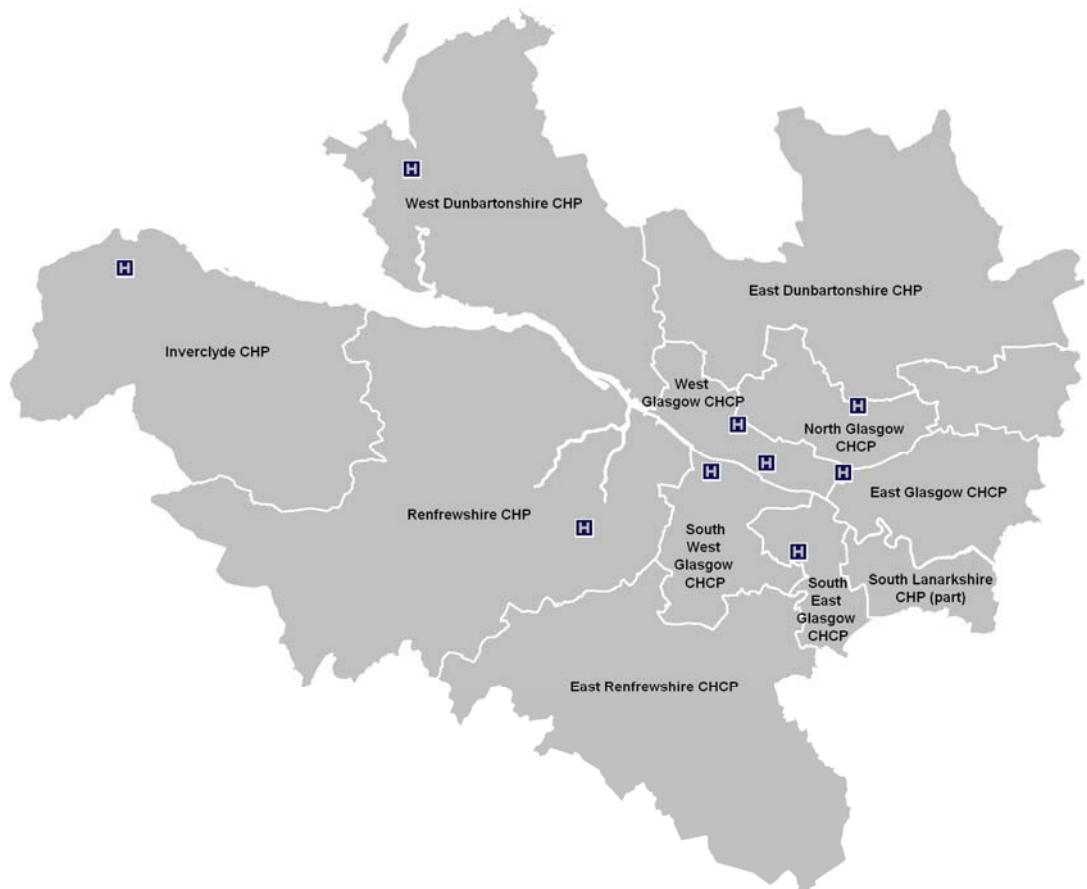


NHS Greater Glasgow and Clyde
Annual Accounts
for the Year Ended 31 March 2007



Authorised for Issue
Date 26 June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

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DIRECTORS' REPORT

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

Accounting convention

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets and in accordance with the FReM issued by HM Treasury. The accounts have been prepared under a direction issued by Scottish Ministers, which is reproduced as an appendix to these accounts.

Accounting policies

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

From 1 April 2005, NHS Greater Glasgow and Clyde has complied with the Financial Reporting Manual (FReM) with the Operating Cost Statement replacing an Income and Expenditure Account and the General Fund replacing capital and revenue reserves on the Balance Sheet, as previously directed in the Resource Accounting Manual (RAM).

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. For the financial years 2006/07 to 2010/11 the Auditor General has appointed David McConnell, Assistant Director of Audit (Health), 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.

Members of NHS Boards 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. All are appointed by Scottish Ministers.

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 2006 to 31 March 2007 were as follows:

Non-Executive Members

Prof Sir J Arbuthnott	Chairman
Mr J Bannon MBE	Non-Executive Director
Prof D H Barlow	Non-Executive Director
Mr G Carson (appointed 1 December 2006)	Non-Executive Director
Mr R Cleland	Non-Executive Director
Cllr J Coleman	Glasgow City Council
Cllr D Collins	East Renfrewshire Council
Ms R Dhir MBE	Non-Executive Director
Cllr R Duncan	East Dunbartonshire Council
Cllr T Fyfe (appointed 1 April 2006)	Inverclyde Council
Dr R Groden (until 31 March 2007)	Non-Executive Director
Mr P Hamilton	Non-Executive Director
Cllr J Handibode	South Lanarkshire Council
Dr M Kapasi MBE (appointed 1 July 2006)	Non-Executive Director
Mrs S Kuenssberg CBE (until 31 March 2007)	Non-Executive Director
Ms G Leslie	Non-Executive Director
Mr G McLaughlin	Non-Executive Director
Mrs J Murray	Non-Executive Director
Mrs R K Nijjar	Non-Executive Director
Miss A Paul	Non-Executive Director
Mr A O Robertson OBE	Non-Executive Director
Cllr M Rooney (from 5 February until 13 March 2007)	West Dunbartonshire Council
Mr D Sime	Non-Executive Director

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Non-Executive Members (cont)

Mrs E Smith	Non-Executive Director
Mrs A Stewart MBE	Non-Executive Director
Cllr A White (until 31 December 2006)	West Dunbartonshire Council
Cllr T Williams (appointed 1 April 2006)	Renfrewshire Council
Mr B Williamson (appointed 1 July 2006)	Non-Executive Director

Executive Members

Mr T A Divers OBE	Chief Executive
Dr L de Caestecker (appointed 19 January 2007)	Director of Public Health
Dr B N Cowan	Medical Director
Ms R Crocket	Nurse Director
Mr D Griffin	Director of Finance

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

Board members' interests

In addition to the Board Members listed above who are nominated Local Authority Councillors, the following is a record of Board Members' interests in organisations which have contracts or are potential contractors with the Board.

Prof D H Barlow	Executive Dean of Medicine, University of Glasgow
Mr G Carson	Manager, Housing and Employment Service
Dr R Groden	General Practitioner
Mrs S Kuenssberg CBE	Mrs Kuenssberg's husband is a director of Canmore Partnership Ltd, a special purpose company set up to operate PFI contracts for the provision of the new Stobhill and Victoria hospitals
Ms G Leslie	Ophthalmic Contractor
Mr G McLaughlin	Director of British Red Cross
Mrs E Smith	Member of Scottish Enterprise Glasgow
Mr B Williamson	Consultant Surgeon and self-employed Private Surgical Practitioner

Pension Liabilities

The accounting policy note for pensions is provided in Note 1, and disclosure of the costs is shown within Note 25 and the remuneration report.

Related Party Transactions

During the year NHS Greater Glasgow and Clyde entered into contracts for the provision of services with the following parties.

Related Party	Details of Contracts
Tollcross Medical Centre	General Medical Services
N Leslie Opticians	General Ophthalmic Services
S Elliott Opticians	General Ophthalmic Services

Dr R Groden was a Non Executive Director of NHS Greater Glasgow and Clyde and is also a General Practitioner at Tollcross Medical Centre. Ms G Leslie was a Non Executive Director of NHS Greater Glasgow and Clyde and also works as an Ophthalmic Contractor at N Leslie Opticians and S Elliott Opticians.

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Payment policy

The board endeavours 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 (relating only to non-NHS suppliers) were as follows:-

	2006/07	2005/06
Average period of credit taken	33 Days	33 Days
Percentage of invoices by volume paid within 30 days	71%	73%
Percentage of invoices by value paid within 30 days	75%	81%

CORPORATE GOVERNANCE

The NHS Board met 6 times during the year to progress the business of the NHS Board. The Scottish Health Plan established that the following standard committees should exist at unified NHS Board level:

- Clinical Governance
- Audit
- Staff Governance
- Ethics
- Area Clinical Forum
- Discipline (for primary care contractors)
- Pharmacy Practices Committee

Clinical Governance Committee

The purpose of the Clinical Governance Committee is to assist the NHS Board to deliver its statutory responsibility for the quality of healthcare that it provides. In particular, the Committee will seek to provide assurance to the Board that appropriate systems are in place, which ensures that clinical governance and clinical risk management arrangements are working effectively to safeguard and improve the quality of clinical care.

The membership of the Clinical Governance Committee comprises Prof D H Barlow, Mr R Cleland, Prof Sir J Arbuthnott, Mr J Bannon MBE, Mrs P Bryson, Mrs S Kuenssberg CBE, Ms G Leslie, Mrs J Murray, Mr D Sime and Mrs A Stewart MBE. The committee met 5 times in 2006/07 and was chaired by Prof D H Barlow.

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 is in place.

The membership of the Audit Committee comprises Mrs E Smith, Cllr R Duncan, Dr R Groden, Mr P Hamilton, Cllr J Handibode, Mrs S Kuenssberg CBE, Mr A O Robertson OBE, Mr D Sime and Mrs A Stewart MBE. The committee met 5 times during 2006/07 and was chaired by Mrs E Smith.

The Committee is supported, in fulfilling its remit, by two Audit Support Groups, one serving the Acute Services Division and the other Corporate and Partnerships. The support groups met 6 and 7 times respectively during the year.

Staff Governance Committee

The purpose of the Staff Governance Committee is to provide assurance to the Board that NHS Greater Glasgow and Clyde meets its obligations in relation to staff governance under the National Health Service Reform (Scotland) Act 2004 and the Staff Governance Standard.

In particular, the Committee will seek to ensure that staff governance mechanisms are in place that take responsibility for performance against the Staff Governance Standard and are accountable for progress towards achievement of the standard.

The membership of the Staff Governance Committee comprises Mr R Cleland, Mr D Sime, Prof Sir J Arbuthnott, Mr A O Robertson OBE, Ms R Dhir MBE, Mrs S Kuenssberg CBE, Mrs E Smith and Cllr T Williams. The committee met twice in 2006/07 and was jointly chaired by Mr R Cleland or Mr A O Robertson OBE and Mr D Sime.

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Research Ethics Committee

The principal function of the committee is to oversee the NHS Board's responsibilities for the establishment, support, training and monitoring of all NHS Local Research Ethics Committees (LRECS) in NHS Greater Glasgow and Clyde, including a focus on the harmonisation of procedures and the formation of a common set of criteria for considering ethical applications.

The membership of the Research Ethics Committee comprises Prof D H Barlow, Dr L de Caestecker, Mr R Cleland, Dr B N Cowan, Dr R Groden, and Mrs A Stewart MBE. The committee met twice in 2006/07 and was chaired by Prof D H Barlow.

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 professions allied to medicine to NHS Greater Glasgow and Clyde ensuring the involvement of all professions across the local NHS system.

The membership of the Area Clinical Forum comprises Mr A J McMahon, Dr C R Bell, Mr P Bennington, Mr D Thomson, Ms G Leslie, Ms L Love, Dr R Groden, Dr D Colville, Mr E Black, Mr H Rollason, Mr T Mohammed, Ms H McKenzie and Ms A Duncan. The committee met 6 times in 2006/07 and was chaired by Ms G Leslie.

Disciplinary Committee (for Primary Care Contractors)

The Disciplinary Committee for family health services was formed by a consortium of West of Scotland NHS Boards. It meets on an ad hoc basis as required to consider disciplinary issues referred to it by NHS Boards outwith the consortium. During the year no meetings were required to be held.

Pharmacy Practices Committee

The NHS Board is required, by the National Health Service (Pharmaceutical Services)(Scotland) Regulations 1995 as amended, to prepare "the pharmaceutical list" – a list of those eligible to provide pharmaceutical services within the Board area. The role of the Pharmacy Practices Committee is to receive and consider applications for inclusion on the pharmaceutical list.

The membership of the Pharmacy Practices Committee comprises Mr A O Robertson OBE, Mr A Fraser, Mr W Reid, Professor J McKie, Dr J Johnson, Mr A MacIntyre and Mr G Dykes. The committee met 13 times during 2006/07 and was chaired by Mr A O Robertson OBE.

Human Resources

During 2006/07, Agenda for Change continued to be implemented. By the end of March 2007, all the main staff groups had been assimilated onto Agenda for Change pay bands. Work also continued to develop knowledge and skills framework outlines for all staff covered by the Agenda for Change agreement. Agenda for Change will now support the redesign of service by recognising the specific roles staff undertake and the knowledge and skills they require to fulfil these roles.

A process of organisational development to support the NHS Board's transformation agenda, and implementation of the corporate priorities was further developed, and an online performance management tool to support the individual objective setting and personal development planning process for staff subject to these arrangements was put in place. Personal development planning for all staff was supported by the on-going computerised eKSF tool.

The Human Resources function itself was restructured to create coherent, whole system approaches to organisational development, learning and education, recruitment, workforce planning and information, with senior HR staff appointed to work closely with Directors within the Acute Division, and the Community Health and Care Partnerships/Community Health Partnerships/Mental Health Partnership.

All staff within the NHS Board are now covered by a personal development process which will support change and will affect all staff in the coming years. This is being underpinned by the harmonisation of HR policies and procedures, and by the further development of the Staff Governance Action Plan agreed through the Area Partnership Forum.

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OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The NHS Board was established in 1974, with responsibility for providing health care services for the residents of Greater Glasgow. On 1 April 2006, the responsibility for managing services within the Clyde area of the former Argyll and Clyde NHS Board was transferred to NHS Greater Glasgow. As a result of this, the enlarged NHS Board is now known as "NHS Greater Glasgow and Clyde" (NHSGGC) and 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 ensure the efficient, effective and accountable governance of local NHS systems and to provide strategic leadership and direction for these systems as a whole.

Specific roles of the NHS Board include:

- improving and protecting the health of the local people;
- improving health services 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;
- resource allocation;
- implementation of the Local Health Plan; and
- performance management.

Following the incorporation of the Clyde area, the new NHSGGC structure comprises an Acute Division, five Community Health Partnerships (CHP's), six Community Health and Care Partnerships (CHCP's) and other NHS Partnerships covering Mental Health, Learning Disabilities, Addictions and Homelessness services. The CHP's are responsible for managing NHS services only, whereas the CHCP's are joint organisations formed with local authority partners, responsible for managing jointly provided services.

Major capital projects during the year included the construction of Phase 2 of the Beatson development at Gartnavel which is nearing completion. In addition, work progressed to an advanced stage on the construction of a local forensic psychiatry unit at Stobhill and a new mental health inpatient hospital at Gartnavel both provided under private finance arrangements. Each of these facilities is scheduled to open early in 2007/08.

In addition £10m was invested in new medical equipment.

During the year, the disposal of the former hospital sites at Hawkhead and Woodilee was concluded, generating proceeds of £54m. The disposal of Woodilee Hospital allowed the Board to make a capital grant of £6m in 2006/07 to the Kirkintilloch Initiative (KI). This was consistent with the terms of the KI joint venture agreement entered into with East Dunbartonshire Council, and will enable KI to make progress with achieving the regeneration objectives of the Kirkintilloch Initiative programme.

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Financial Performance and Position

The Scottish Executive 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 SEHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Revenue Resource limit	1,921,674	1,894,326	27,348
Capital Resource Limit	132,127	129,590	2,537
Cash Requirement	2,100,866	2,100,866	0
<i>Memorandum for in-year outturn</i>			
<i>Brought forward surplus from previous financial year</i>			<i>(12,734)</i>
<i>Saving against in year Revenue Resource Limit</i>			<i>14,614</i>

During the year, the provision for bad and doubtful debts increased from £1.236m as at 1 April 2006, to £2.590m as at 31 March 2007.

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.

Of the Board's capital expenditure of £129.6m above, and shown in Notes 9-11, the largest capital project was the construction of the new Beatson Oncology Centre at Gartnavel General Hospital; expenditure during the year on that project amounted to £33.2m.

Details of PFI/PPP projects are provided in Note 24.

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LOCAL DELIVERY PLAN 2006/07

In December 2005 the Scottish Executive issued guidance to Boards requiring them to submit Local Delivery Plans (LDPs), addressing key targets structured around four main sets of objectives; these are known as the HEAT indicators, and cover Hhealth improvement, Efficiency, Access and Treatment. The key performance targets are shown below.

Health Improvement for the People of Scotland – Improving Life Expectancy and Healthy Life Expectancy

- Reduce health inequalities by increasing the rate of improvement for the most deprived communities by 15% for Coronary Heart Disease: target date 2008.
- Reduce rate of smoking among adults (over 16s) in all social classes to 22%: target date 2010.
- Reduce incidence of exceeding the weekly alcohol limit of 21 units to 29% for men, and of 14 units to 11% of women: target date 2010
- 50% of all adults (over 16) accumulating a minimum of 30 minutes per day of physical activity on 5 or more days per week.
- 95% uptake target for all childhood vaccinations (ongoing).
- Reduce suicide rate between 2002 and 2013 by 20%.
- Reduce by 20% the pregnancy rate (per 1,000 population) in 13-15 year olds from 8.5 in 1995 to 6.8 in 2010.

Efficiency and Governance – Continually Improve the Efficiency and Effectiveness of the NHS

- NHS boards to operate within their revenue resource limit; operate within their capital resource limit; meet their cash requirement.
- Sickness Absence Rate: 4% by 31 March 2008.
- Productivity: increase in consultant productivity by 1% pa over the next 3 years.

Access to Services – Recognising Patients' Need for Quicker and Easier Use of NHS Services

- Ensure that anyone contacting their GP surgery has guaranteed access to a GP, nurse or other health care professional within 48 hours from April 2004.
- 60% of 5 year old children (primary 1) will have no signs of dental disease by 2010.
- No patient with a guarantee should wait longer than 6 months for inpatient or day case treatment from 31 December 2006, reducing to 18 weeks from 31 December 2007.
- By the end of 2005, no patient will wait longer than 6 months from GP referral to an outpatient appointment, reducing to 18 weeks from 31 December 2007.
- By the end 2007 no patient will wait more than 4 hours from arrival to discharge or transfer for accident and emergency treatment.
- By end of 2007 the maximum wait for cataract surgery will be 18 weeks from referral to completion of treatment.
- By end 2007, the maximum wait for admission to a specialist unit for surgery following fracture will be 24 hours.
- Women who have breast cancer and need urgent treatment will get it within one month where appropriate.
- By 31 December 2005 no patient urgently referred for cancer treatment should wait more than 2 months.
- From June 30 2004 the maximum wait from angiography to surgery or angioplasty will be 18 weeks.
- By end of 2007, patients will wait no more than 9 weeks for any MRI or CT scans and other diagnostic tests.

NHS Greater Glasgow and Clyde

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Treatment Appropriate to Individuals: Ensure Patients Receive High Quality Services that Meet Their Needs

- We will reduce the number of people waiting to be discharged from hospital into a more appropriate care setting by 20% year on year between 2005 and the end of 2008, cutting to a minimum the number of people waiting more than 6 weeks to be discharged.
- By 2008-09, we will reduce the proportion of older people (aged 65+) who are admitted as an emergency inpatient 2 or more times in a single year by 20% compared with 2004/05
- Cervical screening target 80%, ongoing.
- QIS clinical governance and risk management standards improving.

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. The LDP promises to be a more rigorous process of accountability for Boards involving where appropriate monthly scrutiny of Board performance based on a national database, with a requirement for exception reporting in cases of divergence from planned performance. This new approach will be overseen by SEHD through the Directorate of Delivery.

For 2006/07 LDP's were submitted separately for NHSGG and NHSAC Boards. SEHD has confirmed that for this first year these will be subject to separate reporting of performance as an interim step to preparing a single integrated LDP for the new enlarged Board from 2007/08.

A summary of progress against a sample of key targets as at February 2007 is provided below.

Waiting times – inpatient, day cases, most cancers - and delayed discharges where the Board has already made outstanding progress with considerable improvements for patients and where the challenge is one of sustaining current gains and improving further towards new targets.

Target 2006/07	No patient with guarantee waiting over 18 weeks for inpatient/day case treatment by December 2006
Performance	Target Achieved
Target 2007/08	No patients waiting over 18 weeks by December 2007
Plans	Ensure operation of effective service models to optimise throughput, adopting service redesign where necessary and making further investment to improve capacity

Target 2006/07	No patient will wait longer than 18 weeks from GP referral to outpatient appointment by December 2007
Performance	3,188 patients waiting, against target of 4,433 – Target Achieved
Target 2007/08	No patient waiting longer than 18 weeks by December 2007
Plans	Ensure operation of effective service models to optimise throughput, adopting service redesign where necessary and making further investment to improve capacity

Target 2006/07	No patient urgently referred for cancer treatment should wait more than 2 months from primary care referral
Performance	The percentage of patients whose wait met the target, ranged from 89% for colorectal cancer patients, to 93% for lung cancer patients, and 100% for breast cancer patients
Target 2007/08	100% of cancer patients meeting two month wait target from primary care referral
Plans	Further service redesign - for colorectal, planned development of diagnostic services and introduction of specialised symptom based referral and one stop service for lung, the development and improvement of the operation of the care pathway for general, increase capacity for: Diagnostics; Outpatients and screening; Patient tracking IT referral systems

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Target 2006/07	Reduce the number of people waiting over 6 weeks to be discharged by 50% - equating to a reduction of 40 (Glasgow) and 41 (Clyde) by April 2007
Performance	Reductions by the end of March 2007 were 52 in Glasgow and 47 in Clyde
Target 2007/08	Reduce to nil by April 2008
Plans	The Board plans to meet the April 2008 target by continued effort on whole system change across health and social care. In 2007/8 particular focus will be around a review of each step of the discharge process and the development of joint performance measures for this and for the outcome of discharge. The use of institutional care for older people and adults with a physical impairment will be reviewed and a strategy for support to care homes agreed and implemented.

Staff Absence

Target 2006/07	4.8% absence rate
Performance	6.1% absence rate
Target 2007/08	4% by 31 March 2008
Plans	Establishing common absence management policies and protocols, reviewing underlying causes, developing training and staff support and creating common reporting systems

Smoking - this is an example of a target where the Board has limited influence and where other factors such as the national smoking ban may have a great influence. However the Board has a significant role in the provision of high quality accessible smoking cessation services, in being an exemplar in relation to our no smoking policy and working with partners to prevent young people taking up smoking. The Board also recognises the difficulties it faces in trying to change the behaviours of long-term smokers many of whom stay in the city's more deprived areas and many of whom are heavily addicted to tobacco.

Target 2006/07	Reduce rate of adults who smoke to 26.4%
Performance	28.3% of adults are smokers
Target 2007/08	Reduce rate of adults who smoke to 25%
Plans	Increase number of smoking cessation groups, roll out acute hospital pilot, extend maternity service, investigate new services targeted on mental health and deprived populations, implement new services through the Keep Well pilots including additional training for pharmacy staff who deliver smoking cessation, befriending services to support people in wanting to quit and work with schools to discourage young people from starting to smoke.

Within the Board action is underway to ensure that the Board's performance against these national targets is being driven forward and is subject to close and regular progress review. Throughout 2006/07 the Board has extended this approach to a wider set of performance measures to more fully reflect the range of NHSGGC responsibilities and embed this approach at all levels in the organisation. The introduction of this comprehensive approach to performance management was a key success for the Board during 2006/07 and will be further developed in 2007/08.

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Sustainability and Environmental Reporting

NHSGGC, in responding to HDL (2006) 21 and other requirements, aims to follow clause 4.2 of *BS EN ISO 14001:1996 Environmental Management Systems - Specification with Guidance for use* which states:

The Board shall define the organisation's environmental policy and ensure that it:

- is appropriate to the nature, scale and environmental impacts of its activities, products and services;
- includes a commitment to continual improvement and prevention of pollution;
- includes a commitment to comply with relevant environmental legislation and regulations and with other requirements to which the organisation subscribes;
- provides the framework for setting and reviewing environmental objectives and targets;
- is documented, implemented, maintained and communicated to all employees;
- is available to the public.

Elements of the Environmental Policy have been drafted, and are in place in different areas throughout NHSGGC. These elements will be drawn together into a consolidated policy during 2007/08.

REMUNERATION REPORT

Remuneration Sub-Committee

The Remuneration Sub-Committee (a sub-committee of the Staff Governance Committee) comprises the Board Chairman and Non-Executive Directors of the Board; its role is to provide assurance to the NHS Board that pay arrangements are adequate, effective, and are in line with direction issued by the Scottish Executive. The Chief Executive and the Director of Human Resources attended meetings of the Remuneration Sub-Committee as advisors and assessors, and to provide administrative support. The Remuneration Sub-Committee also has the responsibility to ensure that performance appraisals for Executive Members and senior managers on executive pay arrangements are carried out in line with the guidance from the Scottish Executive.

Details of Board Members' and Senior Employees' remuneration are provided on the following pages.

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REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - CURRENT YEAR

Remuneration of:	Salary (Bands of £5,000)	Real increase in pension At age 60 (Bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2006	Cash Equivalent Transfer Value (CETV) at 31 March 2007	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive : T A Divers	145-150	0-5	50-55	851	886	NA	-
Director of Public Health : L de Caestecker (from 19/1/07)	150-155	0-5	20-25	NA	373	NA	2
Medical Director : B N Cowan	150-155	0-5	40-45	656	728	33	3
Nurse Director : R Crockett	120-125	0-5	25-30	396	441	14	2
Director of Finance : D Griffin	120-125	0-5	15-20	248	290	18	5
Non Executive Members							
The Chair : J Arbuthnott	35-40	0-0	0-0	-	-	-	-
J Bannon	5-10	0-0	0-0	-	-	-	-
D H Barlow	5-10	0-0	0-0	-	-	-	-
G Carson (from 01/12/06)	0-5	0-0	0-0	-	-	-	-
R Cleland	15-20	0-0	0-0	-	-	-	-
J Coleman	15-20	0-0	0-0	-	-	-	-
D Collins	15-20	0-0	0-0	-	-	-	-
R Dhir	15-20	0-0	0-0	-	-	-	-
R Duncan	5-10	0-0	0-0	-	-	-	-
T Fyfe (from 1/4/06)	5-10	0-0	0-0	-	-	-	-
R Groden (until 31/3/07)	5-10	0-0	0-0	-	-	-	-
P Hamilton	15-20	0-0	0-0	-	-	-	-
J Handibode	5-10	0-0	0-0	-	-	-	-
M Kapasi (from 01/07/06)	5-10	0-0	0-0	-	-	-	-
S Kuenssberg (until 31/3/07)	5-10	0-0	0-0	-	-	-	-
G Leslie	5-10	0-0	0-0	-	-	-	-
G McLaughlin	15-20	0-0	0-0	-	-	-	-
J Murray	5-10	0-0	0-0	-	-	-	-
R Nijjar	5-10	0-0	0-0	-	-	-	-
A Paul	5-10	0-0	0-0	-	-	-	-
A O Robertson	15-20	0-0	0-0	-	-	-	-
M Rooney (05/02/07 to 13/03/07)	0-5	0-0	0-0	-	-	-	-
D Sime (Employee Director - this post is full time and the salary shown relates to the substantive post held)	45-50	0-0	10-15	NA	161	NA	-
E Smith	15-20	0-0	0-0	-	-	NA	-
A Stewart	5-10	0-0	0-0	-	-	NA	-
A White (to 31/12/06)	5-10	0-0	0-0	-	-	NA	-
T Williams (from 1/4/06)	5-10	0-0	0-0	-	-	NA	-
B Williamson (from 01/07/06)	5-10	0-0	0-0	-	-	NA	-
Other Senior Employees							
Director for Planning & Community Care : C Renfrew	115-120	5-10	25-30	381	339	NA	-
Director of Human Resources : I Reid	125-130	0-5	30-35	428	477	13	-
Director of Health Information & Technology : R Copland (from 20/11/06)	40-45	0-5	0-5	NA	3	NA	-
Director of Acute Services Strategy Implementation & Planning : H Byrne	110-115	5-10	5-10	NA	92	NA	2
Chief Operating Officer, Acute Division : R Calderwood	140-145	0-5	50-55	825	923	37	5
Director Mental Health Partnership : A Hawkins	115-120	0-5	20-25	NA	410	NA	3
Director West Glasgow CHCP : T Findlay	105-110	0-5	5-10	NA	131	NA	4
Director East Glasgow CHCP : M Feinmann	95-100	0-5	5-10	NA	144	NA	-
Director North Glasgow CHCP : A MacKenzie	85-90	0-5	5-10	NA	125	NA	-
Director East Dunbartonshire CHP : D Leese (to 31/07/06)	25-30	} 0-5	10-15	NA	155	NA	-
Director Renfrewshire CHP : D Leese (from 01/08/06)	55-60			NA	8	NA	3
Director East Dunbartonshire CHP : K Murray (from 01/08/06)	60-65	0-5	0-5	NA	82	NA	1
Director West Dunbartonshire CHP : K Redpath	80-85	0-5	5-10	NA	63	3	-
Director Inverclyde CHP : A Buckley	50-55	0-5	0-5	NA	63	3	-
Total				3,785	5,831	118	30

Notes

CETV figures are notional calculations based on actuarial tables.

I Colvin - Director South West Glasgow CHCP is an employee of Glasgow City Council.

C Cowan - Director South East Glasgow CHCP is an employee of Glasgow City Council.

G Hunter - Director East Renfrewshire CHCP is an employee of East Renfrewshire Council.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

REMUNERATION REPORT (continued)

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - PRIOR YEAR

	Salary (Bands of £5,000)	Real increase in pension At age 60 (Bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2005	Cash Equivalent Transfer Value (CETV) at 31 March 2006	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive : T A Divers	140-145	5-10	45-50	712	1,000	99	-
Director of Public Health : H Burns (To 31/08/05)	90-95			Transferred to SE therefore no disclosure re Pensions			
Medical Director : B N Cowan	145-150	0-5	30-35	502	631	44	3
Nurse Director : R Crocket	115-120	0-5	20-25	336	469	35	6
Director of Finance : D Griffin (from 01/01/06)	115-120	0-5	15-20	219	279	26	5
Chief Executive North Division : T Davison (to 30/04/05)	10-15			Pension Information not available at year end			
Chief Executive South Division : R Calderwood (to 31/12/05)	95-100	0-5	50-55	436	1,012	26	10
Chief Executive Yorkhill Division : J Best (to 30/11/05)	60-65	0-5	20-25	231	290	10	3
Non Executive Members							
The Chair: J Arbuthnott	35-40	0 - 0	0 - 0	-	-	-	-
J Bannon	5-10	0 - 0	0 - 0	-	-	-	-
D H Barlow	5-10	0 - 0	0 - 0	-	-	-	-
R Cleland	20-25	0 - 0	0 - 0	-	-	-	-
J Coleman	5-10	0 - 0	0 - 0	-	-	-	-
D Collins	5-10	0 - 0	0 - 0	-	-	-	-
R Dhir	5-10	0 - 0	0 - 0	-	-	-	-
R Duncan	5-10	0 - 0	0 - 0	-	-	-	-
W Goudie (to 30/9/05)	0-5	0 - 0	0 - 0	-	-	-	-
R Groden	5-10	0 - 0	0 - 0	-	-	-	-
P Hamilton	5-10	0 - 0	0 - 0	-	-	-	-
J Handibode	5-10	0 - 0	0 - 0	-	-	-	-
S Kuenssberg	15-20	0 - 0	0 - 0	-	-	-	-
G Leslie	5-10	0 - 0	0 - 0	-	-	-	-
G McLaughlin	5-10	0 - 0	0 - 0	-	-	-	-
J Murray	5-10	0 - 0	0 - 0	-	-	-	-
R Nijjar	5-10	0 - 0	0 - 0	-	-	-	-
A Paul	5-10	0 - 0	0 - 0	-	-	-	-
A O Robertson	20-25	0 - 0	0 - 0	-	-	-	-
D Sime (from 1/10/05)	0-5	0 - 0	0 - 0	-	-	-	-
E Smith	20-25	0 - 0	0 - 0	-	-	-	-
A Stewart	5-10	0 - 0	0 - 0	-	-	-	-
A White	5-10	0 - 0	0 - 0	-	-	-	-
Other Snr Employees							
Director for Planning & Community Care : C Renfrew	120-125	0-5	20-25	266	329	12	-
Acting Director of Health Promotion : E Borland	75-80	0-5	20-25	341	430	19	-
Director of Human Resources : I Reid	120-125	0-5	30-35	195	507	23	-
Total				3,238	4,947	294	27

Note

The salary column in 2005/06 has been adjusted to reflect arrears of salary payable and due in prior years.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

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 Executive 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 and for the economical, efficient and effective use of resources placed at the Board's disposal.

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 November 2001.

Signed



T A Divers
Chief Executive
NHS Greater Glasgow and Clyde

26 June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

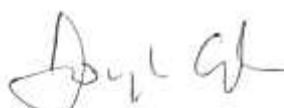
STATEMENT OF HEALTH BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 2007 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 judgments and estimates that are reasonable and prudent.
- state where applicable accounting standards 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 NHS 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 Executive Health Department. 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.



D Griffin
Director of Finance



Prof Sir J Arbuthnott
Chairman

26 June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

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

- a Board which meets regularly to consider the plans and strategic direction of the organisation, and consists of both executive and non executive members;
- single system governance and management arrangements with clear supporting lines of accountability and agreed scheme of delegation and standing orders; and
- the consideration by the Board of periodic reports from the chairs of the staff governance, clinical governance and audit committees, concerning any significant matters on governance and internal controls.

In addition, we are working towards the implementation of a unified Risk Management Strategy and robust prioritisation methodology based on risk ranking; whilst this was not in place throughout the year, there were, however, strategies in existence in the previous NHS Boards.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Executive and other relevant bodies on the proper handling of public funds. Its main purpose is to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This process has been in place for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts and accords with guidance from the Scottish Executive Health Department.

Risk and Control Framework

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

The NHS Greater Glasgow Risk Management Strategy, including the formation of the Risk Management Steering Group, was approved by NHS Board in March 2005. While the underlying principles have remained unchanged, the Strategy has been amended to reflect organisational changes, principally the transition to single system working and the assimilation of Clyde.

The risk management arrangements in place throughout the year largely reflected the previous organisational structure and work is ongoing to harmonise these arrangements. Key elements of this on going work are:

- the approval of a Risk Register Policy by the expanded Risk Management Steering Group in December 2006, and by the Audit Committee in March 2007;
- the presentation of a report on Corporate risks to the Audit Committee in March 2007, when a process was approved for identifying and reporting corporate risk to the Audit Committee by linking with the divisional risk registers and performance management process.

NHS Greater Glasgow and Clyde has established a Risk Management Steering Group (RMSG) to develop a common set of standards and principles to underpin risk management across the single system.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Operating under the joint chairmanship of the Medical Director (as executive lead for clinical risk) and Director of Human Resources (as executive lead for non-clinical risk), the RMSG also has a role in reviewing the effectiveness of the risk management arrangements on behalf of the Chief Executive. During the year, the membership of the RMSG has been expanded to include a wider range of senior management representation from all parts of the organisation. The RMSG has developed the Board's single system risk management strategy, which has been endorsed by the Audit Committee and has received Board approval.

NHS Greater Glasgow & Clyde is a large, diverse and complex organisation with Management Teams and staff managing risk as an integral part of what they do every day. Risk is managed in a way that best suits individual management arrangements based on the guiding principles and general approach described in the risk management strategy. This ensures that common standards for the management of risk apply across NHS Greater Glasgow & Clyde and support the assurance and business requirements of the NHS Greater Glasgow & Clyde Board and its corporate management.

The key components of the risk management framework are noted below:

- risk identification – to minimise the likelihood and severity of risk events, all incidents or near misses are recorded through Incident Recording systems;
- risk assessment - all risks are assessed using a standard classification matrix which is applied consistently across NHGGC; this involves the assessment of risk in terms of the consequences and the likelihood of occurrence;
- risk registers - each Division, Directorate or Partnership is responsible for maintaining its own risk register, which is used by each management team to inform priorities for the local implementation and monitoring of agreed mitigating controls; the Performance Review Group manages the higher level corporate risks around the achievement of the NHSGGC corporate objectives;
- risk action plans - all risks identified and prioritised for action within a risk register require a supporting action plan, ensuring that the risk is managed to an acceptable level;
- risk escalation - if a significant risk is identified that is considered impossible or impractical to manage at a local management team level, then that risk should be reported for review by the Director, or COO, and reported to Headquarters; Assessment and improvement should then be monitored through inclusion in the NHS Greater Glasgow & Clyde Corporate Risk register.

The NHS Board is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. It also continues to adapt its governance arrangements to take account of changes within its internal organisational structure. In particular, during the year to 31 March 2007, and up to the signing of the accounts, it has:

- continued to enhance and harmonise its governance arrangements to support the new organisational structure, including the implementation of a new set of Standing Financial Instructions;
- continued the process to integrate the Clyde area of the former Argyll and Clyde Health Board; whilst this has been completed, there are some areas where further work is ongoing to achieve full harmonisation;
- continued, within the ICT environment, to move towards the development of a consistent approach to IT security and business continuity planning.

Review of Effectiveness

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

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the ongoing work of and annual assurance statements provided by the Audit Committee, Staff Governance Committee, Clinical Governance Committee, and Risk Management Steering Group;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and

NHS Greater Glasgow and Clyde Annual Accounts for the year ended 31 March 2007

effectiveness of the organisation's systems of internal control together with recommendations for improvement;

- 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 in the Directors' Report) and a number of other groups:

- the Performance Review Group (PRG), which has delegated responsibility from the NHS Board to monitor organisational performance, resource allocation and utilisation, and the implementation of NHS Board agreed strategies, including the approval of key stages in the implementation of such strategies. The PRG also ensures that there is a coordinated overview of performance across all domains of the Performance Assessment Framework; it met 6 times last year;
- the Remuneration Committee, which is a sub-committee of the Staff Governance Committee and deals with all aspects of the Executive Pay arrangements. The Committee met 5 times during 2006/07;
- the Involving People Committee serves to ensure that the NHS Board discharges its legal obligations to involve, engage and consult patients, the public and communities in the planning and development of services and in the decision-making about the future pattern of services. The Committee met on 6 occasions during 2006/07;
- the Risk Management Steering Group (as detailed above) met 3 times during 2006/07.

I have reviewed the evidence available to me regarding the operation of the system of internal control during the year and can confirm that an effective system continues to be in place or that where weaknesses have been identified plans are in place, or are being implemented, to ensure that they are addressed. Arising out of this review, the following issue requires to be disclosed.

As in previous years, NHS Scotland Counter Fraud Services (CFS) has produced extrapolations based on the results of their patient exemption checking work. These extrapolations are an attempt to estimate the level of Family Health Service income lost, due to patients that have fraudulently or erroneously claimed exemption from NHS charges, and have, in previous years, resulted in disclosures in the Statement on Internal Control and the Auditor's Report. The extrapolations for 2006/07 indicate a potential fraud/error level of £9.7 million. CFS has also indicated that a revised methodology has been used and this has highlighted an issue with the validity of the extrapolations. In addition, the 2006/07 extrapolations cannot be meaningfully compared with previous years because of the change in methodology and the incorporation of Clyde part way through the reference period. Although there are issues in relation to the validity and accuracy of these extrapolations, they potentially indicate that there remains a level of fraud/error which is worthy of note and, accordingly, it is appropriate to refer to this in the Statement on Internal Control.



T A Divers
Chief Executive and Accountable Officer
26 June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Independent auditor's report to the members of NHS Greater Glasgow and Clyde, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of NHS Greater Glasgow and Clyde for the year ended 31 March 2007 under the National Health Service (Scotland) Act 1978. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

Respective responsibilities of the board, Accountable Officer and auditor

The board and Accountable Officer are responsible for preparing the Annual Report and the financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. The Accountable Officer is also responsible for ensuring the regularity of expenditure and income. These responsibilities are set out in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of NHS Greater Glasgow and Clyde.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. I also report whether in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. I also report if, in my opinion, the Directors' Report is not consistent with the financial statements, if the body has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the board's compliance with the Scottish Executive Health Department's guidance. I report if, in my opinion, it does not comply with the guidance or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Operating and Financial Review and the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and income included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the board and Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion


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 affairs of the board as at 31 March 2007 and of its net operating cost position, recognised gains and losses and cash flows for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Regularity

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



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

26 June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Operating Cost Statement

	Note	2007 £'000	2006 £'000
Clinical Services Costs			
Hospital and Community	4	1,887,716	1,773,212
Less: Hospital and Community Income	8	356,847	316,447
		1,530,869	1,456,765
Family Health	5	527,134	505,383
Less: Family Health Income	8	22,460	23,948
		504,674	481,435
Total Clinical Services Costs		2,035,543	1,938,200
Administration Costs	6	13,851	15,288
Less: Administration Income	8	20	19
		13,831	15,269
Other Non Clinical Services	7	41,098	38,199
Less: Other Operating Income	8	74,735	48,237
		(33,637)	(10,038)
Net Operating Costs	19	2,015,737	1,943,431

SUMMARY OF REVENUE RESOURCE OUTTURN

Net Operating Costs (per above)		2,015,737	1,943,431
Less: Capital Grants to Other Bodies	9	(7,909)	(8,981)
Less: FHS Non Discretionary Allocation		(113,502)	(95,198)
Net Resource Outturn		1,894,326	1,839,252
Revenue Resource Limit		1,921,674	1,851,986
Saving/(excess) against Revenue Resource Limit		27,348	12,734

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2007
Statement of Recognised Gains and Losses

	Note	2007 £'000	2006 £'000
Net gain on revaluation of tangible fixed assets	11	61,786	36,498
Net gain/(loss) on revaluation of intangible fixed assets	10	(1,010)	440
Movement in Donated Asset Reserve due to receipts	20	1,165	758
Total recognised gains for the year		61,941	37,696

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Balance Sheet

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible Fixed Assets	10	691	1,471
Tangible fixed assets	11	1,320,695	1,195,591
Total Fixed Assets		1,321,386	1,197,062
Debtors falling due after more than one year	13	36,535	5,380
CURRENT ASSETS			
Stocks	12	24,337	21,379
Debtors	13	69,348	53,511
Investments	14	1	-
Cash at bank and in hand	15	779	5,036
		94,465	79,926
CURRENT LIABILITIES			
Creditors due within one year	16	(384,754)	(258,041)
Net current assets liabilities		(290,289)	(178,115)
Total assets less current liabilities		1,067,632	1,024,327
CREDITORS DUE AFTER MORE THAN 1 YEAR	16	-	(8)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(101,230)	(126,211)
		966,402	898,108
FINANCED BY:			
General Fund	19	591,651	569,545
Revaluation Reserve	20	364,003	317,941
Donated Asset Reserve	20	10,748	10,622
		966,402	898,108

Adopted by the Board on 26 June 2007



D Griffin
Director of Finance



T A Divers
Chief Executive

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Cash Flow Statement

	Note	2007 £'000	2006 £'000
NET OPERATING CASHFLOW			
Net cash outflow from operating activities		(1,879,985)	(1,815,097)
CAPITAL EXPENDITURE			
Payment to acquire fixed assets		(116,870)	(72,083)
Receipts from sales of fixed assets		5,674	8,980
Net cash outflow for capital expenditure		(111,196)	(63,103)
Net cash outflow before Financing		(1,991,181)	(1,878,200)
FINANCING			
Funding	19	1,991,181	1,878,200
Movement in general fund working capital	19	(5,299)	528
Cash drawn down		1,985,882	1,878,728
Net cash inflow from financing		1,985,882	1,878,728
Increase/(decrease) in cash in year		(5,299)	528
NOTES			
1. Reconciliation of operating cost to operating cash flow			
Net Operating Cost for the year		(2,015,737)	(1,943,431)
Expenditure not involving payment of cash	3	57,095	77,608
Net movement on working capital	18	78,657	50,726
Operating cash outflow		(1,879,985)	(1,815,097)
2. Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year		(5,299)	528
Net (debt)/cash at 1 April	15	4,548	4,020
Net (debt)/cash at 31 March	15	(751)	4,548

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Notes to the Accounts

1. ACCOUNTING POLICIES

a) Authority

The Accounts have been prepared in accordance with the Financial Reporting Manual (FRoM) issued by HM Treasury. The particular accounting policies adopted by the Health Board follow UK generally accepted accounting practice (UK GAAP), as applied to the public sector in the FRoM to the extent that they are meaningful and appropriate and are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

b) 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.

c) Accounting Convention

The Accounts are prepared on a historical cost basis modified to reflect changes in the value of fixed assets at their value to the business by reference to their current costs.

d) Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Executive Health Department within an approved revenue resource limit. If the Board underspends against the approved revenue resource limit, the balance may be carried forward to the following year, subject to restraints imposed by the Scottish Executive Health Department. Cash drawn down to fund expenditure within this approved revenue resource limit will be credited to the general fund.

Miscellaneous Income is income receivable by the Board and should not be included as funding.

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 Executive. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of fixed assets received from the Scottish Executive Health Department is credited to the general fund.

e) Fixed Assets

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

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

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2007

Notes to the Accounts

i) Capitalisation

All assets falling into the following categories are capitalised:

- Tangible 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.

ii) Valuation

Fixed assets are valued as follows:

Specialised NHS land, buildings, installations and fittings are stated at their depreciated replacement cost, other than surplus land and buildings which are stated at their market value. Non specialised land and buildings, such as offices, are stated at the lower of their replacement cost or recoverable amount.

Valuations of all land and building assets within NHSScotland are reassessed by valuers under a rolling 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Executive Health Department. In addition, in accordance with SEHD guidance, the Board has applied market values to all non-operational properties and existing use values to non-specialised properties.

Equipment is valued at the lower of its net replacement cost or recoverable amount.

The net replacement cost is the replacement cost of the asset as new depreciated in respect of its remaining useful life. The recoverable amount will only be used when the decision has been made to dispose of the asset.

Assets in the course of 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.

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

- specialised operational assets have been valued on a modified replacement cost basis to take account of modern substitute building materials only;
- no adjustment has been made to the cost figures of operational assets in respect of dilapidations;
- additional alternative Open Market Value figures have only been supplied for specialised operational assets scheduled for imminent closure and subsequent disposal.

NHS Greater Glasgow and Clyde

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Impairment:

Losses in value reflected in valuations are accounted for in accordance with Financial Reporting Standard 11. The consumption of economic benefits is charged to the operating cost statement described as impairments. Decreases in asset value that relate to fluctuations in market prices are first charged to the element of the revaluation reserve relating to the asset and that amount is recognised in the Statement of Recognised Gains and Losses. Further losses, beyond the level of the revaluation reserve relating to that asset, are charged to the operating cost statement, except where it is anticipated that the reduction in value will reverse in the foreseeable future.

iii) Depreciation

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

- Freehold land and assets in the course of construction are not depreciated.
- Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the appointed valuer. The actual remaining lives of the building elements are assessed in the context of the maximum useful lives for building elements.
- Equipment is depreciated over the estimated life of the asset. Depreciation is charged on a straight line basis. The following asset lives have been used.

Asset Category	Short Life	Medium Life	Long Life
Medical Equipment	5	10	15
Engineering Equipment	-	-	15
Catering Equipment	-	-	15
Vehicles	-	7	-
Information Technology	5	8	10
Other Office Equipment	5	-	-

iv) Donated Assets

Fixed assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the full replacement cost of the asset. The value of donated assets is credited to the donation reserve, and the accounting treatment, including the method of valuation, follows the rules in the Capital Accounting Manual. Where a donation covers only part of the total cost of the asset concerned, only that part element is included in the donated assets reserve.

v) Sale of Fixed Assets

Disposal of fixed 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, this is the gain or loss on disposal, which will be recorded in the Operating Cost Statement.

vi) Leasing

Assets held under finance leases are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after more than one year. The asset is subject to indexation and revaluation and is depreciated on its current fair value over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period, or a reasonable approximation thereto.

Rentals under operating leases are charged on a straight-line basis. Currently there are no assets held under finance leases.

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vii) Intangible Assets

Intangible assets, such as software licences, are capitalised when they are capable of being used in the Board's activities for more than one year, they can be valued and they have a cost of at least £5,000.

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairments at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter term of the licence and their useful economic lives.

viii) Carbon Emissions (Intangible Assets)

A cap and trade scheme gives rise to an asset for allowances held, a government grant (income) 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 should be classified as intangible assets. Allowances that are issued for less than their fair value shall be 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 deferred income. The deferred income account should be 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 should be recognised for the obligation to deliver allowances equal to emissions that have been made. It should be 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.

f) Research and Development

Expenditure on Research and Development is written off to revenue as it is incurred, except insofar as it relates to a clearly defined project, the benefits from which can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the operating cost statement on a systematic basis over the period expected to benefit from the project.

g) Debtors and Creditors

Debtors and Creditors have been assessed on the basis of goods and services supplied or received up to and including 31 March 2007 for which payment had not been received or made by that date. Where the 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 the cash is repayable to the SEHD. Where the 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 SEHD.

h) Stocks

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

i) 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.

NHS Greater Glasgow and Clyde

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j) Pension Costs

The Board contributes to the NHS Superannuation Scheme for Scotland. Contributions to this scheme (and other schemes) are determined on the basis of recommendations made by the Government Actuary. The pension cost charged to the operating cost statement is based on an actuarial assessment of the cost to be borne by the NHS Board.

The Balance sheet records provision for future liability for the lifetime cost of enhanced pensions paid to former employees of the board.

k) Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to an annual limit based on their revenue allocation. Costs above this limit are reimbursed to employing authorities from a central fund held by the Clinical Negligence and Other Risks Indemnity Scheme on behalf of the Scottish Executive Health Department. Clinical negligence costs may also be reimbursed in part by the SEHD.

l) Related Party Transactions

FRS 8 requires disclosure of material related party transactions. Transactions with other NHS bodies for the commissioning of health care are summarised in note 4. Transactions with health bodies, eg sharing administration costs, or with individuals are disclosed if material.

m) Liquid Resources

Investments which are not accessible within 24 hours without loss of interest but which do not mature in a period greater than one year are classified as current asset investments in the balance sheet. Current assets also include an investment of 1,000 shares in TMRI Ltd.

Net cash at bank, including deposits and overdrafts are deducted in arriving at the figure disclosed in the cash flow statement. The amounts shown in the balance sheet are analysed between Cash at Bank and In Hand and Overdrafts, which are included in creditors. The amount shown in the cash flow statement includes deposits, cash and credit balances less overdrafts.

n) 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.

o) PFI Schemes

The NHS follows HM Treasury's Technical Note 1 (Revised) 'How to Account for PFI Transactions' which provides practical guidance for the application of the FRS 5 amendment.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. 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 Operating Cost Statement. 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.

Where the balance of risks and rewards of ownership of the PFI property are borne by the Board, it is recognised as a fixed asset along with the liability to pay for it, which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease and a service charge.

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p) 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.

NHS Greater Glasgow and Clyde

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2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	586	343	1,019,834	-	-	(7,057)	1,013,706	944,784
Social security costs	71	24	82,692	-	-	(696)	82,091	75,897
NHS scheme employers' costs	84	-	107,944	-	-	(954)	107,074	101,781
Inward secondees	-	-	-	11,069	-	-	11,069	6,745
Agency staff	-	-	-	-	19,729	-	19,729	22,581
	741	367	1,210,470	11,069	19,729	(8,707)	1,233,669	1,151,788
Compensation for loss of office	-	-	-	-	-	-	-	203
TOTAL	741	367	1,210,470	11,069	19,729	(8,707)	1,233,669	1,151,991

STAFF NUMBERS

(EMPLOYEES BY WHOLE TIME EQUIVALENT)

	2007 ANNUAL MEAN	2006 ANNUAL MEAN
Administration Costs	140.9	202.6
Hospital and Community Services	34,401.4	33,581.5
Non Clinical Services	329.2	339.2
Other, including recharge Trading Accounts	112.7	108.9
Inward secondees	180.2	111.0
Outward secondees	(154.2)	-
Board Total Average Staff	35,010.2	34,343.2

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in note 26.

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

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

Clinicians

Remuneration Range	2007 Number	2006 Number
£ 50,000 to £ 60,000	343	440
£ 60,001 to £ 70,000	295	330
£ 70,001 to £ 80,000	233	189
£ 80,001 to £ 90,000	144	132
£ 90,001 to £100,000	193	186
£100,001 to £110,000	231	193
£110,001 to £120,000	149	162
£120,001 to £130,000	96	99
£130,001 to £140,000	68	86
£140,001 to £150,000	42	41
£150,001 and above	30	75

Other

Remuneration Range	2007 Number	2006 Number
£ 50,000 to £ 60,000	108	131
£ 60,001 to £ 70,000	33	58
£ 70,001 to £ 80,000	20	12
£ 80,001 to £ 90,000	9	11
£ 90,001 to £100,000	6	6
£100,001 to £110,000	2	3
£110,001 to £120,000	3	2
£120,001 to £130,000	1	1

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3. OTHER OPERATING COSTS

	Note	2007 £'000	2006 £'000
Expenditure Not Paid In Cash			
Depreciation	10, 11	58,010	52,460
Cost of Capital	19	31,187	30,874
Revaluation EC Carbon Emissions taken to Govt Grant		1,010	-
Loss/(Profit) on disposal of purchased fixed assets		(33,111)	(5,285)
Other non cash costs		(1)	(441)
Total Expenditure Not Paid In Cash		57,095	77,608
Travel, Subsistence and Hospitality		18,754	18,734
Operating Lease Rentals:			
Hire of equipment (including vehicles)		5,537	5,414
Other operating leases		4,474	2,823
Total		10,011	8,237
Aggregate Rentals Receivable in the year			
Total of finance & operating leases		221	166
Statutory Audit			
External auditor's remuneration and expenses		685	760
PFI/PPP and Similar Contracts			
Service charge relating to off-balance-sheet PFI/PPP contracts		7,308	6,676

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4. HOSPITAL AND COMMUNITY HEALTH SERVICES

	2007	2006
	£'000	£'000
BY PROVIDER		
Treatment in Board area of NHSScotland patients	1,713,319	1,611,683
Other NHSScotland bodies	20,136	18,789
Health bodies outside Scotland	1,743	1,664
Primary care bodies	221	16
Private sector	19,426	18,919
Community Care		
Support Finance	6,896	7,071
Resource Transfer	106,831	99,752
Donations to Voluntary Bodies	2,253	2,219
Other Health Care, including Charities	14,809	11,168
Total NHS Scotland Patients	1,885,634	1,771,281
Treatment of UK residents based outside Scotland	2,082	1,931
Total Hospital & Community Health Service	1,887,716	1,773,212
BY SERVICE CATEGORY		
Acute services	1,177,542	938,122
Maternity services	81,555	86,055
Geriatric assessment	75,064	70,429
Mental health services	150,438	246,119
Learning disability	31,478	72,332
Geriatric long stay	11,766	59,823
Young physically disabled	5,074	7,753
Other community services	259,356	162,680
Other services	51,995	58,793
Total Care Expenditure	1,844,268	1,702,106
Additional Costs of Teaching	17,082	30,314
Research & Development	13,261	13,541
UK Residents based outside Scotland	2,082	1,931
Other	11,023	25,320
Total as Above	1,887,716	1,773,212

Analysis by Service Category shows substantial movement from 2005/06 due to greater information now being available to enable more detailed apportionment of costs.

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5. FAMILY HEALTH SERVICE EXPENDITURE

	Unified Budget	Non discretionary	Total 2007	2006
	£'000	£'000	£'000	£'000
General Medical Services	159,083	-	159,083	157,171
Pharmaceutical Services	239,991	30,645	270,636	265,779
General Dental Services	1,167	77,375	78,542	69,067
General Ophthalmic Services	-	18,873	18,873	13,366
Total Family Health Services Expenditure	400,241	126,893	527,134	505,383

6. ADMINISTRATION COSTS

	2007 £'000	2006 £'000
Board Members' Remuneration	1,108	2,110
Administration of Board Meetings and Committees	631	651
Corporate Governance and Statutory Reporting	1,738	2,071
Health Planning, Commissioning and Performance Reporting	7,502	6,424
Treasury Management and Financial Planning	560	657
Public Relations	1,090	925
Other	1,222	2,450
Total Administration Costs	13,851	15,288

7. OTHER NON CLINICAL SERVICES

	2007 £'000	2006 £'000
Occupational Health	2,286	2,364
Closed hospital charges	-	-
Compensation payments - Clinical	1,242	10,165
Compensation payments - Other	741	1,446
Pension enhancement & redundancy	11,743	49
Patients' Travel Attending Hospitals	461	365
Patients' Travel Highlands and Islands scheme	-	6
Clinical Audit	473	651
Health Promotion	16,290	14,269
Public Health	854	981
Public Health Medicine Trainees	945	834
Emergency Planning	76	106
Loss on disposal of fixed assets	254	246
Other	5,733	6,717
Total Other Non Clinical Services	41,098	38,199

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8. OPERATING INCOME

	2007	2006
	£'000	£'000
HCH Income		
NHSScotland Bodies		
- SEHD	11,167	10,974
- Boards	312,378	272,979
Non NHS		
Private Patients	175	153
RTA Income	1,389	1,788
Other HCH income	31,738	30,553
Total HCH Income	<u>356,847</u>	<u>316,447</u>
FHS Income		
Discretionary	9,591	9,504
Non Discretionary		
General Dental Services	12,861	14,435
General Ophthalmic Services	8	9
Total FHS Income	<u>22,460</u>	<u>23,948</u>
Administration Income	<u>20</u>	<u>19</u>
Other Operating Income		
NHS Bodies	8,965	3,617
Contributions in respect of Clinical/ medical negligence claims	3,014	6,057
Profit on disposal of fixed assets	33,317	5,518
Transfer from Donated Asset Reserve in respect of Depreciation	1,154	1,519
Transfer from Donated Asset Reserve in respect of Disposals	48	-
Interest Received	42	14
Other	28,195	31,512
Total Other Operating Income	<u>74,735</u>	<u>48,237</u>
Total Income	<u>454,062</u>	<u>388,651</u>
Of the above, the amount derived from NHS bodies is	<u>321,343</u>	<u>276,596</u>

NHS Greater Glasgow and Clyde

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9. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2007 £'000	2006 £'000
EXPENDITURE			
Acquisition of Intangible Fixed Assets	10	347	777
Acquisition of Tangible Fixed Assets	11	136,754	77,626
Capital Grants to Other Bodies		7,909	8,981
Gross Capital Expenditure		145,010	87,384
INCOME			
Net book value of disposal of Tangible Fixed Assets	11	15,420	3,945
Net Capital Expenditure		129,590	83,439
Summary of Capital Resource Outturn			
Net capital expenditure as above		129,590	83,439
Capital Resource Limit		132,127	84,662
Saving/(excess) against Capital Resource Limit		2,537	1,223

10. INTANGIBLE FIXED ASSETS

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
Cost or Valuation:			
As at 1st April 2006	603	1,186	1,789
Additions	208	139	347
Revaluation	-	(1,010)	(1,010)
At 31st March 2007	811	315	1,126
Amortisation			
At 1st April 2006	318	-	318
Provided during the year	117	-	117
At 31st March 2007	435	-	435
Net Book Value at 1st April 2006	285	1,186	1,471
Net Book Value at 31 March 2007	376	315	691

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11. (a) TANGIBLE FIXED ASSETS (Purchased Assets)

	Land & Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2006	1,067,923	2,017	2,444	212,174	21,323	2,570	108,490	1,416,941
Additions	13,526	39	333	15,653	6,840	497	99,866	136,754
Completions	14,917	-	-	7,154	2,003	-	(24,074)	-
Transfers	2,356	-	-	178	310	-	(2,844)	-
Revaluation	57,058	72	47	4,242	-	-	6,213	67,632
Disposals	(16,195)	(224)	(271)	(2,973)	(228)	-	(601)	(20,492)
At 31 March 2007	1,139,585	1,904	2,553	236,428	30,248	3,067	187,050	1,600,835
Depreciation								
At 1 April 2006	71,783	77	1,644	140,741	15,608	2,119	-	231,972
Provided during the year	43,810	59	178	12,123	1,681	42	-	57,893
Transfers	(18)	-	-	18	-	-	-	-
Revaluation	3,320	5	33	2,737	-	-	-	6,095
Disposals	(2,023)	(13)	(205)	(2,792)	(39)	-	-	(5,072)
At 31 March 2007	116,872	128	1,650	152,827	17,250	2,161	-	290,888
Net book value at 1 April 2006	996,140	1,940	800	71,433	5,715	451	108,490	1,184,969
Net book value at 31 March 2007	1,022,713	1,776	903	83,601	12,998	906	187,050	1,309,947
Open market value of Land and Dwellings included above	10,620	-						

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

	Land & Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2006	7,083	-	183	22,488	231	24	31	30,040
Additions	-	-	-	63	13	-	1,089	1,165
Completions	56	-	-	-	-	-	(56)	-
Transfers	-	-	-	-	-	-	-	-
Revaluation	215	-	1	384	-	-	-	600
Disposals	(64)	-	(2)	(912)	(13)	-	-	(991)
At 31 March 2007	7,290	-	182	22,023	231	24	1,064	30,814
Depreciation								
At 1 April 2006	697	-	159	18,367	171	24	-	19,418
Provided during the year	241	-	4	511	20	-	-	776
Revaluation	24	-	1	326	-	-	-	351
Disposals	(5)	-	-	(461)	(13)	-	-	(479)
At 31 March 2007	957	-	164	18,743	178	24	-	20,066
Net book value at 1 April 2006	6,386	-	24	4,121	60	-	31	10,622
Net book value at 31 March 2007	6,333	-	18	3,280	53	-	1,064	10,748
Open market value of Land and Dwellings included above	-	-						

Assets with NBV of £51k have been transferred from Purchased to Donated in 2006/07. This is to reflect the fact that these assets were incorrectly classed in 2005/06.

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11. (c) FIXED ASSET DISCLOSURES	2007 £'000	2006 £'000
Net book value of tangible fixed assets at 31 March		
Purchased	1,309,947	1,184,969
Donated	10,748	10,622
Total	1,320,695	1,195,591
Net book value related to land valued at open market value at 31 March	10,620	22,595
Net book value related to buildings valued at open market value at 31 March	-	214

As part of the 5 year rolling program all Land assets were revalued as at 31st March 2007 by Pollok and Buchan. Other tangible fixed assets were revalued on the basis of indices at 31 March. The net impact was an increase in value for Purchased Assets of £61.5m which was credited to the revaluation reserve and an increase in value for Donated Assets of £249k, which was credited to the donation reserve.

12. STOCK	2007 £'000	2006 £'000
Raw Materials and Consumables	24,337	21,379
Total Stock	24,337	21,379

13. DEBTORS	2007 £'000	2006 £'000
Debtors due within one year		
NHSScotland		
- SEHD	578	679
- Boards	11,077	12,740
Total NHSScotland Debtors	11,655	13,419
General Fund Debtor	1,530	-
VAT recoverable	2,754	2,422
Prepayments and accrued income	13,672	8,454
Other Debtors	25,360	20,870
Reimbursement of provisions	13,278	7,401
Other Public Sector Bodies	1,099	945
Total Debtors due within one year	69,348	53,511
Debtors due after more than one year		
Prepayments and accrued income	6,020	-
Other Debtors	28,240	2,261
Reimbursement of Provisions	2,275	3,119
Total Debtors due after more than one year	36,535	5,380
Total Debtors	105,883	58,891
The total debtors figure above includes a provision for bad debts of :	2,590	1,236

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14. INVESTMENTS	2007 £'000	2006 £'000
Other	1	-
Total Investments	1	-

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 AT BANK AND IN HAND	At 1 April 2006 £'000	At 31 March 2007 £'000	Cash Flow	
			2007 £'000	2006 £'000
PGO account balance	3,027	456	(2,571)	(2,928)
Cash at bank and in hand	2,009	323	(1,686)	1,720
Total Cash - Balance Sheet	5,036	779	(4,257)	(1,208)
Overdrafts	(488)	(1,530)	(1,042)	1,736
Total Cash - Cash Flow Statement	4,548	(751)	(5,299)	528

16. CREDITORS	2007 £'000	2006 £'000
Creditors due within one year		
NHSScotland		
- SEHD	951	679
- Boards	10,123	5,921
Total NHSScotland Creditors	11,074	6,600
General Fund Creditor	779	4,548
FHS Practitioners	55,443	55,242
Trade Creditors	15,032	20,338
Accruals	235,126	120,131
Payments received on account	7,433	3,088
Bank overdrafts	1,530	488
Income tax and social security	28,043	26,092
Other Public Sector Bodies	1,993	3,379
Other creditors	28,301	18,135
Total Creditors due within one year	384,754	258,041
Creditors due after more than one year		
Other creditors	-	8
TOTAL CREDITORS	384,754	258,049

NHS Greater Glasgow and Clyde

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17. PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions £'000	Clinical & Medical Negligence £'000	EC Carbon Emissions £'000	Other £'000	Total at 31 March 2007 £'000	Total at 31 March 2006 £'000
At 1 April 2006	57,883	20,734	737	46,857	126,211	88,854
Arising during the year	12,190	13,439	33	1,060	26,722	59,795
Utilised during the year	(5,491)	(6,286)	(454)	(1,943)	(14,174)	(8,948)
Reversed unutilised	(254)	(4,952)	-	(32,323)	(37,529)	(13,490)
At 31 March 2007	64,328	22,935	316	13,651	101,230	126,211

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

18. MOVEMENT ON WORKING CAPITAL BALANCES

	Note	Opening Balances £'000	Closing Balances £'000	Net Movement 2007 £'000	2006 £'000
STOCK	12				
Balance Sheet		21,379	24,337		
Net Increase				(2,958)	(1,344)
DEBTORS	13				
Due within one year		53,511	69,348		
Due after more than one year		5,380	36,535		
Less: Capital included in above		(250)	(43,107)		
Less: General Fund Creditor included in above		-	(1,530)		
		58,641	61,246		
Net Decrease/(Increase)				(2,605)	731
CREDITORS	16				
Due within one year		258,041	384,754		
Due after more than one year		8	-		
Less: Capital included in above		(17,733)	(37,964)		
Less: Bank Overdraft		(488)	(1,530)		
Less: General Fund Creditor included in above		(4,548)	(779)		
		235,280	344,481		
Net Increase				109,201	13,903
PROVISIONS	17				
Balance Sheet		126,211	101,230		
Net Increase/(Decrease)				(24,981)	37,436
Net Increase				78,657	50,726

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19. GENERAL FUND

	Note	2007 £'000	2006 £'000
General Fund at 1 April 2006		569,545	599,847
Opening General Fund Creditor	16	4,548	4,020
Add: Cash Drawn Down		1,985,882	1,878,728
Less: Closing General Fund (Creditor)/Debtor	13,16	751	(4,548)
Net Funding		1,991,181	1,878,200
Net Operating Cost for the Year	OCS	(2,015,737)	(1,943,431)
Cost of Capital	3	31,187	30,874
Transfer of Realised Element of Revaluation Reserve	20	15,475	4,245
Transfer of Fixed Assets from Other Bodies	11	-	250
Other adjustments		-	(440)
Net increase/(decrease) in General Fund		22,106	(30,302)
General Fund at 31 March 2007		591,651	569,545

20. MOVEMENT ON RESERVES

	Note	2007 £'000	2006 £'000
Revaluation Reserve			
Balance at 1 April 2006		317,941	285,216
Indexation/Revaluation of fixed assets	11	61,537	36,970
Transfer of realised element to general fund	19	(15,475)	(4,245)
Balance at 31 March 2007		364,003	317,941
Donated Asset Reserve			
Balance at 1 April 2006		10,622	11,430
Indexation/Revaluation of fixed assets	11	249	(32)
Additions of donated assets	11	1,165	758
Release to the Operating Cost Statement		(1,288)	(1,534)
Balance at 31 March 2007		10,748	10,622

NHS Greater Glasgow and Clyde

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21. CONTINGENT LIABILITIES/ASSETS

CONTINGENT LIABILITIES

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

(i) Negligence Claims

	Clinical and medical compensation payments £'000	Employer's liability £'000	Third party liability £'000	Total £'000
At 1 April 2006	22,836	1,759	127	24,722
Increase in value of claims	1,582	303	46	1,931
New claims arising during the year	5,493	477	58	6,028
Crystallised liabilities	(1,259)	(353)	(31)	(1,643)
Expired obligations	(5,637)	(918)	(29)	(6,584)
At 31 March 2007	23,015	1,268	171	24,454

(ii) Equal Pay Claims

NHS Bodies in England have recently settled several equal pay claims to address imbalances between the salary levels of employees with similar job roles and responsibilities. As a result, it should be recognised that there is a prospect that similar claims and resulting spend may occur in Scotland's Health Service. Presently there is insufficient information available to the Board to enable it to quantify the potential liability.

(iii) Waste Electronic and Electrical Equipment Regulations

The Waste Electronic and Electrical Equipment Regulations 2006 come 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:

	2007 £'000	2006 £'000
Reimbursement of Contingent Liability re Negligence Claims (from CNORIS scheme)	16,281	15,137

22. COMMITMENTS

Capital Commitments

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

	2007 £'000	2006 £'000
Contracted		
Beatson Phase 2	2,000	35,500
Acute Services Commitments	14,629	7,856
Primary Care Projects	12,040	2,900
Total	28,669	46,256
Authorised but not Contracted		
Acute Services Commitments	14,845	17,446
Primary Care Projects	3,600	7,335
Total	18,445	24,781

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23. COMMITMENTS UNDER LEASES

Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the leases expire.

Obligations under operating leases comprise:	2007 £'000	2006 £'000
Land and Buildings		
Within one year	577	54
Between two and five years (inclusive)	1,160	766
After five years	1,234	436
Other		
Within one year	2,621	870
Between two and five years (inclusive)	3,755	5,651
After five years	-	-

24. COMMITMENTS UNDER PFI CONTRACTS

The Board has entered into the following PFI contracts, which have been determined to be Off Balance Sheet

72 Bed Elderly Bed facility at Mearnskirck House - 10th July 1997 to 9th July 2018. The estimated capital value of the contract is unquantifiable and the facility concerned is not an asset of NHSGGCs.

Hospital Information System at Southern General Hospital - contract commenced on 5th March 2001 with EMC Europe. On 28th February 2003 this contract was novated from the original supplier to Filetek UK limited and the contract is due to finish on 4th March 2009. The scope of the original contract has been extended to cover the Victoria Infirmary from April 2005. The estimated capital value of the contract is unquantifiable and the system is not an asset of NHSGGCs.

210 Bed facility at Southern General Hospital housing patients in Elderly Assessment, Medicine for the Elderly and younger physically disabled - 1st April 2001 to 31st March 2029. The estimated capital value of the asset used by the supplier in the delivery of this facility is £8.25million. This facility is not an asset of NHSGGCs.

Hospital Information System at Yorkhill Hospital - December 1997 to December 2007. The estimated capital value of the asset used by the supplier in the delivery of this service is £2million. This facility is not an asset of NHSGGCs.

Stobhill Local Forensic Unit - 74 bed self standing Inpatient Unit for patients with forensic psychiatric conditions - March 2007 to March 2042. The estimated capital value of the asset used by the supplier in the delivery of this facility is £16.4million. This facility is not an asset of NHSGGCs.

Gartnavel Royal Hospital - 117 bed self standing Mental Health Hospital - October 2007 to October 2037. The estimated capital value of the asset used by the supplier in the delivery of this facility is £16.6million. This facility is not an asset of NHSGGCs.

Larkfield Care of the Elderly Facility at Inverclyde Royal Hospital - 1st November 2000 until 31st January 2026. The estimated capital value of the asset used by the supplier in the delivery of this facility is £9.4million. This facility is not an asset of NHSGGCs.

Future Commitments

The payments to which the Board is committed during 2007/08 in respect of PFI/PPP transactions, analysed by the period during which the commitment expires, are as follows:

	2007 £'000	2006 £'000
Expiry within 1 year	983	-
Expiry within 2 to 5 years	802	1,377
Expiry within 6 to 10 years	-	-
Expiry within 11 to 15 years	1,042	1,037
Expiry within 16 to 20 years	4,606	1,432
Expiry within 21 to 25 years	-	2,802
Expiry within 26 to 30 years	2,508	142
	9,941	6,790

NHS Greater Glasgow and Clyde

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25. 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 Financial Reporting Standard 17.

For 2006-07, normal employer contributions of £107,074,000 were payable to the SPPA (prior year £101,781,000) at the rate of 14% of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £1,258,000 (prior year £1,130,000) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £934 million to be met by future contributions from employing authorities.

Provisions/Pre-payments amounting to £64,328,000 are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 6% (5% for manual staff) of pensionable earnings. Pensions are increased in line with Retail Prices Index.

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

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

	2007	2006
	£'000	£'000
Pension cost charge for the year	107,074	101,781
Additional Costs arising from early retirement	1,258	1,130
Provisions/Pre-payments included in the Balance Sheet (Includes Injury Benefits £11,270,000, [prior year £9,948,000])	64,328	57,883

NHS Greater Glasgow and Clyde

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Notes to the Accounts

26. RESTATED OPERATING COST STATEMENT

	Previous Accounts Glasgow £'000	Previous Accounts Clyde £'000	Adjustment £'000	These Accounts £'000
Clinical Services Costs				
Hospital and Community	1,423,683	406,229	(56,700)	1,773,212
Less: Hospital and Community Income	351,327	21,820	(56,700)	316,447
	1,072,356	384,409	-	1,456,765
Family Health	374,753	130,630	-	505,383
Less: Family Health Income	17,194	6,754	-	23,948
	357,559	123,876	-	481,435
Total Clinical Services Costs	1,429,915	508,285	-	1,938,200
Administration Costs	11,137	4,151	-	15,288
Less: Administration Income	19	-	-	19
	11,118	4,151	-	15,269
Other Non Clinical Services	29,870	8,329	-	38,199
Less: Other Operating Income	33,712	14,525	-	48,237
	(3,842)	(6,196)	-	(10,038)
Net Operating Costs	1,437,191	506,240	-	1,943,431

SUMMARY OF REVENUE RESOURCE OUTTURN	£'000	£'000	£'000	£'000
Net Operating Costs (per above)	1,437,191	506,240	-	1,943,431
Less: Capital Grants to/ (from) Other Bodies	(7,570)	(1,411)	-	(8,981)
Less: FHS Non Discretionary Allocation	(71,603)	(23,595)	-	(95,198)
Net Resource Outturn	1,358,018	481,234	-	1,839,252
Revenue Resource Limit	1,370,302	481,684	-	1,851,986
Saving/(excess) against Revenue Resource Limit	12,284	450	-	12,734

Note

Above restatement is to reflect the merger of NHS Argyll & Clyde (Clyde element only) and NHS Greater Glasgow as at 1 April 2006.

NHS Greater Glasgow and Clyde

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Notes to the Accounts

26. RESTATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Previous Accounts Glasgow £'000	Previous Accounts Clyde £'000	Adjustment £'000	These Accounts £'000
Net gain/(loss) on revaluation of tangible fixed assets	26,352	10,146	-	36,498
Net gain/(loss) on revaluation of intangible fixed assets	440	-	-	440
Movement in Donated Asset Reserve due to receipts	732	26	-	758
Total recognised gains and (losses) for the year	27,524	10,172	-	37,696

Note

Above restatement is to reflect the merger of NHS Argyll & Clyde (Clyde element only) and NHS Greater Glasgow as at 1 April 2006.

NHS Greater Glasgow and Clyde

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Notes to the Accounts

26. RESTATED BALANCE SHEET

	Previous Accounts Glasgow £'000	Previous Accounts Clyde £'000	Adjustment £'000	These Accounts £'000
FIXED ASSETS				
Intangible fixed assets	1,385	86	-	1,471
Tangible fixed assets	923,633	271,958	-	1,195,591
	<u>925,018</u>	<u>272,044</u>	-	<u>1,197,062</u>
DEBTORS FALLING DUE AFTER MORE THAN ONE YEAR	1,875	3,505	-	5,380
CURRENT ASSETS				
Stocks	18,021	3,358	-	21,379
Debtors	49,292	9,763	(5,544)	53,511
Cash at bank and in hand	4,197	839	-	5,036
	<u>71,510</u>	<u>13,960</u>	<u>(5,544)</u>	<u>79,926</u>
CURRENT LIABILITIES				
Creditors due within one year	<u>(197,524)</u>	<u>(66,061)</u>	5,544	<u>(258,041)</u>
Net current assets/(liabilities)	<u>(126,014)</u>	<u>(52,101)</u>	-	<u>(178,115)</u>
Total assets less current liabilities	<u>800,879</u>	<u>223,448</u>	-	<u>1,024,327</u>
CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	(8)	-	-	(8)
PROVISIONS FOR LIABILITIES AND CHARGES	(107,205)	(19,006)	-	(126,211)
	<u>693,666</u>	<u>204,442</u>	-	<u>898,108</u>
FINANCED BY:				
General Fund	439,912	129,633	-	569,545
Revaluation Reserve	244,161	73,780	-	317,941
Donated Asset Reserve	9,593	1,029	-	10,622
	<u>693,666</u>	<u>204,442</u>	-	<u>898,108</u>

Note

Above restatement is to reflect the merger of NHS Argyll & Clyde (Clyde element only) and NHS Greater Glasgow as at 1 April 2006.

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26. RESTATED CASH FLOW STATEMENT

	Previous Accounts Glasgow £'000	Previous Accounts Clyde £'000	Adjustment £'000	These Accounts £'000
NET OPERATING CASHFLOW				
Net cash outflow from operating activities	(1,342,209)	(472,888)	-	(1,815,097)
CAPITAL EXPENDITURE				
Payment to acquire fixed assets	(59,950)	(12,133)	-	(72,083)
Receipts from sales of fixed assets	8,977	3	-	8,980
Net cash inflow / (outflow) for capital expenditure	(50,973)	(12,130)	-	(63,103)
Net cash inflow / (outflow) before Financing	(1,393,182)	(485,018)	-	(1,878,200)
FINANCING				
Funding	1,393,182	485,018	-	1,878,200
Movement in general fund working capital	457	71	-	528
Cash drawn down	1,393,639	485,089	-	1,878,728
Net cash inflow from financing	1,393,639	485,089	-	1,878,728
Increase/(decrease) in cash in year	457	71	-	528
NOTES				
1. Reconciliation of operating cost to operating cash flow				
Net Operating Cost for the year	(1,437,191)	(506,240)	-	(1,943,431)
Expenditure not involving payment of cash	54,164	23,444	-	77,608
Net movement on working capital	40,818	9,908	-	50,726
Operating cash outflow	(1,342,209)	(472,888)	-	(1,815,097)
2. Reconciliation of net cash flow to movement in net debt/cash				
Increase/(decrease) in cash in year	457	71	-	528
Net debt/cash at 1 April	3,252	768	-	4,020
Net debt/cash at 31 March	3,709	839	-	4,548

Note

Above restatement is to reflect the merger of NHS Argyll & Clyde (Clyde element only) and NHS Greater Glasgow as at 1 April 2006.



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