthcare of Prisoners in Scotland was transferred to NHS Scotland in 2011-12. This form of transfer is defined (in the FReM) as a "Machinery of Government Change" since responsibility has been passed from one part of the public sector to another. These changes have been accounted for using merger accounting (per FReM) and a prior year adjustment has been made to the Board's accounts to reflect the change.

Prior year figures have been restated to reflect these changes. The effect of this has been to add a total of £3,465k to the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet totals have been adjusted by £398k and Cash Flow Statement by £3,793k. Full details are included in Notes 24 and 25 to the financial statements.

##### d) Going Concern

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

##### e) Accounting Convention

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

##### f) Funding

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

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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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 Summary 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.

#### **g) Property, plant and equipment**

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

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

#### **i) 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:

- 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.
- 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.
- Intangible assets which can be valued, are capable of being used in a Board's activities for more than one year and have a replacement cost equal to or greater than £5,000.
- 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.



# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### ii) Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

Valuations of all land and 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 Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

# NHS Greater Glasgow and Clyde Annual Accounts for the year ended 31 March 2012 Notes to the Accounts

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## iii) 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:

- Freehold land is considered to have an infinite life and is not depreciated.
- 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.
- Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 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.
- Equipment is depreciated over the estimated life of the asset.
- Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category	Asset Lives
Medical Equipment	5 – 15 years
Engineering Equipment	15 years
Catering Equipment	15 years
Vehicles	7 years
Information Technology	5 – 10 years
Other Office Equipment	5 years
Buildings	1 – 90 years

## h) Intangible Assets

### i) Recognition

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

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

The main classes of intangible assets recognised are:

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

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

#### Software:

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

#### Software licences:

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

#### Carbon Emissions (Intangible Assets):

A cap and trade scheme gives rise to an asset for allowances held, a government grant and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as EU Greenhouse Gas Emission Allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value.

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

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

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### ii) Measurement

Valuation:

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

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

Revaluation and impairment:

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

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

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

#### iii) 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:

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

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category	Asset Lives
Intangible Assets	1 – 5 years

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### **i) 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.

#### **j) 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.

#### **k) 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.

#### **l) Leasing**

##### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Statement of Comprehensive Net Expenditure.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### **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.

In circumstances where the Board leases to others such transactions are accounted for in accordance with IFRS requirements. These leases are treated in a similar manner to the treatment noted above for Finance and Operating leases although in this case the Board is the lessor.

#### **m) Impairment of non-financial assets**

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

#### **n) 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.

#### **o) Inventories**

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

#### **p) 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.

#### **q) 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.

# **NHS Greater Glasgow and Clyde**

## **Annual Accounts for the year ended 31 March 2012**

### **Notes to the Accounts**

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#### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2004, details of which are published by the Scottish Public Pensions Agency.

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

#### **r) Clinical and Medical Negligence Costs**

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

#### **s) Related Party Transactions**

Material related party transactions are disclosed in the note 27 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

#### **t) 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.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### u) PFI Schemes

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

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

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

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

#### v) 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.

#### w) 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.

#### x) 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.



# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### y) Financial Instruments

##### i) Financial Assets

###### Classification

The NHS 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.

###### (1) 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 NHS Board does not trade in derivatives and does not apply hedge accounting.

###### (2) 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.

###### (3) 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 NHS 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 NHS Board has transferred substantially all risks and rewards of ownership.

###### (1) Financial assets at fair value through profit or loss

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

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

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### (2) 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 NHS 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 150 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

#### (3) 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. 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 NHS Board's right to receive payments is established.

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

The NHS 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.

## ii) Financial Liabilities

### Classification

The NHS 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.

#### (1) Financial liabilities at fair value through profit or loss

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

#### (2) 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.

# NHS Greater Glasgow and Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

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#### **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.

#### (1) Financial liabilities at fair value through profit or loss

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

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

#### (2) Other financial liabilities

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

#### **z) 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.

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

#### **aa) Cash and cash equivalents**

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

#### **ab) Foreign exchange**

The functional and presentational currencies of the Board are sterling.

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

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

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

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

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

# **NHS Greater Glasgow and Clyde Annual Accounts for the year ended 31 March 2012 Notes to the Accounts**

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## **ac) 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 29 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

## **ad) Key sources of judgement and estimation uncertainty**

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

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

## **Provisions**

The Board has provided for estimated costs relating to Pensions and Similar Obligations as well as Clinical and Medical negligence claims. Reliance is placed on significant details provided by other parties in order to establish the value of such provisions namely Scottish Public Pensions Agency and Central Legal Office respectively.

**NHS Greater Glasgow & Clyde**  
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**2. (a) STAFF NUMBERS AND COSTS**

	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	2012 £'000	2011 £'000
<b>STAFF COSTS</b>								
Salaries and wages	653	341	1,155,688	-	-	(9,501)	<b>1,147,181</b>	1,151,263
Social security costs	87	24	98,712	-	-	(938)	<b>97,885</b>	96,372
NHS scheme employers' costs	94	4	126,787	-	-	(1,290)	<b>125,595</b>	127,088
Inward secondees	-	-	-	16,828	-	-	<b>16,828</b>	19,384
Agency staff	-	-	-	-	11,502	-	<b>11,502</b>	14,187
	834	369	1,381,187	16,828	11,502	(11,729)	<b>1,398,991</b>	1,408,294
Compensation for loss of office	-	-	1,951	-	-	-	<b>1,951</b>	592
<b>TOTAL</b>	<b>834</b>	<b>369</b>	<b>1,383,138</b>	<b>16,828</b>	<b>11,502</b>	<b>(11,729)</b>	<b>1,400,942</b>	1,408,886

**STAFF NUMBERS**

**(EMPLOYEES BY WHOLE TIME EQUIVALENT)**

	2012 ANNUAL MEAN	2011 ANNUAL MEAN
Administration	65.6	84.1
Hospital and Community Services	34,322.8	34,526.9
Non Clinical Services	114.9	103.2
Other, including recharge Trading Accounts	106.8	116.4
Inward secondees	293.0	337.5
Agency Staff	223.8	310.0
Outward secondees	(204.2)	(171.2)
<b>Board Total Average Staff</b>	<b>34,922.7</b>	<b>35,306.9</b>
Disabled Staff	76.0	102.0

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in note 23.

**2. (b) HIGHER PAID EMPLOYEES REMUNERATION**

The number of employees whose remuneration fell within the following ranges is:

**Clinicians**

	2012 Number	2011 Number
£ 50,000 to £ 60,000	271	288
£ 60,001 to £ 70,000	223	252
£ 70,001 to £ 80,000	143	148
£ 80,001 to £ 90,000	165	135
£ 90,001 to £100,000	162	184
£100,001 to £110,000	200	200
£110,001 to £120,000	146	154
£120,001 to £130,000	164	155
£130,001 to £140,000	125	132
£140,001 to £150,000	90	106
£150,001 to £160,000	75	64
£160,001 to £170,000	40	52
£170,001 to £180,000	25	28
£180,001 to £190,000	7	12
£190,001 to £200,000	8	10
£200,001 and above	8	7

**Other**

£ 50,000 to £ 60,000	419	427
£ 60,001 to £ 70,000	140	139
£ 70,001 to £ 80,000	41	40
£ 80,001 to £ 90,000	24	29
£ 90,001 to £100,000	15	14
£100,001 to £110,000	6	6
£110,001 to £120,000	3	3
£120,001 to £130,000	2	1
£130,001 to £140,000	1	1

**NHS Greater Glasgow & Clyde**  
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**3. OTHER OPERATING COSTS**

	Note	2012 £'000	2011 £'000
<b>Expenditure Not Paid In Cash</b>			
Depreciation	11	76,489	72,474
Amortisation	10	75	83
Depreciation Donated Assets	11	846	809
Impairments on property, plant and equipment charged to SOCNE	11	38,955	38,670
Reversal of impairments on property, plant and equipment charged to SOCNE	11	(1,744)	-
Impairments on intangible assets charged to SOCNE	10	771	-
Funding of donated assets		(1,072)	(1,196)
Loss/(Profit) on disposal of property, plant and equipment		289	(58)
<b>Total Expenditure Not Paid In Cash</b>		<b>114,609</b>	<b>110,782</b>
<b>Interest Payable</b>			
PFI Finance lease charges allocated in the year	22	19,652	18,407
Other Finance lease charges allocated in the year		-	10
Provisions - Unwinding of discount		367	(3,564)
Long Term Debtor - Unwinding of discount		(520)	-
<b>Total</b>		<b>19,499</b>	<b>14,853</b>
<b>Statutory Audit</b>			
External auditor's remuneration and expenses		610	703

**NHS Greater Glasgow & Clyde**  
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**4. HOSPITAL AND COMMUNITY HEALTH SERVICES**

	2012	2011
	£'000	£'000
<b>BY PROVIDER</b>		
Treatment in Board area of NHSScotland patients	2,021,839	2,015,327
Other NHSScotland bodies	48,938	47,052
Health bodies outside Scotland	1,409	1,509
Primary care bodies	104	110
Private sector	19,659	17,930
<b>Community Care</b>		
Support Finance	298	191
Resource Transfer	119,352	120,866
Contributions to Voluntary Bodies and Charities	18,259	17,880
<b>Total NHS Scotland Patients</b>	<b>2,229,858</b>	<b>2,220,865</b>
Treatment of UK residents based outside Scotland	2,920	2,621
<b>Total Hospital &amp; Community Health Service</b>	<b>2,232,778</b>	<b>2,223,486</b>

**5. FAMILY HEALTH SERVICE EXPENDITURE**

	Unified Budget	Non Discretionary	Total 2012	2011
	£'000	£'000	£'000	£'000
Primary Medical Services	172,616	-	172,616	169,428
Pharmaceutical Services	243,369	45,276	288,645	290,338
General Dental Services	218	100,458	100,676	97,217
General Ophthalmic Services	386	24,584	24,970	23,879
<b>Total Family Health Services Expenditure</b>	<b>416,589</b>	<b>170,318</b>	<b>586,907</b>	<b>580,862</b>

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**6. ADMINISTRATION COSTS**

	2012 £'000	2011 £'000
Board Members' Remuneration	1,203	1,252
Administration of Board Meetings and Committees	504	498
Corporate Governance and Statutory Reporting	2,061	2,042
Health Planning, Commissioning and Performance Reporting	5,871	6,959
Treasury Management and Financial Planning	254	252
Public Relations	713	774
Other	185	114
<b>Total Administration Costs</b>	<b>10,791</b>	<b>11,891</b>

**7. OTHER NON CLINICAL SERVICES**

	2012 £'000	2011 £'000
Compensation payments - Clinical	21,620	20,110
Compensation payments - Other	1,286	1,125
Pension enhancement & redundancy	5,576	(14,655)
Patients' Travel Attending Hospitals	516	510
Health Promotion	17,430	17,187
Public Health	843	812
Public Health Medicine Trainees	460	490
Emergency Planning	122	135
Loss on disposal of Non Current Assets	324	439
Other	16,325	5,560
<b>Total Other Non Clinical Services</b>	<b>64,502</b>	<b>31,713</b>



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**8. OPERATING INCOME**

	2012 £'000	2011 £'000
<b>HCH Income</b>		
<b>NHSScotland Bodies</b>		
SGHD	13,554	12,174
Boards	381,861	376,915
<b>Non NHS</b>		
Private Patients	253	254
RTA Income	3,947	3,185
Other HCH income	31,666	36,703
<b>Total HCH Income</b>	<b>431,281</b>	<b>429,231</b>
<b>FHS Income</b>		
Discretionary	-	4,540
<b>Non Discretionary</b>		
General Dental Services	14,931	13,999
General Ophthalmic Services	20	24
<b>Total FHS Income</b>	<b>14,951</b>	<b>18,563</b>
<b>Administration Income</b>	<b>198</b>	<b>102</b>
<b>Other Operating Income</b>		
NHSScotland Bodies	512	561
SGHD	-	1,158
Contributions in respect of Clinical/ medical negligence claims	21,566	20,946
Profit on disposal of Non Current Assets	35	497
Donated Asset Additions	1,072	1,196
Interest Received	3	8
Shared Services	110	248
Other	33,274	34,680
<b>Total Other Operating Income</b>	<b>56,572</b>	<b>59,294</b>
<b>Total Income</b>	<b>503,002</b>	<b>507,190</b>
Of the above, the amount derived from NHS bodies is	<b>382,373</b>	<b>377,476</b>

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**9. ANALYSIS OF CAPITAL EXPENDITURE**

	Note	2012 £'000	2011 £'000
<b>EXPENDITURE</b>			
Acquisition of Intangible Assets	10	178	302
Acquisition of Property, Plant and Equipment	11	206,002	171,707
Donated Asset Additions	11b	1,072	1,196
		<hr/>	<hr/>
<b>Gross Capital Expenditure</b>		<b>207,252</b>	173,205
<b>INCOME</b>			
Net book value of disposal of Property, plant and equipment	11a	2,251	9,375
Net book value of disposal of Donated Assets	11b	16	-
Donated Asset Income		1,072	1,196
		<hr/>	<hr/>
<b>Capital Income</b>		<b>3,339</b>	10,571
		<hr/>	<hr/>
<b>Net Capital Expenditure</b>		<b>203,913</b>	162,634
		<hr/>	<hr/>
<b>Summary of Capital Resource Outturn</b>			
Core Capital Expenditure included above		203,913	
Core Capital Resource Limit		203,931	
		<hr/>	
<b>Saving against Core Capital Resource Limit</b>		<b>18</b>	
		<hr/>	
Non Core Capital Expenditure included above		-	
Non Core Capital Resource Limit		-	
		<hr/>	
<b>Saving against Non Core Capital Resource Limit</b>		<b>-</b>	
		<hr/>	
Total Capital Expenditure		203,913	162,634
Total Capital Resource Limit		203,931	162,635
		<hr/>	<hr/>
<b>Saving against Total Capital Resource Limit</b>		<b>18</b>	1
		<hr/>	<hr/>

**10. INTANGIBLE ASSETS**

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
<b>Cost or Valuation:</b>			
As at 1st April 2011	732	1,609	2,341
Additions	-	178	178
Impairment Charge	-	(881)	(881)
<b>At 31st March 2012</b>	<b>732</b>	<b>906</b>	<b>1,638</b>
<b>Amortisation</b>			
At 1st April 2011	622	-	622
Provided during the year	75	-	75
<b>At 31st March 2012</b>	<b>697</b>	<b>-</b>	<b>697</b>
<b>Net Book Value at 1st April 2011</b>	<b>110</b>	<b>1,609</b>	<b>1,719</b>
<b>Net Book Value at 31 March 2012</b>	<b>35</b>	<b>906</b>	<b>941</b>

**10. INTANGIBLE ASSETS PRIOR YEAR**

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
<b>Cost or Valuation:</b>			
As at 1st April 2010	674	1,095	1,769
Additions	-	302	302
Transfers	58	-	58
Revaluation	-	212	212
<b>At 31st March 2011</b>	<b>732</b>	<b>1,609</b>	<b>2,341</b>
<b>Amortisation</b>			
At 1st April 2010	539	-	539
Provided during the year	83	-	83
<b>At 31st March 2011</b>	<b>622</b>	<b>-</b>	<b>622</b>
<b>Net Book Value at 1st April 2010</b>	<b>135</b>	<b>1,095</b>	<b>1,230</b>
<b>Net Book Value at 31 March 2011</b>	<b>110</b>	<b>1,609</b>	<b>1,719</b>

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

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2011	134,082	1,177,826	972	1,085	338,745	79,902	8,158	175,373	1,916,143
Additions	-	43,729	-	-	867	-	-	161,406	206,002
Completions	148	96,726	-	18	10,737	5,799	621	(114,049)	-
Transfers (to)/from non current assets held for sale	(75)	(189)	-	-	-	-	-	-	(264)
Revaluation	-	43,450	-	-	-	-	-	5,872	49,322
Impairment Charge	(3,040)	(33,900)	-	-	-	-	-	(5,839)	(42,779)
Impairment Reversal	-	1,778	-	-	-	-	-	-	1,778
Disposals	(340)	(925)	-	(153)	(10,068)	(13,184)	(109)	-	(24,779)
<b>At 31 March 2012</b>	<b>130,775</b>	<b>1,328,495</b>	<b>972</b>	<b>950</b>	<b>340,281</b>	<b>72,517</b>	<b>8,670</b>	<b>222,763</b>	<b>2,105,423</b>
<b>Depreciation</b>									
At 1 April 2011	-	97,180	66	771	221,601	40,328	5,411	-	365,357
Provided during the year	-	35,607	36	118	24,498	14,918	1,312	-	76,489
Transfers (to)/from non current assets held for sale	-	(23)	-	-	-	-	-	-	(23)
Revaluation	-	3,646	-	-	-	-	-	-	3,646
Impairment Charge	-	(4,093)	-	-	-	-	-	-	(4,093)
Impairment Reversal	-	34	-	-	-	-	-	-	34
Disposals	-	(71)	-	(148)	(9,125)	(13,075)	(109)	-	(22,528)
<b>At 31 March 2012</b>	<b>-</b>	<b>132,280</b>	<b>102</b>	<b>741</b>	<b>236,974</b>	<b>42,171</b>	<b>6,614</b>	<b>-</b>	<b>418,882</b>
Net book value at 1 April 2011	134,082	1,080,646	906	314	117,144	39,574	2,747	175,373	1,550,786
<b>Net book value at 31 March 2012</b>	<b>130,775</b>	<b>1,196,215</b>	<b>870</b>	<b>209</b>	<b>103,307</b>	<b>30,346</b>	<b>2,056</b>	<b>222,763</b>	<b>1,686,541</b>
<b>Open market value of Land and Dwellings included above</b>	<b>17,952</b>	<b>-</b>	<b>-</b>						
<b>Asset financing:</b>									
Owned	130,775	946,061	870	209	103,219	30,346	2,056	222,763	1,436,299
Finance leased	-	-	-	-	88	-	-	-	88
On balance sheet PFI contracts	-	250,154	-	-	-	-	-	-	250,154
<b>Net book value at 31 March 2012</b>	<b>130,775</b>	<b>1,196,215</b>	<b>870</b>	<b>209</b>	<b>103,307</b>	<b>30,346</b>	<b>2,056</b>	<b>222,763</b>	<b>1,686,541</b>

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

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2010	135,947	1,102,429	972	2,248	336,028	72,531	7,454	141,993	1,799,602
Additions	-	37,784	-	-	468	9,290	-	124,165	171,707
Completions	75	64,052	-	10	12,244	7,017	830	(84,228)	-
Transfers	162	5,941	-	-	(46)	-	-	(6,938)	(881)
Revaluation	425	24,239	-	-	-	-	-	698	25,362
Impairment Charge	(206)	(42,066)	-	-	-	-	-	-	(42,272)
Disposals	(2,321)	(14,553)	-	(1,173)	(9,949)	(8,936)	(126)	(317)	(37,375)
<b>At 31 March 2011</b>	<b>134,082</b>	<b>1,177,826</b>	<b>972</b>	<b>1,085</b>	<b>338,745</b>	<b>79,902</b>	<b>8,158</b>	<b>175,373</b>	<b>1,916,143</b>
<b>Depreciation</b>									
At 1 April 2010	-	73,375	27	1,778	206,474	37,293	4,295	-	323,242
Provided during the year	-	34,063	39	166	25,049	11,929	1,228	-	72,474
Transfers	-	(83)	-	-	(39)	-	-	-	(122)
Revaluation	-	1,365	-	-	-	-	-	-	1,365
Impairment Charge	-	(3,602)	-	-	-	-	-	-	(3,602)
Disposals	-	(7,938)	-	(1,173)	(9,883)	(8,894)	(112)	-	(28,000)
<b>At 31 March 2011</b>	<b>-</b>	<b>97,180</b>	<b>66</b>	<b>771</b>	<b>221,601</b>	<b>40,328</b>	<b>5,411</b>	<b>-</b>	<b>365,357</b>
Net book value at 1 April 2010	135,947	1,029,054	945	470	129,554	35,238	3,159	141,993	1,476,360
<b>Net book value at 31 March 2011</b>	<b>134,082</b>	<b>1,080,646</b>	<b>906</b>	<b>314</b>	<b>117,144</b>	<b>39,574</b>	<b>2,747</b>	<b>175,373</b>	<b>1,550,786</b>
<b>Open market value of Land and Dwellings included above</b>	<b>11,553</b>	<b>-</b>	<b>-</b>						
<b>Asset financing:</b>									
Owned	134,082	834,882	906	314	116,968	39,574	2,747	175,373	1,304,846
Finance leased	-	-	-	-	176	-	-	-	176
On balance sheet PFI contracts	-	245,764	-	-	-	-	-	-	245,764
<b>Net book value at 31 March 2011</b>	<b>134,082</b>	<b>1,080,646</b>	<b>906</b>	<b>314</b>	<b>117,144</b>	<b>39,574</b>	<b>2,747</b>	<b>175,373</b>	<b>1,550,786</b>

# NHS Greater Glasgow & Clyde

## Annual Accounts for the year ended 31 March 2012

### Notes to the Accounts

#### 11. (b) TANGIBLE FIXED ASSETS (Donated Assets)

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2011	160	8,568	-	13	21,057	172	24	1,599	31,593
Additions	-	-	-	-	829	-	-	243	1,072
Completions	-	1,061	-	-	-	-	-	(1,061)	-
Revaluation	-	338	-	-	-	-	-	-	338
Impairment Charge	-	(300)	-	-	-	-	-	-	(300)
Impairment Reversal	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,603)	(171)	(4)	-	(1,778)
<b>At 31 March 2012</b>	<b>160</b>	<b>9,667</b>	<b>-</b>	<b>13</b>	<b>20,283</b>	<b>1</b>	<b>20</b>	<b>781</b>	<b>30,925</b>
<b>Depreciation</b>									
At 1 April 2011	-	708	-	11	18,676	172	24	-	19,591
Provided during the year	-	350	-	2	494	-	-	-	846
Revaluation	-	27	-	-	-	-	-	-	27
Impairment Charge	-	(32)	-	-	-	-	-	-	(32)
Impairment Reversal	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,587)	(171)	(4)	-	(1,762)
<b>At 31 March 2012</b>	<b>-</b>	<b>1,053</b>	<b>-</b>	<b>13</b>	<b>17,583</b>	<b>1</b>	<b>20</b>	<b>-</b>	<b>18,670</b>
Net book value at 1 April 2011	160	7,860	-	2	2,381	-	-	1,599	12,002
<b>Net book value at 31 March 2012</b>	<b>160</b>	<b>8,614</b>	<b>-</b>	<b>-</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>781</b>	<b>12,255</b>
<b>Open market value of Land and Dwellings included above</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Asset financing:</b>									
Owned	160	8,614	-	-	2,700	-	-	781	12,255
<b>Net book value at 31 March 2012</b>	<b>160</b>	<b>8,614</b>	<b>-</b>	<b>-</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>781</b>	<b>12,255</b>

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11. (b) TANGIBLE FIXED ASSETS (Donated Assets) - PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2010	160	7,273	-	137	22,860	231	24	2,261	32,946
Additions	-	-	-	-	741	-	-	455	1,196
Completions	-	1,117	-	-	-	-	-	(1,117)	-
Revaluation	-	178	-	-	-	-	-	-	178
Disposals	-	-	-	(124)	(2,544)	(59)	-	-	(2,727)
<b>At 31 March 2011</b>	<b>160</b>	<b>8,568</b>	<b>-</b>	<b>13</b>	<b>21,057</b>	<b>172</b>	<b>24</b>	<b>1,599</b>	<b>31,593</b>
<b>Depreciation</b>									
At 1 April 2010	-	403	-	131	20,717	223	24	-	21,498
Provided during the year	-	294	-	4	503	8	-	-	809
Revaluation	-	11	-	-	-	-	-	-	11
Disposals	-	-	-	(124)	(2,544)	(59)	-	-	(2,727)
<b>At 31 March 2011</b>	<b>-</b>	<b>708</b>	<b>-</b>	<b>11</b>	<b>18,676</b>	<b>172</b>	<b>24</b>	<b>-</b>	<b>19,591</b>
Net book value at 1 April 2010	160	6,870	-	6	2,143	8	-	2,261	11,448
<b>Net book value at 31 March 2011</b>	<b>160</b>	<b>7,860</b>	<b>-</b>	<b>2</b>	<b>2,381</b>	<b>-</b>	<b>-</b>	<b>1,599</b>	<b>12,002</b>
<b>Open market value of Land and Dwellings included above</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>Asset financing:</b>									
Owned	160	7,860	-	2	2,381	-	-	1,599	12,002
<b>Net book value at 31 March 2011</b>	<b>160</b>	<b>7,860</b>	<b>-</b>	<b>2</b>	<b>2,381</b>	<b>-</b>	<b>-</b>	<b>1,599</b>	<b>12,002</b>

**11 (c). ASSETS HELD FOR SALE**

Cardonald Clinic has been presented as held for sale following the approval for sale by the Board's Property Committee. The completion date for sale is expected to be within 2012-13.

	Note	Property, Plant & Equipment £'000	Intangible Assets £'000	Total £'000
<b>At 1 April 2011</b>				
Transfers (to)/from property, plant and equipment	11a	241	-	241
Transfers (to)/from intangible assets	10	-	-	-
Gain or losses recognised on remeasurement of non-current assets held for sale		-	-	-
Disposals for non-current assets held for sale		-	-	-
		<b>241</b>	<b>-</b>	<b>241</b>
<b>As at 31 March 2012</b>				
<b>At 1 April 2010</b>				
Transfers (to)/from property, plant and equipment	11a	-	-	-
Transfers (to)/from intangible assets	10	-	-	-
Gain or losses recognised on remeasurement of non-current assets held for sale		-	-	-
Disposals for non-current assets held for sale		-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2011</b>				

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

	2012 £'000	2011 £'000
<b>Net book value of tangible fixed assets at 31 March</b>		
Purchased	1,686,541	1,550,786
Donated	12,255	12,002
<b>Total</b>	<b>1,698,796</b>	<b>1,562,788</b>
Net book value related to land valued at open market value at 31 March	17,952	11,553
<b>Total value of assets held under:</b>		
Finance leases	88	176
PFI and PPP contracts	250,154	245,764
<b>Total</b>	<b>250,242</b>	<b>245,940</b>
<b>Total depreciation charged in respect of assets held under:</b>		
Finance leases	88	-
PFI and PPP contracts	4,587	4,146
<b>Total</b>	<b>4,675</b>	<b>4,146</b>

Land and buildings were fully revalued by the Valuation Office Agency at 31 March 2009 on the basis of fair value (market value or depreciated replacement cost where appropriate). These values have been updated as at 31 March 2012 using indices and various specific property revaluations supplied by the Valuation Office Agency.

The net impact was an increase in value for £45,676k for Purchased Assets and £311k for Donated Assets and these have been credited to the revaluation reserve. In 2010-11 there was a net increase in value for Purchased Assets of £23,997k and for Donated Assets of £167k and both were credited to the revaluation reserve.



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12. INVENTORIES	2012 £'000	2011 £'000	2010 £'000
Raw Materials and Consumables	21,951	24,348	25,360
<b>Total Inventories</b>	<b>21,951</b>	<b>24,348</b>	<b>25,360</b>

13. TRADE AND OTHER RECEIVABLES	2012 £'000	2011 £'000	2010 £'000
<b>Receivables due within one year</b>			
<b>NHSScotland</b>			
SGHD	23	399	53
Boards	24,121	28,498	20,904
<b>Total NHSScotland Debtors</b>	<b>24,144</b>	<b>28,897</b>	<b>20,957</b>
NHS Non Scottish Bodies	1,294	1,275	1,076
General Fund Receivable	569	1,126	190
VAT recoverable	2,096	4,059	3,189
Prepayments	6,280	4,616	9,018
Accrued income	306	3,016	3,066
Other Receivables	18,716	30,656	15,159
Reimbursement of Provisions	20,474	4,344	11,680
Other Public Sector Bodies	4,462	8,891	5,267
<b>Total Receivables due within one year</b>	<b>78,341</b>	<b>86,880</b>	<b>69,602</b>
<b>Receivables due after more than one year</b>			
Prepayments	-	19	209
Other Receivables	15,235	15,237	19,694
Reimbursement of Provisions	40,000	43,200	35,825
<b>Total Receivables due after more than one year</b>	<b>55,235</b>	<b>58,456</b>	<b>55,728</b>
<b>Total Receivables</b>	<b>133,576</b>	<b>145,336</b>	<b>125,330</b>

The total receivables figure above includes a provision for impairments of : **1,547**      1,519      1,418

Movements on the provision for impairment of receivables are as follows:	£'000	£'000
At 1 April 2011	1,519	1,418
Provision for receivables impairment	735	825
Receivables written off during the year as uncollectable	(67)	(166)
Unused amounts reversed	(640)	(558)
At 31 March 2012	<b>1,547</b>	<b>1,519</b>

As of 31 March 2012, receivables with a carrying value of £1,547k (2011: £1,519k) were impaired and provided for. The amount of the provision was £1,547k (2011: £1,519k). The aging of these receivables is as follows:

	£'000	£'000
3 to 6 months past due	586	90
Over 6 months past due	961	1,429
	<b>1,547</b>	<b>1,519</b>

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The receivables assessed as individually impaired were mainly English, Welsh and Irish NHS Trusts/ Health Authorities, other Health Bodies, overseas patients, research companies and private individuals 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 2012, receivables with a carrying value of £5,242k (2011: £9,208k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

	£'000	£'000
Up to 3 months past due	2,533	3,372
3 to 6 months past due	561	2,693
Over 6 months past due	<u>2,148</u>	<u>3,143</u>
	<u>5,242</u>	<u>9,208</u>

The receivables assessed as past due but not impaired were mainly 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 includes NHS Scotland as well as 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:

	£'000	£'000
Counterparties with external credit ratings		
Existing customers with no defaults in the past	5,199	9,165
Existing customers with some defaults in the past	<u>43</u>	<u>43</u>
Total neither past due or impaired	<u>5,242</u>	<u>9,208</u>

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

The carrying amount of receivables are denominated in the following currencies:	£'000	£'000
Pounds	<u>133,576</u>	<u>145,336</u>
	<u>133,576</u>	<u>145,336</u>

All non-current receivables are due within four years (2010-11: six 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 £15,235k (2010-11: £15,237)

The effective interest rate on non-current other receivables is 2.2% (2010-11: 2.2%).

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14. AVAILABLE FOR SALE FINANCIAL ASSETS	2012 £'000	2011 £'000	2010 £'000
Other	1	1	1
<b>Total Available For Sale Financial Assets</b>	<b>1</b>	<b>1</b>	<b>1</b>

NHS Greater Glasgow and Clyde has subscribed to 1,000 ordinary £1 shares in TMRI Ltd, a Scottish limited company formed by four of Scotland's universities and four NHS Boards in collaboration with Wyeth Pharmaceuticals. Any investment loss would be borne by TMRI Ltd.

15. CASH AND CASH EQUIVALENTS	At 1 April 2011 £'000	At 31 March 2012 £'000	Cash Flow	
			2012 £'000	2011 £'000
Government Banking Service account balance	-	-	-	(859)
Cash at bank and in hand	2,182	1,060	(1,122)	2,049
<b>Total Cash - Balance Sheet</b>	<b>2,182</b>	<b>1,060</b>	<b>(1,122)</b>	<b>1,190</b>
Overdrafts	(1,126)	(569)	557	(936)
<b>Total Cash - Cash Flow Statement</b>	<b>1,056</b>	<b>491</b>	<b>(565)</b>	<b>254</b>

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

16. TRADE AND OTHER PAYABLES	2012 £'000	2011 £'000	2010 £'000
<b>Payables due within one year</b>			
<b>NHSScotland</b>			
SGHD	-	1,447	-
Boards	6,224	9,454	16,281
<b>Total NHSScotland Payables</b>	<b>6,224</b>	<b>10,901</b>	<b>16,281</b>
NHS Non Scottish Bodies	413	123	44
General Fund Payable	1,060	2,182	992
FHS Practitioners	71,401	68,247	65,644
Trade Payables	2,228	9,446	10,671
Accruals	175,684	157,997	178,189
Payments received on account	2,867	2,257	1,164
Net obligations under Finance Leases	-	109	167
Net obligations under PPP/PFI Contracts	2,875	2,663	1,704
Bank overdrafts	569	1,126	190
Income tax and social security	30,604	29,903	29,936
Superannuation	15,753	15,760	15,770
Holiday pay accrual	20,766	8,287	7,890
Other Public Sector Bodies	12,392	8,320	3,603
EC Carbon Emissions Grant	1,734	226	214
Other payables	15,835	15,197	13,370
<b>Total Payables due within one year</b>	<b>360,405</b>	<b>332,744</b>	<b>345,829</b>
<b>Payables due after more than one year</b>			
Net obligations under Finance Leases due within 5 years	-	-	-
Net obligations under PPP/PFI Contracts due within 5 years	13,992	12,954	8,699
Net obligations under PPP/PFI Contracts due after 5 years	223,467	227,377	220,670
Deferred Income	2,578	2,500	4,336
Capital Retention	4,240	4,364	-
<b>Total Payables due after more than one year</b>	<b>244,277</b>	<b>247,195</b>	<b>233,705</b>
<b>Total Payables</b>	<b>604,682</b>	<b>579,939</b>	<b>579,534</b>

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	2012	2011
	£'000	£'000
Borrowings included above comprise:		
Bank overdrafts	569	1,126
Finance Leases	0	109
PFI Contracts	<b>240,334</b>	242,994
	<b>240,903</b>	244,229

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

	2012	2011
	£'000	£'000
<b>Carrying Amount</b>		
PFI Contracts	<b>237,459</b>	240,331
	<b>237,459</b>	240,331

**Fair Value**

PFI Contracts	<b>237,459</b>	240,331
	<b>237,459</b>	240,331

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

The carrying amount of payables are denominated in the following currencies:

	£'000	£'000
Pounds	<b>604,682</b>	579,939
	<b>604,682</b>	579,939

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Pensions</b>	<b>Clinical &amp; Medical Negligence</b>	<b>EC Carbon Emissions</b>	<b>Other</b>	<b>Total at 31 March 2012</b>	<b>Total at 31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2011	45,461	50,716	1,350	7,466	<b>104,993</b>	120,739
Arising during the year	6,867	21,635	233	1,738	<b>30,473</b>	30,585
Utilised during the year	(4,374)	(7,402)	-	(654)	<b>(12,430)</b>	(21,065)
Unwinding of discount	367	-	-	-	<b>367</b>	(3,564)
Reversed unutilised	(2,302)	(5,594)	-	(838)	<b>(8,734)</b>	(21,702)
<b>At 31 March 2012</b>	<b>46,019</b>	<b>59,355</b>	<b>1,583</b>	<b>7,712</b>	<b>114,669</b>	104,993

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

**Analysis of expected timing of discounted flows**

	<b>Pensions</b>	<b>Clinical &amp; Medical Negligence</b>	<b>EC Carbon Emissions</b>	<b>Other</b>	<b>Total at 31 March 2012</b>	<b>Total at 31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current	4,374	19,355	1,583	7,712	<b>33,024</b>	27,333
Non current	41,645	40,000	-	-	<b>81,645</b>	93,406
<b>At 31 March 2012</b>	<b>46,019</b>	<b>59,355</b>	<b>1,583</b>	<b>7,712</b>	<b>114,669</b>	120,739

**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 2.8% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 37 years.

**Clinical & Medical**

The Board holds a provision to meet costs of all 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 debtors in the notes to the accounts.

**EC Carbon Emissions**

The Board participates in the UK emissions trading rights scheme. This is a Cap and Trade scheme whereby allowances are traded in an active market. Expenditure against this provision is likely to be incurred within one financial year.

**Other**

The Board retains provisions in respect of other long term liabilities including all non medical claims notified through the Scottish NHS Central Legal Office. It is expected that these provisions may take up to 5 years to be fully written down.

**18. MOVEMENT ON WORKING CAPITAL BALANCES**

	Note	Opening Balances £'000	Closing Balances £'000	Net Movement	
				2012 £'000	2011 £'000
<b>INVENTORIES</b>					
Balance Sheet	12	24,348	21,951		
<b>Net Decrease</b>				<b>2,397</b>	1,012
<b>TRADE AND OTHER RECEIVABLES</b>					
Due within one year	13	86,880	78,341		
Due after more than one year	13	58,456	55,235		
Less: Capital included in above		(29,451)	(17,674)		
Less: General Fund Debtor included in above	13	(1,126)	(569)		
		<u>114,759</u>	<u>115,333</u>		
<b>Net Increase</b>				<b>(574)</b>	(12,188)
<b>TRADE AND OTHER PAYABLES</b>					
Due within one year	16	332,744	360,405		
Due after more than one year	16	247,195	244,277		
Less: Capital included in above		(6,957)	(5,301)		
Less: Bank Overdraft	16	(1,126)	(569)		
Less: General Fund Creditor included in above	16	(2,182)	(1,060)		
Less: Lease and PFI Creditors included in above	16	(243,103)	(240,334)		
		<u>326,571</u>	<u>357,418</u>		
<b>Net Increase</b>				<b>30,847</b>	15,731
<b>PROVISIONS</b>					
Balance Sheet	17	104,993	114,669		
<b>Net (Decrease)/Increase</b>				<b>9,676</b>	(15,746)
<b>Net (Decrease)/Increase</b>				<b>42,346</b>	(11,191)

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**19. CONTINGENT LIABILITIES/ASSETS**

**CONTINGENT LIABILITIES**

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

**(i) Negligence Claims**

	Clinical & Medical Negligence £'000	Employer's Liability £'000	Third Party Liability £'000	Total £'000
At 1 April 2011	23,972	2,459	-	26,431
Increase in value of claims	3,128	22	-	3,150
New claims arising during the year	7,336	669	-	8,005
Crystallised liabilities	(739)	(158)	-	(897)
Expired obligations	(7,016)	(1,237)	-	(8,253)
<b>At 31 March 2012</b>	<b>26,681</b>	<b>1,755</b>	<b>-</b>	<b>28,436</b>

**(ii) Equal Pay Claims**

NHS Greater Glasgow & Clyde has received 4,159 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements.

The basis of those claims is as follows:

- The claimant's job has been rated as being of equivalent to that of their comparator using a valid Job Evaluation Study, and/or is of equal value to that of their comparator.
- Their comparator is currently paid or has been paid more than them.
- They claim equal pay, back pay and interest.
- Back pay is claimed for the statutory maximum of 5 years.

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

**(iii) Waste Electronic and Electrical Equipment Regulations**

The Waste Electronic and Electrical Equipment Regulations 2006 came into force on 1 July 2007. Where waste arises from assets obtained prior to 13 August 2005 the Board will be responsible for the cost of collection, treatment recovery and environmentally sound disposal after 1 July 2007. If however a direct replacement is purchased then the cost of disposal will fall directly on the supplier. The Board's current accounting policy is to incur such costs as they fall due. It is not possible to quantify the potential additional costs that the Board might be exposed to in respect of disposal of equipment purchased prior to 13 August 2005 as there is no reliable disposal cost per item of equipment and it is unknown what items will be directly replaced.

**CONTINGENT ASSETS**

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

	2012 £'000	2011 £'000
Reimbursement of Contingent Liability re Negligence Claims (from CNORIS scheme) as follows:		
Clinical & Medical Negligence	24,075	21,273
Employer's Liability	563	1,375
Woodilee Land Sale - Ransom Strip	2,956	2,956
<b>Total</b>	<b>27,594</b>	<b>25,604</b>

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**20. COMMITMENTS**

**Capital Commitments**

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

	2012	2011
	£'000	£'000
<b>Contracted</b>		
Acute Services Projects	1,833	3,186
Primary Care Projects	1,220	8,741
Board Projects	3,300	2,667
New South Glasgow Hospital	466,819	618,331
Positron Emission Tomography Scanner	-	2,100
Maternity Strategy	740	-
Vale Centre for Health & Care	18,668	-
Laboratory Modernisation Scheme	14,700	-
<b>Total</b>	<b>507,280</b>	<b>635,025</b>

**Authorised but not Contracted**

Acute Services Projects	12,772	6,879
Primary Care Projects	11,905	11,620
Board Projects	2,258	5,439
New South Glasgow Hospital	129,900	142,329
Laboratory Modernisation Scheme	-	17,392
Maternity Strategy Final Phase	-	1,908
Mental Health Projects	5,900	-
Radiotherapy Equipment Replacement	16,125	-
<b>Total</b>	<b>178,860</b>	<b>185,567</b>

**21. COMMITMENTS UNDER LEASES**

**Operating Leases**

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

<b>Obligations under operating leases comprise:</b>	2012	2011
	£'000	£'000
<b>Buildings</b>		
Within one year	810	1,058
Between two and five years (inclusive)	649	565
After five years	3,051	2,625
<b>Other</b>		
Within one year	2,254	2,260
Between two and five years (inclusive)	2,109	2,323
<b>Amounts charged to Operating Costs in the year were:</b>		
Hire of equipment (including vehicles)	4,363	4,474
Other operating leases	4,510	4,247
<b>Total</b>	<b>8,873</b>	<b>8,721</b>

**Finance Leases**

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

<b>Obligations under finance leases comprise:</b>	2012	2011
	£'000	£'000
<b>Other</b>		
Within one year	-	109
	-	109
<b>Total</b>	<b>-</b>	<b>109</b>

This total net obligation under finance leases is analysed in Note 16 (Trade and Other Payables)

<b>Aggregate Rentals Receivable in the year</b>	2012	2011
	£'000	£'000
<b>Total of Operating Leases</b>	<b>513</b>	<b>512</b>



**22. (a) COMMITMENTS UNDER PFI CONTRACTS - OFF BALANCE SHEET**

The Board has entered into the following PFI contracts.

Hospital Information System (Southern General Hospital/Victoria Infirmary)- contract commenced on 5th March 2001 with EMC Europe. On 28th February 2003 this contract was novated from the original supplier to Filetek UK Ltd and the contract was due to finish on 4th March 2009. The contract has been extended until December 2012. The estimated capital value of the contract is unquantifiable and the system is not an asset of NHSGGC.

Hospital Information System (Yorkhill Hospital)- contract with Filetek UK Ltd commenced 1st January 1997 for an initial 10 year period. The contract was extended for a 3 year period until 31st December 2009. The contract has been extended until December 2012. The estimated capital value of the contract is unquantifiable and the system is not an asset of NHSGGC.

The total amount charged in the Operating Cost Statement in respect of off balance sheet PFI/PPP deals is:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
HIS - Southern General Hospital/Victoria Infirmary	<b>847</b>	740
HIS - Yorkhill Hospital	<b>543</b>	744
	<b>1,390</b>	1,484

The payments that there are a commitment to make during the next year analysed between these periods in which the commitment expires are:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Within one year	<b>937</b>	1,484
	<b>937</b>	1,484

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### 22 (b) COMMITMENTS UNDER PFI CONTRACTS - On balance Sheet

The Board has entered into the following PFI contracts.

1. Larkfield Unit - Day Hospital Elderly Care Facility. PFI contract commenced with Quayle Munro Ltd on 1 November 2000 for a period of 25 years. Estimated capital value at commencement £9.1M.
2. Southern General Hospital - Elderly Bed Facility (210 Beds). PFI contract commenced with Carillion Private Finance on 1 April 2001 for a period of 28 years. Estimated capital value at commencement £11.1M.
3. Gartnavel Royal Hospital - Mental Health Facility (117 Beds). PFI contract commenced with Robertson Capital Projects Ltd on 1 October 2007 for a period of 30 years. Estimated capital value at commencement £17.7M.
4. Stobhill Rowanbank Clinic - Mental Health Secure Care Centre (74 Beds). PFI contract commenced with Quayle Munro Ltd on 1 May 2007 for a period of 35 years. Estimated capital value at commencement £19M.
5. Stobhill Hospital - Ambulatory Care and Diagnostic Treatment Centre. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 1 April 2009 for a period of 30 years. Estimated capital value at commencement £78.7M.
6. Victoria Hospital - Ambulatory Care and Diagnostic Treatment Centre. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 1 April 2009 for a period of 30 years. Estimated capital value at commencement £99.3M.
7. Stobhill Hospital - Ambulatory Care and Diagnostic Treatment Centre 60 Bed extension. PFI contract commenced with Glasgow Healthcare Facilities Ltd on 25 February 2011 for a period of 30 years. Estimated capital value at commencement £15.8M.

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### 22 (b) COMMITMENTS UNDER PFI CONTRACTS - On balance Sheet (cont)

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

Gross Minimum Lease Payments	Larkfield	SGH Eld Bed	Gart Royal	Stb Rwbk	Stb ACAD	Vic ACAD	Stb ACAD 60 Bed Ext	Totals	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	790	1,064	1,455	1,549	6,972	8,813	1,672	22,315	22,315	24,794
Between two and five years (inclusive)	3,160	4,256	5,819	6,195	27,887	35,254	6,686	89,257	89,256	99,176
After five years	7,111	12,768	30,548	40,269	160,353	202,702	38,446	492,197	514,511	594,228
<b>Balance at 31 March 2012</b>	<b>11,061</b>	<b>18,088</b>	<b>37,822</b>	<b>48,013</b>	<b>195,212</b>	<b>246,769</b>	<b>46,804</b>	<b>603,769</b>	626,082	718,198

Less Interest Element	Larkfield	SGH Eld Bed	Gart Royal	Stb Rwbk	Stb ACAD	Vic ACAD	Stb ACAD 60 Bed Ext	Totals	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	(490)	(801)	(1,221)	(1,388)	(6,178)	(7,809)	(1,553)	(19,440)	(19,652)	(23,090)
Between two and five years (inclusive)	(1,731)	(2,958)	(4,699)	(5,419)	(24,017)	(30,360)	(6,081)	(75,265)	(76,302)	(90,477)
After five years	(2,000)	(4,980)	(15,134)	(22,881)	(88,444)	(111,803)	(23,488)	(268,730)	(287,134)	(373,558)
<b>Balance at 31 March 2012</b>	<b>(4,221)</b>	<b>(8,739)</b>	<b>(21,054)</b>	<b>(29,688)</b>	<b>(118,639)</b>	<b>(149,972)</b>	<b>(31,122)</b>	<b>(363,435)</b>	(383,088)	(487,125)

Present value of minimum lease payments	Larkfield	SGH Eld Bed	Gart Royal	Stb Rwbk	Stb ACAD	Vic ACAD	Stb ACAD 60 Bed Ext	Totals	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	300	263	234	161	794	1,004	119	2,875	2,663	1,704
Between two and five years (inclusive)	1,429	1,298	1,120	776	3,870	4,894	605	13,992	12,954	8,699
After five years	5,111	7,788	15,414	17,388	71,909	90,899	14,958	223,467	227,377	220,670
<b>Balance at 31 March 2012</b>	<b>6,840</b>	<b>9,349</b>	<b>16,768</b>	<b>18,325</b>	<b>76,573</b>	<b>96,797</b>	<b>15,682</b>	<b>240,334</b>	242,994	231,073

Amount charged to the Operating Cost Statement in respect of on balance sheet PFI transactions comprises:

	2012	2011	2010
	£'000	£'000	£'000
Service charges	5,240	4,765	4,132
Interest charges	19,652	18,407	23,245
<b>Total</b>	<b>24,892</b>	<b>23,172</b>	<b>27,377</b>

Contingent rents recognised as an expense in the period were:

	2012	2011	2010
	£'000	£'000	£'000
Contingent rents	3,651	2,882	1,186

**23. PENSION COSTS**

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

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

For the current year, normal employer contributions of £125,595,000 were payable to the SPPA (prior year £127,088,000) at the rate of 13.5% (prior year: 13.5%) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £1,951,000 (prior year £592,000) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.

Provisions amounting to £46,019,000 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 benefits of the existing scheme but will be given the choice to transfer to the new scheme.

Existing scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions are increased in line with the Consumer 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 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

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

New 2008 arrangements:

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

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

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Pension cost charge for the year	<b>125,595</b>	127,088
Additional Costs arising from early retirement	<b>1,951</b>	592
Provisions included in the Balance Sheet	<b>46,019</b>	45,461

**NHS Greater Glasgow & Clyde**  
**Annual Accounts for the year ended 31 March 2012**  
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**24. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS**

Prior year adjustments which have been recognised in these Accounts are:

	Dr. £'000	Cr. £'000
<b>Adjustment 1</b>		
<b>Prisoner Healthcare Transfer 2009-10:-</b>		
Non Current Assets - Property, Plant & Equipment	79	-
Non Current Assets - Property, Plant & Equipment Acc Depn	-	51
Current Assets - Inventories	26	-
Current Liabilities - Trade & Other Payables	-	168
General Fund	113	-
<b>Adjustment 2</b>		
<b>Prisoner Healthcare Transfer 2010-11:-</b>		
Non Current Assets - Property, Plant & Equipment Acc Depn	-	8
Current Assets - Inventories	-	12
Current Liabilities - Trade & Other Payables	-	39
SOCNE	3,793	-
General Fund	-	3,733
<b>Adjustment 3</b>		
<b>Donated Asset Reserve Removal 2009-10:-</b>		
Donated Asset Reserve - Opening	12,223	-
Donated Asset Reserve - Revaluation	-	1,219
Donated Asset Reserve - Additions	2,527	-
Donated Asset Reserve - Release to SOCNE	-	2,084
General Fund - Opening (Cost Donated Assets)	-	13,439
General Fund - Opening (Acc Depn Donated Assets)	1,030	-
Revaluation Reserve	962	-
Reval Reserve Remaining Bal T/F	3	-
Gen Fund Remaining Bal T/F	-	3
<b>Adjustment 4</b>		
<b>Donated Asset Reserve Removal 2010-11:-</b>		
Donated Asset Reserve - Reverse Additions	1,196	-
General Fund - Additions T/F to AME	-	1,196
Donated Asset Reserve - Depreciation Reverse Release to SOCNE	-	808
SOCNE - Donated Asset Depreciation Reverse Release to SOCNE	808	-
Donated Asset Reserve - Reverse Revaluation	167	-
Revaluation Reserve - Revaluation Donated Assets	-	167
Revaluation Reserve Remove Dr Balances re Donated	-	858
General Fund Remove Dr Balances re Donated	858	-
<b>Adjustment 5</b>		
<b>Government Grant Reserve</b>		
Government Grant Reserve - Opening 2009-10	29	-
Payables Deferred Income - Opening 2009-10	-	281
Revaluation Reserve - Revalue Opening 2009-10 Allowances	252	-
Government Grant Reserve - Reval of Allowances 2009-10 & 2010-11	340	-
Revaluation Reserve - Reval of Allowances 2009-10 & 2010-11	-	340
Govn Grant Reserve - Inc Release & Allow Granted 2009-10 & 2010-11	-	54
Payables Def Income - Inc Release & Allow Granted 2009-10 & 2010-11	54	-

**NHS Greater Glasgow & Clyde**  
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25. RESTATED SOCNE

	Previous Accounts	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	These Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Clinical Services Costs</b>							
Hospital and Community	2,219,633	-	3,853	-	-	-	2,223,486
Less: Hospital and Community Income	429,231	-	-	-	-	-	429,231
	<u>1,790,402</u>	<u>-</u>	<u>3,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,794,255</u>
Family Health Services	580,862	-	-	-	-	-	580,862
Less: Family Health Services Income	18,563	-	-	-	-	-	18,563
	<u>562,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>562,299</u>
<b>Total Clinical Services Costs</b>	<b>2,352,701</b>	<b>-</b>	<b>3,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,356,554</b>
Administration Costs	11,891	-	-	-	-	-	11,891
Less: Administration Income	102	-	-	-	-	-	102
	<u>11,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,789</u>
Other Non Clinical Services	31,713	-	-	-	-	-	31,713
Less: Other Operating Income	58,906	-	-	-	388	-	59,294
	<u>(27,193)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(388)</u>	<u>-</u>	<u>(27,581)</u>
<b>Net Operating Costs</b>	<b>2,337,297</b>	<b>-</b>	<b>3,853</b>	<b>-</b>	<b>(388)</b>	<b>-</b>	<b>2,340,762</b>

**NHS Greater Glasgow & Clyde**  
**Annual Accounts for the year ended 31 March 2012**  
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25. RESTATED BALANCE SHEET

	Previous Accounts	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	These Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets:</b>							
Property, plant and equipment	1,562,768	28	(8)	-	-	-	1,562,788
Intangible assets	1,719	-	-	-	-	-	1,719
Financial assets:							
Available for sale financial assets	1	-	-	-	-	-	1
Trade and other receivables	58,456	-	-	-	-	-	58,456
<b>Total non-current assets</b>	<b>1,622,944</b>	<b>28</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,622,964</b>
<b>Current Assets:</b>							
Inventories	24,334	26	(12)	-	-	-	24,348
Financial assets:							
Trade and other receivables	86,880	-	-	-	-	-	86,880
Cash and cash equivalents	2,182	-	-	-	-	-	2,182
<b>Total current assets</b>	<b>113,396</b>	<b>26</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,410</b>
<b>Total assets</b>	<b>1,736,340</b>	<b>54</b>	<b>(20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,736,374</b>
<b>Current liabilities:</b>							
Provisions	(19,731)	-	-	-	-	-	(19,731)
Financial liabilities:							
Trade and other payables	(332,312)	(167)	(39)	-	-	(226)	(332,744)
<b>Total current liabilities</b>	<b>(352,043)</b>	<b>(167)</b>	<b>(39)</b>	<b>-</b>	<b>-</b>	<b>(226)</b>	<b>(352,475)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>1,384,297</b>	<b>(113)</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>(226)</b>	<b>1,383,899</b>
<b>Non-current liabilities</b>							
Provisions	(85,262)	-	-	-	-	-	(85,262)
Financial liabilities:							
Trade and other payables	(247,195)	-	-	-	-	-	(247,195)
<b>Total non-current liabilities</b>	<b>(332,457)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(332,457)</b>
<b>Assets less liabilities</b>	<b>1,051,840</b>	<b>(113)</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>(226)</b>	<b>1,051,442</b>
<b>TAXPAYERS' EQUITY</b>							
General Fund	772,595	(113)	(59)	12,412	(469)	-	784,366
Revaluation Reserve	266,929	-	-	(965)	1,024	88	267,076
Donated Asset Reserve	12,002	-	-	(11,447)	(555)	-	-
Government Grant Reserve	314	-	-	-	-	(314)	-
<b>Total Taxpayers' Equity</b>	<b>1,051,840</b>	<b>(113)</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>(226)</b>	<b>1,051,442</b>

**NHS Greater Glasgow & Clyde**  
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25. RESTATED CASH FLOW STATEMENT

	Previous Accounts	Adjustment 1	Adjustment 2	Adjustment 3	Adjustment 4	Adjustment 5	These Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>NET OPERATING CASHFLOW</b>							
Net operating cost	(2,337,297)	-	(3,852)	-	387	-	(2,340,762)
Adjustments for non cash transactions	111,173	-	8	-	(387)	(12)	110,782
Interest payable	14,853	-	-	-	-	-	14,853
Interest receivable	(8)	-	-	-	-	-	(8)
Net movement on working capital	(11,254)	-	51	-	-	12	(11,191)
<b>Net cash outflow from operating activities</b>	<b>(2,222,533)</b>	<b>-</b>	<b>(3,793)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,226,326)</b>
<b>INVESTING ACTIVITIES</b>							
Purchase of property, plant and equipment	(201,022)	-	-	-	-	-	(201,022)
Purchase of intangible assets	(302)	-	-	-	-	-	(302)
Proceeds of disposal of property, plant and equipment	2,551	-	-	-	-	-	2,551
Interest received	8	-	-	-	-	-	8
<b>Net cash outflow from Investing Activities</b>	<b>(198,765)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(198,765)</b>
<b>FINANCING</b>							
Funding	2,424,288	-	3,793	-	-	-	2,428,081
Movement in general fund working capital	254	-	-	-	-	-	254
Cash drawn down	2,424,542	-	3,793	-	-	-	2,428,335
Capital element of payments in respect of finance leases and on balance sheet PFI Contracts	11,863	-	-	-	-	-	11,863
Interest paid	3,564	-	-	-	-	-	3,564
Interest element of finance leases and on balance sheet PFI Contracts	(18,417)	-	-	-	-	-	(18,417)
<b>Net cash inflow from financing</b>	<b>2,421,552</b>	<b>-</b>	<b>3,793</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,425,345</b>
<b>Increase in cash in year</b>	<b>254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254</b>
Net cash at 1 April	802	-	-	-	-	-	802
<b>Net cash at 31 March</b>	<b>1,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,056</b>



**26. (a) FINANCIAL INSTRUMENTS BY CATEGORY**

	Note	Loans and Receivables £'000	Assets at Fair Value through Profit and Loss £'000	Available for Sale £'000	Total at 31 March 2012 £'000	Total at 31 March 2011 £'000
<b>Assets</b>						
Investments	14	-	-	1	1	1
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	40,013	-	-	40,013	59,075
Cash and cash equivalents	15	1,060	-	-	1,060	2,182
<b>At 31 March 2012</b>		<b>41,073</b>	<b>-</b>	<b>1</b>	<b>41,074</b>	<b>61,258</b>

	Note		Liabilities at Fair Value through Profit and Loss £'000	Other Financial Liabilities £'000	Total at 31 March 2012 £'000	Total at 31 March 2011 £'000
<b>Liabilities</b>						
Finance lease liabilities	16		-	-	-	109
PFI Liabilities	16		-	240,334	240,334	242,994
Trade and other payables excluding statutory liabilities (VAT and income tax and social security)	16		-	304,949	304,949	273,408
<b>At 31 March 2012</b>			<b>-</b>	<b>545,283</b>	<b>545,283</b>	<b>516,511</b>

**26. (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.

**a) Credit Risk**

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

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

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

The utilisation of credit limits is regularly monitored.

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

**b) Liquidity Risk**

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

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

	Less than 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Over 5 Years £'000
<b>At 31 March 2012</b>				
PFI Liabilities	2,875	3,105	10,887	223,467
Finance lease liabilities	-	-	-	-
Trade and other payables excluding statutory liabilities	305,567	-	-	-
<b>Totals</b>	<b>308,442</b>	<b>3,105</b>	<b>10,887</b>	<b>223,467</b>
	Less than 1 Year £'000	Between 1 and 2 Years £'000	Between 2 and 5 Years £'000	Over 5 Years £'000
<b>At 31 March 2011</b>				
PFI Liabilities	2,662	2,875	10,080	227,379
Finance lease liabilities	-	-	-	-
Trade and other payables excluding statutory liabilities	273,408	-	-	-
<b>Totals</b>	<b>276,070</b>	<b>2,875</b>	<b>10,080</b>	<b>227,379</b>

**c) Market Risk**

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

iii) Price risk

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

**26. (c) FAIR VALUE ESTIMATION**

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

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

# NHS Greater Glasgow & Clyde

Annual Accounts for the year ended 31 March 2012

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### 27. RELATED PARTY TRANSACTIONS

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

The Board also had the following Related Party Transactions during the year:-

<b>Related Party</b>	<b>Details of Related Party Transaction</b>	
Scottish Health Innovations Ltd	NHS Greater Glasgow and Clyde spent a total of £16,756 on various supplies	Mr D Griffin, Director of Finance until 30 June 2011, was also a non-executive Director of Scottish Health Innovations Ltd, a not for profit company that supports the development and commercialisation of innovations arising within the NHS in Scotland
TMRI Ltd	NHS Greater Glasgow and Clyde participates in a Joint Venture with three other Health Boards (Lothian, Tayside and Grampian) and four Universities. There is no requirement for NHSGGC to provide funding and no costs were incurred in 2011/12.	Mr D Griffin, Director of Finance until 30 June 2011, was also a non-executive Director of TMRI Ltd, a joint venture with four universities and four other health boards
Broomhill Dental Practice	General Dental Services	Mr C Bell, non-executive Director until 31 May 2011, was also a General Dental Practitioner at the Broomhill Dental Practice
Erskine Hospital	NHS Greater Glasgow and Clyde spent £59,550 on residential patient care, training and conference facilities and supported workshops	Mr A O Robertson OBE, Chairman, was previously Vice Chair and was appointed Chairman of Erskine Hospital on 1 July 2011
University of Glasgow	£2,904,587 was spent on training courses, research projects and teaching costs	Mr P Daniels OBE, non-executive Director is a Member of the University of Glasgow Court. Prof A Dominiczak is Vice Principal of Glasgow University
NHS Greater Glasgow and Clyde Endowment Funds	NHS Greater Glasgow and Clyde Endowment Funds had total fund balances of £79,505,000 in 2011/12	NHS Greater Glasgow and Clyde Endowment Funds are managed by Trustees who are the members of the Board.

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**28. SEGMENT INFORMATION**

	Acute	NHS Community Partnerships	Corporate	Unallocated	Total at 31 March 2012
	£'000	£'000	£'000	£'000	£'000
Net operating cost	1,162,910	1,090,847	138,219	-	<b>2,391,976</b>
Total assets	-	-	-	1,856,566	<b>1,856,566</b>
Total liabilities	-	-	-	719,351	<b>719,351</b>
Total segment revenue	382,698	64,924	55,380	-	<b>503,002</b>
Impairment losses recognised in SOCNE	-	-	-	39,726	<b>39,726</b>
Impairment losses recognised in Reserves	-	-	-	109	<b>109</b>
Impairment reversals recognised in SOCNE	-	-	-	(1,744)	<b>(1,744)</b>
Depreciation and amortisation	69,496	7,843	71	-	<b>77,410</b>
Interest income	-	-	3	-	<b>3</b>
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	-	-	203,913	-	<b>203,913</b>

**28. SEGMENT INFORMATION - PRIOR YEAR**

	Acute	NHS Community Partnerships	Corporate	Unallocated	Total at 31 March 2011
	£'000	£'000	£'000	£'000	£'000
Net operating cost	1,140,748	1,054,462	145,552	-	<b>2,340,762</b>
Total assets	-	-	-	1,736,374	<b>1,736,374</b>
Total liabilities	-	-	-	684,932	<b>684,932</b>
Total segment revenue	406,180	56,876	44,134	-	<b>507,190</b>
Impairment losses recognised in SOCNE	-	-	-	38,670	<b>38,670</b>
Depreciation and amortisation	65,765	7,757	(156)	-	<b>73,366</b>
Interest income	-	-	8	-	<b>8</b>
Additions to non-current assets (other than financial instruments and deferred tax assets) (i.e. capital expenditure)	-	-	-	162,634	<b>162,634</b>

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29. THIRD PARTY ASSETS

	At 1 April 2011	Gross Inflows	Gross Outflows	At 31 March 2012
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	3,659	2,791	(2,539)	3,911
<b>Total Third Party Assets</b>	<b>3,659</b>	<b>2,791</b>	<b>(2,539)</b>	<b>3,911</b>

Third Party Assets managed by the Board consist of balances on Patients' Private Funds Accounts.

**30. EXIT PACKAGES**

**EXIT PACKAGES**

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	10	10
£10,000 - £25,000	-	19	19
£25,000 - £50,000	-	29	29
£50,000 - £100,000	-	10	10
£100,000- £150,000	-	-	-
<b>Total number exit packages by type</b>	<b>-</b>	<b>68</b>	<b>68</b>
<b>Total resource cost (£'000)</b>	<b>-</b>	<b>1,951</b>	<b>1,951</b>

**EXIT PACKAGES PRIOR YEAR**

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	9	9
£10,000 - £25,000	-	10	10
£25,000 - £50,000	-	2	2
£50,000 - £100,000	-	3	3
£100,000- £150,000	-	1	1
<b>Total number exit packages by type</b>	<b>-</b>	<b>25</b>	<b>25</b>
<b>Total resource cost (£'000)</b>	<b>-</b>	<b>592</b>	<b>592</b>



## Greater Glasgow Health Board

### DIRECTION BY THE SCOTTISH MINISTERS

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

Signed by the authority of the Scottish Ministers

Dated 8 February 2006