

**NATIONAL WAITING TIMES CENTRE BOARD**

**ANNUAL REPORT AND ACCOUNTS**

**For Year ended 31<sup>st</sup> March 2008**

# Annual Report and Accounts

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## **DIRECTORS REPORT**

### **Naming Convention**

The National Waiting Times Centre NHS Board is the common name for the National Waiting Times Centre Health Board.

### **Date of Issue**

Financial statements were approved and authorised for issue by the Board on 12 June 2008.

### **Accounting convention**

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

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

### **Appointment of auditors**

The Public Finance and Accountability (Scotland) Act 2000 place personal responsibility on the Auditor General for Scotland to decide which is to undertake the audit of each health body in Scotland. The Auditor General appointed KPMG LLP to undertake the audit of the National Waiting Times Centre 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.

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

The 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.

## Board Membership (Continued)

The Directors during the period were as follows:

Chair	Dr L Burley
Non-Executive	C Anderson- Employee Director M Brown J H Mounfield OBE D McNeill OBE (Retired 31 July 2007) J Freeman OBE (Started 1 January 2008) Dr J E G O'Neil P J Ramsay S K Thomson
Executive Directors	J W Young - Chief Executive J M Carter - Director of Finance S Chaib - Director of Nursing K Ferguson - Medical Director L Ferries - Director of Human Resources J Rogers - Director of Business Services

The board members' responsibilities in relation to the accounts are set out in the statement of board members responsibilities.

## Board members' and senior managers' interests

With the exception of the Chief Executive no other senior managers or senior staff had any interests in contracts or potential contractors with the Health Board during 2007/08, the following interests have been declared:

<b>Name</b>	<b>Interest</b>
Dr L Burley	Partner – Eskhill & Co Non-Executive Director – NHS Education Scotland Member – Scottish Further & Higher Education Funding Council Member of Court – Napier University
JW Young	Board Director - Clydebank Rebuilt Ltd
J Freeman OBE	Freeman Associates Member – Parole Board for Scotland Director – Middleton Greeves Consultancy LTD
JH Mounfield OBE	Hilary Mounfield – Charity Consultancy Convenor - Dementia Services Development Trust
Dr JEG O'Neil	Partner – Lightburn Medical Centre
PJ Ramsay	Peter J Ramsey – Mortgage Broker Director – ABC Schools Ltd
SK Thomson	Lay member – Employment Tribunals Scotland Lay Member Investigating Committee – Royal Pharmaceutical Society

## **Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown in Note 26 and the remuneration report.

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

No fees were payable to auditors in respect of non-audit work during 2007/08.

## **Related Party Transactions**

During the year the Board sold land to Clydebank Rebuilt Limited, a company limited by guarantee, for £162,500. The Chief Executive of the Board is a director of Clydebank Rebuilt Limited and she excused herself from all negotiations regarding the transaction, which were dealt with by the Director of Finance. The transaction was completed on an arms length basis and there was no outstanding balance at 31 March 2008.

## **Value of Land**

There is no significant difference between the market value of land compared with the value of land disclosed in the balance sheet value.

## **Payment policy**

The Board endeavours to comply with the principles of the Better Payment Practice Code by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner.

In 2007/08 average credit taken was 22 days (2006/07 – 25 days).

In 2007/08 the Board paid 88.70% by value (2006/07 – 82.90%) and 89.60% by volume within 30 days (2006/07 – 80.50%).

## **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 NHS Board level:

- Clinical Governance
- Audit
- Staff Governance
- Ethics.

## **Clinical governance**

The membership of the Clinical Governance Committee comprises: Jim O'Neil, Hilary Mounfield, Peter Ramsay, Jeane Freeman and is chaired by Mairi Brown.

The Clinical Governance Committee of the Health Board has two key roles:

- **Systems assurance** – to ensure that clinical governance mechanisms are in place and effective throughout 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 Board.

## **Clinical governance (continued)**

The Committee is responsible for the oversight of clinical governance within the Board.

Specifically it:

- considers the Board's performance in relation to its statutory duty for quality of care;
- reviews action taken by the Chief Executive on recommendations made by the Committee or Board on clinical governance matters;
- gives assurance to the Board on the operation of clinical governance systems within the, highlighting problems and action being taken where appropriate;
- gives assurance on the effective operation of clinical governance structures and appropriate flow of information throughout the Board;
- reviews the operation of the Board's complaints handling procedures;
- develops mechanisms for engaging effectively with representatives of patients and staff;
- oversee the work of the Public Focus and Patient Involvement Group (PFPI); and
- ensures a confidential channel for the expression of concerns about clinical performance or quality of care.

## **Audit**

The Audit Committee comprises: Hilary Mounfield, Ken Thomson and is chaired by Peter Ramsay. The Committee was chaired by Donald McNeill until 31 July 2007. Donald McNeill was replaced on the Audit Committee by Jeane Freeman. The committee meets approximately four times per year to consider the work of internal audit, external audit and other matters as appropriate.

## **Staff Governance**

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

The membership of the Staff Governance committee comprises: Mairi Brown, Jim O'Neil, Carole Anderson, Carol Hampson and Yvonne Coleman (Partnership Forum representatives) and is chaired by Ken Thomson.

## **Ethics**

The principal 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. There currently is no requirement for a separate ethics committee within the Board; any research requiring ethical approval is considered via the NHS Greater Glasgow and Clyde ethics committee.

## **Disclosure of Information to Auditors**

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

## **Human Resources**

As an equal opportunities employer, the 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 provides employees with information on matters of concern to them as employees through a number of means including:

- Performance and Planning Committee
- Senior Managers Meetings
- Departmental and Directorate Meetings for staff
- Partnership forum
- Internet and Intranet service
- GJNH and Beardmore Website
- Staff magazine (JABS) and staff communication bulletins
- General and organisational information given to all new staff at induction
- Communications Department
- Establishment of new Communication Forum
- Hospital Departmental and General Notice Boards.

The Board consults employees or their representatives so their views are taken into account in decisions affecting their interests through a range of means including: -

- Partnership Forum attended by Staff and Management Representatives across the Board, which ensures that there is a forum for staff input on a range of areas including service developments.
- Staff Governance Policy sub-group, which ensures there is staff input in the formulation of personnel policies and procedures, e.g. Maternity Leave, Equality and Diversity, Dependants Leave.
- Policies and Procedures, which include consultation with the staff and their representatives, e.g. Policy on Managing Workforce Change.
- Quality group where the views of staff are taken into account in the provision of service delivery.
- Workforce Development Group includes representation from a range of Hospital disciplines on areas such as Service Redesign and Development of new roles.

## **DIRECTORS REPORT**

### **Principal activities and review of the year**

The Board is an NHS Special Board made up of two distinct parts – the Golden Jubilee National Hospital and the Beardmore Hotel and Conference Centre.

Based in Clydebank, near Glasgow, the Golden Jubilee is Scotland's flagship hospital for reducing patient waiting times. We receive referrals from across the country in the specialties and services we provide. The Beardmore Hotel and Conference Centre is now the national NHS and public sector conference and training facility.

The Golden Jubilee National Hospital carries out a range of planned procedures to assist our NHS Board colleagues in reducing patient waiting times.

## **Principal activities and review of the year (continued)**

### Surgical procedures

- Cardiac surgery
- Diagnostic cardiology
- Interventional cardiology
- Orthopaedic surgery
- General surgery
- Ophthalmic surgery
- Plastic surgery
- Minor procedures
- Endoscopy.

### Diagnostic procedures

- X-Ray
- Magnetic Resonance Imaging (MRI) scanning
- Computer Tomography (CT) scanning
- Bone Densitometry
- Barium Exams
- Ultrasound.

### **2007/08 Patient activity**

In 2007/08, we were set a target of carrying a total of 28,618 in-patient, day case and diagnostic examinations. The range of services includes: cardiac surgery, diagnostic and interventional cardiology, orthopaedic surgery, general surgery, ophthalmic surgery, plastic surgery, minor procedures, endoscopy and diagnostic imaging. This number (28,618) excludes the activity associated to the planned move of the West of Scotland Heart and Lung programme.

The Heart and Lung programme was planned to phase in from the end of October 2007 with a progressive increase in activity through to March 2008. If the move had taken place, the activity projection expected to be realised by the end of financial year 2007/08 would have been 31,320 (as opposed to 28,618 if the move did not take place). However, a decision was taken in quarter three 2007 to delay the transfer of the West of Scotland Heart and Lung Programme until 3rd March 2008.

In preparation for the transfer of the West of Scotland Heart and Lung into Golden Jubilee National Hospital (GJNH), it was necessary to carry out major construction work in the in patient theatre suite. This has involved building and equipping seven cardiothoracic theatres and also replacing theatre lights and pendants throughout the theatre suite. In addition to the work being carried out to support the cardiothoracic service, a business case was presented and approved to also commission and equip two additional laminar flow orthopaedic theatres. The building work together with reduced waiting time guarantees in 2007/08 has presented particularly challenging circumstances in which to deliver activity.

However, in spite of the challenges outlined above, the actual number of inpatients, day cases and diagnostic examinations carried out in 2007/08 was 29,023, which exceeded the projected activity (28,618) by 1.4%.

In addition to the abovementioned activity, an additional 89 cardiac surgical procedures and 175 cardiology procedures were carried out during the West of Scotland Heart and Lung service migration period.

## **Principal activities and review of the year (continued)**

The most significant growth area achieved in 2007/08 was in orthopaedic surgery where, in comparison to 2006/7, we experienced an increase of 24% in joint replacement surgery and a 65% increase in general orthopaedic procedures.

### **West of Scotland Regional Heart and Lung Centre**

In 2004, NHS Greater Glasgow and Clyde and NHS Lanarkshire undertook a public consultation on establishing the West of Scotland Regional Heart and Lung Centre at the Golden Jubilee National Hospital.

This proposal was approved on 12 January 2006. The Full Business Case was approved in May 2006 with building work getting under way just a few weeks later. The new regional centre is now fully operational, four years ahead of the original proposal.

Spread over four floors of the Golden Jubilee National Hospital, facilities at the centre will include seven theatres and four cardiac catheterisation labs – special x-ray rooms for diagnosis and treatment of blood vessel blockages around the heart.

What services will the new centre provide?

- All adult heart and lung surgery for the West of Scotland, including all bypasses, heart valve surgery and other complex procedures.
- Interventional cardiology services, including angioplasty, angiography, electrophysiology and complex pacemakers.
  - Angioplasty is when a balloon and/or a small metal coil (stent) is used to open narrowed areas in the arteries of your heart.
  - Angiography involves passing a fine tube via the artery, (large blood vessel) in your leg or wrist, directly to your heart.
  - Electrophysiology uses electrical currents to check for, and diagnose, heart disease.

### **National services**

The new centre will also be home to three of Scotland's national services:

- Scottish Advanced Heart Failure Service, including the heart transplant unit
- Scottish Pulmonary Vascular Unit
- Scottish Adult Congenital Cardiac Service (SACCS), previously known as the Grown-Up Congenital Heart unit (GUCH).

As at 1 April 2008 the management of the Heart and Lung Service and therefore the ownership of the assets transferred from NHS Greater Glasgow and Clyde and NHS Lanarkshire to the Board. In addition revenue will increase by approximately £40 million.

### **Orthopaedic expansion**

As Scotland's flagship hospital for reducing patient waiting times, one of our largest areas of work is in orthopaedic surgery – such as complex joint replacement operations and a range of minor surgical procedures.

## **Principal activities and review of the year (continued)**

In the five years since being purchased by the NHS in 2002 we have carried out over 100,000 inpatient, day case and diagnostic imaging procedures in a wide range of specialties. During this time there has been a year on year increase in the volume of orthopaedic procedures we have carried out.

Orthopaedic surgery remains the specialty providing the biggest challenge in regard to meeting waiting times commitments for the NHS in Scotland. The Golden Jubilee National Hospital is committed to responding to the orthopaedic requirements of all NHS boards across the country.

In November 2007 and January 2008, the Golden Jubilee National Hospital successfully opened two new ultra clean laminar flow theatres – taking our total number to four. This will help us carry out an additional 1,000 major joint replacement operations (increasing to 2,500 hip and knee replacements) as well as a range of minor procedures each year.

Our new theatres – and an additional 18 orthopaedic ward beds – will help us treat more patients than ever before.

We have also appointed an additional three full-time consultant orthopaedic surgeons – taking our total number to eight – and a range of nursing and other healthcare workers to help deliver this expanded service.

### **Before expansion**

- five full-time consultant orthopaedic surgeons;
- two purpose-built ultra clean laminar flow theatres;
- 28 single-bedded rooms;
- dedicated orthopaedic clinic;
- pre-admission assessment area; and
- follow-up arthroplasty service.

### **Expanded service**

- eight full-time consultant orthopaedic surgeons;
- four purpose-built ultra clean laminar flow theatres;
- 46 single-bedded rooms;
- dedicated orthopaedic clinic;
- pre-admission assessment area; and
- follow-up arthroplasty service.

## **Beardmore Hotel and Conference Centre**

The strategy to turn the Beardmore into a national NHS and public sector conference and training facility was approved in May 2006. Significant activity took place during 2007/08 to implement the strategy. This year (2008/09), further implementation of the strategy will accelerate the move towards a ‘centre of excellence’ for conferences and meetings for NHS Scotland and the public sector, providing value for money and efficient use of a first class public asset.

The increase in use of the facility by NHS boards, Scottish Government and other public bodies has grown significantly. Prior to the strategy, NHS and public sector business accounted for 12% of the Beardmore business and has grown to account for 35% of total business in 2007/08. Usage is primarily by the NHS national boards, the surrounding territorial boards and the Scottish Government Health Directorate. Other public bodies using the conference and meeting facilities regularly include The Scottish Prison Service, The Royal College of Nursing, The Scottish Health Council and the Care Commission.

## **Principal activities and review of the year (continued)**

The further potential of other government departments, agencies and public bodies using the Beardmore and obtaining best value for the public purse is extensive. A concerted marketing campaign to increase new business from this area will be taken forward. Conference room occupancy has increased in line with the growth in NHS and public sector business.

### **Clinical skills and research centre**

As part of our Board Annual Review in 2007, we were asked to develop a plan for the development of a clinical skills centre.

Our vision is to create a flexible clinical skills and research facility dedicated to:

- providing core skills training;
- to enhance techniques in the surgical fields of Orthopaedics and Heart and Lung;
- providing synergy with the local and regional skills development needs;
- providing and encouraging high quality clinical research;
- utilising the conference and accommodation facilities of the national NHS and public sector conference and training centre;
- promoting multi-professional learning, training and skills development;
- providing a resource that is an integral part of the Scottish Clinical Skills Network meeting both local and regional needs;
- creation of an environment for self-directed learning and access to a range of eLearning facilities; and
- use of the existing facilities in the national NHS conference and training centre, the Beardmore will form an integral part of the Golden Jubilee Clinical Skills Centre.

The Centre will first of all emerge from the creation of a 'hub' for research within the GJNH as part of the Clinical Skills and Research Centre. Initially, the centre will contain the Board research office and research students/fellows that transfer from NHS Greater Glasgow and Clyde. It would act as a focus for research management, research-associated training and applying for research funding.

Further developments could include a clinical trials facility depending on clinician and management support. This would facilitate use of the facility by a number of research projects (mainly drug and device trials) and add potential for income generation (commercial and non-commercial work).

We are also working with NHS National Education Scotland (NES) to ensure our plans are aligned with the national strategy and supported by NES, in addition to meeting our local needs and exploiting opportunities arising from unique aspects of the hospital.

## Financial Performance and Position

The Scottish Government Health Directorate (SGHD) 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 stay within these limits, and will report on any variation from the limits set.

	<b>Limit as set by SEHD £'000 (1)</b>	<b>Actual Outturn £'000 (2)</b>	<b>Variance (Over)/Under £'000 (3)</b>
1 Revenue Resource limit	65,846	58,567	7,279
2 Capital Resource Limit	13,768	13,305	463
3 Cash Requirement	52,979	52,979	0

### Memorandum for in-year outturn

	<b>£'000</b>
Brought forward deficit (surplus) from previous financial year	5,123
Saving/(excess) against in-year Revenue Resource Limit	2,156

The reported underspend above can be split as follows:

- Carry/forward non-recurring monies (£6,300m) to support the Heart and Lung Development, this has been approved by the Scottish Government Health Department; and
- In-year underspend which has been committed during 2008/09 for the Orthopaedic expansion.

### Provisions for bad and doubtful debts

A provision of £3,000 has been provided in year in relation to bad/doubtful debts (prior year £5,000).

### Outstanding liabilities

The Board has no outstanding liabilities for the period.

### Legal obligations

The following provisions have been included in the accounts with regard to legal obligations:

- Clinical & Medical - £9,000 (prior year £2,000)
- Other - £0k (prior year £2,000)
- Total for year – £9,000 (prior year £4,000)

The basis of these provisions is the information provided by the Central Legal Office.

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## Financial Performance and Position (continued)

Where no certainty has been attributed to future claims these have been accounted for via contingent liabilities, current year £124,000 (prior year £66,000).

### **Prior year adjustments**

There have been no prior year adjustments.

### **Significant changes in fixed assets**

There has been a spend of £13.305m in relation to fixed assets during 2007/08, of which £2.1m relates to the Heart and Lung project and £2.6m relates to the Orthopaedic expansion.

### **PFI/PPP**

There are no PFI/PPP schemes within the Board.

### **Post-Balance Sheet items**

As at 1 April 2008 the management of the Heart and Lung Service and therefore the ownership of the assets transferred from NHS Greater Glasgow and Clyde and NHS Lanarkshire to the Board. In addition revenue will increase by approximately £40 million.

## **Key Performance Indicators**

Local Delivery Plans (LDPs) set out a delivery agreement between SGHD and each NHS area Board, based on the key Ministerial targets. LDPs reflect the HEAT Core Set – the key objectives, targets and measures that reflect Ministers' priorities for the Health portfolio. The key objectives are as follows:

- **Health Improvement** for the people of Scotland – improving life expectancy and healthy life expectancy;
- **Efficiency and Governance Improvements** – continually improve the efficiency and effectiveness of the NHS;
- **Access to Services** – recognising patients' need for quicker and easier use of NHS services; and
- **Treatment Appropriate to Individuals** – ensure patients receive high quality services that meet their needs.

### **NWTCB Local Delivery Plan Agreed Targets**

The Golden Jubilee National Hospital is a National elective centre, which receives referrals from all Scottish NHS Boards, to enable patients to be treated within the timescales set by the Scottish Government. As such, it has no local population to serve and at the moment does not hold wait lists. For these reasons, the Board, in discussion with the Scottish Government Performance Division has agreed a number of Health, Efficiency, Access and Treatment targets, to reflect its unique position. It is acknowledged that this situation will change in the future and the Board has committed to reviewing the relevance of all HEAT targets together with Executive colleagues for subsequent Local Delivery Plans (LDP).

The key and local targets submitted for the LDP for 2007-08 are as follows:

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Key Performance Indicators (continued)

### 1. Local Targets and Priorities

<b>Local Targets</b>	<b>Status at 31/3/08</b>
<b>West of Scotland Heart/Lung Centre</b>	<p>The capital build of the new West of Scotland Heart &amp; Lung Centre was completed by October 2007 and following this the Board was able to make a significant contribution to NHS Scotland meeting the waiting time guarantee in Cardiac activity by 31 December 2007.</p> <p>Migration of clinical services from Glasgow commenced on 3 March 2008 with the Western Infirmary cardiothoracic surgery and interventional cardiology. Thoracic surgery activity from Hairmyres Hospital moved to GJNH on 25 March, and cardiothoracic surgery from Glasgow Royal Infirmary migrated in early April 2008. The migration completed at the start of May with the move of Interventional cardiology from Glasgow Royal Infirmary.</p>
<b>Implementation of Beardmore Future Strategy</b>	<p>The strategy is now fully implemented and targets are being achieved. A full set of key performance indicators are scrutinised on a regular basis. The installation of new AV and IT services is complete.</p>
<b>Planned Activity &amp; Procedure Targets 2007-2008</b>	<p>We have delivered a total of 13,893 inpatient and day case procedures and 15,074 imaging procedures. This gives a combined total of 28,967 procedures against a target of 28,618 (excluding Heart and Lung activity).</p>
<b>New Performance Management Structure</b>	<p>The Board Performance Management framework was approved in January 2007. A Performance and Planning Committee was established to scrutinise organisational performance and oversee the agreement of “information packages” to inform performance management. A range of KPIs have been agreed and are reviewed on a monthly basis. Directorate teams are now fully established.</p>
<b>Clinical Specialty Focus</b>	<p>The Board has now recruited 8 full time orthopaedic consultants and a full time consultant ophthalmologist. Two new orthopaedic theatres have been opened - the first opened in November 2007 and the second in January 2008. Agreement has been reached with a pool of General Surgeons to provide on site, sustainable surgical cover.</p>

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## Key Performance Indicators (continued)

### 2. NHS Scotland Objective No.2 – Efficiency and Governance Improvements – continually improve the efficiency and effectiveness of the NHS

2007/8 HEAT Target No.	Key Performance Targets	Status at 31/03/08	Comments
E.01T	NHS boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement; meet their cash efficiency target	RRL out-turn £7.297m underspend in-year. This includes an approved carry forward of £5.123m from 2006/07 for Heart and Lung Centre. Total capital spend of £13.305m against a capital resource limit of £13.768m. Efficiency savings of £1.346m achieved against target of £1.096m.	In line with strategic plan
E.02T	Sickness Absence Rate: 5.2% by 31 March 2008.	Overall Board total = 4.9%	This target has now been revised to deliver 4% by 31 March 2009. Work is underway to deliver this revised target.
2.16.K Day Case Rates (linked to target E.02T)	Local Board target as agreed with SGHD:  Day case % within overall case mix:  Target Jan – March 2008 = <b>70%</b>	70% day case activity within overall case mix, based on most up to date validated performance activity (December figures)	<b>On target with LDP trajectory</b>
E.04T	Universal utilisation of Community Health Index (CHI).	100%	<b>On target with LDP trajectory</b>

### 3. NHS Scotland Objective 3 – recognising patients need for quicker and easier use of NHS services

As the GJNH currently holds no waiting lists, the LDP 2007/08 did not reflect any specific HEAT targets relating to Access. However a considerable amount of local work has been completed to ensure readiness to accept Cardiothoracic waiting lists as detailed below:

Agreement is in place between NHSGG&C, NHS Lanarkshire and NHS NWTC around the handover of waiting list management. This will ensure continued robust management of waiting lists and delivery of waiting time guarantees. Systems and processes are in place at NHS NWTC to take over the management of waiting lists from 1 April 2008 to ensure waiting time guarantees are met.

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## Key Performance Indicators (continued)

Where separate elements of the patient pathway are delivered by different NHS Boards, each Board will report on and be responsible for the delivery of waiting time guarantees. NHS NWTC will report waiting lists to ISD in the same way as NHSGG&C and NHS Lanarkshire currently report them.

### 4. NHS Scotland Objective 4 – Treatment

		Status at 31/03/07	Comments
T.01 T	The number of people waiting more than 6 weeks to be discharged from hospital into a more appropriate care setting will be reduced by 50% from April 2006 to April 2007 and to zero by April 2008. Additionally, the number of patients delayed in short-stay beds will be reduced by 50% from April 2006 to April 2007, and to zero in April 2008.	0	<b>On target with LDP trajectory</b>
T.03 T	QIS Clinical Governance and Risk Management Standards Improving	8	<b>Total Score = 8 On target with LDP trajectory</b>
T.07 T	To reduce all staphylococcus aureus bacteraemia (including MRSA) by 30% by 2010	3	<b>Trajectory target March 2008 = 2</b> In line with LDP target, acknowledging increased patient activity during first phase of migration of Heart and Lung services. This has included emergency admissions.

### Sustainability and environmental reporting

The last year has seen us continue with our ongoing efforts to reduce energy usage as the hospital goes through a dramatic expansion and to consider environmental sustainability in all projects undertaken within the Board. The energy policy and strategy was approved at the energy and waste management group in April 2008 and is then to be ratified by Senior Managers before dissemination throughout the Board.

We continue to monitor, record and compare our utilities usage and costs with reviews at the Waste and Energy Management Group. These assist in giving direction for future actions, which will facilitate savings and reduce energy consumption.

Works undertaken in the past 12 months include:

- Continuing to work in partnership with the carbon trust to identify further ways for the Board to increase energy efficiency.
- Continuing to install variable speed drives to pumps and air handling unit motors in both the hotel and hospital.
- Commencing works with regard to the installation of a combined heat and power system, following the outcome of the audit, which was undertaken during the year. Consultants are being sought to assist with this project.

## **Sustainability and environmental reporting (continued)**

- Continued installation of high frequency lighting and automatic lighting system.
- Procurement of voltage optimisation equipment for both the hospital and the hotel.
- Further staff awareness training – organised in conjunction with the Carbon Trust.
- Upgrades to BMS controls to improve the control of major plant and equipment.
- Working with Clydebank Rebuilt regarding the re-development of Agamemnon Street entrance. Demonstrating the partnership working to develop a sustainable community project.
- The Green Travel Plan has been completed and is awaiting approval by the Senior Management Team.

## REMUNERATION REPORT

### **Remuneration**

Remuneration of Board Members and Senior Employees is determined in line with directions issued by the Scottish Government.

### **Notice Periods**

As per guidance executive directors have to serve a three-month notice period and the Chief Executive has to serve a six-month notice period.

### **Remuneration Committee – Role and Purpose**

The remuneration of the executive team is central to the organisation's ability to recruit and retain the type of executive team capable of delivering the substantial strategic agenda and responsibilities placed upon them by the Scottish Government.

Accountability for the efficient and effective use of public monies is paramount within the public sector. Therefore any decision on remuneration issues must be fully supportable in public.

The Remuneration Committee, as a stand alone Committee to the Board, is responsible for overseeing changes to the pay, terms and conditions of the Executive team and relevant senior managers in the above context and taking into account Scottish Government direction and guidance and standards of good corporate governance.

### **The Remuneration Committee - Membership**

The Remuneration Committee comprises of the Board Chairman and the lay Non-Executive Directors of the Board. The Chief Executive, Employee Director and the Director of Human Resources will attend meetings of the Remuneration Committee as advisors and assessors and to provide administrative support.

A meeting with the Chairman of the remuneration committee (a Non-Executive member of the Board) and two Non-Executive Directors will constitute a quorum. When the Chairman of the remuneration committee is unavailable one other Non-Executive Director will be appointed to chair the meeting providing a quorum of three is present.

The Remuneration Committee will seek specialist guidance and advice as appropriate.

### **The Remuneration Committee - Conduct of Business:**

- a) The Committee shall meet at least twice a year.
- b) The conduct of business will be in accordance with the Board's Standing Orders.
- c) In accordance with the principles of good corporate governance, members of the committee should declare and record if they have an interest in any agenda item and then withdraw while the item is being discussed.

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## **Performance Appraisal**

Performance appraisals for Executive Directors and Senior Managers are carried out in line with the guidance from the Scottish Government.

## **Performance Appraisal – for staff covered under Agenda for Change**

All staff covered under Agenda for Change require to hold an update to date Personal Development Plan and have an annual appraisal.

The Performance Management (PDP) policy refers to these requirements and these arrangements are audited from time to time. Training on developing Knowledge and Skills Framework (KSF) outlines and Personnel Development Plans (PDPs) is in place to support the delivery of this policy. In future, all PDPs will be held electronically on the national E-KSF system.

## **Payments to past senior managers**

No significant payments were made to past senior managers during 2007/08.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

The following tables provide a breakdown of executive and non-executive directors' remuneration in 2006-07 and 2007-08 and have been audited by the Board's auditors.

### FOR THE YEAR ENDED 31 MARCH 2008

2008 Name	Remuneration (bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash equivalent Transfer Value (CETV) at 31 March 2007 £'000	Cash equivalent Transfer Value (CETV) at 31 March 2008 £'000	Real Increase in CETV in year £'000	Benefits in kind £'000
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: JW Young	110-115	0-2.5	35-40	468	540	30	6
Director of Finance: J M Carter	65-70	0-2.5	10-15	116	140	10	-
J Rogers	65-70	0-2.5	5-10	75	96	11	4
K Ferguson	135-140	0-2.5	10-15	101	133	15	4
S Chaib	75-80	0-2.5	5-10	56	74	9	2
L Ferries	75-80	0-2.5	0-5	54	73	10	4
<b>Non-Executive Members</b>							
Chair: Dr L Burley	20-25	-	-	-	-	-	-
C Anderson	5-10	-	-	-	-	-	-
M Brown	5-10	-	-	-	-	-	-
J H Mounfield - OBE	5-10	-	-	-	-	-	-
D McNeill – OBE (retired 31 July 2007)	0-5	-	-	-	-	-	-
J Freeman – OBE (started 1 Jan 2008)	0-5	-	-	-	-	-	-
Dr J E G O'Neil	5-10	-	-	-	-	-	-
P J Ramsay	5-10	-	-	-	-	-	-
S K Thomson	5-10	-	-	-	-	-	-

The remuneration of Executive Directors includes employers' superannuation incurred by the Board in year; this was not a requirement for prior year.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## FOR THE YEAR ENDED 31 MARCH 2007

2007 Name	Remuneration (bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March (bands of £5,000)	Cash equivalent Transfer Value (CETV) at 31 March 2006  £'000	Cash equivalent Transfer Value (CETV) at 31 March 2007  £'000	Real Increase in CETV in year  £'000	Benefits in kind  £'000
<b>Remuneration of:</b>							
<b>Executive Members</b>							
Chief Executive: JW Young	85-90	0-2.5	30-35	425	468	11	6
Director of Finance: J M Carter	50-55	0-2.5	10-15	29	116	106	-
J Rogers	50-55	0-2.5	0-5	63	75	4	4
K Ferguson	110-115	0-2.5	5-10	77	101	10	4
S Chaib	60-65	0-2.5	0-5	44	55	4	-
L Ferries	60-65	0-2.5	0-5	41	54	6	4
<b>Non-Executive Members</b>							
Chair: Dr L Burley	20-25	-	-	-	-	-	-
C Anderson	5-10	-	-	-	-	-	-
M Brown	5-10	-	-	-	-	-	-
J H Mounfield - OBE	5-10	-	-	-	-	-	-
D McNeill - OBE	5-10	-	-	-	-	-	-
Dr J E G O'Neil	5-10	-	-	-	-	-	-
P J Ramsay	5-10	-	-	-	-	-	-
S K Thomson	5-10	-	-	-	-	-	-

The Cash Equivalent Transfer Value included in the above for the Director of Finance as at 31 March 2006 relates to the full financial year, prior year related only to the period of employment at the Board for that year (3 months), for period ending 31 March 2007 this has been calculated on a full years salary.

.....  
**J W Young**  
*Chief Executive*

**Date: 12 June 2008**

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Statement of the Chief Executive's responsibilities as the accountable officer of The National Waiting Times Centre 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 the National Waiting Times Centre Board.

This designation carries with it, responsibility for:

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

In preparing the accounts I am required to comply with the requirements of the governments financial Reporting Manual and in particular to:

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 25<sup>th</sup> October 2004.

.....  
**J W Young**  
*Chief Executive*

**Date: 12 June 2008**

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Statement of NHS Board members' responsibilities in Respect of the Accounts**

Under the National Health Service (Scotland) Act 1978, the National Waiting Times Centre 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 NHS Board as at 31 March 2008 and of its operating costs for the year then ended. In preparing those accounts, the Directors are required to:

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

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

.....  
**Dr L Burley**  
*Chair*

.....  
**J M Carter**  
*Director of Finance*

**Date: 12 June 2008**

## Statement on internal control

### Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the 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 following processes to assist in the management of risk have been in place for the year, as accountable officer these provide assurance that risks are managed appropriately:

#### *Internal Audit*

- Delivery of an Internal Audit plan, which has been prepared and delivered in line with NHS Internal Audit Standards. Reports (including an annual report) by internal audit, which include the Chief Internal Auditor's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement.

#### *External Audit*

- Reports from the Boards external auditors on the Boards governance arrangements.

#### *Executive/Senior Managers*

- The Board of Directors meets regularly to consider the plans and strategic direction of the organisation as well as reviewing corporate effectiveness and the process of managing risks. In addition the Senior Managers Team meet on a monthly basis and the Executive Directors meet on a weekly basis.
- A performance and planning committee is in place, which monitors organisational performance and considers risks, which may impact on performance.

#### *Risk Management Steering Group*

- Regular reports from the risk management steering group.
- The Board has an approved Risk Management Strategy, which sets out the organisational arrangements to support the management of risk, including identification of possible new risk exposures. This is reviewed annually through the appropriate governance committees
- The Board is made aware of risks through the corporate risk register, which is well established and reviewed regularly by the Risk Management Steering Group (RMSG) and Clinical Governance Committee (CGC).
- Department risk registers continue to be developed and this process is reviewed quarterly by the RMSG and 6 weekly by the Directorate Clinical Governance Groups (DCGG).

#### *Governance Committees*

- Staff Governance, Clinical Governance and Audit committees are established and meet on a regular basis, all Governance committees report regularly to the Board.
- Periodic reports from the chairman of the organisation's Audit Committee are given to the Board concerning internal control.

### Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the 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 and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should be realised, and to manage them efficiently, effectively and economically. This process has been in place for the year up to the date of approval of the annual report and accounts and in accordance with guidance from the Scottish Government.

## **Risk and Control Framework**

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

Overall leadership of risk management lies with the Chief Executive. Local leadership is devolved through Executive Directors to Directorate General Managers and their department managers; appropriate training is provided to staff as training needs are identified. All staff are made aware, through general and local induction that it is their responsibility to ensure that they engage with the risk management systems and processes.

There is a strategic risk register in place which links with organisational objectives and performance management, this has been reviewed by the Board and updated accordingly during the year. Risk registers are embedded within business cases, and all papers submitted to high-level committees contain risk assessments. Department risk registers are being further developed which in turn will link with directorate registers to facilitate a common approach to managing all areas of risk. A risk management steering group is in place, which formalises the process for the monitoring of risks.

Risk controls are identified through the risk register process. The implementation of controls is monitored to ensure their timeous introduction and key controls are subject to audit to ensure their effectiveness in reducing risk.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March 2008 and up to the signing of the accounts the organisation has continued to develop and strengthen the risk management processes already put in place.

## **Review of Effectiveness**

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by:

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

In addition the Board has an internal mechanism for monitoring and reporting the status of implementation of recommendations made by both internal and external audit and recommendations made by Audit Scotland, with reports being taken to the Audit Committee and updates given to the Risk Management Steering Group.

The Audit Committee, through its statutory role of reviewing internal controls, and the Risk Management Steering Group, through its role in ensuring that risks are being managed, provides assurance to me as accountable officer.

I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Risk Management Steering Group and a plan to address

# THE NATIONAL WAITING TIMES CENTRE BOARD

weaknesses and ensure continuous improvement of the system is in place.

## **Disclosures**

During the previous financial year there were no significant control weaknesses nor failure to achieve the standards set out in the guidance on the Statement on Internal Control.

**J W Young**

Chief Executive

**Date: 12 June 2008**

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Independent auditors' report to the members of the National Waiting Times Centre Board, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of the National Waiting Times Centre Board for the year ended 31 March 2008 under the National Health Service (Scotland) Act 1978. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the National Waiting Times Centre Board and to the Auditor General for Scotland in accordance with sections 21 and 22 of the Public Finance and Accountability (Scotland) Act 2000. Our audit work has been undertaken so that we might state to those two parties those matters we are required to state to them in an auditor's report and for no other purpose. In accordance with the Code of Audit Practice approved by the Auditor General for Scotland, this report is also made to the Scottish Parliament, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the National Waiting Times Centre Board and the Auditor General for Scotland, for this report, or the opinions we have formed.

### **Respective responsibilities of the board, chief executive and auditors**

The board and chief executive are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. The chief executive is also responsible for ensuring the regularity of expenditure and income. These responsibilities are set out in the statement of the chief executive's responsibilities as the accountable officer of the Health Board.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the directors' report and operating and financial review, included in the Annual Report, is consistent with the financial statements. We also report whether in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, we report to you if, in our opinion, the body has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the board's compliance with the Scottish Government Health Department's guidance, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the part of the Remuneration

# THE NATIONAL WAITING TIMES CENTRE BOARD

Report that is not audited. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

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

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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

### *Financial statements*

In our opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Board as at 31 March 2008 and of its net operating cost position, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- information which comprises the directors' report and operating and financial review included with the Annual Report is consistent with the financial statements.

### *Regularity*

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

KPMG LLP  
*Chartered Accountants*  
*Registered Auditor*

191 West George Street  
Glasgow  
G2 2LF

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Operating cost statement for the year ended 31 March 2008

	<i>Note</i>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Clinical services costs</b>					
Hospital and Community Health Services	4	58,792		48,184	
Less: Hospital and Community Income	8	<u>1,860</u>		<u>11,744</u>	
			<u>56,932</u>		<u>36,440</u>
Family Health	5	-		-	
Less: Family Health Income	8	-		-	
			-		-
<b>Total Clinical Services Costs</b>			<u>56,932</u>		<u>36,440</u>
Administration Costs	6	6,825		6,503	
Less: Administration Income	8	<u>-</u>		<u>-</u>	
			6,825		6,503
Other Non Clinical Services	7	298		111	
Less: Other Operating Income	8	<u>5,190</u>		<u>4,723</u>	
			<u>(4,892)</u>		<u>(4,612)</u>
<b>Net operating costs</b>	19		<u>58,865</u>		<u>38,331</u>

## Summary of revenue resource outturn for the year ended 31 March 2008

Net operating costs (per above)		58,865	38,331
Capital Grants to / from Public Bodies	9	-	-
Profit/(Loss) on disposal of fixed assets	9	(298)	
Annually Managed Expenditure (Write Downs)		-	-
FHS Non-discretionary Allocation		-	-
Other Allocations		-	-
<b>Net resource outturn</b>		<u>58,567</u>	<u>38,331</u>
Revenue resource limit		65,846	43,454
<b>Saving/(excess) against revenue resource limit</b>		<u>7,279</u>	<u>5,123</u>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Statement of recognised gains and losses for the year ended 31 March 2008

	<i>Note</i>	<b>2008 £000</b>	<b>2007 £000</b>
Net gain (Loss) on revaluation of tangible fixed assets	<i>11</i>	(15,076)	5,280
Net gain (Loss) on revaluation of intangible fixed assets	<i>10</i>	-	-
Movement in Donated Asset Reserve due to receipts	<i>20</i>	-	-
<b>Total Recognised gains and losses for the year</b>		<b>(15,076)</b>	<b>5,280</b>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Balance sheet as at 31 March 2008

	<i>Note</i>	2008		2007	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible Fixed Assets	<i>10</i>		-		-
Tangible Fixed Assets	<i>11</i>		134,179		140,125
<b>Current assets</b>					
Stocks	<i>12</i>	1,003		718	
Debtors	<i>13</i>	3,118		3,996	
Investments	<i>14</i>	-		-	
Cash at bank and in hand	<i>15</i>	2,197		4,911	
		<u>6,318</u>		<u>9,625</u>	
<b>Current Liabilities</b>					
Creditors due within one year	<i>16</i>	(14,777)		(10,738)	
<b>Net current (liabilities)/assets</b>					
			<u>(8,459)</u>		<u>(1,113)</u>
<b>Total assets less current liabilities</b>					
			125,720		139,012
<b>Creditors due after more than one year</b>					
	<i>16</i>		-		-
<b>Provision for liabilities and charges</b>					
	<i>17</i>		(9)		(4)
			<u>125,711</u>		<u>139,008</u>
<b>Financed by:</b>					
General fund	<i>19</i>		51,290		49,157
Revaluation reserve	<i>20</i>		74,421		89,851
Donated asset reserve	<i>20</i>		-		-
			<u>125,711</u>		<u>139,008</u>

Adopted by the Board on 12 June 2008

.....Director of Finance  
**J M Carter**

.....Chief Executive  
**J W Young**

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Cash flow statement for the year ended 31 March 2008

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>	<b>2007</b> <b>£000</b>
<b>Net cash outflow from operating activities</b>			(42,388)		(27,459)
<b>Capital Expenditure</b>					
Payments to acquire fixed assets		(13,468)		(14,141)	
Receipts from sale of fixed assets		163		0	
<b>Net cash outflow from capital expenditure</b>			(13,305)		(14,141)
<b>Net cash inflow/(outflow) before Financing</b>			(55,693)		(41,600)
<b>Financing:</b>					
Funding	19	55,693		41,600	
Movement in general fund working capital	19	(2,714)		4,232	
Cash drawn down		52,979		45,832	
Capital element of finance lease/rental payments		-		-	
<b>Net cash inflow from financing</b>			52,979		45,832
<b>Increase/(decrease) in cash in year</b>			<b>(2,714)</b>		<b>4,232</b>

### NOTES

#### 1.Reconciliation of operating cost to operating cash flow

	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
Net Operating cost for the year		(58,865)	(38,331)
Expenditure not involving payment of cash	3	9,126	7,964
Net movement on working capital	18	7,351	2,908
Operating cash outflow		<u>(42,388)</u>	<u>(27,459)</u>

#### 2.Reconciliation of net cash flow to movement in net debt/cash

Increase/(decrease) in cash in year		(2,714)	4,232
Net debt/cash at 1 April	15	4,911	679
Net debt/cash at 31 March	15	<u>2,197</u>	<u>4,911</u>

## Notes to the Accounts

### *Note 1 Accounting Policies*

#### **1. Authority**

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

#### **2. Going Concern**

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

#### **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 is met from funds advanced by the Scottish Government Health Directorate within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

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

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

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

#### **4. Fixed Assets**

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

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

## 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) 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) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are apart of the initial cost of equipping a new development and total over £20,000.

## 4.2 Valuation

Fixed assets are valued as follows:

- 1) Specialised NHS land, buildings, installations and fittings are stated at 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. The Beardmore Hotel is valued at Existing Use Cost.
- 2) Valuations of all land and building assets within the Board are reassessed by valuers on an annual basis. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government Health Directorate.
- 3) 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 decision has been made to dispose of the asset.
- 4) Assets in the course of construction are valued at current cost. This is calculated as the level of expenditure incurred to which an appropriate index is applied to arrive at current value.

**4.2 Valuation (continued)**

5) To meet the underlying objectives established by the Scottish Government Health Directorate the following accepted variations of the RICS Appraisal and Valuation Manual have been required.

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

6) 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. 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 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 which 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 for the period:

<b>Asset Category/Component</b>	<b>Useful Life</b>
Structure	43 – 60 years
Landscaping & Surfacing	37 – 50 years
Engineering	24 – 36 years
Medical Equipment	10 years
Furniture & Fittings	10 years
Information Systems & Office Equipment	5 years

**4.4 Intangible Asset**

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 cost of at least £5,000.

Intangible assets held for operational use are valued at historic 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.

#### **4.5 Donated Assets**

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

#### **4.6 Sale of Fixed Assets**

Disposal of fixed assets is accounted for as a reduction to the value of fixed assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will initially be recorded in the Operating Cost Statement and subsequently scored against the CRL.

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

#### **4.7 Leasing**

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

Rentals under operating leases are charged on a straight-line basis.

#### **4.8 Carbon Emissions (Intangible Assets)**

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

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

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

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation

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at the balance sheet date. This is usually the present market price of the number of allowances required to cover emissions made up to the balance sheet date.

## **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, for which related expenditure is separately identifiable, the outcome of the project has been assessed with reasonable certainty as to its technical feasibility and affordability in the context of the Board's operations, and adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide and consequential increases in working capital. The benefits from which can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits and is amortised through the operating cost statement on a systematic basis over the period expected to benefit from the project.

## **6. General Fund Debtors and Creditors**

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

## **7. Stocks**

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

For employees remaining on HCI (Scotland) Ltd terms and conditions the Board makes contributions to a defined contribution pension scheme. Contributions payable in respect of the accounting year are charged to the operating cost statement.

## **10. Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to an annual. Costs above this limit are reimbursed to Boards from a central fund held by the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) on behalf of the SGHD. Clinical negligence costs may also be reimbursed in part by the SGHD.

## **11. Related Party Transactions**

Material related party transactions are disclosed in the directors' report in line with the

# THE NATIONAL WAITING TIMES CENTRE BOARD

requirements of FRS8. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

## **12. 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.

## **13. PFI Schemes**

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

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Operating Cost Statement. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

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

## **14. Provisions**

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

## **15. Corresponding Amounts**

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

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## Note 2(a) Staff Numbers and Costs

### (i) Segmentation of Staff Costs

2008	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	Total	2007
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	471	76	19,712	-	550	10	20,819	18,857
Social security costs	50	3	1,603	-	41	2	1,699	1,566
NHS Scheme employers' costs	66	-	2,163	-	7	2	2,238	1,895
Other employers' pension costs	-	-	16	-	-	-	16	82
Inward Secondees	-	-	0	506	-	-	506	-
Agency staff	-	-	0	-	7,008	-	7,008	7,737
<b>Total</b>	<b>587</b>	<b>79</b>	<b>23,494</b>	<b>506</b>	<b>7,606</b>	<b>14</b>	<b>32,286</b>	<b>30,137</b>

### (ii) The average number of wte (including Board members and recharged staff excluding agency staff) employed during the year was as follows:

	Annual Mean 2008 No.	Annual Mean 2007 No.
Administration Costs	249.2	263.2
Hospital and Community Services	386.1	371.0
Non Clinical Services	128.1	93.9
Other, including recharge Trading Accounts	-	-
Inward Secondees	6.9	-
Outward Secondees	(0.4)	-
<b>Total Board Average Staff</b>	<b>769.9</b>	<b>728.2</b>
Disabled staff	-	-

As an equal opportunities employer, the 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 employs a number of registered disabled staff.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## Note 2 (b) Higher Paid Employees Remuneration

(iii) The following number of employees (excluding Board members) received remuneration (excluding pension contributions) falling within the following ranges:

	2008	2007
<i>Clinicians</i>		
£50,001 - £60,000	2	5
£60,001 - £70,000	3	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	3	3
£100,001 - £110,000	4	-
£110,001 - £120,000	-	2
£120,001 - £130,000	4	4
£130,001 - £140,000	1	1
£140,001 - £150,000	-	-
£150,000 and above	-	-
<i>Other</i>		
£50,001 - £60,000	10	5
£60,001 - £70,000	4	-
£70,001 - £80,000	2	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,000 and above	-	-

The number of other employees included above has increased to 17 in the current year with this being primarily caused by payment of agenda for change arrears received by the staff during 2007/08, which amounts to £135,126.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 3 Other Operating Costs**

	<i>Note</i>	<b>2008</b>	<b>2007</b>
<b>Expenditure Not Paid in Cash</b>		<b>£000</b>	<b>£000</b>
Depreciation	<i>11</i>	3,623	3,411
Cost of Capital	<i>19</i>	4,951	4,553
Impairments - Charge	<i>11</i>	254	-
Impairments - Reversal		-	-
Revaluation loss on fixed assets charged to OCS		-	-
Revaluation EC Carbon Emissions taken to Govt Grant		-	-
Loss/ (Profit) on disposal of intangible fixed assets		-	-
Loss/ (Profit) on disposal of purchased fixed assets		298	-
Other non cash costs		-	-
		<u>9,126</u>	<u>7,964</u>

The Board is charged a cost of capital charge on average relevant net assets. The charge is made at the Government's standard rate, as determined by HM Treasury. The rate for the period ended 31 March 2008 was 3.5%.

### **Travel, Subsistence and Hospitality**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Travel, subsistence and hospitality	134	61
	<u>134</u>	<u>61</u>

### **Operating lease rentals**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Hire of plant and equipment	778	887
Other operating leases	-	-
	<u>778</u>	<u>887</u>

### **Statutory Audit**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
External auditor's remuneration and expenses	81	74
	<u>81</u>	<u>74</u>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## ***Note 4 Hospital and Community Health Services***

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Other NHS Scotland Bodies	58,741	47,860
Health Bodies outside Scotland	-	30
Private Sector	51	294
<b>Total NHS Scotland Patients</b>	<u>58,792</u>	<u>48,184</u>

All expenditure has been in the Acute Services category.

## ***Note 5 Family Health Service Expenditure***

There were no Family Health Service costs incurred in the period.

## ***Note 6 Administration Costs***

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Board Members' Remuneration	666	618
Administration of Board Meetings and Committees	115	93
Corporate Governance and Statutory Reporting	142	133
Health Planning, Commissioning and Performance Reporting	-	-
Treasury Management and Financial Planning	19	15
Public Relations	-	-
Other	5,883	5,644
<b>Total Administration Costs</b>	<u>6,825</u>	<u>6,503</u>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 7 Other non-clinical services**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Loss on Disposal of Fixed Assets	298	-
Other	-	111
<b>Total Other Non Clinical Services</b>	<u>298</u>	<u>111</u>

## **Note 8 Operating Income**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>HCH Income</b>		
NHS Scotland Bodies - Boards	1,707	11,324
Non-NHS:		
Private patients	73	408
Road Traffic Act	-	-
Other HCH Income	80	12
<b>Total HCH Income</b>	<u>1,860</u>	<u>11,744</u>
<b>Other operating income</b>		
NHS Scotland Bodies	410	-
Transfers from the donated asset reserve in respect of depreciation on donated assets	-	-
Contributions in respect of clinical/medical negligence claims	-	-
Interest Received	11	11
Other	4,769	4,712
<b>Total other operating income</b>	<u>5,190</u>	<u>4,723</u>
<b>Total income</b>	<u>7,050</u>	<u>16,467</u>
Of the above, the amount derived from NHS bodies is	<u>2,825</u>	<u>12,066</u>

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## **Note 9 Analysis of Capital Expenditure**

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
<b>Expenditure</b>			
Acquisition of Intangible Fixed Assets	<i>10</i>	-	-
Acquisition of Tangible Fixed Assets	<i>11</i>	13,468	14,141
Capital Grants to/(from) Public Bodies	<i>OCS</i>	-	-
(Profit)/Loss of disposal of fixed assets	<i>OCS</i>	298	-
		<hr/>	<hr/>
		13,766	14,141
<b>Income</b>			
Net Book Value of disposal of Intangible Fixed Assets	<i>10</i>	-	-
Net Book Value of disposal of Tangible Fixed Assets	<i>11</i>	461	-
		<hr/>	<hr/>
		461	-
		<hr/>	<hr/>
<b>Net Capital Expenditure</b>		13,305	14,141
		<hr/>	<hr/>
<b>Summary of Capital Resource Outturn</b>			
Net capital expenditure as above		13,305	14,141
Capital Resource Limit		13,768	14,141
		<hr/>	<hr/>
<b>Savings/(Excess) against capital resource limit</b>		463	-
		<hr/>	<hr/>

## **Note 10 Intangible Fixed Assets**

There were no intangible fixed assets during the period.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## 11 (a) Tangible fixed assets (Purchased Assets)

Tangible fixed assets comprise the following elements purchased by the Board:

	<b>Other land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Information technology £000</b>	<b>Furniture &amp; Fittings £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>						
At 1 April	118,997	13,800	3,330	523	20,562	157,212
Additions	1,604	4,644	592	-	6,628	13,468
Completions	20,677	5,051	849	-	(26,577)	-
Transfers	-	-	-	-	-	-
Revaluation	(21,995)	-	-	-	-	(21,995)
Impairment	(254)	-	-	-	-	(254)
Disposals	(461)	-	-	-	-	(461)
At 31 March	<u>118,568</u>	<u>23,495</u>	<u>4,771</u>	<u>523</u>	<u>613</u>	<u>147,970</u>
<b>Depreciation</b>						
At 1 April	4,531	9,727	2,408	421	-	17,087
Provided during the year	2,388	814	409	12	-	3,623
Transfers	-	-	-	-	-	-
Revaluation	(6,919)	-	-	-	-	(6,919)
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March	<u>-</u>	<u>10,541</u>	<u>2,817</u>	<u>433</u>	<u>-</u>	<u>13,791</u>
<i>Net book value purchased assets</i>						
At 1 April	114,466	4,073	922	102	20,562	140,125
At 31 March	<u>118,568</u>	<u>12,954</u>	<u>1,954</u>	<u>90</u>	<u>613</u>	<u>134,179</u>
Open Market value of Land included above	-					

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 11 (b) Tangible fixed assets (Donated Assets)**

The Board held no Donated Assets during the period under review.

## **Note 11 (c) Fixed Asset Disclosures**

Net book value at 31 March 2007	<i>Note</i>	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
Purchased	<i>11a</i>	134,179	140,125
Donated	<i>11b</i>	-	-
	<i>BS</i>	<u>134,179</u>	<u>140,125</u>
Net Book Value related to land at open market value at 31 March		=	<u>461</u>

Land, hospital and hotel buildings were fully valued by the James Barr on the 31<sup>st</sup> March 2008 on the basis of existing use value or market value, where no longer in use. Indexation for other assets was not required this year.

The net impact was a reduction in value of £15.330 million, of which £15.076 million was charged to the revaluation reserve and £254,000 was charged to the operating cost statement.

## **Note 12 Stock as at 31 March 2008**

	<b>2008</b> <b>£000</b>	<b>2007</b> <b>£000</b>
Raw Materials and Consumables	<u>1,003</u>	<u>718</u>

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## *Note 13 Debtors as at 31 March 2008*

	<b>2008</b>		<b>2007</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Debtors due within one year</b>				
National Health Service in Scotland				
SGHD	-		-	
Boards	2,398		3,024	
	<hr/>		<hr/>	
Total National Health Service in Scotland		2,398		3,024
VAT recoverable		-		144
Prepayments and accrued income		575		521
Other debtors		145		307
Reimbursement of provisions		-		-
		<hr/>		<hr/>
		3,118		3,996
		<hr/> <hr/>		<hr/> <hr/>

These balances at 31 March 2008 are net of a provision for bad debts of £3,000 (prior year £5,000).

## *Note 14 Investments*

There were no investments in the period.

## *Note 15 Cash at Bank and in Hand*

	<b>As at</b>	<b>Cash</b>	<b>As at</b>
	<b>1 April 2007</b>	<b>Flows</b>	<b>31 March 2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
PGO Account Balance	4,594	(3,077)	1,517
Cash at Bank and in Hand	317	363	680
<b>Total cash – balance sheet</b>	<b>4,911</b>	<b>(2,714)</b>	<b>2,197</b>
Bank Overdrafts	0	0	0
	<hr/>	<hr/>	<hr/>
<b>Total Cash – Cash Flow Statement</b>	<b>4,911</b>	<b>(2,714)</b>	<b>2,197</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Prior Year</b>			
	<b>As at</b>	<b>Cash</b>	<b>As at</b>
	<b>1 April 2006</b>	<b>Flows</b>	<b>31 March 2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
PGO Account Balance	571	4,023	4,594
Cash at Bank and in Hand	108	209	317
<b>Total cash – balance sheet</b>	<b>679</b>	<b>4,232</b>	<b>4,911</b>
Bank Overdrafts	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Cash – Cash Flow Statement</b>	<b>679</b>	<b>4,232</b>	<b>4,911</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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## **Note 16 Creditors at 31 March 2008**

	2008		2007	
	£000	£000	£000	£000
<b>Creditors due within one year</b>				
National Health Service in Scotland				
SGHD	-		-	
Boards	2,561		339	
<b>Total NHS Scotland Creditors</b>	<u>2,561</u>		<u>339</u>	
General fund creditor		2,197		4,911
Trade creditors		949		317
Accruals		8,168		4,274
Payments received on account		51		69
Overdrafts		-		-
Income tax and social security		550		540
Superannuation		290		264
Clinical/Medical Negligence claims		-		13
VAT		2		-
Other Public Sector Bodies		9		-
Other creditors		-		11
<b>Total Creditors due within one year</b>		<u>14,777</u>		<u>10,738</u>
<b>Total Creditors due after one year</b>		<u>-</u>		<u>-</u>
<b>Total Creditors</b>		<u><u>14,777</u></u>		<u><u>10,738</u></u>

The £264k for superannuation in 2006/07 was previously classified under Other Public Sector Bodies; this has been moved for 2007/08 to Superannuation.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## *Note 17 Provisions for liabilities and charges*

	<b>Pensions £000</b>	<b>Clinical &amp; Medical £000</b>	<b>EC Carbon Emissions</b>	<b>Other £000</b>	<b>Total £000</b>
<b>As at April 2007</b>	-	2	-	2	4
Arising during the year	-	9	-	-	9
Utilised during the year	-	-	-	-	-
Reversed unutilised	-	(2)	-	(2)	(4)
<b>At 31 March 2008</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>9</b>

The amounts above are stated gross and the amounts of any expected re-imbursements are separately disclosed as debtors in note 13.

## *Note 18 Movement on Working Capital Balances*

	<b>Opening Balances £000</b>	<b>Closing Balances £'000</b>	<b>Net Movement £'000</b>
Stock	718	1,003	
Net Decrease/(Increase)			(285)
Debtors	3,996	3,118	
Due after more than one year	-	-	
	3,996	3,118	
Less: Capital included in above	-	-	
Less: General Fund Debtor included in above	-	-	
	3,996	3,118	
Net Decrease/(Increase)			878
Creditors			
Due within one year	10,738	14,777	
Due after more than one year	-	-	
Less: Capital included in above	-	-	
Less: Bank Overdraft	-	-	
Less: General Fund Creditor included in above	(4,911)	(2,197)	
Less: Lease and PFI Creditors included in above	-	-	
	5,827	12,580	
Net (Decrease)/Increase			6,753
Provisions	4	9	
Net (Decrease)/Increase			5
<b>Net Movement (Decrease)/Increase</b>			<b>7,351</b>

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## **Note 19 General Fund**

	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General fund as at 1 April		49,157		41,335
Opening general fund creditor	4,911		679	
Add Cash drawn down	52,979		45,832	
less closing general fund creditor	(2,197)		(4,911)	
	<hr/>		<hr/>	
Net funding		55,693		41,600
Net operating cost for the year		(58,865)		(38,331)
Cost of capital		4,951		4,553
Transfer of realised element of revaluation reserve		354		-
		<hr/>		<hr/>
Net increase/(decrease) in general fund		2,133		7,822
		<hr/> <hr/>		<hr/> <hr/>
General fund as at 31 March		51,290		49,157
		<hr/> <hr/>		<hr/> <hr/>

## **Note 20 Movement on reserves**

	<b>Revaluation reserve £000</b>	<b>Donated asset reserve £000</b>	<b>Total £000</b>
At 1 April	89,851	-	89,851
Revaluation of fixed assets	(15,076)	-	(15,076)
Transfer of realised element to the general fund.	(354)	-	(354)
Additions of donated assets	-	-	-
Depreciation of donated assets	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March	74,421	-	74,421
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 21 Contingent Liabilities**

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

	<b>Value</b>	<b>Value</b>
	<b>2008</b>	<b>2007</b>
Nature	<b>£000</b>	<b>£000</b>
Clinical and medical compensation payments	133	27
Employer's liability	-	39
<b>Total Contingent Liabilities</b>	<b><u>133</u></b>	<b><u>66</u></b>

Contingent liabilities have been estimated based on information provided by the Central Legal Office regarding negligence claims against the Board. All claims classed as category 1 along with 50% of the value of category 2 claims have been included in contingent liabilities.

### *Equal Pay Claims*

As at 31 March 2008 there were no grievances or employment tribunal claims registered directly against the Board, however members of staff are included in the group claims submitted by NHS Greater Glasgow and Clyde, under the Equal Pay Act 1970 from women seeking compensation for past inequalities with male colleagues, under the pay arrangements that preceded Agenda for Change. NHS Scotland has chosen to deal with the cases to date on a pan-Scotland basis, with the NSS Central Legal Office co-ordinating a response on all claims.

The basis of claims is as follows:

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

The claims are framed generically, which does not provide much information about the claimants or their potential comparators. In addition cases are being pursued that comprise a challenge to the Agenda for Change pay evaluation system on the basis that it perpetuates discrimination. No Scottish cases are currently being progressed actively by the Central Office of Employment Tribunals in Scotland pending the outcome of this challenge.

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

## **Note 22 Post Balance Sheet Events**

As at 1 April 2008 the management of the Heart and Lung Service and therefore the ownership of the assets transferred from NHS Greater Glasgow and Clyde and NHS Lanarkshire to the Board. In addition revenue will increase by approximately £40 million.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 23 Capital Commitments**

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Contracted</b>		
Development of Regional Heart & Lung Centre – Building works	-	1,765
<b>Total</b>		
<b>Authorised but not contracted</b>		
Catering Development	2,000	1,784
Reception	2,100	-
Orthopaedic Development	-	3,005
Heart & Lung Equipment	-	2,617
<b>Total</b>	<u>4,100</u>	<u>7,406</u>

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 24 Commitments under Leases**

At 31 March 2008, the Board had annual commitments under non-cancellable operating leases as follows:

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Operating leases which expire:		
<b>Land and Buildings</b>	-	-
<b>Other</b>		
Less than one year	49	67
Between one year and five years	437	712
After five years		
	<u>486</u>	<u>779</u>
	<u>          </u>	<u>          </u>

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Finance Leases		
Land and Buildings	-	-
Other	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

## **Note 25 Commitments under Private Finance Initiative contracts**

There were no commitments made by the Board under PFI Contracts during the period.

# THE NATIONAL WAITING TIMES CENTRE BOARD

## **Note 26 Pensions Costs**

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

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS Board will therefore account for its pension costs on a defined contribution basis as permitted by Financial Reporting Standard 17.

For 2007-08, normal employer contributions of £2,215,009 were payable to the SPPA (prior year £1,794,686) at the rate of 14% of total pensionable salaries. No additional costs were incurred during the accounting period 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 £0 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 the 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 dependent children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 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.

Staff transferring under HCI terms and conditions of employment continue to receive benefits in the format of contribution to a defined contribution pension scheme unless they elected to join the National Health Superannuation Scheme. Contributions to the defined contribution pension scheme amounted to £17,070.

<b>Pension Costs</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>
Pension cost charge for year	2,232	1,844
Additional Costs arising from early retirement	0	0
Provisions/Pre-payments included in the Balance Sheet	0	0

# THE NATIONAL WAITING TIMES CENTRE BOARD

## ***Note 27 Exceptional Items and Prior Year Adjustments***

As at the 31 March 2008 there were no exceptional items or prior year adjustments.

# THE NATIONAL WAITING TIMES CENTRE BOARD



## **DIRECTION BY THE SCOTTISH MINISTERS**

- 1 The Scottish Ministers, in exercise of the powers conferred on them by sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as read with article 5(1) of and the Schedule to the National Waiting Times Centre Board (Scotland) Order 2002, (S.S.I. 2002/305), and all powers enabling them in that behalf, hereby give the following direction.
- 2 The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
- 3 Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
- 4 The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- 5 This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 8 February 2006