

Greater Glasgow NHS Board

Board Meeting
Tuesday 26 July 2005

Board Paper No. 05/48

Acting Director of Finance

8

STATEMENT OF ACCOUNTS FOR 2004/05

Recommendations:

The NHS Board is asked to:

- 1 adopt, and approve for submission to the Scottish Executive Health Department, the Statement of Accounts for the financial year ended 31 March 2005.
- 2 authorise:
 - (i) the Chief Executive to sign the Directors' Report.
 - (ii) the Chairman and Acting Director of Finance to sign the Statement of Health Board Members' responsibilities in respect of the Accounts.
 - (iii) the Chief Executive to sign the Statement of Internal Control in respect of the Accounts.
 - (iv) the Chief Executive and Acting Director of Finance to sign the Balance Sheet.

Background

1. The External Auditors have completed their audit of the Accounts and have issued their Final Report to Board Members which confirms that their audit certificate on the financial statements for the year ended 31 March 2005 will be unqualified in respect of their true and fair opinion, and in respect of their regularity opinion.
The External Auditors' Report is the subject of a separate paper to the Board (05/47).
2. At its meeting on 12 July 2005 the NHS Board Audit Committee considered the Statement of Accounts of the NHS Board. The decision of the Audit Committee was that the Statement of Accounts should be presented to the NHS Board at its meeting on 26 July 2005 with a recommendation that the Accounts be adopted by the NHS Board and submitted to the Scottish Executive Health Department.

Statement of Accounts for NHS Greater Glasgow

A full Statement of Accounts for the financial year ended 31 March 2005 is attached to this paper, together with a commentary on the main elements of the statement.

The Statement includes a Directors' Report in a format specified by the Scottish Executive Health Department and a Statement of Accounting Policies. The Accounts comprise four principal forms namely;

- a. Operating Cost Statement,
- b. Statement of Recognised Gains and Losses,
- c. Balance Sheet, and
- d. Cash Flow Statement

These forms are supported by notes which provide analysis of the principal forms while further detail is provided in a series of Scottish Financial Returns (SFRs).

J M Hamilton
Assistant Director of Finance
0141 201 4525

NHS GREATER GLASGOW

STATEMENT OF ACCOUNTS FOR 2004/05 FINANCIAL YEAR

COMMENTARY BY THE DIRECTOR OF FINANCE

1. INTRODUCTION

The format of the Statutory Annual Accounts is laid down by national regulations to monitor the financial performance of Health Boards and to facilitate consolidation into Scottish NHS accounts.

This is the first Annual Account for the unified Greater Glasgow Health Board as a single legal entity.

The Statutory Accounts have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury.

The financial commentary that follows is based upon data extracted from the Accounts. The Scottish Health Service Cost Book, published later in the year, will contain comprehensive costing data for all Health Boards and hospitals.

2. FINANCIAL TARGETS

The Annual Accounts for the Health Board record expenditure against funding allocated for the treatment of Greater Glasgow patients and income received from other Health Boards for the treatment of their patients within the Greater Glasgow health system.

In undertaking this function the Board is required by the Scottish Executive to achieve three financial targets on an annual basis to:

- Stay within the allocated Revenue Resource Limit, for patients of Greater Glasgow, reflecting spend on ongoing healthcare services,
- Stay within the allocated Capital Resource Limit, reflecting spend on new capital investment, and
- Stay within the agreed cash requirement forecast, a cash management requirement based on the cash flow implications of both capital and revenue expenditure on healthcare.

In 2004/05 the Board has achieved all of these required targets.

	Limit as set by SEHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Revenue Resource Limit	1,280,160	1,268,057	12,103
Capital Resource Limit	66,213	66,154	59
Cash Requirement	1,219,000	1,218,709	291

GREATER GLASGOW NHS BOARD

STATEMENT OF ACCOUNTS FOR 2004/05 FINANCIAL YEAR

COMMENTARY BY THE DIRECTOR OF FINANCE

3. FINANCIAL SUMMARY

	2004/05 £m	2003/04 £m	Movement £m	%
Operating Costs				
<u>Clinical Services:</u>				
Hospital & Community	1,305.2	1,184.1	121.1	10.23
Family Health	350.7	324.9	25.8	7.94
Total Clinical Services	1,655.9	1,509.0	146.9	9.73
<u>Non Clinical Costs</u>				
Administrative Costs	11.7	11.7	0	0.0
Other Non Clinical Services	21.3	17.9	3.4	19.0
Local Health Council	0.3	0.3	0.0	0.0
Total Non Clinical	33.3	29.9	3.4	11.37
Gross Operating Costs	1,689.2	1,538.9	150.3	9.77
Less: Miscellaneous Income	355.6	323.6	32.0	9.89
Net Operating Costs	1,333.6	1,215.3	118.3	9.73

The increase in gross operating costs of £150.3m includes a number of significant items, namely: Change in the basis of superannuation funding (£50m, fully funded by the SEHD), general inflation of £53m, and some specific developments e.g. waiting times (£17m), Cancer (£9m), delayed discharges (£5m).

4. FAMILY HEALTH SERVICES (FHS)

The expenditure on Family Health Services can be analysed as follows:

	2004/05 £m	2003/04 £m	Movement £m	%
Medical	107.3	91.0	16.3	17.91
Pharmaceutical	187.8	183.6	4.2	2.29
Dental	46.3	41.6	4.7	11.30
Ophthalmic	9.3	8.7	0.6	6.90
Total Gross Expenditure	350.7	324.9	25.8	7.94

Expenditure on Family Health is managed by the Primary Care division.

The increase in medical services is the result of the implementation of the new GMS contract.

The modest increase in pharmaceutical is the result of specific management action and improved use of generics and tariff price reduction.

GREATER GLASGOW NHS BOARD

STATEMENT OF ACCOUNTS FOR 2004/05 FINANCIAL YEAR

COMMENTARY BY THE DIRECTOR OF FINANCE

5. NON CLINICAL SERVICES

Administrative Costs

Overall, administrative costs have remained at the same level as last year.

Other Non Clinical Services

Spend on areas reported as other non-clinical services has increased by £3.4m.

£2.4m of this increase is within the Board's spend and is mainly due to several new projects including; Glasgow Centre for Population Health, Homelessness initiatives, School Nursing projects and various other projects in relation to, for example, heart disease.

The remainder of the increase £1m is the movement in the provision within the accounts for Clinical Negligence and other claims, and pension costs across all the divisions.

6. CONCLUSION

The Board can report a successful out-turn against the three financial targets.

The saving of £12.1m against RRL does not represent underspending, but reflects the timing of expenditure against commitments. This will be carried forward and added to our 2005/06 allocation to meet expenditure commitments.

Thanks are due to all the staff involved in managing the Board's finances, and in particular those who contribute to the financial planning and monitoring process and the preparation of the Board's Statutory Annual Accounts. Their efforts and support make a major contribution to this satisfactory outcome in a year of significant organisational and system changes.



NHS GREATER GLASGOW

Consolidated Annual Accounts

For the Year Ended 31 March 2005

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

CONTENTS

Directors Report

Statement of Health Board Members Responsibilities in respect of the Accounts

Statement of Internal Control

Statement of the Chief Executive's responsibilities as Accountable Officer

Audit Opinion

ACCOUNTS

A 1.0	Operating Cost Statement
A 2.0	Statement of Recognised Gains and Losses
A 3.0	Balance Sheet
A 4.0	Cashflow Statement

NOTES TO THE ACCOUNTS

N 1.0	Accounting Policies
N 2.0 a - d	Staff Numbers & Costs
N 3.0	Other Operating Costs
N 4.0	Hospital and Community Health Services
N 5.0	Family Health Service Expenditure
N 6.0	Administration Costs
N 7.0	Other Non Clinical Services
N 8.0	Local Health Councils
N 9.0	Operating Income
N 10.0	Analysis of Capital Expenditure
N 11.0	Intangible Fixed Assets
N 12.0 a	Tangible Fixed Assets (Purchased Assets)
N 12.0 b	Tangible Fixed Assets (Donated Assets)
N 12.0 c	Fixed Asset Disclosures
N 13.0	Stock
N 14.0	Debtors
N 15.0	Investments
N 16.0	Cash at Bank and in Hand
N 17.0	Creditors
N 18.0	Provisions
N 19.0	Movement on Working Capital Balances
N 20.0	General Fund
N 21.0	Movement on Reserves
N 22.0	Contingent Liabilities
N 23.0	Post Balance Sheet Events
N 24.0	Commitments
N 25.0	Commitments Under Leases
N 26.0	Commitment Under PFI Contracts
N 27.0	Pension Costs
N 28.0	Extraordinary Items & Prior-year Adjustments

SFR's

S 1.0	Allocations From the Scottish Executive Health Department
S 4.0	FHS Income
S 9.0	Primary Medical Services
S 10.0	Pharmaceutical Services
S 11.0	Dental Services
S 12.0	General Ophthalmic Services
S 18.0	Summary of Losses and Special Payments
S 18.1	Details of Losses and Special Payments

Appendices

Appendix 1	Accounts Direction
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**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

DIRECTORS' REPORT

1. 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 Resource Accounting Manual issued by HM Treasury, to the extent that the Scottish Executive Health Department has directed as being appropriate to unified Health Boards in the manual for accounts.

2. Accounting policies

The statement of the accounting policies, which have been adopted, is shown at Note 1.0. From 1 April 2002, the NHS Board has complied with the Resource Accounting Manual (RAM) issued by HM Treasury with the operating cost statement replacing an Income and Expenditure Account, and the General Fund replacing capital and revenue reserves on the Balance Sheet.

The following NHS Trusts were dissolved on 31 March 2004: North Glasgow University Hospitals NHS Trust, South Glasgow University Hospitals NHS Trust, Yorkhill Hospitals NHS Trust, and Greater Glasgow Primary Care NHS Trust. The assets and liabilities of these Trusts were transferred to Greater Glasgow NHS Board at that date. This transfer has been accounted for using merger accounting, as directed by the Resource Accounting Manual. The main effect of this is that the results and cash flows of the Trusts for the prior year are brought into account as if the transfer had occurred at the start of that year.

3. Principal activities and review of the year

The Health Board was established in 1974 with responsibility for commissioning health care services for the residents of Greater Glasgow, a total weighted population of 990,700.

In December 2000, the Scottish Executive published "*Our National Health: A Plan for Action, A Plan for Change*" (the Scottish Health Plan), which recognised the need to simplify, improve and rationalise local decision making arrangements.

As a result, from 30th September 2001, 15 single Unified NHS Boards were established. In the case of the 12 mainland board areas, these new unified NHS Boards replaced the separate structures of NHS Health Boards and Trusts.

These new NHS Boards form a local health system, with single governing boards responsible for improving the health of their local populations and delivering the healthcare they require. The overall purpose of the unified NHS Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the unified NHS Board is to:

- improve and protect the health of the local people;
- improve health services for local people;
- focus clearly on health outcomes and people's experience of their local NHS system;
- promote integrated health and community planning by working closely with other local organisations; and
- provide a single focus of accountability for the performance of the local NHS system

The functions of the unified NHS Board comprise:

- strategy development
- resource allocations
- implementation of the Local Health Plan
- performance management

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

A commentary on the Board's financial performance for the year is contained in Board paper 05/48, and will also be reported in the Boards Annual Report.

4. Financial Targets

The Scottish Executive set 3 budget limits at a health board level on an annual basis. These limits are:

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

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

5. Performance against Financial Targets

	Limit as set by SEHD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
1 Revenue Resource limit	1,280,160	1,268,057	12,103
2 Capital Resource Limit	66,213	66,154	59
3 Cash Requirement	1,219,000	1,218,709	291

6. Payment policy

The Board endeavours to comply with the principles of the CBI prompt payment code by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner. In 2004/05 average credit taken was 31 days. In 2004/05 the Board paid 75.62% by value and 60.93% by volume within 30 days.

7. Board Membership

Under the terms of the Scottish Health Plan, the Health Board is a board of governance whose membership will be conditioned by the functions of the Board, as set out in paragraph 3 above.

Members of Health Boards are selected on the basis of their position – such as a Divisional Chair or Chief Executive – or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

During 2004/05, the Board Members were:

- Professor Sir John Arbuthnott, Chairman
- Dr F Angell, Non Executive Director
- Mr J Bannon MBE, Non Executive Director
- Professor D H Barlow, Non Executive Director (from 01/02/05)
- Councillor J Coleman, Non Executive Director
- Councillor D Collins, Non Executive Director
- Ms R Dhir MBE, Non Executive Director

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

Councillor R Duncan, Non Executive Director
Mr W Goudie, Employee Director
Dr R Groden, Non Executive Director (from 12/04/04)
Mr P Hamilton, Non Executive Director
Councillor J Handibode, Non Executive Director
Mr G McLaughlin, Non Executive Director
Mrs J Murray, Non Executive Director
Mrs R Nijjar, Non Executive Director
Miss A Paul, Non Executive Director
Professor S Smith, Non Executive Director (to 31/07/04)
Mrs A Stewart MBE, Non Executive Director
Councillor A White, Non Executive Director
Mr R Cleland, Chair North Glasgow Division
Mrs S Kuenssberg CBE, Chair Yorkhill Division
Mr A O Robertson OBE, Chair primary Care Division
Mrs E Smith, Chair South Glasgow Division
Mr J Best, Chief Executive Yorkhill Division
Mr T Davison, Chief Executive North Glasgow Division
Mr R Calderwood, Chief Executive South Glasgow Division
Mr I Reid, Acting Chief Executive Primary Care Division (to 05/12/04)
Mr T A Divers OBE, Chief Executive
Dr H G Burns, Director of Public Health
Mrs W Hull, Director of Finance (to 07/02/05)
Mrs R Crocket, Nurse Director
Dr B Cowan, Medical Director

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

8. Corporate governance

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

- Clinical governance
- Audit
- Staff Governance
- Ethics; and
- Discipline (for primary care contractors)

Health and Clinical Governance Committees

The Health and Clinical Governance Committee of the NHS board has two key roles:

- **Systems assurance** – to ensure that clinical governance mechanisms are in place and effective throughout NHS Greater Glasgow, including Public Health at the Board; and
- **Public health governance** – to ensure that the principles and standards of clinical governance are applied to the health improvement activities of the NHS Board.

Professor S K Smith chaired the first meeting of the committee in 2004/05; subsequent meetings were chaired by Professor D H Barlow. Membership of the committee during the year comprised:

Mrs H Brooke, Yorkhill Division (meetings 1 and 2)
Mrs P Bryson, Co-opted Lay Member – Convenor Local Health Council
Councillor D Collins, Non Executive Director
Ms R Dhir, North Glasgow Division (meeting 3)
Professor L Gunn, Co-opted Lay Member

NHS GREATER GLASGOW

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

Mr I J Irvine, North Glasgow Division (meetings 1 and 2)
Mrs J Murray, South Glasgow Division (meeting 3)
Mr G McLaughlin, Primary Care Division (meeting 3)
Miss A Paul, Yorkhill Division (meeting 3)
Mr R Winter, Primary Care Division (meeting 1)
Mrs M Whitehead, South Glasgow Division (meetings 1 and 2)

The Greater Glasgow Health and Clinical Governance Committee met on three occasions in 2004/5. Standing items discussed at each meeting were:

The Quarterly Reports to the Board on complaints received by NHS Greater Glasgow Divisions

Minutes of Meetings of NHS Greater Glasgow Divisions Clinical Governance Committees

Minutes of the NHS Greater Glasgow Control of Infection Committee

Minutes of the Area Clinical Effectiveness Committee*

- Minutes of Greater Glasgow Spiritual Care Committee* (from second meeting onwards)

*regarded as subcommittees of Health & Clinical Governance Committee

Other items discussed at individual meetings included:-

Risk Management and the Handling of Serious Clinical Incidents

NHS QIS Draft Standards for Healthcare Governance

Safer for Patients, Supportive for Professionals: A Framework for Managing Poor Performance of Health Professionals and Teams in NHS Scotland – Consultation Document

HDL (2004) 04 – Clinicians Planning to undertake New Interventional Procedures

Fatal Accident Inquiry - findings relating to care of people with learning disabilities in acute hospitals

NHS QIS – Diabetes Local Report for NHS Greater Glasgow, March 2004

Discharge Letters to Patients

NHS Greater Glasgow Clinical Governance Annual Reports and Divisional Reports

Clinical Governance for New Ways of Working

At the first meeting of 2004/5 a presentation was given on the development of an Integrated Care Pathway for Schizophrenia in Primary Care.

Audit Committees

During 2004/05, the audit committee was chaired by Mrs E Smith and comprised:

Mr P Hamilton, Non Executive Board Director

Councillor J Handibode, Non Executive Director

Councillor D Collins, Non Executive Director

Mr J Bannon MBE, Non Executive Director

Dr R Groden, Non Executive Director (from January 2005)

Mrs A Stewart MBE, Non Executive Director

The objective of the committee is to ensure that, within NHS Greater Glasgow, including its four Divisions:

- Audit mechanisms and process are in place;
- Activities are within the law and regulations that govern the NHS in Scotland; and
- An effective internal control system is maintained.

NHS GREATER GLASGOW ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

Staff Governance Committees

The committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level.

During 2004/05 the committee was jointly chaired by Professor Sir John Arbutnott and Mr W Goudie. Its membership comprised:

Mr R Cleland, Chair, North Glasgow University Hospitals Division
Mr A Robertson OBE, Chair, Greater Glasgow Primary Care Division
Mrs E Smith, Chair, South Glasgow University Hospitals Division
Mrs S Kuenssberg CBE, Chair, Yorkhill Division
Ms J Grant, Acting Chief Executive, North Glasgow University Hospitals Division
Ms Rosslyn Crocket, Acting Chief Executive, Greater Glasgow Primary Care Division
Mr Ian Reid, Director of HR, NHS Greater Glasgow
Mr J Cameron, Director of HR, South Glasgow University Hospitals Division
Mrs H Ostrycharz, Director of HR Director, Yorkhill Division
Mr S MacLennan, Partnership Forum Chair, Greater Glasgow NHS Board
Mrs J McCready, Partnership Forum Chair, South Glasgow University Hospitals Division
Ms K Murphy, Greater Glasgow Primary Care Division
Mr D Sime, Partnership Forum Chair, North Glasgow University Hospitals Division
Ms S Forsyth, Partnership Forum Chair, Yorkhill Division

Research Ethics Governance Committee

The principle function of the committee is to provide independent advice as to whether a given piece of research is ethical, and whether the dignity, rights, safety and wellbeing of individual research subjects are adequately protected. During 2004/05 the committee was chaired by Professor D Barlow, and its membership comprised:

Councillor J Coleman, Non Executive Director
Mrs R Nijjar, Non Executive Director
Dr H Burns, Director of Public Health Greater Glasgow NHS Board
Dr B Cowan, Director of Medical Services South Glasgow Division
Dr B Anderson, Medical Director North Glasgow Division
Dr M Jamieson, Medical Director Yorkhill Division
Dr I Wallace, Medical Director Primary Care Division

Area Clinical Forum

The role of the Forum is to represent the multi-professional view of the advisory structures for medical, dental, nursing and midwifery, pharmaceutical, optometric, professions allied to medicine and Local Health Care Co-operatives to NHS Greater Glasgow ensuring the involvement of all professions across the local NHS system in a decision making process. The forum meets quarterly, and during 2004/05 was Chaired by Dr F Angell and its membership comprised:

Dr M T Hosie - Vice Chair, Area Dental Committee
Dr R Groden - Chair, LHCC Committee
Aileen Duncan - Vice Chair, LHCC Committee
Helen McKenzie - Vice Chair, LHCC Committee
James Cassidy - Chair, Area Nursing and Midwifery Committee
Liz Love - Vice Chair, Area Nursing and Midwifery Committee
Henry Smith - Chair, Area Allied Health Professionals Committee
Maggie Wilmott - Vice Chair, Area Allied Health Professionals Committee
Colin Fergusson - Chair, Area Pharmaceutical Committee

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

Keith Ridge - Vice Chair, Area Pharmaceutical Committee
Dr Barbara West - Chair, Area Medical Committee
Dr Tim Parke - Vice Chair, Area Medical Committee
Gale Leslie - Chair, Area Optometric Committee
Hal Rollason - Vice Chair, Area Optometric Committee
Patricia Bryson - representative, Greater Glasgow Health Council

Service Redesign Committee

Service Redesign Committees were required to be created by the "Partnership for Care" White Paper and NHS Greater Glasgow's Service Redesign Committee has a co-ordinating and facilitating service redesign role promoting change and redesign activity throughout NHS Greater Glasgow, developing a strong communication and good practice profile. During 2004/05 the committee was chaired by Mr G McLaughlin and its membership comprised:

Ian Gordon, Representative of LHCC Committee
Marina Madden, Representative of LHCC Committee
Marie Farrell, Representative of LHCC Committee
Roger Hughes, Hospital Subcommittee
Gail Leslie, Area Optometric Committee
Liz Love, Area Nursing & Midwifery Committee
Jamie Quinn, Area Allied Health Professionals Committee
Gail Caldwell, Area Pharmaceutical Committee
Pat Bryson, Patient Representative
Maureen O'Neill, Patient Representative
Pat Kilpatrick, North Glasgow Division
Rosemary Twohig, North Glasgow Division
Joyce Brown, North Glasgow Division
Maureen Henderson, South Glasgow Division
Brian Cowan, South Glasgow Division
Liz Daniels, Yorkhill Division
Jamie Redfern, Yorkhill Division
Alan Miller, Primary Care Division
Rosslyn Crocket, Primary Care Division
Juli McQueen, Primary Care Division
Yvonne Blair, Area Partnership Forum
Stewart McLennan, Area Partnership Forum
Rona Agnew, Area Partnership Forum
Caroline Fee, Area Partnership Forum
David Walker, Staff Member
Jackie Love, Staff Member
Anne Mitchell, Staff Member
Lorraine McGrath, Staff Member

9. Board members' and senior managers' interests

The following is a record of Board Members' and Senior Managers' interests in organisations which have contracts with the Board.

Dr R Groden, Non-Executive Director is a General Practitioner
Dr F Angell, Non Executive Director is a Dental Surgeon.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

10. Human resources

As an equal opportunities employer, the Health board welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the board. The Board continues to follow best practice by meeting its responsibilities as a "Positive about Disabled People" symbol user.

The Companies Act specifically requires policies to be disclosed in relation to applications for employment from disabled persons, persons that become disabled during their employment and the training, career development and promotion of disabled people.

With regard to diversity and equal opportunities, the Board continues where appropriate to advertise vacancies in ethnic minority publications. All the Board's employment policies are monitored in terms of uptake by and application to people from ethnic minorities, and the results reported to the Local Partnership Forum.

New staff receive a comprehensive information package which includes a detailed induction programme, and attend an induction session provided by Human Resources staff. Short-term temporary and agency staff, for whom the full induction programme would be impracticable, receive an abbreviated version. Staff communication includes departmental and individual meetings extensive use of bulletins and notice boards, electronic mail, internet and, where appropriate, staff surveys.

The Board involves staff through the operation of Local and Area Partnership Forums and continues to fully develop PIN Guidelines Policies, and to harmonise these across Glasgow.

The Companies Act also requires disclosure of measures to involve employees in the Health Board's performance and to achieve a common awareness of employees in relation to factors affecting the performance of the Health Board.

The Board remains committed to organisational and personal development and expects all staff to have personal development plans linked to corporate objectives and meeting individual needs.

The Board remains committed to promoting a safe and healthy workplace and has an active safety committee across Glasgow.

11. Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2001/02 to 2005/06 the Auditor General has appointed PricewaterhouseCoopers LLP to undertake the audit of Greater Glasgow NHS Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

By order of the Board

..... Chief Executive Date: 26 July 2005

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

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 the 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 2005 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 NHS in Scotland by Scottish Ministers.

Make judgements and estimates that are reasonable and prudent.

State where applicable accounting standards have not been followed where the effect of the departure is material.

Prepare the accounts on the going concern basis unless it is inappropriate to assume 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 Executive Health Department. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Acting Director of Finance

Chairman

26 July 2005

NHS GREATER GLASGOW

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT ON INTERNAL CONTROL

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the NHS Board'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 the principal risks to the achievement of the NHS Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts and accords with guidance from Scottish Executive Health Department - Finance.

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The key elements of the system of internal control and review can be summarised as follows.

- Risk Management and internal control are considered by the NHS Board and the NHS Greater Glasgow Audit Committee and are incorporated into the corporate planning and decision making processes of the NHS Board. A committee structure has been established to ensure that all aspects of risk relating to the Board's activities are addressed and a Risk Management Strategy for NHS Greater Glasgow was approved by the NHS Board in March 2005.
- The NHS Board comprises 31 members. Twenty two are Non Executives Directors and nine are Executive Directors. The Chairs and Chief Executives of the operating Divisions are also members of the NHS Board. The NHS Board acts as a board of governance providing strategic leadership and direction across NHS Greater Glasgow in respect of strategy development, resource allocation, implementation of the Local Health Plan and performance management. The NHS Board normally meets every second month. There were 9 meetings in 2004/2005. In the months when a meeting is not scheduled, Performance Review Group meetings are held which all NHS Board Members are able to attend. A monthly NHS Board Seminar is held for Members to allow detailed discussion and briefing on developing strategic issues and policies. This gives Non Executive Directors the opportunity to shape the direction of such strategies and policies. The NHS Board receives the minutes of all meetings of the NHS Board's standing committees.
- The NHS Greater Glasgow Audit Committee ensures that within NHS Greater Glasgow audit mechanisms are in place, activities are within the law and regulations that govern the NHS in Scotland and an effective internal control system is maintained. The Audit Committee met six times during the year to discharge its responsibilities in respect of Glasgow wide issues, matters specific to the NHS Board and oversight of the divisional audit committees. The internal auditors submit regular reports to the Audit Committee which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the systems of internal control within NHS Greater Glasgow together with recommendations for improvement. Divisional audit committees continued to meet to oversee the completion of the annual accounts process for 2004/2005 thereafter their role in the new organisational arrangements under single system working will be absorbed by the NHS Greater Glasgow Audit Committee. Options are currently being considered for the support required to provide the Audit Committee with the required assurance under the new governance arrangements.
- The Performance Review Group (PRG) was established and has delegated responsibility with powers on behalf of the NHS Board to monitor organisational performance, resource allocation and utilisation and the implementation of NHS Board agreed strategies, including

NHS GREATER GLASGOW ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

the approval of key stages in the implementation of such strategies. The PRG also ensures that there is a co-ordinated overview of performance across all domains of the Performance Assessment Framework. The PRG meets bi-monthly (and more frequently if required) and the Minutes of its meetings are reported to the NHS Board

- The Health and Clinical Governance Committee met 3 times last year and ensures that clinical governance mechanisms are in place and effective throughout NHS Greater Glasgow and that the principles and standards of clinical governance are applied to health improvement activities of the NHS Board. A structure for clinical governance under the new organisational arrangements has been agreed for implementation in 2005/2006.
- The Staff Governance Committee continued its responsibilities of ensuring that staff governance mechanisms were in place and effective throughout NHS Greater Glasgow, and to ensure that the principles and standards of the Staff Governance Standard were applied to all management practice within the operating divisions and NHS Board. The Committee met three times in 2004/2005 and in addition, the Remuneration Sub Committee met to consider the appraisal and remuneration arrangements of the Executive Directors within NHS Greater Glasgow and setting the corporate objectives. Divisional and NHS Board Remuneration Sub Groups continued to deal with the arrangements for executive pay in respect of senior staff.
- The Involving People Committee was established to ensure the NHS Board discharges its legal obligations to involve, engage and consult patients, the public and communities in the planning and development of services and in the decision-making about the future pattern of services. The Committee met for the first time on 10 November 2004 and on two further occasions during 2004/2005.
- A Risk Management Steering Group was established as a sub group of the Corporate Management Team. It is chaired by the Medical Director of the NHS Board and comprises the executive lead and risk adviser from each division. The group met for the first time in November 2004 and on four further occasions since. Action plans have been agreed by the Steering Group and a sub group comprising the risk advisers has responsibility for developing the implementation of these action plans. Under these action plans, a Risk Management Strategy was developed for NHS Greater Glasgow and this was approved by the NHS Board in March 2005. Also under the action plans, two further key tasks are being undertaken.
 - 1 The implementation of the Risk Management Strategy and the harmonisation of risk management arrangements across NHS Greater Glasgow;
 - 2 The development of a corporate risk register.

Progress against the action plans has been, and will continue to be reported to the Audit Committee. Arrangements for the management of risk remain in place at divisional/operational level.

- All bodies within NHS Greater Glasgow achieved the Level 1 Standards of Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). NHS Quality Improvement Scotland (NHS QIS) has been developing a set of Healthcare Governance Standards to replace the CNORIS standards. Pending finalisation of the NHS QIS standards, an interim peer review was undertaken by NHS QIS in respect of a number of NHS Scotland bodies including NHS Greater Glasgow. This review took the form of the submission of prescribed documentary evidence and a meeting between officers of the NHS Board and a review panel. The NHS Board's representatives at the review meeting included the Chair of the Audit Committee and the Chief Executive. NHS QIS issued their local and national reports on the outcome of the interim peer reviews. In the case of NHS Greater Glasgow, no significant issues were identified.

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

- A significant proportion of the transactions of the Greater Glasgow Primary Care Division are processed through third party agencies, primarily the Practitioner Services Division of National Services Scotland (PSD). The Audit Committee and management of the Division assess the controls over these functions by review of both the internal and external audit reports provided by these agencies. Previously, certain control deficiencies in the control processes of PSD have required disclosure in the Statement on Internal Control. However, recent audits of PSD have reported a significantly improved position and for 2004/2005, our review of these audits has provided sufficient assurance to conclude that there are no fundamental weaknesses in the control systems of third parties that would compromise the control environment within NHS Greater Glasgow.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within NHS Greater Glasgow who have responsibility for development and maintenance of the internal control framework and comments made by the external auditors in their management letters and other reports. While internal control systems operated satisfactorily, the following matter should be recorded.

In 2003/2004, the Statement on Internal Control disclosed that work carried out by the NHS Scotland Counter Fraud Services (CFS) highlighted that a potentially significant level of incorrect claims may have been made at the point of delivery for exemption from NHS prescription, dental and ophthalmic charges. Extrapolation of the sample results for NHS Greater Glasgow to give an indication of the potential level of Family Health Services (FHS) income error, suggested that the level of income lost in prescription, dental and ophthalmic charges in the year to 31 December 2003 could potentially have been £6 million. No assurances as to the likely accuracy of this estimate were provided however the matter was nevertheless disclosed in the Statement on Internal Control.

The CFS has again carried out this exercise and extrapolation of the sample results for the year to 31 December 2004 suggests that a similar level of erroneous claims for exemption from charges may have been made during 2004/2005. The extrapolation for 2004/2005 suggests that the errors could amount to £6.1 million. We have significant concerns over the accuracy of the extrapolations and the estimated error arrived at, but nevertheless accept that the level of patient exemption error could be significant and, as responsibility for all aspects of FHS income remains with Greater Glasgow NHS Board, it is appropriate that this is disclosed in the Statement on Internal Control. The CFS will carry out further risk assessments and investigations to inform future work in this area and the NHS Board will continue to work with the CFS to minimise the levels of erroneous exemption claims made.

Signed

Date 26 July 2005

Chief Executive and Accountable Officer

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

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

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

This designation carries with it, responsibility for the propriety and regularity of financial transactions under my control and for the economical, efficient and effective use of resources placed at the Board's disposal.

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

Signed Date: 26 July 2005

Chief Executive

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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

We have audited the financial statements which comprise the Operating Cost Statement, the Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and notes set out on pages 17 to 34 and 36 to 56 under the National Health Service (Scotland) Act 1978. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 21 to 25.

This report is made solely to the parties to whom it is addressed, and not to individual members, in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective responsibilities of the Board Members, Accountable Officer and Auditors

As described on pages 9 and 13, the Board and the Accountable Officer of NHS Greater Glasgow are responsible for the preparation of the financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder. The Accountable Officer is responsible for ensuring the regularity of expenditure and income. The Board and Accountable Officer are also responsible for the preparation of the Directors' Report. Our responsibilities, as independent auditors, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder and whether, in all material respects, the expenditure and income shown in the financial statements were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We also report if, in our opinion, NHS Greater Glasgow has not kept proper accounting records, or if we have not received all the information and explanations we required for our audit.

We review whether the Statement on pages 10 to 12 complies with the guidance issued by the Scottish Executive Health Department, "Corporate Governance: Statement on Internal Control". We report if, in our opinion, the statement does not comply with the guidance or if it is misleading or inconsistent with other information we are aware of from our audit. We are not required to consider whether the Statement covers all risks and controls, or form an opinion on the effectiveness of NHS Greater Glasgow's corporate governance procedures or its risk and control procedures.

Additionally, we read the Directors' Report published with the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

Basis of audit opinion

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and income shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of NHS Greater Glasgow and the Accountable Officer in the preparation of the financial statements and of whether the accounting policies are appropriate to NHS Greater Glasgow's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

Financial Statements

In our opinion, the financial statements give a true and fair view of the state of affairs of the Board as at 31 March 2005 and of its net operating cost, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder.

Regularity

The Counter Fraud Services (CFS) of the National Support Services (NSS) performs testing in relation to patient exemptions with regard to pharmacy, dental and ophthalmic charges for the whole of Scotland. On the basis of the data obtained, the CFS extrapolates the information to give an estimated (and possible) total value for patient exemptions that may be non eligible. The extrapolation for NHS Greater Glasgow for 2004/05 suggests that exemptions amounting to £6.1 million may have been given that were not eligible. As a result of the work by the CFS and the potential control deficiencies which may exist, the Board has outlined this matter concerning patient exemptions in its Statement of Internal Control and Directors' Report.

In our opinion and taking account of the above noted matter, 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.

PricewaterhouseCoopers LLP
Glasgow
26 July 2005

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

Independent Auditor's Report to the members of NHS Greater Glasgow

As independent auditor, we have audited the account of Greater Glasgow Health Council for the year ended 31 March 2005 as set out in note 8 of the Financial Statements.

This report is made solely to the parties to whom it is addressed in accordance with The National Health Service (Local Health Councils) (Scotland) Regulations 1990 and the Code of Audit Practice approved by the Auditor General for Scotland and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Local Health Council and Auditor

The Local Health Council is normally responsible for the preparation of the account in terms of Regulation 14(3) of The National Health Service (Local Health Councils) (Scotland) Regulations 1990. The members of NHS Greater Glasgow have confirmed that this responsibility has been discharged. It is our responsibility, based on our audit, to form an independent opinion on the account and to report that opinion.

Basis of audit opinion

We conducted our audit in accordance with the guidance issued by Audit Scotland, which principally related to enquiries concerning the circumstances of the Council, the presentation of the account and examination, on a test basis, of selected evidence relevant to the amounts shown in the account.

Opinion

In our opinion the account presents fairly the financial position of the Greater Glasgow Health Council as at 31 March 2005 and its income and expenditure for the year then ended.

PricewaterhouseCoopers LLP
Glasgow
26 July 2005

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

OPERATING COST STATEMENT

2004 £'000		Note	£'000	£'000
	Clinical Services Costs			
1,184,066	Hospital and Community	4	1,305,227	
<u>287,966</u>	Less: Hospital and Community Income	9	<u>321,218</u>	
896,100				984,009
324,898	Family Health	5	350,677	
<u>15,876</u>	Less: Family Health Income	9	<u>16,168</u>	
309,022				<u>334,509</u>
<u>1,205,122</u>	Total Clinical Services Costs			1,318,518
11,675	Administration Costs	6	11,721	
<u>7</u>	Less: Administration Income	9	<u>5</u>	
11,668				11,716
17,948	Other Non Clinical Services	7	21,278	
<u>19,670</u>	Less: Other Operating Income	9	<u>18,198</u>	
<u>(1,722)</u>				3,080
247	Local Health Councils	8		261
<u>1,215,315</u>	Net Operating Costs	20		<u>1,333,575</u>

SUMMARY OF REVENUE RESOURCE OUTTURN

2004 £'000			£'000
1,215,315	Net Operating Costs (per above)		1,333,575
0	Less: Capital Grants to / (from) Public Bodies	10	(238)
<u>(117,733)</u>	Less: FHS Non Discretionary Allocation	SFR 1	<u>(64,592)</u>
(247)	Less: Local Health Council Allocation/Expenditure	8	(261)
<u>(465)</u>	Less: Other Allocations (Public Health Trainees)		<u>(427)</u>
1,096,870	Net Resource Outturn		1,268,057
<u>1,101,880</u>	Revenue Resource Limit	SFR 1	<u>1,280,160</u>
5,010	Saving/(excess) against Revenue Resource Limit		<u>12,103</u>

MEMORANDUM FOR IN YEAR OUTTURN

0	Brought forward deficit (surplus) from previous financial year	<u>(5,010)</u>
5,010	Saving/(excess) against in year Revenue Resource Limit	<u>7,093</u>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

STATEMENT OF RECOGNISED GAINS AND LOSSES

2004 £'000		Note	£'000
110,118	Net gain/(loss) on revaluation of tangible fixed assets	12	30,806
0	Net gain/(loss) on revaluation of intangible fixed assets	11	0
<u>818</u>	Movement in Donated Asset Reserve due to receipts	21	<u>1,218</u>
<u>110,936</u>	Total recognised gains and (losses) for the year		<u>32,024</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**BALANCE SHEET
AS AT 31 MARCH 2005**

2004 £'000	Note	£'000	£'000
FIXED ASSETS			
362 Intangible Fixed Assets	11	297	
<u>819,656</u> Tangible fixed assets	12	<u>877,173</u>	
<u>820,018</u> Total Fixed Assets			877,470
<u>10,657</u> Debtors falling due after more than one year	14		3,789
 CURRENT ASSETS			
15,560 Stocks	13	16,610	
37,247 Debtors	14	46,399	
0 Investments	15	0	
<u>7,560</u> Cash at bank and in hand	16	<u>5,476</u>	
<u>60,367</u>		68,485	
 CURRENT LIABILITIES			
<u>(141,361)</u> Creditors due within one year	17	<u>(191,115)</u>	
<u>(80,994)</u> Net current assets/(liabilities)			<u>(122,630)</u>
<u>749,681</u> Total assets less current liabilities			758,629
(199) CREDITORS DUE AFTER MORE THAN 1 YEAR	17	(222)	
<u>(79,129)</u> PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(70,330)</u>	
<u>(79,328)</u>			<u>(70,552)</u>
<u>670,353</u>			<u>688,077</u>
 FINANCED BY:			
470,251 General Fund	20		458,333
190,656 Revaluation Reserve	21		219,626
<u>9,446</u> Donated Asset Reserve	21		<u>10,118</u>
<u>670,353</u>			<u>688,077</u>

Adopted by the Board on 26 July 2005

..... Acting Director of Finance

.....Chief Executive

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2005**

2004 £'000		Note	£'000	£'000
	NET OPERATING CASHFLOW			
(1,231,516)	Net cash outflow from operating activities			(1,131,843)
	CAPITAL EXPENDITURE			
(35,619)	Payment to acquire fixed assets		(62,090)	
<u>5,280</u>	Receipts from sales of fixed assets		<u>175</u>	
<u>(30,339)</u>	Net cash inflow / (outflow) for capital expenditure			<u>(61,915)</u>
<u>(1,261,855)</u>	Net cash inflow / (outflow) before Financing			<u>(1,193,758)</u>
	FINANCING			
1,260,539	Funding	20	1,193,315	
<u>2,668</u>	Movement in general fund working capital	20	<u>(473)</u>	
1,263,207	Cash drawn down	G/F	1,192,842	
<u>0</u>	Capital element of finance lease and PFI payments		<u>0</u>	
<u>1,263,207</u>	Net cash inflow from financing			<u>1,192,842</u>
<u>1,352</u>	Increase/(decrease) in cash in year			<u>(916)</u>
	NOTES			
	1. Reconciliation of operating cost to operating cash flow			
(1,215,321)	Net Operating Cost for the year	OCS		(1,333,575)
(11,248)	Expenditure not involving payment of cash	3		63,706
<u>(4,947)</u>	Net movement on working capital	19		<u>138,026</u>
<u>(1,231,516)</u>	Operating cash outflow			<u>(1,131,843)</u>
	2. Reconciliation of net cash flow to movement in net debt/cash			
1,352	Increase/(decrease) in cash in year			(916)
<u>2,816</u>	Net debt/cash at 1 April	16		<u>4,168</u>
<u>4,168</u>	Net debt/cash at 31 March	16		<u>3,252</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 1. ACCOUNTING POLICIES

1. Authority

The Accounts have been prepared in accordance with the Resource Accounting Manual (RAM) issued by HM Treasury, to the extent that the Scottish Executive Health Department has directed as being appropriate to Unified Health Boards in the manual for Accounts. They have been applied consistently in dealing with items considered material in relation to the accounts.

The particular accounting policies adopted by the Health Board follow UK generally accepted accounting practice (UK GAAP) and HM treasury's Resource Accounting Manual to the extent that they are meaningful and appropriate to the NHS, as determined by SEHD, and are described below.

Merger of Former NHS Trust Activities and Assets

The following NHS Trusts were dissolved on 31 March 2004: North Glasgow University Hospitals NHS Trust, South Glasgow University Hospitals NHS Trust, Yorkhill Hospitals NHS Trust, and Greater Glasgow Primary Care NHS Trust. On that date the assets and liabilities of the former NHS Trusts transferred to Greater Glasgow Health Board together with the functions of the former Trusts. This has been accounted for using Merger Accounting, as described in FRS 6, as amended by section 8.8 of the RAM. The carrying values of assets and liabilities have not been adjusted to fair values and no goodwill has been recognised. The results and cash flows of the former Trusts have been brought into account from the start of the financial year and prior year comparative figures have also been restated to reflect the merger.

2. 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.

The Going Concern Concept has been applied to the provision of patient care services formerly carried out by the former Trusts within the Board area. Assets and liabilities of the Trusts were transferred to the Board on 31/03/04 at the values recorded in the accounts of the Trusts for the year/period ended 31/03/04.

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.

3. Funding

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

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

For non-discretionary expenditure, a notional allocation is assumed, equal to actual expenditure.

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

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

4. Fixed Assets

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

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

4.1 Capitalisation

All assets falling into the following categories are capitalised:

- 1) 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.
- 2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a networked computer system purchased at approximately the same time and cost over £5,000 in total, or where they are part of the initial costs of equipping a new development and total over £5,000.
- 4) 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.

4.2 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 appointed by the Scottish Ministers under a rolling 5-year programme of professional valuations and appropriate indices in intervening years. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Executive Health Department. In addition, in accordance with SEHD guidance, the Board has applied market values to all non-operational properties and existing use values to non-specialised properties.

Valuations were carried out by the Valuation Office Agency under the 5-year programme, the Board also appointed a private surveyor (Pollok and Buchan) to value the estate.

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

Assets in the course of construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. To meet the underlying objectives established by the Scottish Executive Health Department the following accepted variations of the RICS Appraisal and Valuation Manual have been required: Specialised operational assets have been valued on a replacement rather than a modern substitute basis;

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

No adjustment has been made to the cost figures of operational assets in respect of dilapidations; and Additional alternative Open Market Value figures have only been supplied for specialised operational assets scheduled for imminent closure and subsequent disposal.

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.

4.3 Depreciation

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

- 1) Freehold land and assets in the course of construction are not depreciated.
- 2) 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.
- 3) 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	-	-

4.4 Donated Assets

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

4.5 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.

4.6 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

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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.

4.7 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.

5. Research and Development

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

6. Debtors and Creditors

Debtors and Creditors have been assessed on the basis of goods and services supplied or received up to and including 31 March 2005 for which payment had not been received or made by that date.

7. 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.

8. 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.

9. Pension Costs

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

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

NHS GREATER GLASGOW

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

10. Clinical and Medical Negligence Costs

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

11. Related Party Transactions

FRS 8 requires disclosure of material related party transactions. Transaction with other NHS bodies for the commissioning of health care are summarised in note 3. Transactions with health bodies, eg sharing administration costs, or with individuals are disclosed if material.

12. Liquid Resources

Investments which are not accessible within 24 hours without loss of interest but which do not mature in a period greater than one year are classified as current asset investments in the balance sheet. Net cash at bank, includes deposits and overdrafts are deducted in arriving at the figure disclosed in the cash flow statement. The amounts shown in the balance sheet are analysed between Cash At Bank And In Hand and Overdrafts, which are included in creditors. The amount shown in the cash flow statement includes deposits, cash and credit balances less overdrafts.

13. 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.

14. 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
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 2. (a) STAFF NUMBERS AND COSTS

2004 £'000	Executive Board Members £'000	Non Executive Members £'000	Employed Staff £'000	Other Staff £'000	Total £'000
STAFF COSTS					
640,819 Salaries and wages	334	214	671,308	0	671,856
49,843 Social security costs	44	16	56,328	0	56,388
27,608 NHS scheme employers' costs	54	0	74,316	0	74,370
0 Other employers' pension costs	0	0	0	0	0
<u>32,552</u> Agency staff	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,258</u>	<u>13,258</u>
750,822	432	230	801,952	13,258	815,872
0 Compensation for loss of office	0	0	0	0	0
<u>0</u> Pensions to former board members	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>750,822</u> TOTAL	<u>432</u>	<u>230</u>	<u>801,952</u>	<u>13,258</u>	<u>815,872</u>
ANNUAL STAFF NUMBERS MEAN (EMPLOYEES BY WHOLE TIME EQUIVALENT)					ANNUAL MEAN
138.1 Administration Costs					138.9
24,100.1 Hospital and Community Services					24,849.0
140.0 Non Clinical Services					140.7
5.0 Local Health Councils					4.7
<u>16.7</u> Other, including recharge Trading Accounts					<u>17.3</u>
<u>24,399.9</u> Board Total Average Staff					<u>25,150.6</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 2. (b) BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - CURRENT YEAR

	Salary (Bands of £5,000)	Real increase in pension At age 60 (Bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2004	Cash Equivalent Transfer Value (CETV) at 31 March 2005	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: T Divers	110-115	0-5	40-45	623	712	65	0
Director of Public Health: H Burns	150-155	5-10	25-30	410	515	85	0
Director of Finance: W Hull (to Feb 05)	75-80	0-5	0-5	47	61	8	3
Non Executive Members							
The Chair: J Arbuthnott	35-40	0 - 0	0 - 0	0	0	0	0
Non Exec Director : F Angell	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : J Bannon	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : R Cleland	20-25	0 - 0	0 - 0	0	0	0	0
Non Exec Director : J Coleman	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : D Collins	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : R Dhir	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : R Duncan	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : W Goudie	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : P Hamilton	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : J Handibode	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : S Kuenssberg	20-25	0 - 0	0 - 0	0	0	0	0
Non Exec Director : G McLaughlin	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : J Murray	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : R Nijjar	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : A Paul	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : E Smith	20-25	0 - 0	0 - 0	0	0	0	0
Non Exec Director : A Stewart	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : A White	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : A Robertson	20-25	0 - 0	0 - 0	0	0	0	0
Non Exec Director : R Groden	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director : D Barlow	0-5	0 - 0	0 - 0	0	0	0	0
Other Snr Employees							
Director for Planning & Community Care: C Renfrew	90-95	0-5	20-25	219	266	36	0
Acting Director of Health Promotion: E Borland	60-65	0-5	20-25	285	341	46	0
Acting Director of Finance: D Griffin (from Feb 05)	15-20	0-5	10-15	185	219	23	0
Acting Chief Exec PCD / Director of Human Resources: Ian Reid	100-105	0-5	10-15	160	195	25	0
Chief Executive North Glasgow Division: T Davison	125-130	0-5	20-25	282	321	23	0
Chief Executive South Glasgow Division: R Calderwood	110-115	0-5	25-30	390	436	28	0
Chief Executive Yorkhill Division: J Best	80-85	0-5	15-20	206	231	14	0
Total				2,807	3,297	353	3

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 2. (c) BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION - PRIOR YEAR

	Salary (Bands of £5,000)	Real increase in pension At age 60 (Bands of £5,000)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2003	Cash Equivalent Transfer Value (CETV) at 31 March 2004	Real increase in CETV in year	Benefits in kind
				£'000	£'000	£'000	£'000
Remuneration of:							
Executive Members							
Chief Executive: T Divers	105-110	0-5	35-40	551	623	51	0
Director of Public Health: H Burns	130-135	0-5	20-25	361	410	31	0
Director of Finance: W Hull	85-90	0-5	0-5	25	47	16	3
Non Executive Members							
The Chair: J Arbutnott	35-40	0 - 0	0 - 0	0	0	0	0
Non Exec Director D Collins	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director R Duncan	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director M Farthing (to 30/09/03)	0-5	0 - 0	0 - 0	0	0	0	0
Non Exec Director W Goudie	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director J Gray (to 15/06/03)	0-5	0 - 0	0 - 0	0	0	0	0
Non Exec Director J Handibode	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director F Angell (From 16/06/03)	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director J Coleman (From 16/06/03)	0-5	0 - 0	0 - 0	0	0	0	0
Non Exec Director P Hamilton	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director R Nijjar	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director J Nugent	5-10	0 - 0	0 - 0	0	0	0	0
Non Exec Director A White (From 28/07/03)	0-5	0 - 0	0 - 0	0	0	0	0
Other Snr Employees							
Director for Planning & Community Care: C Renfrew	80-85	0-5	15-20	189	219	20	0
Acting Director of Health Promotion: E Borland	55-60	0-5	15-20	256	285	19	0
Total				1,382	1,584	137	3

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 2. (d) HIGHER PAID EMPLOYEES REMUNERATION

2004 Number		Number
	Other employees whose remuneration fell within the following ranges:	
	Clinicians	
375	£ 50,000 to £ 60,000	405
295	£ 60,001 to £ 70,000	313
162	£ 70,001 to £ 80,000	167
161	£ 80,001 to £ 90,000	126
165	£ 90,001 to £100,000	170
114	£100,001 to £110,000	137
90	£110,001 to £120,000	101
57	£120,001 to £130,000	69
19	£130,001 to £140,000	48
16	£140,001 to £150,000	20
20	£150,001 and above	29
	Other	
39	£ 50,000 to £ 60,000	61
16	£ 60,001 to £ 70,000	21
4	£ 70,001 to £ 80,000	10
7	£ 80,001 to £ 90,000	6
6	£ 90,001 to £100,000	6
2	£100,001 to £110,000	1
2	£110,001 to £120,000	3
1	£120,001 to £130,000	2
0	£130,001 to £140,000	0
0	£140,001 to £150,000	0
0	£150,001 and above	0

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 3. OTHER OPERATING COSTS

2004 £'000	Note	£'000
Expenditure Not Paid In Cash		
13,839 Depreciation	12	35,932
18,016 Cost of Capital	20	23,037
0 Impairments	12	3,539
535 Revaluation loss on fixed assets charged to OCS		0
0 Loss/(Profit) on disposal of intangible fixed assets		0
(14,376) Loss/(Profit) on disposal of purchased fixed assets		103
0 Prior Year Capital Charges paid in cash for NHS Trusts	20	0
0 Other non cash costs		1,095
18,014 Total Expenditure Not Paid In Cash	CFS	63,706
0 Research and Development Written Off		0
12,754 Travel, Subsistence and Hospitality		16,644
Interest Payable		
0 Interest on late payment of commercial debt		0
0 Bank and other interest payable		0
0 Finance lease charges allocated in the year		0
0 Other Interest		0
0 Total		0
Operating Lease Rentals:		
1,063 Hire of equipment (including vehicles)		1,360
3,569 Other operating leases		4,083
4,632 Total		5,443
Aggregate Rentals Receivable in the year		
0 Total of finance & operating leases		0
Statutory Audit		
498 External auditor's remuneration and expenses		566
PFI/PPP and Similar Contracts		
0 Interest charge relating to on-balance-sheet PFI/PPP contracts		0
0 Other charges relating to on-balance-sheet PFI/PPP contracts		0
4,943 Service charge relating to off-balance-sheet PFI/PPP contracts		5,096
4,943 Total		5,096

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2004		£'000
	BY PROVIDER	
1,063,896	Treatment in Board area of NHSScotland Patients	1,180,211
18,380	Other NHSScotland Bodies	20,503
1,062	Health Bodies outside Scotland	1,120
192	Primary care bodies	212
12,980	Private sector	12,676
	Community Care	
77	Support Finance	75
74,532	Resource Transfer	76,828
1,844	Donations to Voluntary Bodies	1,993
<u>9,678</u>	Other Health Care, including Charities	<u>10,516</u>
1,182,641	Total NHSScotland Patients	1,304,134
<u>1,425</u>	Treatment of UK residents based outside Scotland	<u>1,093</u>
<u>1,184,066</u>	Total Hospital & Community Health Service	<u>1,305,227</u>
	BY SERVICE CATEGORY	
644,791	Acute services	707,184
56,285	Maternity services	60,126
43,138	Geriatric Assessment	46,665
148,259	Mental health services	169,788
48,427	Learning Disability	48,864
38,823	Geriatric Long Stay	40,291
3,975	Young Physically Disabled	4,231
111,820	Other community services	121,981
<u>28,186</u>	Other services	<u>29,768</u>
1,123,704	Total Care Expenditure	1,228,898
	Other Funding	
24,531	Additional Costs of Teaching	29,855
12,319	Research & Development	13,870
1,424	UK Residents based outside Scotland	1,093
<u>22,088</u>	Other	<u>31,511</u>
<u>1,184,066</u>	Total as Above	<u>1,305,227</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 5. FAMILY HEALTH SERVICE EXPENDITURE

2004 £'000	Note	Unified Budget £'000	Non Disc £'000	TOTAL £'000
90,953 Primary Medical Services	SFR 9.0	107,287		107,287
183,642 Pharmaceutical Services	SFR 10	167,541	20,259	187,800
41,592 General Dental Services	SFR 11	834	45,425	46,259
<u>8,711</u> General Ophthalmic Services	SFR 12		<u>9,331</u>	<u>9,331</u>
<u>324,898</u> Total	OCS	<u>275,662</u>	<u>75,015</u>	<u>350,677</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 6. ADMINISTRATION COSTS

2004 £'000		£'000
494	Board members' remuneration	814
650	Administration of Board Meetings and Committees	758
607	Corporate Governance and Statutory Reporting	1,287
5,642	Health Planning, Commissioning and Performance Reporting	5,705
535	Treasury Management and Financial Planning	509
890	Public Relations	614
<u>2,857</u>	Other	<u>2,034</u>
<u>11,675</u>	Total administration costs	<u>OCS</u> <u>11,721</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 7. OTHER NON CLINICAL SERVICES

2004 £'000		£'000
0	Nurse Teaching	0
1,491	Occupational Health	1,596
48	Closed hospital charges	363
1,166	Compensation payments - Clinical	3,548
359	Compensation payments - Other	698
1,772	Pension enhancement & redundancy	(299)
113	Patients' Travel Attending Hospitals	109
28	Patients' Travel Highlands and Islands scheme	29
265	Clinical Audit	315
9,920	Health Promotion	9,058
735	Public Health	907
462	Public Health Medicine Trainees	427
69	Emergency Planning	68
0	Post Graduate Medical Education	0
0	Shared Services	0
112	Loss on disposal of fixed assets	209
<u>1,408</u>	Other	<u>4,250</u>
<u>17,948</u>	Total Other Non Clinical Services	<u>OCS 21,278</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 8. LOCAL HEALTH COUNCILS

2004 £'000		£'000	£'000
	Salaries & Wages		
141	Administrative Staff	151	
	Travel & Subsistence		
3	Council Members-Travel	5	
0	Council Members-Loss of Earning	0	
2	Staff-Travel	2	
7	Staff-Course Fees & Expenses	<u>1</u>	
<u>153</u>			159
	ACCOMMODATION EXPENSES		
0	Property Maintenance	0	
3	Cleaning	3	
3	Furniture, Fittings & Equipment.	8	
0	Heat, Light & Power	0	
0	Rent & Rates	<u>0</u>	
<u>6</u>			11
	RUNNING EXPENSES		
11	Advertising & Publicity	10	
0	Fund Raising	0	
11	Posts, Telephone & Carriage	13	
15	Printing & Stationery	18	
12	Subscriptions – Nat. Assoc.	12	
39	Other	<u>38</u>	
<u>88</u>			91
	INCOME		
<u>(0)</u>	From other than host NHS board		<u>(0)</u>
<u>247</u>	Total Expenditure	<u>OCS</u>	<u>261</u>

I certify that the foregoing Account is correct and in accordance with the Books of Account.

_____ NHS Board Acting Director of Finance

_____ NHS Board Chief Executive

26 July 2005

As of 1 April 2005 the Greater Glasgow Health Council was dissolved, and its functions transferred to the Scottish Health Council.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 9. OPERATING INCOME

2004 £'000		£'000
	HCH Income	
	NHSScotland Bodies	
10,349	- SEHD	27,771
251,911	- Boards	268,336
	Non NHS	
233	Private Patients	193
1,334	RTA Income	1,167
<u>24,139</u>	Other HCH income	<u>23,751</u>
<u>287,966</u>	Total HCH Income	<u>321,218</u> OCS
	FHS Income	
6,430	Discretionary	6,126 Sfr 4
	Non Discretionary	
0	General Medical Services	
9,446	General Dental Services	10,042 Sfr 4
<u>0</u>	General Ophthalmic Services	<u>0</u> Sfr 4
<u>15,876</u>	Total FHS Income	<u>16,168</u> OCS
<u>7</u>	Administration Income	<u>5</u> OCS
	Other Operating Income	
2,230	NHS Bodies	2,169
(383)	Contributions in respect of Clinical/medical negligence claims	884
321	Profit on disposal of fixed assets	52
984	Transfer from Donated Asset Reserve in respect of Depreciation	966
0	Transfer from Donated Asset Reserve in respect of Disposals	0
0	Transfer from Donated Asset Reserve in respect of Impairment	0
1,616	Interest Received	16
<u>14,902</u>	Other	<u>14,111</u>
<u>19,670</u>	Total Other Operating Income	<u>18,198</u> OCS
<u>323,519</u>	Total Income	<u>355,589</u>
<u>254,141</u>	Of the above, the amount derived from NHS bodies is	<u>270,505</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 10. ANALYSIS OF CAPITAL EXPENDITURE

2004 £'000		Note	£'000
	EXPENDITURE		
16	Acquisition of Intangible Fixed Assets	11	62
31,466	Acquisition of Tangible Fixed Assets	12	66,132
<u>0</u>	Capital Grants to / (from) Public Bodies	OCS	<u>238</u>
<u>31,482</u>	Gross Capital Expenditure		<u>66,432</u>
	INCOME		
0	Net book value of disposal of Intangible Fixed Assets	11	0
<u>3,084</u>	Net book value of disposal of Tangible Fixed Assets	12	<u>278</u>
<u>3,084</u>	Capital Income		<u>278</u>
<u>28,398</u>	Net Capital Expenditure		<u>66,154</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

28,398	Net capital expenditure as above		66,154
<u>28,418</u>	Capital Resource Limit	Sfr1	<u>66,213</u>
<u>20</u>	Saving/(excess) against Capital Resource Limit		<u>59</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 11. INTANGIBLE FIXED ASSETS

	Software Licences £'000	Other Intangible £'000	Total £'000
Cost or Valuation:			
As at 1st April 2004	428	0	428
Additions	62	0	62
Donations	0	0	0
Transfers	0	0	0
Disposals	(0)	(0)	(0)
Revaluation	0	0	0
Impairment	(0)	(0)	(0)
	<hr/>	<hr/>	<hr/>
At 31st March 2005	490	0	490
Amortisation			
At 1st April 2004	66	0	66
Provided during the year	127	0	127
Transfers	0	0	0
Disposals	(0)	(0)	(0)
Revaluation	0	0	0
Impairment	0	0	0
	<hr/>	<hr/>	<hr/>
At 31st March 2005	193	0	193
Net Book Value at 1st April	<hr/> 362	<hr/> 0	<hr/> 362
Net Book Value at 31 March	B.S <hr/> 297	<hr/> 0	<hr/> 297

NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

NOTE 12. (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 2004	710,972	53	1,752	156,213	14,595	2,198	44,164	929,947
Additions	8,129	0	244	7,919	395	9	49,436	66,132
Completions	7,790	0	0	753	0	0	(8,543)	0
Transfers	10,537	0	0	8,320	109	0	(18,966)	0
Revaluation	27,113	153	(3)	70	0	6	3,691	31,030
Impairment	(2,247)	(0)	(0)	(0)	(0)	(0)	(919)	(3,166)
Disposals	(370)	(0)	(412)	(2,248)	(0)	(0)	(0)	(3,030)
At 31 March 2005	761,924	206	1,581	171,027	15,099	2,213	68,863	1,020,913
Depreciation								
At 1 April 2004	0	0	999	106,694	10,350	1,694	0	119,737
Provided during the year	24,706	(8)	147	9,498	1,342	95	25	35,805
Transfers	0	0	0	0	0	0	0	0
Revaluation	680	0	(1)	13	0	2	0	694
Impairment	373	(0)	(0)	(0)	(0)	(0)	(0)	373.0
Disposals	(370)	(0)	(393)	(1,989)	(0)	(0)	(0)	(2,752)
At 31 March 2005	25,389	-8	752	114,216	11,692	1,791	25	153,857
Net book value at 1 April 2004	710,972	53	753	49,519	4,245	504	44,164	810,210
Net book value at 31 March 2005	736,535	214	829	56,811	3,407	422	68,838	867,056
Open Market Value of Land and Dwellings Included Above	7,896	214						

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 12. (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 2004	5,227	0	116	19,880	129	24	466	25,842
Additions	0	0	0	100	26	0	1,092	1,218
Completions	0	0	0	198	0	0	(198)	0
Transfers	372	0	0	0	0	0	(372)	0
Revaluation	483	0	0	0	0	0	0	483
Impairment	(30)	(0)	(0)	(0)	(0)	(0)	(20)	(50)
Disposals	(0)	(0)	(0)	(231)	(0)	(0)	(0)	(231)
At 31 March 2005	6,052	0	116	19,947	155	24	968	27,262
Depreciation								
At 1 April 2004	252	0	105	15,891	124	24	0	16,396
Provided during the year	171	0	5	788	3	0	0	967
Transfers	0	0	0	0	0	0	0	0
Revaluation	13	0	0	0	0	0	0	13
Impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Disposals	(0)	(0)	(0)	(231)	(0)	(0)	(0)	(231)
At 31 March 2005	436	0	110	16,448	127	24	0	17,145
At start of year	4,975	0	11	3,989	5	0	466	9,446
At end of year	5,616	0	6	3,499	28	0	968	10,117
Open Market Value of Land and Dwellings Included Above	0	0						

The 5 year rolling programme of valuations this year included all Board Properties and associated fixtures. And was carried out by the Valuations Office Agency. Management also exercised their right to employ a private surveyor to value the estate and appointed Pollok and Buchan. The basis of valuation was depreciated replacement cost for specialised properties and market value for non-specialised or surplus properties. The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuations Practice and Guidance notes, subject to the special requirements of the accounting practices of the NHS. The effect of the valuation on the asset categories are shown in notes 12a & b above.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 12. (c) FIXED ASSET DISCLOSURES

2004 £'000	£'000
Net book value of tangible fixed assets at 31 March	
810,210 Purchased	12a 867,056
<u>9,446 Donated</u>	12b <u>10,117</u>
<u>819,656 Total</u>	B.S <u>877,173</u>
<u>414</u> Net book value related to land valued at open market value at 31 March	<u>7,896</u>
<u>0</u> Net book value related to buildings valued at open market value at 31 March	<u>214</u>
Total value of assets held under:	
0 Finance Leases and Hire Purchase Contracts	0
<u>0</u> PFI/PPP contracts	<u>0</u>
<u>0</u>	<u>0</u>
Total depreciation charged in respect of assets held under:	
0 Finance leases and hire purchase contracts	0
<u>0</u> PFI and PPP contracts	<u>0</u>
<u>0</u>	<u>0</u>

Land and buildings due to be valued in the year were valued by the Valuation Office Agency at 31 March on the basis of existing use or market value, where no longer in use. Other tangible fixed assets were revalued under the rolling programme on the basis of indices at 31 March.

The net impact was an increase in value of £27m, of which £30m was credited to the revaluation reserve and £3m charged to the operating cost statement.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 13. STOCK AS AT 31 MARCH 2005

2004		£'000
£'000		£'000
15,442	Raw Materials and Consumables	16,499
0	Work in Progress	0
<u>118</u>	Finished Goods	<u>111</u>
<u>15,560</u>	Total Stock	<u>16,610</u>

[BS](#)

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 14. DEBTORS AT 31 MARCH 2005

2004 £'000		Note	£'000
	Debtors due within one year		
	NHSScotland		
0	- SEHD		208
<u>8,025</u>	- Boards	SFR 30	<u>15,864</u>
8,025	Total NHSScotland Debtors		16,072
56	General Fund Debtor		0
2,335	VAT recoverable		2,029
10,864	Prepayments and accrued income		8,811
13,825	Other Debtors		17,733
2,142	Reimbursement of provisions		1,754
0	Other Public Sector Bodies		0
<u>37,247</u>	Total Debtors due within one year	B.S	<u>46,399</u>
	Debtors due after more than one year		
	NHSScotland		
0	- SEHD		0
2,679	- Boards		0
0	Other Public Sector Bodies		0
0	Prepayments and accrued income		0
7,978	Other Debtors		3,789
<u>0</u>	Reimbursement of Provisions		<u>0</u>
<u>10,657</u>	Total Debtors due after more than one year	B.S	<u>3,789</u>
<u>47,904</u>	TOTAL DEBTORS		<u>50,188</u>
<u>651</u>	The total debtors figure above includes a provision for bad debts of :		<u>458</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 15. INVESTMENTS AT 31 MARCH 2005

2004 £'000	£'000
0 Government securities	0
0 Bank Deposits	0
0 Other	0
<hr/>	<hr/>
0 TOTAL	BS 0

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 16. CASH AT BANK AND IN HAND

	Note	At 01/04/04 £'000	Cash Flow £'000	At 31/03/05 £'000
PGO account balance		7,359	(2,117)	5,242
Cash at bank and in hand		201	33	234
Total cash - balance sheet	<u>B.S</u>	7,560	(2,084)	5,476
Overdrafts	<u>17</u>	(3,392)	1,168	(2,224)
Total cash - cash flow statement		4,168	(916)	3,252
		<u>CFS</u>		<u>CFS</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 17. CREDITORS AT 31 MARCH 2005

2004 £'000	Note	£'000
Creditors due within one year		
NHSScotland		
191 - SEHD		62
<u>2,847 - Boards</u>	SFR 30	<u>4,501</u>
3,038 Total NHSScotland Creditors		4,563
3,781 General Fund Creditor		3,252
27,514 FHS Practitioners		36,376
12,554 Trade Creditors		30,549
58,784 Accruals		76,895
5,104 Payments received on account		3,877
0 Interest payable		0
0 Net obligations under Finance Leases	25	0
0 Net obligations under PFI Contracts	26	0
3,392 Bank overdrafts		2,224
17,790 Income tax and social security		20,976
0 Clinical/Medical negligence claims		0
441 VAT		415
0 Other Public Sector Bodies		0
8,963 Other creditors		11,988
<u>141,361 Total Creditors due within one year</u>	BS	<u>191,115</u>
Creditors due after more than one year		
NHSScotland		
0 - SEHD		0
0 - Boards		0
0 Other Public Sector Bodies		0
0 Net obligations under Finance Leases due within 5 years	25	0
0 Net obligations under Finance Leases due after 5 years	25	0
0 Net obligations under PFI Contracts due within 5 years	26	0
0 Net obligations under PFI Contracts due after 5 years		0
<u>199 Other</u>		<u>222</u>
<u>199 Total Creditors due after more than one year</u>	BS	<u>222</u>
<u>141,560 TOTAL CREDITORS</u>		<u>191,337</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 18. PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions £'000	Clinical & Medical £'000	Other £'000	Total £'000
At 1 April 2004	51,663	9,770	17,696	79,129
Arising during the year	3,103	2,850	10,292	16,245
Utilised during the year	(2,782)	(1,028)	(15,738)	(19,548)
Reversed unutilised	(2,727)	(1,690)	(1,079)	(5,496)
At 31 March 2005	49,257	9,902	11,171	70,330

[BS](#)

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as debtors in note 14.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 19. MOVEMENT ON WORKING CAPITAL BALANCES

	Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
STOCK				
Balance Sheet	13	15,560	16,610	
Net Decrease/(Increase)				(1,050)
INVESTMENTS				
Balance Sheet	15	0	0	
Net Decrease/(Increase)				0
DEBTORS				
Due within one year	14	37,247	46,399	
Due after more than one year	14	10,657	3,789	
Included in General Fund		0	4,518	
		47,904	54,706	
Less: Capital included in above		0	0	
Less: General Fund Debtor included in above		(56)	0	
		47,848	54,706	
Net Decrease/(Increase)				(6,858)
CREDITORS				
Due within one year	17	141,361	191,115	
Included in General Fund		0	101,491	
Due after more than one year	17	199	222	
Less: Capital included in above		(5,262)	(9,367)	
Less: Bank Overdraft	17	(3,392)	(2,224)	
Less: General Fund Creditor included in above	17	(3,781)	(3,252)	
Less: Lease and PFI Creditors included in above	17	(0)	(0)	
		129,125	277,985	
Net (Decrease)/Increase				148,860
PROVISIONS				
Balance Sheet	18	79,129	76,203	
Net (Decrease)/Increase				(2,926)
NET MOVEMENT (Decrease)/Increase	CFS			138,026

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 20. GENERAL FUND

2004 £'000		Note	£'000	£'000
<u>444,961</u>	General Fund at 1 April 2004			<u>470,251</u>
1,057	Opening General Fund Creditor / (Debtor)		3,725	
1,263,201	Add: Cash Drawn Down	CFS	1,192,842	
(3,725)	(Less) /Add: Closing General Fund (Creditor) / Debtor		(3,252)	
1,260,533	Net Funding	CFS		1,193,315
(1,215,315)	Net Operating Cost for the Year	OCS		(1,333,575)
18,016	Cost of Capital	3		23,037
2,559	Transfer of Realised Element of Revaluation Reserve	21		1,366
0	Proceeds of Sale of Donated Assets	21		0
(46,015)	Prior Year Capital Charges paid in cash for NHS Trusts	3		
0	Transfer of Fixed Assets from other bodies	12		0
589	Prior Year Adjustments			0
<u>4,923</u>	Other adjustments			<u>103,939</u>
<u>25,290</u>	Net increase / (decrease) in General Fund			<u>(11,918)</u>
<u>470,251</u>	General Fund at 31 March 2005	BS		<u>458,333</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 21. MOVEMENT ON RESERVES

2004 £'000		Note	£'000
	Revaluation Reserve		
190,656	Balance at 1 April		190,656
0	Indexation/Revaluation of fixed assets	12	30,336
(0)	Transfer of realised element to general fund	20	<u>(1,366)</u>
<u>190,656</u>	Balance at 31 March 2005	BS	<u>219,626</u>
	Donated Asset Reserve		
9,446	Balance at 1 April		9,446
0	Indexation/Revaluation of fixed assets	12	470
0	Additions of donated assets	12	1,218
(0)	Release to the Operating Cost Statement		(1,016)
(0)	Transfer of realised element to general fund	20	<u>(0)</u>
<u>9,446</u>	Balance at 31 March 2005	BS	<u>10,118</u>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 22. CONTINGENT LIABILITIES

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

Nature	Value £'000
Clinical and medical compensation payments	15,320
Employer's liability	171
Third party liability	104
Doubtful debts	
Other	918
TOTAL CONTINGENT LIABILITIES	<u>16,513</u>

All of the above liabilities have been estimated on information provided by the Central Legal Office regarding outstanding claims against the Board, and include the total value of all low risk claims, and 50% of the value of medium risk claims. The liabilities have been split into the appropriate category.

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 23. POST BALANCE SHEET EVENTS

Post Balance Sheet events having a material effect on the accounts are:

There are no known events at this time

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 24. COMMITMENTS

Capital Commitments

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

2004 £'000		£'000
	Contracted	
-	Beatson Phase 2	30,589
7,002	Other North Division Commitments	6,387
500	South Glasgow Division Projects	-
4,042	Yorkhill Division Projects	323
11,544	Total	37,299

	Authorised but not Contracted	
1,080	North Glasgow Division Projects	8,812
9,015	South Glasgow Division Projects	-
-	Yorkhill Division Projects	229
10,095	Total	9,041

Other financial commitments

The Board has not entered into any non-cancellable contracts (which are not leases or PFI contracts).

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 25. 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.

2004		£'000
£'000		£'000
Obligations under operating leases comprise:		
Land and Buildings		
20	Within one year	0
21	Between two and five years (inclusive)	21
78	After five years	250
Other		
482	Within one year	808
3,634	Between two and five years (inclusive)	4,257
109	After five years	379

Finance Leases

Commitments under finance leases to pay rentals in years following the year of these accounts are given in the table below.

2004		£'000
£'000		£'000
Obligations under Finance leases comprise:		
Land and Buildings		
0	Rentals due within one year	<u>17</u> 0
0	Rentals due between two and five years (inclusive)	<u>17</u> 0
0	Rentals due after five years	<u>17</u> 0
0		0
0	Less interest element	0
0		0
Obligations under Finance leases comprise:		
Other		
0	Rentals due within one year	<u>17</u> 0
0	Rentals due between two and five years (inclusive)	<u>17</u> 0
0	Rentals due after five years	<u>17</u> 0
0		0
0	Less interest element	0
0		0

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

This total net obligation under finance leases is analysed in Note 17 (Creditors)

NOTE 26. COMMITMENTS UNDER PFI CONTRACTS

The Board has entered into the following PFI contracts.

OFF BALANCE SHEET

72 Bed Elderly Bed facility at Mearns Kirk House - 10th July 1997 to 9th July 2018.

Hospital Information System - contract commenced on 5th March 2001 with EMC Europe. On 28th February 2003 this contracted was novated from the original supplier to Filetek UK Limited and the contract is due to finish on 4th March 2009. The scope of the original contract has been extended to cover the Victoria Infirmary from April 2005.

210 Bed Elderly Bed facility, housing patients in Elderly Assessment, Medicine for the Elderly and younger physically disabled. Contract period 1st April 2001 to 31st March 2029. Value of contract £8.250 million and younger physically disabled. Contract period 1st April 2001 to 31st March 2029.

In December 1997, Yorkhill Trust entered into an off balance sheet Private Finance Initiative/Public Private Partnership contract for a managed service for hospital information systems. The estimated capital value of the asset used by the supplier in the delivery of this service is £2million. This asset is not an asset of the Board. The initial contract is scheduled to end in December 2007.

A) Stobhill Local Forensic Unit - 74 bed self standing Inpatient Unit for patients with forensic psychiatric conditions, capital value £16.4, expected contract sign date July 2005; (B) Gartnavel Royal Hospital - 117 bed self standing Mental Health hospital, capital value £16.6m, expected contract sign date August 2005

ON BALANCE SHEET

There are no liabilities recorded on the balance sheet relating to PFI/PPP projects

Future Commitments

The payments to which the Board is committed during 2005-2006 in respect of PFI/PPP transactions, analysed by the period during which the commitment expires, are as follows:

-	Expiry within 1 year	-
1,320	Expiry within 2 to 5 years	1,498
-	Expiry within 6 to 10 years	-
972	Expiry within 11 to 15 years	995
-	Expiry within 16 to 20 years	-
2,687	Expiry within 21 to 25 years	2,750
-	Expiry within 26 to 30 years	-
<hr/>		<hr/>
4,979	Total	5,243
<hr/>		<hr/>

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

NOTE 27. 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 2004-05, normal employer contributions of £74,370,000 were payable to the SPPA (prior year £27,608,000) at the rate of 14% (5.5% in previous year) of total pensionable salaries. During the accounting period the NHS Board did not incur any additional costs 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 £67,863,000 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.

	2004-05	2003-04
	£'000	£'000
Pension cost charge for the year	74,370	27,608
Additional Costs arising from early retirement	458	687
Provisions/Pre-payments included in the Balance Sheet	49,257	51,663

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 1 ALLOCATIONS FROM THE SCOTTISH EXECUTIVE HEALTH DEPARTMENT

2004 £'000		£'000
	100 ALLOCATIONS - UNIFIED BUDGET	
915,752	110 Revenue Allocations	1,010,013
178,406	112 Primary Care - Unified budget	261,425
250	114 Local Health Councils	266
7,722	116 Other ring-fenced allocations	8,722
1,102,130	118	1,280,426
462	370 Other Allocations	427
1,102,592	580 Total Unified budget	1,280,853
	600 ALLOCATIONS - NON DISCRETIONARY	
117,733	610 Revenue Allocations	64,592
1,220,325	780 Total Revenue Allocations	1,345,445
	791 Less Non RRL Allocations	
(250)	792 Local Health Councils	(266)
(117,733)	793 FHS Non Discretionary Allocation	(64,592)
(462)	794 Other (Public Health Trainees)	(427)
1,101,880	799 Revenue Resource Limit	1,280,160
	800 RING FENCED ALLOCATIONS (MEMORANDUM STATEMENT)	
	Expenditure reported in accounts:	
0	810 Bridging Finance	0
19,322	820 General Medical Services – Unified budget	57,031
1,136	830 Out of Hours Services	1,226
26	840 Hospice Funding	26
554	845 IM & T Strategy	1,255
4,488	850 Drug Misuse	5,488
232	860 DAT Support	232
1,560	870 HIV Prevention	1,560
1,416	880 Dental Teaching	1,416
28,734	890 Total Ring Fenced Allocations	68,234
	900 CAPITAL RESOURCE ALLOCATIONS	
	910	
0	920 Projects below £1 million	0
0	940	0
28,418	950 Projects above £1 million	66,213
0	960 Ring-fenced capital projects	0
0	970	0
28,418	980 Total Capital Allocations	66,213

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 4 FAMILY HEALTH SERVICES INCOME

2004 £'000	Link to:	£'000
	100 UNIFIED BUDGET INCOME	
0	130 Sums withheld from Practitioners	0
	320 Rents of Practitioners' Houses 9	0
	180 Pharmaceutical Services	
5,398	181 Pharmaceutical charges	5,092
992	182 Sale of Pharmaceutical Certificates	1,034
0	183 Collected by Dispensing Doctors	0
0	184 Recovered Direct from Patients	0
0	185 Collected at Health Centres	0
6,390	188 Total Pharmaceutical Services	6,126
6,390	190 Total Unified budget Income 9	6,126
	300 NON DISCRETIONARY INCOME	
	310 General Medical Services	
0	320 Rents of Practitioners' Houses 9	
	500 General Dental Services	
9,446	510 Dental Charges	10,042
0	520 Charges collected in cash	0
9,446	590 Total General Dental Services 9	10,042
	600 General Ophthalmic Services	
0	610 Charges collected in cash 9	0
9,446	700 Total Non Discretionary Income	10,042
15,836	980 TOTAL INCOME	16,168

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 9 TOTAL PRIMARY MEDICAL SERVICES

	Note	£'000
GENERAL MEDICAL SERVICES SECTION 17 J	SFR 9.1	102,884
SECTION 17 C	SFR 9.2	4,403
HEALTH BOARD MEDICAL SERVICES	SFR 9.3	0
Total carried forward to Note 5	5	107,287

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 9.1 GENERAL MEDICAL SERVICES (SECTION 17)

	£'000	£'000
Global Sum	55,287	
MPIG correction factor	10,015	
Total Global Sum and MPIG		65,302
Quality Preparation payments	599	
Quality Aspiration payments	4,829	
Quality Achievement payments	9,578	
Total Quality		15,006
Directed Enhanced Services (Section A below)	3,358	
National Enhanced Services	2,415	
Local Enhanced Services	2,901	
Total Enhanced Services		8,674
PCO Administered (Section B below)		3,719
Premises		7,727
IM&T		1,230
OOHDF		1,226
Total GMS (Section 17J)	SFR 9.0	102,884
SUPPLEMENTARY INFORMATION		
A. Directed Enhanced Services		
Quality Information Preparation Scheme	184	
Childhood vaccination and immunisation Scheme	1,516	
Influenza and Pneumococcal Immunisations	1,116	
Services for violent patients	140	
Minor Surgery	402	
Total Directed Enhanced Services		3,358
B. PCO Administered		
Seniority		2,826
Doctors Retainer Scheme Payments		272
Locum Allowances:		
Adoptive, paternity and maternity	375	
Sickness	82	
Suspended Doctors	0	
		457
Prolonged Study Leave		6
Recruitment and Retention (including Golden Hello)		158
Total PCO Administered		3,719

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 9.2 SECTION 17C SERVICES

	£'000	£'000
Global Sum	1,738	
Total Global Sum		1,738
Quality Preparation payments	10	
Quality Aspiration payments	0	
Quality Achievement payments	205	
Total Quality		215
Directed Enhanced Services (Section A below)	38	
National Enhanced Services	10	
Local Enhanced Services	106	
Total Enhanced Services		154
PCO Administered		57
Premises		248
IM&T		25
OOHDF		0
Balance of PMS Expenditure		1,966
Total Section 17C	SFR 9.0	4,403
SUPPLEMENTARY INFORMATION		
A. Directed Enhanced Services		
Quality Information Preparation Scheme	3	
Childhood vaccination and immunisation Scheme	26	
Influenza and Pneumococcal Immunisations	0	
Services for violent patients	0	
Minor Surgery	9	
Total Directed Enhanced Services		38

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 9.3 HEALTH BOARD MEDICAL SERVICES AND DIRECT PROVISION

	£'000	£'000
Health Board Medical Services:		0
Of Which:		
Enhanced Service Floor	0	
Total Quality Payments	0	
Out of Hours Development Fund	0	
	0	
Total Direct Provision:		0
Of Which:		
Enhanced Services Floor	0	
Total Quality Payments	0	
Out of Hours Development Fund	0	
	0	
Total	SFR 9.0	0

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 10 PHARMACEUTICAL SERVICES

2004 £'000		£'000
	<u>100 NON DISCRETIONARY PAYMENTS</u>	
	104 PAYMENTS TO CHEM.CONT,APPL.SUPP & MED. PRAC.	
19,541	115 Remuneration & Other Fees	20,096
106	125 Model Schemes	163
19,647	190	20,259
	400 SUPERANNUATION	
0	410 NHS Board's Share	0
0	490	0
	770	
19,647	780 Total non discretionary c/f to Note 5	20,259
	<u>810 UNIFIED BUDGET PAYMENTS</u>	
	830 PAYMENTS TO CHEM.CONT, APPL.SUPP & MED.PRAC.	
158,186	835 Drugs and Appliances	161,788
152	840 Needle and Syringe Exchange Scheme	144
27	850 Advice to Residential Homes	19
4,841	860 Methadone Prescribing	4,973
495	870 Oxygen Services	416
25	880 Disposal of patient unwanted medicines	58
12	882 Rota Payments	8
0	884 Collection and Delivery Services	0
165	886 Grants for Pre-Reg. Students	135
92	888 Grants for the Provision of Personal Advice	0
163,995	980 Total Unified Budget c/f to Note 5	167,541

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 11.0 GENERAL DENTAL SERVICES

2004 £'000		£'000	£'000
	NON DISCRETIONARY		
	100 PAYMENTS TO DENTAL PRACTITIONERS		
38,371	110 Treatment & Dentures - Gross Cost	40,597	
241	120 Seniority Payments	349	
897	125 Commitment Payments	961	
0	130 Dental Services in Remote Areas	0	
0	140 Vocational Training Scheme	0	
951	150 Superannuation - Board's Share	2,553	
429	160 Reimbursement of business rates	503	
40,889	190		44,963
	300 SERVICES AT HEALTH CENTRES ETC		
	0310 Dentists' Salaries	85	
	0320 Chairside Assistants. & Receptionists	147	
	0330 Superannuation - Board's Share	0	
	0340 Cost of Dental Supplies	230	
	370		
	0390		462
	500 OTHER PAYMENTS		
	0510 Charges Refunded to Patients	0	
	0520 Dentists' Retainer Scheme	0	
	0530 Other Practice Allowances	0	
	0		0
40,889	980 Total non discretionary c/f to Note 5	5	45,425

UNIFIED BUDGET			
703	982 Dental Access Initiative Fund		834
703	990 Total unified budget c/f to Note 5	5	834

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 12.0 GENERAL OPHTHALMIC SERVICES

2004 £'000		£'000	£'000
	100 PAYMENTS OF SIGHT TEST FEES		
11110	Ophthalmic Medical Practitioners		6
0120	Superannuation - Board's Share		0
3,031130	Ophthalmic Opticians		3,299
	200 Domiciliary Visits:		
0210	Ophthalmic Medical Practitioners		0
137220	Ophthalmic Opticians		161
15310	Refund to Patients		18
0340	Services in Remote Areas		0
20350	Grants for Pre-Reg. Students		31
3,214390			3,515
	500 SPECTACLES VOUCHER SCHEME		
	510 New glasses - Vouchers Redeemed		
4,903520	Cost of Redeeming Vouchers	5,245	
(27)530	Less: Patients' Contributions to Vouchers Credit	(30)	
4,876550		5,215	
87560	Small Frames Supplement	73	
4,963590			5,288
	600 Repair/Replacement - Vouchers Redeemed		
53610	Adults' Glasses	42	
0620	Less: Adults' Contribution Credit	0	
53640		42	
481650	Children's Glasses	486	
534690			528
8,711980	Total Carried Fwd to Note 5	5	9,331

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 18.0 SUMMARY OF LOSSES AND SPECIAL PAYMENTS

ITEM NO.		NO. OF CASES	TOTAL £
	Cash Losses:		
1	Theft, Fraud, Arson etc	7	10,922
2	Overpayments of Salaries, Wages & Allowances	36	23,271
3	Other (Inc unvouched & incompletely vouched)	0	0
4	Nugatory & Fruitless Payments	0	0
5	Claims Abandoned:		
	(a) Private Accommodation	0	0
	(b) Road Traffic Acts	0	0
	(c) Other	16	52,755
	Stores Losses:		
6	Theft, Fraud, Arson etc	0	0
7	Incidents of the Service – Fire	0	0
	- Flood	0	0
	- Accident	0	0
8	Deterioration in Store	622	42,281
9	Stocktaking Discrepancies	9	395
10	Other Causes	0	0
	Losses of Furniture & Equipment and Bedding & Linen in circulation:		
11	Theft, Fraud, Arson or Wilful Damage	0	0
12	Incidents of the Service – Fire	0	0
	- Flood	0	0
	- Accident	0	0
13	Disclosed at physical check	0	0
14	Other Causes	0	0
	Compensation Payments - legal obligation		
15	Clinical	104	1,633,838
16	Non-clinical	3	34,298
	Ex-gratia payments:		
17	Extra-contractual Payments	104	16,043
18	Compensation Payments - ex-gratia - Clinical	90	49,640
19	- Non-clinical	0	0
	- Financial Loss	0	0
20	Other Payments	0	0
	Damage to Buildings and Fixtures:		
21	Theft, Arson or Wilful Damage	0	0
22	Incidents of the Service – Fire	0	0
	- Flood	0	0
	- Accident	0	0
23	Other Causes	0	0
24	Extra-Statutory & Extra-regulatory Payments	0	0
25	Gifts in cash or kind	0	0
26	Other Losses	1	62
27	Total	992	1,863,505

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

**SFR 18.1 DETAILS OF LOSSES AND SPECIAL PAYMENTS ABOVE DELEGATED AUTHORITY OF
NHS BOARD**

Item No.	Category	Delegated Authority (per case)	Value of Loss or Payment ** (per Case)	Date of Authority by SEHD ***
Cash Losses				
1	Theft, Fraud, Arson, etc	5,000	0	
			0	
2	Overpayment of Salaries, wages and allowances	5,000	0	
			0	
3	Other (inc. unvouched and completely vouched)	5,000	0	
			0	
4	Nugatory and fruitless payments	5,000	0	
			0	
5	Claims abandoned:			
	a. Private Accommodation	5,000	0	
			0	
	b. Road Traffic Acts	5,000	0	
			0	
	c. Other	5,000	40,000	
		-	0	
Stores Losses:				
6	Theft, fraud, arson etc	20,000	0	
			0	
7	Incidents of the Service - fire	20,000	0	
			0	
	Incidents of the Service -flood	20,000	0	
			0	
	Incidents of the Service - accident	20,000	0	
			0	
8	Deterioration in Store	20,000	0	
			0	
9	Stocktaking discrepancies	20,000	0	
			0	
10	Other Causes	20,000	0	
			0	
Losses of furniture & equipment and bedding & linen in circulation				
			0	
11	Theft, fraud, arson etc	10,000	0	
			0	
12	Incidents of the Service - fire	10,000	0	
	Incidents of the Service - flood	10,000	0	

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

SFR 18.1 CONTINUED

Item No.	Category	Delegated Authority (per case)	Value of Loss or Payment ** (per Case)	Date of Authority by SEHD ***
12	Incidents of the Service - accident	10,000	0	
			0	
13	Disclosed at physical check	10,000	0	
			0	
14	Other Causes	20,000	0	
			0	
Compensation payments - legal obligation				
15	Clinical *	250,000	555,373	
			0	
16	Non-clinical *	100,000	0	
			0	
Ex-gratia payment				
17	Extra-contractual payments	5,000	0	
			0	
18	Compensation payments ex –gratia Clinical *	250,000	0	
			0	
19	Non-clinical *	100,000	0	
			0	
	Financial Loss *	25,000	0	
			0	
20	Other payments	2,500	0	
			0	
Damage to buildings and fittings				
21	Theft, fraud, arson etc	20,000	0	
			0	
22	Incidents of the Service - fire	20,000	0	
			0	
	Incidents of the Service - flood	20,000	0	
			0	
	Incidents of the Service - accident	20,000	0	
			0	
23	Other Causes	20,000	0	
			0	
24	Extra statutory and extra-regulatory payments	£ Nil	0	
25	Gifts in cash or kind	£ Nil	0	
26	Other losses	£ Nil	0	

**NHS GREATER GLASGOW
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**

HEALTH BOARD & COMMON SERVICES AGENCY

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in exercise of the powers conferred upon them by sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, and all powers enabling them in that behalf, hereby give the following direction.
2. The accounts for the financial year ended 31 March 2003 and subsequent financial years, which each Health Board and the Common Services Agency is required to prepare shall comprise:
 - 2.1 a foreword *;
 - 2.2 an operating cost statement;
 - 2.3 a statement of total recognized gains and losses;
 - 2.4 a balance sheet;
 - 2.5 a cash flow statement;
 - 2.6 a statement of accountable officer's responsibilities; and
 - 2.7 a statement on the system of internal control.

including such notes as may be necessary for the purposes referred to in paragraphs 3, 4 and 5 below.

3. The accounts shall comply with the accounting principles and disclosure requirements of the edition of the Resource Accounting Manual ("RAM") which is in force for the year for which the accounts are prepared.
4. The accounts shall give a true and fair view of the operating costs, total recognized gains and losses, balance sheet and cash flows for the financial year and of the state of affairs as at the end of each financial year.
5. Subject to the forgoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
6. This direction shall be reproduced as an appendix to the accounts. This direction supersedes the one given on 19 December 2000.

Signed by the authority of the Scottish Ministers

John S Aldridge

Dated 30th December 2002

** The Directors report in the Accounts is taken to be this foreword.*