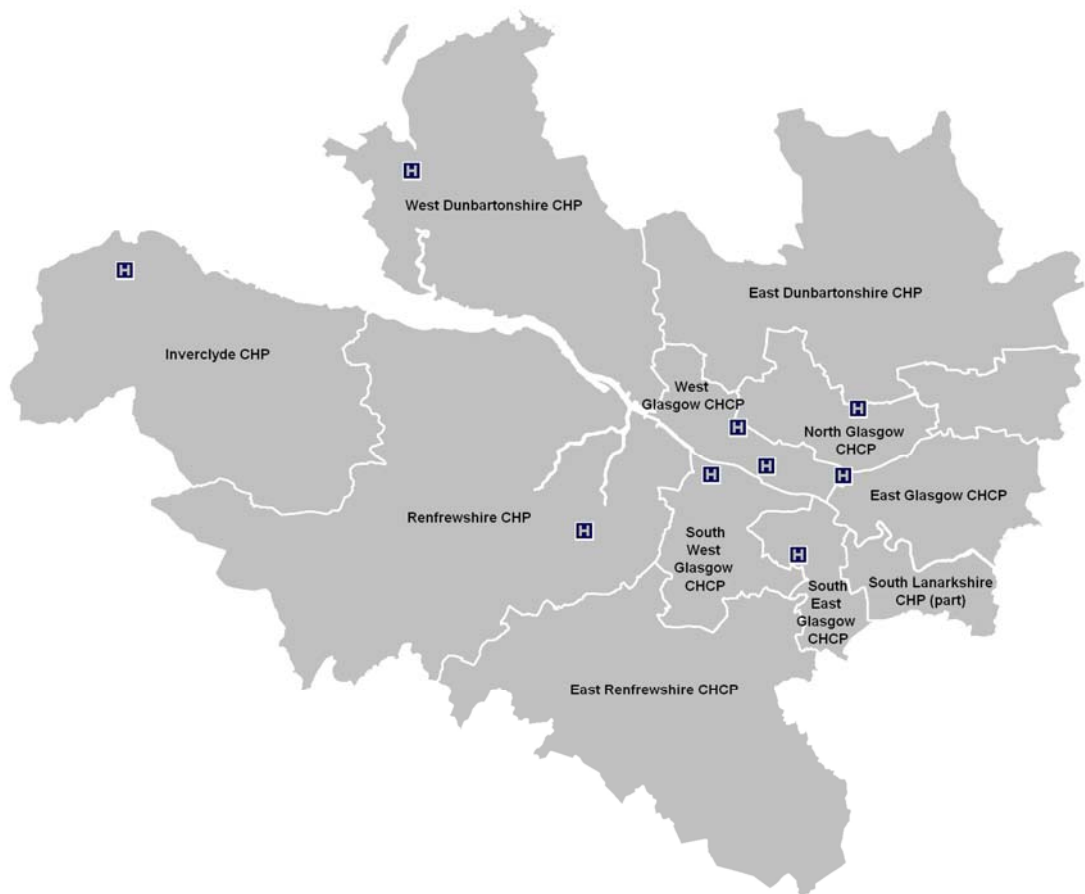


NHS Greater Glasgow and Clyde
Annual Accounts
for the Year Ended 31 March 2008



NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

	Page
Directors' Report	3
• Operating and Financial Review	8
• Remuneration Report	12
Statement of the Chief Executive's Responsibilities as the Accountable Officer	15
Statement of Board Members' Responsibilities	16
Statement on Internal Control	17
Independent Auditor's Report	20
Operating Cost Statement	22
Statement of Recognised Gains and Losses	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Accounts	26
Direction by the Scottish Ministers	46

Front cover map :
Information Services - NHS Greater Glasgow & Clyde
Digital Boundaries: Crown Copyright. All rights reserved. June 2007

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

DIRECTORS' REPORT

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

Date of Issue

The financial statements were approved and authorised for issue by the Board on 24 June 2008.

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 Financial Reporting Manual 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. Within the Notes to the Accounts, notes 4 and 7 have been restated due to various changes made to the NHS Annual Accounts Manual. These changes are presentational and do not impact on the outturn reported in the previous year.

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

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General has appointed 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.

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 2007 to 31 March 2008 were as follows:

Non-Executive Members

Mr A O Robertson OBE	Chairman	(from 1 December 2007, previously Non-Executive Director)
Prof Sir J Arbuthnott	Chairman	(until 30 November 2007)
Mr J Bannon MBE	Non-Executive Director	
Prof D H Barlow	Non-Executive Director	
Dr C Benton MBE	Non-Executive Director	(from 1 April 2007)
Mr G Carson	Non-Executive Director	
Mr R Cleland	Non-Executive Director	
Cllr J Coleman	Glasgow City Council	(until 2 May 2007, then from 2 July 2007)
Cllr D Collins	East Renfrewshire Council	(until 2 May 2007)
Dr D Colville	Chair of Area Clinical Forum	(from 2 July 2007)
Mrs A Coulthard (née Ms A Paul)	Non-Executive Director	
Mr P Daniels OBE	Non-Executive Director	(from 1 April 2007)
Ms R Dhir MBE	Non-Executive Director	
Cllr R Duncan	East Dunbartonshire Council	(until 2 May 2007)
Cllr T Fyfe	Inverclyde Council	(until 2 May 2007)
Mr P Hamilton	Non-Executive Director	
Cllr J Handibode	South Lanarkshire Council	(until 2 May 2007, then from 2 July 2007)
Dr M Kapasi MBE	Non-Executive Director	
Ms G Leslie	Non-Executive Director	(until 28 June 2007)
Cllr J McIlwee	Inverclyde Council	(from 2 July 2007)
Cllr D MacKay	Renfrewshire Council	(from 2 July 2007)
Mr G McLaughlin	Non-Executive Director	
Mrs J Murray	Non-Executive Director	
Mrs R K Nijjar	Non-Executive Director	
Cllr I Robertson	West Dunbartonshire Council	(from 2 July 2007)
Mr D Sime	Employee Director	

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Non-Executive Members (cont)

Mrs E Smith	Non-Executive Director	
Mrs A Stewart MBE	Non-Executive Director	
Cllr A Stewart	East Dunbartonshire Council	(from 2 July 2007)
Cllr T Williams	Renfrewshire Council	(until 2 May 2007)
Mr B Williamson	Non-Executive Director	
Cllr D Yates	East Renfrewshire Council	(from 2 July 2007)

Executive Members

Mr T A Divers OBE	Chief Executive
Dr L de Caestecker	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.

Mr A O Robertson OBE	Vice Chair, Erskine Hospital
Prof D H Barlow	Executive Dean of Medicine, University of Glasgow
Mr G Carson	Manager, Housing and Employment Service
Mr R Cleland	Partner, Odgers Ray and Berndtson, search and selection consultants
Dr D Colville	General Practitioner
Mr P Daniels OBE	Member of Audit Scotland's Best Value Moderating Panel; Member of University of Glasgow Court
Mr D Griffin	Non-executive Director, Scottish Health Innovations Ltd
Ms G Leslie	Ophthalmic Contractor
Mr G McLaughlin	Director of British Red Cross
Mrs E Smith	Member of Scottish Enterprise Glasgow; Non-executive Director, Scottish Prison Service; Non-executive Director, Scottish Health Innovations Ltd
Mrs A Stewart MBE	Vice Chair, Dixon Community
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	
N Leslie Opticians S Elliott Opticians	General Ophthalmic Services General Ophthalmic Services	Ms G Leslie, was a Non-executive Director, and also works as an Ophthalmic Contractor at N Leslie Opticians and S Elliott Opticians
Scottish Health Innovations Ltd	Grant funding of £150,000 was provided by NHS Greater Glasgow and Clyde	Mr D Griffin, Director of Finance and Mrs E Smith, Non-executive Director were also non-executive directors of Scottish Health Innovations Limited, a not for profit company that supports the development and commercialisation of innovations arising within the NHS in Scotland.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Related Party Transactions (cont)

Related Party	Details of Contracts	
The Stonelaw Practice	General Medical Services	Dr D Colville, Non-executive Director, is also a General Practitioner at the Stonelaw Practice
Erskine Hospital	NHS Greater Glasgow and Clyde spent £264,000 on residential patient care, training and conference facilities and supported workshops	Mr A O Robertson, Chairman, is also Vice Chair of Erskine Hospital

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:-

	2007/08	2006/07
Average period of credit taken	46 Days	33 Days
Percentage of invoices by volume paid within 30 days	74%	71%
Percentage of invoices by value paid within 30 days	77%	75%

CORPORATE GOVERNANCE

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

- Clinical Governance
- Audit
- Performance Review Group
- Involving People
- 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 comprised Prof D H Barlow, Mr R Cleland, Prof Sir J Arbuthnott (until his retirement on 30 November 2007), DR C Benton MBE, Mrs P Bryson, Dr D Colville, Mrs J Murray, Mr D Sime, Mrs A Stewart MBE and Cllr A Stewart. Mr J Bannon MBE and Ms G Leslie were also members of the Committee until June 2007. The committee met six times in 2007/08 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.

During the year, the membership of the Audit Committee comprised Mrs E Smith, Mr P Daniels, Mr P Hamilton, Cllr J Handibode, Mrs J Murray, Mr A O Robertson OBE (until his appointment as Chair of the Board on 1 December 2007), Cllr I Robertson, Mr D Sime and Mrs A Stewart MBE. The committee met six times during 2007/08 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. Each of the support groups met five times during the year.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Performance Review Group

The Performance Review Group (PRG), 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. During the year, the membership of the group comprised Mr A O Robertson OBE, Mr R Cleland, Mr P Daniels OBE, Ms R Dhir MBE, Mr P Hamilton, Cllr D Mackay, Mr D Sime, Mrs E Smith, Mrs A Stewart MBE, Cllr D Yates. The group was chaired by Mr A O Robertson OBE, and it met 6 times last year.

Involving People Committee

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. During the year, the membership of the Involving People Committee comprised Mr P Hamilton, Mr J Bannon MBE, Mr G Carson, Mrs A Coulthard, Mrs J Murray, Mrs R K Nijjar and Mrs E Smith. The committee met four times during 2007/08 and was chaired by Mr P Hamilton.

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 (until his retirement on 30 November 2007), Mr J Bannon MBE, Ms R Dhir MBE, Councillor J McIlwee, Mr A O Robertson OBE and Mrs E Smith. The committee met four times in 2007/08 and was jointly chaired by Mr R Cleland and Mr D Sime.

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 D Colville, Dr B N Cowan, and Mrs A Stewart MBE. The committee met once in 2007/08 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 Dr D Colville, Dr C R Bell, Mr P Bennington, Mr T Downie, Ms R Forrest, Ms G Halyburton, Dr K Hanretty, Ms M Hastings, Ms G Leslie, Ms N McElvanney, Ms L MacGillivray, Mr I Millar and Mr T Mohammed. The committee met seven times during 2007/08 and was chaired by Dr D Colville.

Disciplinary Committees (for Primary Care Contractors)

The Disciplinary Committees for family health services are formed by a consortium of West of Scotland NHS Boards. Each Committee (one for each contractor group) meets on an ad hoc basis as required, to consider disciplinary issues referred to it by NHS Boards outwith the consortium. One meeting was held during the year.

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 comprised Mr A O Robertson OBE (until his appointment as Chair of the Board on 1 December 2007), Mrs A Stewart MBE, Mr P Daniels OBE, Professor J McKie, Mr A Fraser, Ms M Lynch, Mr J Johnson, Mr G Dykes and Mr A MacIntyre. The committee met 22 times during 2007/08 and until his appointment as Chair of the NHS Board, was chaired by Mr A O Robertson OBE, and subsequently by Mrs A Stewart MBE.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Disclosure of Information to Auditors

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

Human Resources

As an equal opportunities employer, NHS Greater Glasgow and Clyde welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the board.

The Health board provides employees with information on matters of concern to them as employees on the NHSGGC Workforce Intranet Site. It consults employees or their representatives, so their views are taken into account in decisions affecting their interests, through the Area Partnership Forum.

In 2007/08 the process of transformational change within the organisation continued. The Board's Organisational Development (OD) Framework was put in place. This provides a system of planning and support for the effective implementation of the Board's corporate themes. The OD Framework focuses on cultural change based on developing leadership and management capability and capacity, developing effective teams and developing individual performance and results. This is also supported by a learning and education framework which supports individual staff in developing their capability to undertake their roles effectively. In 2007/08 this was supported by the roll out of individual Personal Development Plans based on the Knowledge and Skills Framework within Agenda for Change.

Our approach to workforce planning within the Acute Division and CHP/CHCP's has identified the need to adopt a more strategic approach to the implementation of the NHS Careers Framework, given the need to ensure staff are able to function at the level appropriate to their skills and expertise. This is also in the context of the demographics of the population and the knock on effect to the labour market. In 2007/08 we began work with higher and further education providers to ensure that we can attract staff from as wide a population as possible, and provide a career path for all staff regardless of their initial level of training.

In 2007/08 we began to improve the efficiency of our recruitment activity with the opening of the recruitment centre providing a single point of access for those seeking employment with the Board and will lead to further economies of scale.

The implementation of Agenda for Change was largely concluded through the job matching and evaluation process with the majority of staff now being paid on Agenda for Change terms and Conditions of Service.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

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

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

NHSGGC's 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.

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.

The board has been engaged in two major capital projects during the year, both of which were funded by PFI contracts. Work has continued throughout the year to build the two new ambulatory care hospitals at Stobhill and the Victoria.

In addition, during the year some £11.7m was invested in new medical equipment.

Financial Performance and Position

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

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

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

The Board's performance against these financial targets is as follows:

	Limit as set by SGHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Revenue Resource limit	2,014,370	2,013,724	646
Capital Resource Limit	122,733	122,333	400
Cash Requirement	2,125,642	2,125,642	-

Memorandum for in-year outturn

Brought forward surplus from previous financial year

(27,348)

Excess against in year Revenue Resource Limit

(26,702)

In 2006/07, the NHS Board retained £27.3m, largely due to a surplus on the disposal of land. This surplus was used in 2007/08 to fund a number of non-recurring commitments in the Board's Financial Plan.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

During the year, the provision for bad and doubtful debts decreased from £2.590m as at 1 April 2007, to £2.303m as at 31 March 2008; these figures are included in the note on debtors, Note 13.

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

Details of PFI/PPP projects are provided in Note 25.

Acute Services Review

In 2002, the Scottish Government approved the plan for modernisation of Glasgow hospitals. This project is divided into two phases and is being implemented over a ten to twelve year period. Work on Phases 1 & 2 is well underway as detailed below:

- Phase 1
 - New Beatson West of Scotland Cancer Centre at Gartnavel General Hospital
 - New Ambulatory Care Hospital at Stobhill
 - New Ambulatory Care Hospital at the Victoria Infirmary
- Phase 2
 - New Adult Acute Hospital at the Southern General Hospital
 - New Children's Hospital at the Southern General Hospital

Building work is either complete or well underway for the developments in Phase 1; the new Beatson West of Scotland Cancer Centre opened in April 2007, making Glasgow the home to the UK's most advanced NHS cancer centre. The centre, which rivals Europe's top cancer hospitals in terms of facilities and equipment, provides cancer patients and staff with the most up to date equipment, treatments and surroundings to fight cancer.

The two Ambulatory Care Hospitals at Stobhill and the Victoria Infirmary are scheduled to open in 2009 and will be equipped with state-of-the art imaging machines and advanced day surgery theatres to improve the patient experience.

The Scottish Government approved the Outline Business Case for the New South Glasgow Hospitals in April 2008. The project will deliver a New Children's Hospital, a new Acute Adult Hospital and new Laboratory facilities on the Southern General site.

The new South Glasgow adult hospital is due to open in 2014 and will be the largest acute hospital in the UK and one of the most advanced in Europe. It will have one of the largest Emergency Departments in Scotland with an estimated 110,000 patients coming through its doors every year as well as being home to major specialised services such as renal medicine and transplantation and vascular surgery. The new hospital will have 1,100 beds, in single room accommodation, and twenty operating theatres will offer the best available equipment to staff and patients.

The new adult hospital will be linked to the new children's hospital which will open in early 2013 and will provide medical care to children in a safe, child-friendly environment. The new hospital will replace the Royal Hospital for Sick Children at Yorkhill and will also be linked to Maternity Services in order to provide the best possible care for new babies and their mothers.

In addition, April 2008 saw the opening of the new Gartnavel Royal Hospital. This new hospital has transformed inpatient care and made Glasgow a centre of excellence in the delivery of mental health care.

Patient Exemption Checking

Each year NHS Scotland Counter Fraud Services (CFS) carries out a programme of checks on patients claiming exemption from NHS prescription, dental and ophthalmic charges. These checks are rightly targeted on those areas where the risk of fraud or error is assessed to be highest. As in previous years, CFS has used the results of this testing to produce extrapolations in an attempt to quantify the level of income lost to the NHS due to patient exemption fraud or error. The basis of these extrapolations is not statistically robust, in that the data used has been derived from targeted checks as opposed to random checks, and therefore, whilst these extrapolations may be indicative of a significant level of patient fraud/error, the quantification may not be a reliable indicator of the level of fraud/error or of any underlying trend. Whilst this matter has been referred to previously in Statements on Internal Control, it is not considered that that this patient exemption fraud/error arises as a result of any significant weakness in the Board's system of internal control and the NHS Board is satisfied that it, in conjunction with CFS, has taken all reasonable steps to mitigate the risk of patient exemption fraud/error occurring.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

LOCAL DELIVERY PLAN 2007/08

In December 2005 the Scottish Government 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%.
- 60% of 5 year old children (primary 1) will have no signs of dental disease by 2010.
- 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 and meet their cash efficiency target.
- Sickness Absence Rate: 4% by 31 March 2008 (this target has subsequently been extended to 31st March 2009).
- Productivity: increase in consultant productivity by 1% pa over the next 3 years.
- Universal utilisation of CHI.

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.
- 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 admission, discharge or transfer for accident and emergency treatment.
- By the end of 2007 the maximum wait for cataract surgery will be 18 weeks from referral to completion of treatment.
- By the end of 2007, the maximum wait for admission to a specialist unit for surgery following fracture will be 24 hours.
- Women who have breast cancer and are in need of urgent treatment, will receive it within one month where appropriate.
- By 31 December 2005 no patient urgently referred for cancer treatment should wait more than 2 months.
- By the end of 2007, patients will wait no more than 9 weeks for any MRI /CT scans and other diagnostic tests.

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

- The number of people waiting more than six weeks to be discharged from hospital into a more appropriate care setting will be reduced by 50% from April 2006 to April 2007 and to zero by April 2008. Additionally, the number of patients delayed in short-stay beds will be reduced by 50% from April 2006 to April 2007 and to zero in April 2008.
- Reduce the rate of admissions (within one year for those that have had a psychiatric hospital admission of over seven days by 10% by the end of December 2009.
- To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% by 2010.
- Reduce the annual rate of increase of defined daily dose per capita of anti-depressants to zero by 2009/10.
- 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.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Through their LDPs, Boards are required to commit to achieving a target and also to a specific trajectory of intermediate milestones accompanied by an assessment of the main risks. NHS Greater Glasgow and Clyde has developed a performance management framework to monitor performance against key targets. A summary of progress against a sample of key targets as at March 2008 is provided below.

Target 2007/08	No patients waiting over 18 weeks by December 2007 (Inpatient/Day Case)
Performance	The target has been achieved
Target 2008/09	Maintain the standard achieved in previous year
Plans	Plans are in place to ensure these targets continue to be met

Target 2007/08	No patient waiting longer than 18 weeks by December 2007 for Cataract Surgery
Performance	The target has been achieved and sustained
Target 2008/09	Maintain the standard achieved in previous year
Plans	Plans are in place to ensure these targets continue to be met

Target 2007/08	98% of Accident & Emergency patients should have been treated and discharged, admitted or transferred within four hours of arrival at the department.
Performance	The target has been achieved and sustained
Target 2008/09	Maintain the standard achieved in previous year
Plans	Plans are in place to ensure these targets continue to be met

Target 2007/08	As at April 2008 no patient who is clinically ready for discharge should be delayed by more than six weeks.
Performance	The target has been achieved
Target 2008/09	Maintain the standard achieved in previous year
Plans	Plans are in place to ensure these targets continue to be met

As we move into 2008/09, the Scottish Government have produced a revised list of HEAT targets, which include a number of new Health Improvement targets such as smoking cessation rates, breastfeeding rates and the provision of brief interventions relating to alcohol use.

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 2007/08 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. This comprehensive approach to performance management was a key success for the Board during 2007/08 and will be further developed in 2008/09.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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.

This agenda is being taken forward by the NHSGGC Sustainability Planning and Implementation Group, chaired by the Chief Operating Officer of the Acute Division. It is supported by a policy briefing paper on NHSGGC's approach to sustainability, and the emerging work plan and performance indicators of the group which includes the development of an implementation plan on reduction of emissions and carbon footprint in conjunction with the Carbon Trust. NHSGGC is a signatory to the Glasgow Community Planning Partnership Climate Change Declaration.

REMUNERATION REPORT

Remuneration Subcommittee

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

The membership of the Remuneration Subcommittee comprises the NHS Board Chair and up to five Non Executive Directors (including the Employee Director). The Board Chief Executive and Director of Human Resources may be invited to attend meetings of the Remuneration Subcommittee, where appropriate, to provide advice.

The Subcommittee meets a minimum of twice annually, in the spring to agree objectives and in early summer to review the outcome of the appraisals.

In accordance with Scottish Government Health Directorate guidance, the Subcommittee determines and regularly reviews the pay arrangements for the NHS Board's senior managers whose posts are part of the Executive and Senior Management Cohorts and ensure that an effective system of performance management for these groups is in operation.

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



T A Divers
Chief Executive
24 June 2008

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

REMUNERATION REPORT (continued)

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

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 2007	Cash Equivalent Transfer Value (CETV) at 31 March 2008	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Executive Members							
Chief Executive : T A Divers	155-160	0-5	55-60	886	1,002	61	-
Director of Public Health : L de Caestecker	160-165	0-5	25-30	373	433	26	1
Medical Director : B N Cowan	160-165	0-5	45-50	728	814	34	3
Nurse Director : R Crocket	125-130	0-5	25-30	441	499	21	2
Director of Finance : D Griffin	125-130	0-5	20-25	290	337	19	5
Non Executive Members							
The Chair : A O Robertson (from 1/12/07)	25-30	0-0	0-0	-	-	-	-
The Chair : J Arbutnott (until 30/11/07)	25-30	0-0	0-0	-	-	-	-
J Bannon	5-10	0-0	0-0	-	-	-	-
D H Barlow	5-10	0-0	0-0	-	-	-	-
C Benton (from 1/4/07)	5-10	0-0	0-0	-	-	-	-
G Carson	10-15	0-0	0-0	-	-	-	-
R Cleland	15-20	0-0	0-0	-	-	-	-
J Coleman	10-15	0-0	0-0	-	-	-	-
D Collins (until 2/5/07)	0-5	0-0	0-0	-	-	-	-
D Colville (from 2/7/07)	5-10	0-0	0-0	-	-	-	-
P Daniels (from 1/4/07)	5-10	0-0	0-0	-	-	-	-
R Dhir	15-20	0-0	0-0	-	-	-	-
R Duncan (until 2/5/07)	0-5	0-0	0-0	-	-	-	-
T Fyfe (until 2/5/07)	0-5	0-0	0-0	-	-	-	-
P Hamilton	15-20	0-0	0-0	-	-	-	-
J Handibode	5-10	0-0	0-0	-	-	-	-
M Kapasi	5-10	0-0	0-0	-	-	-	-
G Leslie (until 28/6/07)	0-5	0-0	0-0	-	-	-	-
D MacKay (from 2/7/07)	10-15	0-0	0-0	-	-	-	-
J McIlwee (from 2/7/07)	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 Coulthard (nee Paul)	5-10	0-0	0-0	-	-	-	-
I Robertson (from 2/7/07)	5-10	0-0	0-0	-	-	-	-
D Sime (Employee Director - this post is full time and the salary shown relates to the substantive post held)	55-60	0-5	10-15	161	220	43	-
E Smith	15-20	0-0	0-0	-	-	-	-
Agnes Stewart	5-10	0-0	0-0	-	-	-	-
Amanda Stewart (from 2/7/07)	5-10	0-0	0-0	-	-	-	-
T Williams (to 2/5/07)	5-10	0-0	0-0	-	-	-	-
B Williamson	5-10	0-0	0-0	-	-	-	-
D Yates (from 2/7/07)	10-15	0-0	0-0	-	-	-	-
Other Senior Employees							
Chief Operating Officer, Acute Division : R Calderwood	150-155	0-5	60-65	923	1,038	60	-
				3,802	4,343	264	11

Note

- CETV figures are notional calculations based on actuarial tables.
- The salaries shown above contain backdated pay for the prior year as follows:

	£'000
Chief Executive : T A Divers	3
Nurse Director : R Crocket	2
Director of Finance : D Griffin	2
Chief Operating Officer, Acute Division : R Calderwood	3
Employee Director : D Sime	3

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

REMUNERATION REPORT (continued)

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

	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	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: T 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 Cowan	150-155	0-5	40-45	656	728	33	3
Nurse Director : R Crocket	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 Arbutnott	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 Coulthard (nee 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	0-5	10-15	NA	161	NA	-
E Smith	15-20	0-0	0-0	-	-	-	-
Agnes Stewart	5-10	0-0	0-0	-	-	-	-
A White (to 31/12/06)	5-10	0-0	0-0	-	-	-	-
T Williams (from 1/4/06)	5-10	0-0	0-0	-	-	-	-
B Williamson (from 01/07/06)	5-10	0-0	0-0	-	-	-	-
Other Senior Employees							
Chief Operating Officer, Acute Division : R Calderwood	140-145	0-5	50-55	825	923	37	5
				2,976	3,802	102	17

Note

1. CETV figures are notional calculations based on actuarial tables.
2. The definition of senior employees has been amended in 2007/08 to fall more closely in line with the requirement to disclose remuneration for any employee (who is not a director) who has authority for directing and controlling the major activities of the NHS Board. This definition will continue to be applied in future years.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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

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

This designation carries with it, responsibility for:

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officer's letter to me of November 2001.

Signed



T A Divers
Chief Executive
NHS Greater Glasgow and Clyde

24 June 2008

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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 2008 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

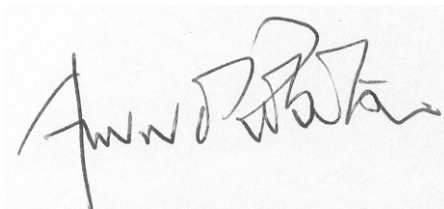
- Apply on a consistent basis the accounting policies and standards approved for the NHSScotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where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

The Health Board members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Government Health Directorate. 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



A O Robertson
Chairman

24 June 2008

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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 an 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 have a Risk Management Strategy in place as well as a robust prioritisation methodology based on risk ranking.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling 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 2008 and up to the date of approval of the annual report and accounts and accords with guidance from the Scottish Government Health Directorate.

Risk and Control Framework

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

NHS Greater Glasgow and Clyde has in place a Risk Management Strategy; this strategy includes having a Risk Management Steering Group (RMSG), which is responsible for developing a single system of risk management for NHS Greater Glasgow and Clyde, and overseeing the development of strategy and infrastructure then monitoring implementation of associated plans to co-ordinate the management of risk across the NHS Board using a consistent methodology and set of standards. During 2007/08, the RMSG was reconstituted, with reporting lines to the Planning, Policy and Performance Group; it is chaired by the Director of Finance and met six times during the year. Its key remit continued to be the oversight of the development of risk management arrangements within NHS Greater Glasgow and Clyde.

The key elements of the NHS Board's risk management arrangements are:

- Risk Management Strategy - the approved NHSGGC Risk Management Strategy was in place throughout the year, and was endorsed again by the Board in April 2007 as part of its annual review of Corporate Governance.
- Risk Register Policy - the approved NHSGGC Risk Register Policy was in place throughout the year. This policy sets out required practice across the organisation, defines the principles of escalation and complies with the NHS Quality Improvement Scotland Standards on Clinical Governance and Risk Management.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

- Corporate Risk Register - the Corporate Risk Register was overhauled following a major exercise of engagement with operational services and corporate functions to review major risks. The updated report was presented to the Audit Committee in January 2008, summarising the main risks identified within each of the organisational elements of NHS Greater Glasgow and Clyde and the processes by which these risks were managed. The frequency and format of future monitoring reports on Corporate Risk to be presented to the Audit Committee was also agreed.

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

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

Over the past 12 months, the Health Information & Technology (HI&T) Directorate has gone through a restructuring process to ensure that it is best placed to provide the appropriate value for money services for NHS Greater Glasgow and Clyde.

As part of the Directorate review of governance arrangements, an Information Governance Steering Group was established (with its first meeting on 29 January 2008), with senior representation from across NHSGGC at a clinical and management level. This Group has an approved remit and has already met twice and set priorities for the coming period covering topics such as

- IT security
- better record-keeping
- confidentiality etc

The new Directorate has also appointed, in April 2008, an Information Governance Manager who will co-ordinate the implementation of new governance arrangements across NHSGGC. This agenda is a major priority for the HI&T Directorate and NHSGGC, and will feature as part of the Directorate Operational Review in 2008/09.

More generally, 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. During the year, we have continued to implement actions to address all control risk issues arising from the systems work of our internal and external auditors.

The NHS Board has also continued to adapt its governance arrangements to take account of changes within its internal organisational structure. In particular, during the year to 31 March 2008, 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 annual review of corporate governance.

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 Internal Auditor's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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 including

- the Remuneration Subcommittee, which is a subcommittee of the Staff Governance Committee and deals with all aspects of the Executive Pay arrangements;
- the Risk Management Steering Group (as detailed above).

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and Risk Management Steering Group and a plan to address weaknesses and ensure continuous improvement of the system in place.

Disclosures

During 2007/08 there were no significant control weaknesses or failure to achieve the standards set out in the guidance on the Statement on Internal Control.



T A Divers
Chief Executive and Accountable Officer
24 June 2008

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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 2008 under the National Health Service (Scotland) Act 1978. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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, which includes the Remuneration 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 the Health Board.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited 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 to you 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 report to you whether, in my opinion, the management commentary which comprises the directors' report and that part of the operating and financial review which covers principal activities and financial performance and position, included in the Annual Report, is consistent with the financial statements. 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.

In addition, I report to you if, in my opinion, 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 Government Health Directorate's guidance, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls, or 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 2008

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 those elements of the operating and financial review other than principal activities and financial performance and position and that part of the remuneration report which is not subject to audit. 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. My 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 most 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.

Opinions

Financial statements

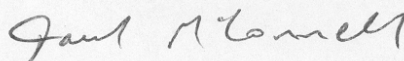
In my opinion

- 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 2008 and of its net operating cost position, recognised gains and losses and cash flows for the year then ended;
- 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; and
- information which comprises the management commentary included with the Annual Report is consistent with the financial statements.

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



24 June 2008

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Operating Cost Statement

	Note	2008 £'000	2007 £'000
Clinical Services Costs			
Hospital and Community	4	2,018,617	1,890,475
Less: Hospital and Community Income	8	394,325	356,847
		<u>1,624,292</u>	<u>1,533,628</u>
Family Health	5	536,391	527,134
Less: Family Health Income	8	23,140	22,460
		<u>513,251</u>	<u>504,674</u>
Total Clinical Services Costs		<u>2,137,543</u>	<u>2,038,302</u>
Administration Costs	6	13,094	13,851
Less: Administration Income	8	-	20
		<u>13,094</u>	<u>13,831</u>
Other Non Clinical Services	7	51,312	38,339
Less: Other Operating Income	8	46,756	74,735
		<u>4,556</u>	<u>(36,396)</u>
Net Operating Costs	19	<u>2,155,193</u>	<u>2,015,737</u>
SUMMARY OF REVENUE RESOURCE OUTTURN			
Net Operating Costs (per above)		2,155,193	2,015,737
Less: Capital Grants to Other Bodies	9	(5,066)	(7,909)
Less: Profit on disposal of fixed assets	9	27	-
Less: Annually Managed Expenditure (Write Downs)		(12,830)	-
Less: FHS Non Discretionary Allocation		(123,600)	(113,502)
Net Resource Outturn		<u>2,013,724</u>	<u>1,894,326</u>
Revenue Resource Limit		<u>2,014,370</u>	<u>1,921,674</u>
Saving against Revenue Resource Limit		<u>646</u>	<u>27,348</u>

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Statement of Recognised Gains and Losses

	Note	2008 £'000	2007 £'000
Net gain on revaluation of tangible fixed assets	11	34,765	61,786
Net loss on revaluation of intangible fixed assets	10	-	(1,010)
Movement in Donated Asset Reserve due to receipts	20	2,426	1,165
Total recognised gains for the year		37,191	61,941

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Balance Sheet

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Intangible Fixed Assets	10	322	691
Tangible fixed assets	11	1,395,704	1,320,695
Total Fixed Assets		1,396,026	1,321,386
Debtors falling due after more than one year	13	50,407	36,535
CURRENT ASSETS			
Stocks	12	22,348	24,337
Debtors	13	56,696	69,348
Investments	14	1	1
Cash at bank and in hand	15	9,594	779
		88,639	94,465
CURRENT LIABILITIES			
Creditors due within one year	16	(424,448)	(384,754)
Net current liabilities		(335,809)	(290,289)
Total assets less current liabilities		1,110,624	1,067,632
CREDITORS DUE AFTER MORE THAN 1 YEAR	16	-	-
PROVISIONS FOR LIABILITIES AND CHARGES	17	(114,323)	(101,230)
		996,301	966,402
FINANCED BY:			
General Fund	19	597,521	591,651
Revaluation Reserve	20	386,556	364,003
Donated Asset Reserve	20	12,224	10,748
		996,301	966,402

Adopted by the Board on 24 June 2008



D Griffin
Director of Finance



T A Divers
Chief Executive

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts.

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Cash Flow Statement

	Note	2008 £'000	2007 £'000
NET OPERATING CASHFLOW			
Net cash outflow from operating activities		(2,011,412)	(1,879,985)
CAPITAL EXPENDITURE			
Payment to acquire fixed assets		(110,839)	(116,870)
Receipts from sales of fixed assets		6,469	5,674
Net cash outflow for capital expenditure		(104,370)	(111,196)
Net cash outflow before Financing		(2,115,782)	(1,991,181)
FINANCING			
Funding	19	2,115,782	1,991,181
Movement in general fund working capital	19	9,766	(5,299)
Cash drawn down		2,125,548	1,985,882
Net cash inflow from financing		2,125,548	1,985,882
Increase/(decrease) in cash in year		9,766	(5,299)
NOTES			
1. Reconciliation of operating cost to operating cash flow			
Net Operating Cost for the year		(2,155,193)	(2,015,737)
Expenditure not involving payment of cash	3	111,937	57,095
Net movement on working capital	18	31,844	78,657
Operating cash outflow		(2,011,412)	(1,879,985)
2. Reconciliation of net cash flow to movement in net debt/cash			
Increase/(decrease) in cash in year		9,766	(5,299)
Net (debt)/cash at 1 April	15	(751)	4,548
Net (debt)/cash at 31 March	15	9,015	(751)

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

1. ACCOUNTING POLICIES

a) Authority

The Accounts have been prepared in accordance with the Financial Reporting Manual (FReM) 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 FReM 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 Government Health Directorate within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit will be credited to the general fund.

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

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

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

e) Fixed Assets

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

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

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

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 Government Health Directorate. In addition, in accordance with SGHD 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 under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value.

To meet the underlying objectives established by the Scottish Government Health Directorate 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

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

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) 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.

v) 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 donated asset reserve, and the accounting treatment, including the method of valuation, follows the rules in the NHS 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 asset reserve.

vi) 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.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

Where assets are scheduled for disposal and their net book value exceeds their open market value, accelerated depreciation is applied so that the asset reaches open market value at the point at which the asset is taken out of operational use.

vii) 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.

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, for which related expenditure is separately identifiable, the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and affordability in the context of the Health Board's operations, and adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increases in working capital. 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) General Fund Debtors and Creditors

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

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

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.

j) Pension Costs

The Board participates in the NHS Superannuation Scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the Board. The Board is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the operating cost statement represents the contributions payable to the scheme in respect of the year.

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 Government Health Directorate. Clinical negligence costs may also be reimbursed in part by the SGHD.

l) Related Party Transactions

Material related party transactions are disclosed in the directors' report in line with the requirements of FRS 8. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

m) 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 revision 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.

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

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.

q) Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, FRS 28 'corresponding amounts' requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

2. (a) STAFF NUMBERS AND COSTS

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2008	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	664	348	1,075,078	-	-	(8,482)	1,067,608	1,012,448
Social security costs	74	18	86,405	-	-	(838)	85,659	82,091
NHS scheme employers' costs	89	4	115,301	-	-	(1,152)	114,242	107,074
Inward secondees	-	-	-	10,125	-	-	10,125	11,069
Agency staff	-	-	-	-	22,390	-	22,390	19,729
	827	370	1,276,784	10,125	22,390	(10,472)	1,300,024	1,232,411
Compensation for loss of office	-	-	1,063	-	-	-	1,063	1,258
TOTAL	827	370	1,277,847	10,125	22,390	(10,472)	1,301,087	1,233,669

Compensation for loss of office in 2006/07 was previously included in salaries and wages. Figure now separately disclosed in 2007/08.

STAFF NUMBERS

(EMPLOYEES BY WHOLE TIME EQUIVALENT)

	2008 ANNUAL MEAN	2007 ANNUAL MEAN
Administration Costs	135.6	140.9
Hospital and Community Services	35,428.4	34,401.4
Non Clinical Services	195.1	329.2
Other, including recharge Trading Accounts	106.2	112.7
Inward secondees	176.3	180.2
Outward secondees	(182.4)	(154.2)
Board Total Average Staff	35,859.2	35,010.2
Disabled Staff	146.0	NK

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in note 25.

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

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

Clinicians

	2008 Number	2007 Number
£ 50,000 to £ 60,000	348	343
£ 60,001 to £ 70,000	276	295
£ 70,001 to £ 80,000	215	233
£ 80,001 to £ 90,000	150	144
£ 90,001 to £100,000	161	193
£100,001 to £110,000	208	231
£110,001 to £120,000	193	149
£120,001 to £130,000	166	96
£130,001 to £140,000	102	68
£140,001 to £150,000	50	42
£150,001 and above	56	30

Other

	2008 Number	2007 Number
£ 50,000 to £ 60,000	221	108
£ 60,001 to £ 70,000	89	33
£ 70,001 to £ 80,000	26	20
£ 80,001 to £ 90,000	13	9
£ 90,001 to £100,000	8	6
£100,001 to £110,000	4	2
£110,001 to £120,000	1	3
£120,001 to £130,000	0	1
£130,001 to £140,000	1	0

Notes:

The salary bands shown above for 2008 contain backdated pay awards.

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

3. OTHER OPERATING COSTS

	Note	2008 £'000	2007 £'000
Expenditure Not Paid In Cash			
Depreciation	10, 11	78,049	58,010
Cost of Capital	19	33,315	31,187
Impairments Charge	11	600	-
Revaluation EC Carbon Emissions taken to Govt Grant		-	1,010
Profit on disposal of purchased fixed assets		(27)	(33,111)
Other non cash costs		-	(1)
Total Expenditure Not Paid In Cash		111,937	57,095
Travel, Subsistence and Hospitality		19,409	18,754
Operating Lease Rentals:			
Hire of equipment (including vehicles)		4,403	5,537
Other operating leases		5,493	4,474
Total		9,896	10,011
Aggregate Rentals Receivable in the year			
Total of finance & operating leases		70	221
Statutory Audit			
External auditor's remuneration and expenses		687	685
PFI/PPP and Similar Contracts			
Service charge relating to off-balance-sheet PFI/PPP contracts		10,067	7,308

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

	2008	2007
	£'000	£'000
BY PROVIDER		
Treatment in Board area of NHSScotland patients	1,842,311	1,716,078
Other NHSScotland bodies	17,313	20,136
Health bodies outside Scotland	673	1,743
Primary care bodies	83	221
Private sector	20,061	19,426
Community Care		
Support Finance	7,395	6,896
Resource Transfer	110,200	106,831
Contributions to Voluntary Bodies and Charities	18,771	17,062
Total NHS Scotland Patients	2,016,807	1,888,393
Treatment of UK residents based outside Scotland	1,810	2,082
Total Hospital & Community Health Service	2,018,617	1,890,475
BY SERVICE CATEGORY		
Acute services	1,257,681	1,177,542
Maternity services	87,126	81,555
Geriatric assessment	80,269	75,064
Mental health services	160,740	150,438
Learning disability	33,681	31,478
Geriatric long stay	12,504	11,766
Young physically disabled	5,445	5,074
Other community services	276,908	259,356
Other services	58,487	54,754
Total Care Expenditure	1,972,841	1,847,027
Additional Costs of Teaching	18,151	17,082
Research & Development	14,118	13,261
UK Residents based outside Scotland	1,810	2,082
Other	11,697	11,023
Total as Above	2,018,617	1,890,475

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

5. FAMILY HEALTH SERVICE EXPENDITURE

	Unified Budget	Non Discretionary	Total 2008	2007
	£'000	£'000	£'000	£'000
General Medical Services	156,076	-	156,076	159,083
Pharmaceutical Services	241,024	32,856	273,880	270,636
General Dental Services	1,842	82,544	84,386	78,542
General Ophthalmic Services	-	22,049	22,049	18,873
Total Family Health Services Expenditure	398,942	137,449	536,391	527,134

6. ADMINISTRATION COSTS

	2008	2007
	£'000	£'000
Board Members' Remuneration	1,197	1,108
Administration of Board Meetings and Committees	503	631
Corporate Governance and Statutory Reporting	1,637	1,738
Health Planning, Commissioning and Performance Reporting	7,341	7,502
Treasury Management and Financial Planning	288	560
Public Relations	1,020	1,090
Other	1,108	1,222
Total Administration Costs	13,094	13,851

7. OTHER NON CLINICAL SERVICES

	2008	2007
	£'000	£'000
Compensation payments - Clinical	14,255	1,242
Compensation payments - Other	3,028	741
Pension enhancement & redundancy	6,262	11,743
Patients' Travel Attending Hospitals	474	461
Health Promotion	15,052	16,290
Public Health	1,005	854
Public Health Medicine Trainees	969	945
Emergency Planning	99	76
Loss on disposal of fixed assets	21	254
Other	10,147	5,733
Total Other Non Clinical Services	51,312	38,339

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

8. OPERATING INCOME

	2008	2007
	£'000	£'000
HCH Income		
NHSScotland Bodies		
- SGHD	10,764	11,167
- Boards	350,166	312,378
Non NHS		
Private Patients	41	175
RTA Income	1,812	1,389
Other HCH income	31,542	31,738
Total HCH Income	394,325	356,847
FHS Income		
Discretionary	9,835	9,591
Non Discretionary		
General Dental Services	13,297	12,861
General Ophthalmic Services	8	8
Total FHS Income	23,140	22,460
Administration Income	-	20
Other Operating Income		
NHS Bodies	1,195	8,965
Contributions in respect of Clinical/ medical negligence claims	17,089	3,014
Profit on disposal of fixed assets	48	33,317
Transfer from Donated Asset Reserve in respect of Depreciation	1,196	1,154
Transfer from Donated Asset Reserve in respect of Disposals	-	48
Interest Received	58	42
Other	27,170	28,195
Total Other Operating Income	46,756	74,735
Total Income	464,221	454,062
Of the above, the amount derived from NHS bodies is	351,361	321,343

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

9. ANALYSIS OF CAPITAL EXPENDITURE

	Note	2008 £'000	2007 £'000
EXPENDITURE			
Acquisition of Intangible Fixed Assets	10	120	347
Acquisition of Tangible Fixed Assets	11	117,674	136,754
Capital Grants to Other Bodies		5,066	7,909
Profit on Disposal of Fixed Assets		(27)	-
Gross Capital Expenditure		122,833	145,010
INCOME			
Net book value of disposal of Intangible Fixed Assets	10	315	-
Net book value of disposal of Tangible Fixed Assets	11	185	15,420
Capital Income		500	15,420
Net Capital Expenditure		122,333	129,590
Summary of Capital Resource Outturn			
Net capital expenditure as above		122,333	129,590
Capital Resource Limit		122,733	132,127
Saving against Capital Resource Limit		400	2,537

10. INTANGIBLE FIXED ASSETS

	Software Licences £'000	EC Carbon Emissions £'000	Total £'000
Cost or Valuation:			
As at 1st April 2007	811	315	1,126
Additions	120	-	120
Disposals	-	(315)	(315)
At 31st March 2008	931	-	931
Amortisation			
At 1st April 2007	435	-	435
Provided during the year	174	-	174
At 31st March 2008	609	-	609
Net Book Value at 1st April 2007	376	315	691
Net Book Value at 31 March 2008	322	-	322

Notes:

The EC Carbon Emissions scheme Phase 1 ended on 31st December 2007. Subsequent to this the Intangible asset for emissions was written off against a provision set up for that purpose.

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

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 2007	1,139,585	1,904	2,553	236,428	30,248	3,067	187,050	1,600,835
Additions	2,785	-	-	8,758	-	76	106,055	117,674
Completions	93,113	-	87	35,875	4,916	1,142	(135,133)	-
Transfers	-	-	-	-	-	-	-	-
Revaluation	37,581	73	-	-	-	-	2,947	40,601
Impairment Charge	(600)	-	-	-	-	-	-	(600)
Disposals	(8,573)	-	(443)	(1,925)	(34)	(10)	(120)	(11,105)
At 31 March 2008	1,263,891	1,977	2,197	279,136	35,130	4,275	160,799	1,747,405
Depreciation								
At 1 April 2007	116,872	128	1,650	152,827	17,250	2,161	-	290,888
Provided during the year	54,669	59	232	18,213	4,146	556	-	77,875
Transfers	-	-	-	-	-	-	-	-
Revaluation	6,074	8	-	-	-	-	-	6,082
Disposals	(8,533)	-	(437)	(1,906)	(34)	(10)	-	(10,920)
At 31 March 2008	169,082	195	1,445	169,134	21,362	2,707	-	363,925
Net book value at 1 April 2007	1,022,713	1,776	903	83,601	12,998	906	187,050	1,309,947
Net book value at 31 March 2008	1,094,809	1,782	752	110,002	13,768	1,568	160,799	1,383,480
Open market value of Land and Dwellings included above	9,980	-	-	-	-	-	-	-

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 2007	7,290	-	182	22,023	231	24	1,064	30,814
Additions	2,090	-	-	-	-	-	336	2,426
Completions	371	-	-	455	-	-	(826)	-
Transfers	-	-	-	-	-	-	-	-
Revaluation	283	-	-	-	-	-	-	283
Disposals	-	-	(45)	(96)	-	-	-	(141)
At 31 March 2008	10,034	-	137	22,382	231	24	574	33,382
Depreciation								
At 1 April 2007	957	-	164	18,743	178	24	-	20,066
Provided during the year	315	-	4	860	17	-	-	1,196
Revaluation	37	-	-	-	-	-	-	37
Disposals	-	-	(45)	(96)	-	-	-	(141)
At 31 March 2008	1,309	-	123	19,507	195	24	-	21,158
Net book value at 1 April 2007	6,333	-	18	3,280	53	-	1,064	10,748
Net book value at 31 March 2008	8,725	-	14	2,875	36	-	574	12,224
Open market value of Land and Dwellings included above	-	-	-	-	-	-	-	-

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

11. (c) FIXED ASSET DISCLOSURES	2008	2007
	£'000	£'000
Net book value of tangible fixed assets at 31 March		
Purchased	1,383,480	1,309,947
Donated	12,224	10,748
Total	1,395,704	1,320,695
 Net book value related to land valued at open market value at 31 March	 9,980	 10,620

Buildings were revalued on the basis of indices supplied by Jones Lang LaSalle as at 31st March 2008. The net impact was an increase in value for Purchased Assets of £34.5m which was credited to the revaluation reserve and an increase in value for Donated Assets of £246k, which was credited to the donation reserve.

12. STOCK	2008	2007
	£'000	£'000
Raw Materials and Consumables	22,348	24,337
Total Stock	22,348	24,337

13. DEBTORS	2008	2007
	£'000	£'000
Debtors due within one year		
NHSScotland		
- SGHD	70	578
- Boards	14,748	11,077
Total NHSScotland Debtors	14,818	11,655
General Fund Debtor	579	1,530
VAT recoverable	2,835	2,754
Prepayments and accrued income	6,601	13,672
Other Debtors	20,922	25,360
Reimbursement of provisions	10,941	13,278
Other Public Sector Bodies	-	1,099
Total Debtors due within one year	56,696	69,348
Debtors due after more than one year		
Prepayments and accrued income	87	6,020
Other Debtors	30,720	28,240
Reimbursement of Provisions	19,600	2,275
Total Debtors due after more than one year	50,407	36,535
Total Debtors	107,103	105,883
 The total debtors figure above includes a provision for bad debts of :	 2,303	 2,590

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

14. INVESTMENTS	2008 £'000	2007 £'000
Other	1	1
Total Investments	1	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 2007 £'000	At 31 March 2008 £'000	Cash Flow 2008 £'000	2007 £'000
PGO account balance	456	9,349	8,893	(2,571)
Cash at bank and in hand	323	245	(78)	(1,686)
Total Cash - Balance Sheet	779	9,594	8,815	(4,257)
Overdrafts	(1,530)	(579)	951	(1,042)
Total Cash - Cash Flow Statement	(751)	9,015	9,766	(5,299)

16. CREDITORS	2008 £'000	2007 £'000
Creditors due within one year		
NHSScotland		
- SGHD	31	951
- Boards	13,852	10,123
Total NHSScotland Creditors	13,883	11,074
General Fund Creditor	9,594	779
FHS Practitioners	60,424	55,443
Trade Creditors	12,339	15,032
Accruals	254,358	235,126
Payments received on account	9,351	7,433
Bank overdrafts	579	1,530
Income tax and social security	28,703	28,043
Superannuation	14,487	10,680
Other Public Sector Bodies	5,648	1,993
Other creditors	15,082	17,621
Total Creditors due within one year	424,448	384,754
Creditors due after more than one year		
Other creditors	-	-
TOTAL CREDITORS	424,448	384,754

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions £'000	Clinical & Medical Negligence £'000	EC Carbon Emissions £'000	Other £'000	Total at 31 March 2008 £'000	Total at 31 March 2007 £'000
At 1 April 2007	64,328	22,828	315	13,759	101,230	126,211
Arising during the year	6,548	15,720	-	11,522	33,790	26,722
Utilised during the year	(5,395)	(4,114)	(315)	(3,812)	(13,636)	(14,174)
Reversed unutilised	(3,523)	(1,986)	-	(1,552)	(7,061)	(37,529)
At 31 March 2008	61,958	32,448	-	19,917	114,323	101,230

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 2008 £'000	2007 £'000
STOCK	12				
Balance Sheet		24,337	22,348		
Net Decrease/(Increase)				1,989	(2,958)
DEBTORS	13				
Due within one year		69,348	56,696		
Due after more than one year		36,535	50,407		
Less: Capital included in above		(43,107)	(37,165)		
Less: General Fund Creditor included in above		(1,530)	(579)		
		<u>61,246</u>	<u>69,359</u>		
Net Increase				(8,113)	(2,605)
CREDITORS	16				
Due within one year		384,754	424,448		
Due after more than one year		-	-		
Less: Capital included in above		(37,964)	(44,919)		
Less: Bank Overdraft		(1,530)	(579)		
Less: General Fund Creditor included in above		(779)	(9,594)		
		<u>344,481</u>	<u>369,356</u>		
Net Increase				24,875	109,201
PROVISIONS	17				
Balance Sheet		101,230	114,323		
Net Increase/(Decrease)				13,093	(24,981)
Net Increase				31,844	78,657

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

19. GENERAL FUND

	Note	2008 £'000	2007 £'000
General Fund at 1 April 2007		591,651	569,545
Opening General Fund Creditor/(Debtor)	16	(751)	4,548
Add: Cash Drawn Down		2,125,548	1,985,882
(Less)/Add: Closing General Fund (Creditor)/Debtor	13,16	(9,015)	751
Net Funding		2,115,782	1,991,181
Net Operating Cost for the Year	OCS	(2,155,193)	(2,015,737)
Cost of Capital	3	33,315	31,187
Transfer of Realised Element of Revaluation Reserve	20	11,966	15,475
Transfer of Fixed Assets from Other Bodies	11	-	-
Other adjustments		-	-
Net increase in General Fund		5,870	22,106
General Fund at 31 March 2008		597,521	591,651

20. MOVEMENT ON RESERVES

	Note	2008 £'000	2007 £'000
Revaluation Reserve			
Balance at 1 April 2007		364,003	317,941
Indexation/Revaluation of fixed assets	11	34,519	61,537
Transfer of realised element to general fund	19	(11,966)	(15,475)
Balance at 31 March 2008		386,556	364,003
Donated Asset Reserve			
Balance at 1 April 2007		10,748	10,622
Indexation/Revaluation of fixed assets	11	246	249
Additions of donated assets	11	2,426	1,165
Release to the Operating Cost Statement		(1,196)	(1,288)
Balance at 31 March 2008		12,224	10,748

NHS Greater Glasgow and Clyde

Annual Accounts for the year ended 31 March 2008

Notes to the Accounts

21. CONTINGENT LIABILITIES/ASSETS

CONTINGENT LIABILITIES

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

(i) Negligence Claims

	Clinical & Medical Negligence £'000	Employer's Liability £'000	Third Party Liability £'000	Total £'000
At 1 April 2007	22,990	1,442	22	24,454
Increase in value of claims	730	59	-	789
New claims arising during the year	6,913	726	-	7,639
Crystallised liabilities	(1,939)	(197)	(14)	(2,150)
Expired obligations	(7,538)	(607)	(4)	(8,149)
At 31 March 2008	21,156	1,423	4	22,583

(ii) Equal Pay Claims

NHS Greater Glasgow & Clyde has received 5,551 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under the pay arrangements that preceded Agenda for Change.

The basis of those claims is as follows:

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

In addition some cases are being pursued that comprise a challenge to the Agenda for Change pay evaluation system on the basis that it perpetuates discrimination. This has slowed the progress of claims until this challenge has been determined.

Progress of all claims is not judged to be sufficiently advanced to determine the likelihood of their failure or success nor to estimate what their value could be. It is therefore not possible to make an estimate of any financial impact that may arise.

(iii) Waste Electronic and Electrical Equipment Regulations

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

CONTINGENT ASSETS

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

	2008 £'000	2007 £'000
Reimbursement of Contingent Liability re Negligence Claims (from CNORIS scheme) as follows:		
Clinical & Medical Negligence	17,120	15,561
Employer's Liability	270	720
	17,390	16,281

22. COMMITMENTS

Capital Commitments

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

	2008 £'000	2007 £'000
Contracted		
Beatson Phase 2	-	2,000
Gynaecology transfer to Glasgow Royal Infirmary	9,634	-
Westwood House	1,171	-
Maternity Phase 2	2,491	-
Acute Services Commitments	4,866	14,629
Primary Care Projects	-	12,040
Total	18,162	28,669
Authorised but not Contracted		
Obstetrics Strategy	26,791	-
GRI Labs/University Tower	10,851	-
Acute Services Commitments	456	14,845
Primary Care Projects	-	3,600
Total	38,098	18,445

NHS Greater Glasgow and Clyde
Annual Accounts for the year ended 31 March 2008
Notes to the Accounts

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:	2008	2007
	£'000	£'000
Land and Buildings		
Within one year	903	577
Between two and five years (inclusive)	2,224	1,160
After five years	2,366	1,234
Other		
Within one year	1,342	2,621
Between two and five years (inclusive)	3,061	3,755
After five years	-	-

24. COMMITMENTS UNDER PFI CONTRACTS - OFF BALANCE SHEET

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

Project	Estimated Capital Value £'000	Period of Contract	Reversionary Interest Value £'000
Mearnskirk House	NK	21 years	-
HISS SGH/VI	NK	8 years	-
SGD Elderly Bed Facility	8,250	28 years	-
HISS YKH	NK	10 years	-
Stobhill Local Forensic Unit	18,800	35 years	155
Gartnavel Royal Hospital	18,900	30 years	110
Larkfield Care of Elderly Facility	9,400	25 years 3 mth	-
Balance at 31 March 2008	55,350		265

The total amount charged in the outturn statements in respect of off balance sheet PFI/PPP deals is:

	2008	2007
	£'000	£'000
Mearnskirk House	1,103	1,042
HISS SGH/VI	951	983
SGD Elderly Bed Facility	2,888	3,023
HISS YKH	626	802
Stobhill Local Forensic Unit	1,909	-
Gartnavel Royal Hospital	984	-
Larkfield Care of Elderly Facility	1,606	1,458
	10,067	7,308

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

Project	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26+ years	Total	2007
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mearnskirk House	-	-	1,103	-	-	-	1,103	1,042
HISS SGH/VI	951	-	-	-	-	-	951	983
SGD Elderly Bed Facility	-	-	-	-	2,888	-	2,888	3,023
HISS YKH	626	-	-	-	-	-	626	802
Stobhill Local Forensic Unit	-	-	-	-	-	1,909	1,909	1,558
Gartnavel Royal Hospital	-	-	-	-	-	984	984	950
Larkfield Care of Elderly Facility	-	-	-	1,606	-	-	1,606	1,583
	1,577	-	1,103	1,606	2,888	2,893	10,067	9,941

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 2007-08, normal employer contributions of £114,242,000 were payable to the SPPA (prior year £107,074,000) at the rate of 14% of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £1,063,000 (prior year £1,258,000) 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 £61,958,000 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.

	2008	2007
	£'000	£'000
Pension cost charge for the year	114,242	107,074
Additional Costs arising from early retirement	1,063	1,258
Provisions/Pre-payments included in the Balance Sheet (Includes Injury Benefits £11,287,000, [prior year £11,270,000])	61,958	64,328



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