NHS Highland

Highland Health Board

ANNUAL ACCOUNTS

for

THE YEAR ENDED 31 MARCH 2011

Highland Health Board

INDEX

ANNUAL ACCOUNTS AND NOTES FOR YEAR ENDED 31 MARCH 2011

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2011.

1. Naming Convention

Highland NHS Board is the common name for Highland Health Board.

2. Principal activities and review of the business and future developments

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

3. Date of Issue

Financial statements were approved and authorised for issue by the Board on 29 June 2011.

4. Accounting convention

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

5. Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2006/07 to 2010/11 the Auditor General appointed David McConnell, Assistant Director of Audit (Health), Audit Scotland to undertake the audit of Highland Health 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.

6. 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.

Garry Coutts, Chair

Ian Gibson, Vice-Chair

David Alston, Non-Executive Member (retired 31/03/11)

Ann Bethune, Non-Executive Member (retired 31/07/10)

Bill Brackenridge, Non-Executive Member

Anne Clark, Non-Executive Member (retired 31 May 2010)

Pamela Courcha, Non-Executive Member

Quentin Cox, Non-Executive Member

Robin Creelman, Non-Executive (appointed 01 April 2011)

Margaret Davidson, Non-Executive Member

Michael Evans, Non-Executive Member (appointed 01 August 2010)

Gillian McCreath, Non-Executive Member

Okain McLennan, Non-Executive Member

Colin Punler, Non-Executive Member

Elaine Robertson, Non-Executive Member

Vivian Shelley, Non-Executive Member

Ray Stewart, Non-Executive Member

Sarah Wedgwood, Non-Executive Member (appointed 01 August 2010)

Roger Gibbins, Chief Executive (resigned 23/01/2011)

Elaine Mead, Chief Executive appointed 24/01/2011 (Chief Operating Officer to 23/01/2011)

Malcolm Iredale, Director of Finance

Ian Bashford, Medical Director

Heidi May, Nurse Director

Margaret Somerville, Director of Public Health & Health Policy

Anne Gent, Director of Human Resource

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

7. Board Members' and senior managers' interests

In line with statutory requirements the Board maintains a register of Board Members' interests which is available online on our Internet site and is updated annually.

During the year, a number of current Directors/Senior Employees indicated interests in contracts or potential contractors with the Health Board work, these were:

David Alston	Highland Council
Jan Baird	Highland Hospice, retired August 2010
Bill Brackenridge	Argyll & Bute Council
Margaret Davidson	Highland Council
	Council of Voluntary Service (CVS) Inverness
	Glenurquhart Land Use Partnership
	Highland Housing Alliance
Michael Evans	A A MacKenzie & Co Ltd
Ian Gibson	Ash Scotland
	Scottish Commission for the Regulation of Care
	Highland Council

	Lloyds TSB Foundation for Scotland including Befrienders Highland Ltd, Headway Highland, Birchwood Highland and Partnerships for Wellbeing
Gill McVicar	Association of CHP's
Elaine Robertson	Argyll & Bute Council
Ray Stewart	Unite Trade Union

8. Directors third party indemnity provisions

There have been no third party indemnity provisions in place for any of the Directors at any time during the year.

9. Pension Liabilities

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

10. Remuneration for non audit work

Our external auditors, Audit Scotland, did not undertake any non-audit work on behalf of the Board.

11. Value of Land

The value of land (excluding land that has been declared surplus to requirements) recorded in our balance sheet is at fair value. We have not clarified whether there would be a difference using the market value. Surplus land has been valued at Open Market Value.
A full revaluation took place as at 31st March 2009.

12. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each year. Data published on our website –
http://www.nhshighland.scot.nhs.uk/Meetings/Pages/PublicServicesReform.aspx

13. Payment Policy

NHS Highland is committed to supporting the Scottish Government in helping businesses during the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

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

Prior to this, the Board did endeavour to comply with the principles of The Better Payment Practice Code (http://www.payontime.co.uk) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

In 2010/11 average credit taken was 12 days (prior year 13 days).
In 2010/11 the Board paid 94.4% by value (prior year 91.8%) and 92.3% by volume. (prior year 93.0%) within 30 days.
In 2010/11 the Board paid 77.9% by value (prior year 79.3%) and 79.6% by volume. (prior year 79.9%) within 10 days.

14. Corporate Governance

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

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

Clinical Governance Committee

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 local NHS System; and
- **Public health governance** – to ensure that the principles and standards of clinical governance are applied to the health improvement activities of the NHS Board.

The membership of the clinical governance committee comprises four non-executive directors and three executive directors/senior managers drawn from the Board and was chaired by Dr Vivian Shelley to 31/01/2011 and by Sarah Wedgwood from 01/02/2011. The committee provides an oversight to the systems and processes for delivering clinical governance and facilitates appropriate integration, together with providing assurance to the NHS Board that necessary systems for clinical governance are in place and operating effectively, whilst overseeing the delivery of the Local Delivery Plan (HEAT) target in relation to the NHS Quality Improvement (QIS) Standards for Clinical Governance & Risk Management and developing a Quality and Clinical Governance Strategy for NHS Highland.

Audit Committee

The Audit Committee comprises of a minimum of three non-executive directors from the Board and was chaired by Okain McLennan to 31/01/2011 and by Ian Gibson from 01/02/2011. It meets approximately four times per year. The overall remit is to ensure the management of the Board's activities is in accordance with the laws and regulations governing the NHS, whilst ensuring a system of internal control is in existence and maintained to give reasonable assurance that assets are safeguarded, waste or inefficiency is avoided, risk management is in place, reliable financial information is produced and value for money is continuously sought.

Staff Governance Committee

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

The membership of the Staff Governance Committee comprises four Non-Executive Directors, a Lead Executive (Director of Human Resources), representation from the Highland Partnership Forum and two ex-officio members (Chair and Chief Executive). The Committee was chaired by David Alston to 31/01/2011 and by Pam Courcha from 01/02/2011. The Committee meets approximately four times per year.

NHS Highland had previously developed a Workforce Strategy, which considered the National and Local Drivers for Change; however the prevailing financial situation across the NHS in Scotland has presented new and different workforce challenges to maintain and develop services. In response NHS Highland has developed a Board Vision and Strategic Framework and a Workforce Work Programme has been developed to support the implementation of the Framework. The Staff Governance Committee maintains the role of ensuring that the principles of the Staff Governance Standard are maintained through an ongoing period of changes to service delivery which impact on staff.

Ethics Committee

The North of Scotland Research Ethics Committee serves the North of Scotland, encompassing Grampian, Highland, Orkney and Shetland. There are two committees which provide independent advice to participants, researchers, funders, sponsors, employers, care organisations and professionals on the extent to which proposals for research studies comply with recognised ethical standards.

The principle function of the committee is to provide independent advice as to whether a given piece of research is ethical, and whether the dignity, rights, safety and wellbeing of individual research subjects are adequately protected. The NHS Highland membership of the North of Scotland Research Ethics Committee comprises:

Margaret Thomson	Research Fellow, retired
Jim Bannerman	Pharmacist

The Board members' responsibilities in respect of internal control are set out in a statement following this report.

The focus of governance is incorporated into Board meetings, with regular reports from its Governance Committees.

Discipline Committee

In common with other Boards, the Board of NHS Highland does not have its own Discipline Committee for Primary Care Contractors. Following a national review, there are now two central Disciplinary Committees in Scotland, one for the east and one for the west. Their collective membership is made up from members of the previous Board Discipline Committees.

PFPI Governance arrangements

The NHS Highland Board has overall responsibility for Patient Focus and Public Involvement. However, the term "Patient Focus and Public Involvement" includes a wide range of activities, across all services and functions, so that elements of Patient Focus and Public Involvement are reported and monitored formally through a range of performance and governance arrangements. These include the Clinical Governance Committee, and the Governance Committees attached to each of the operational units. These Committees are sub committees of the NHS Board, and have formal responsibilities to ensure compliance with performance standards, including the duty to engage with local people on service planning and provision.

In addition, the NHS Board receives reports on a wide range of activities including Equality and Diversity, patient information, feedback and complaints, volunteering, advocacy, carers, and public partnership forum development. Papers submitted to the NHS Board in relation to service change, design or development must include

information which reassures the Board that there is or has been appropriate patient and public involvement in the process.

15. Disclosure of Information to Auditors

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

16. Human Resources

As an equal opportunities employer, the Health Board welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Board. The employment aspects of the Board's overall Strategy on Equality and Diversity have been progressed in line with Action Plans.

The Health Board provides employees with information on matters of concern to them as employees by providing guidance on issues relating to people management in the form of PIN Policies and engages and consults employees and their representatives, so their views are taken into account in decisions affecting their interests, through the Highland and Local Partnership Forums. Workforce Information Reports have continued to be developed and extended and been made available to all staff on our Intranet. Ongoing work has been undertaken by the HR sub Group in updating HR Policies and Procedures which are also accessible electronically by staff on the Intranet. An internal communications strategy also ensures that staff are informed of developments.

Staff Governance and Partnership Working continues to be enhanced through the implementation of the Staff Governance Standards and through Workforce Planning.

17. Events after the end of the reporting period

There are no events after the end of the reporting period to disclose.

18. Financial Instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 26.

The Accountable Officer authorised these financial statements for issue on 29 June 2011.

By order of the board

29 JUNE 2011 Dame Mead. Chief Executive

OPERATING AND FINANCIAL REVIEW

1. Principal Activities and Review of the Year

The NHS Board was established in 1974 under the National Health Service (Scotland) Act 1974 and is responsible for commissioning health care services for the residents of Highland and from 1 April 2006 for Argyll and Bute.

NHS Highland's catchment area comprises the largest and most sparsely populated part of the UK with all the attendant issues of a difficult terrain, rugged coastline, populated islands and a limited internal transport and communications infrastructure. The area now covers 33,028 km² (12,752 square miles), which represents approximately 41% of the Scottish land surface. The geographical nature of the region presents particular challenges for the efficient and effective delivery of health care services.

NHS Highland now serves a population of some 310,000 residents, of which 220,000 are within the Highland Council area and 90,000 are within the Argyll & Bute Council area and sees a proportion of its patients from the influx of tourists to the Highlands, which at certain times of the year can double or even triple the local population.

The proportion of older people is above the Scottish average. However, levels of morbidity and levels of deprivation are below the Scottish average.

The Health Service in the Highland area is also a major employer, second only to the local authority in the number of people employed. Again, in business terms, this is of major significance to the Highland economy.

POLICY BACKGROUND

The government published **"Our National Health"**, a plan for action and change for the Health Service in Scotland, in December 2000. The plan set out a radical programme of investment and reform designed to improve health, and enhance care, standards and access to services, streamline bureaucracy and involve patients, communities and NHS staff in decision making, recognised the need to simplify, improve and rationalise local decision making arrangements.

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

The role of the unified NHS Board is to:

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

The functions of the unified NHS Board comprise:

- strategy development;
- resource allocations;
- implementation of the Local Delivery Plan;
- performance management.

Developments during 2010/11

Best start in life

Additional Screening offered to pregnant women in Highland

Pregnant women in Highland are being encouraged to contact their midwife as soon as they find out they are pregnant, in order to take advantage of NHS Highland's improved screening services.

Changes to the screening programmes offered to pregnant women are being introduced throughout Scotland. From October 2010 through the existing newborn blood spot test, health professionals are now be able to detect two inherited conditions – Medium Chain Acyl-CoA Dehydrogenase Deficiency (MCADD) and Sickle Cell Disorder (SCD).

Testing this early in a baby's life gives the best chance of identifying, investigating and, if appropriate, managing these underlying conditions. This can offer the potential to prevent serious illnesses that can, in some cases, prove fatal.

From March 2011 all pregnant women in the Highland area are now offered a screening test for sickle cell and thalassaemia disorders – ideally before 10 weeks into the pregnancy.

Sickle cell and thalassaemia disorders affect the part of the blood that carries oxygen around the body, called haemoglobin. People who have these conditions need specialist care throughout their lives.

NHS Highland moves closer to two more Baby Friendly Awards

North and Mid Highland Community Health Partnerships (CHPs) moved a step closer to gaining a prestigious international award for their efforts to support breastfeeding mothers and their babies in the community.

The Baby Friendly Initiative - a worldwide programme of the World Health Organisation and UNICEF - works with the health care system to ensure a high standard of care for pregnant women and breastfeeding mothers and babies.

North and Mid Highland CHPs have now achieved stage two in the three-stage award process. It is hoped that they will achieve full accreditation by the end of 2011.

Extra breast feeding support for new mums

Mothers across Highland who breastfed their own children completed a training course to enable them to help other mums to breastfeed successfully - particularly in the early days after leaving hospital.

The women, who responded to an appeal for mothers to train as volunteer breastfeeding peer supporters, will call new mums in the area to offer them support from someone with firsthand experience of breastfeeding.

Those who responded to the appeal will be able to share their own experiences having breastfed their own children and, following a four-week training course, can now offer support to post-natal women after they leave hospital to help them breastfeed successfully.

Pre-school Vision Screening changing in Highland
As from September 2010 all children in Highland are now offered a Pre-school Orthoptic Vision Screening (POVS) assessment in the year before they are eligible to start school.

Orthoptists are trained to detect and treat eyesight problems, particularly in young children, so are considered the most appropriate professional to carry out the screening tests.

Previously all children would have had their vision assessed by a school nurse in primary one, or in some areas, by an orthoptist in their local Health Centre in their pre-school year. The POVS programme will replace that.

Public Health

Fit for Work Service Launched
More support is now available for people when they develop a health condition or impairment with the launch of NHS Highland's 'Fit for Work' Service.

Launched in May the aim of the service is to support employees in small to medium sized enterprises in improving their health and supporting them to remain in work or return to work.

Eileen Webster is NHS Highland's Fit for Work Case Manager, she said: "The aim of the service is to provide personalised and timely back to work support for people off sick or moving towards absence from work due to a health condition. This could be for a number of reasons including back pain, stress or anxiety, and family problems."

Smoke-Free Home and Smoke-Free Car Campaign and help for those who want to quit
A campaign was launched in May that aims to improve the health of the Highland population by discouraging people from smoking in their home and car.

The Smoke-Free Home and Smoke-Free Car Project is run by NHS Highland in partnership with The Highland Council, Argyll and Bute Council, Strathclyde Fire & Rescue and The Highlands & Islands Fire & Rescue Service and involves smokers and non-smokers promising to make part or their entire home smoke-free for themselves, their family and friends.

Dr Margaret Somerville, Director of Public Health at NHS Highland said: "One of the best things a parent can do for their children's health is make their home and family car smoke-free.

In the New Year, with quitting smoking being one of the most popular New Year's resolutions, help was at hand for those who want to quit at the beginning of 2011.

NHS Highland employs local smoking cessation advisors and, in common with community pharmacies across Scotland, community pharmacies throughout the region are also able to provide a smoking cessation service to their customers.

Community pharmacists can provide nicotine replacement therapy (NRT) to anyone over the age of 12, including pregnant women, on NHS prescription.

Cancer signs: don't wait, don't worry, act now
NHS Highland launched a new information campaign to raise awareness of the signs of cancer.

In Highland 1600 people are diagnosed with cancer every year and the earlier it is detected the greater the chances of successful treatment. One in three people in the UK will develop cancer during their lifetime.

Cancer can develop at any age but mainly affects people aged 60 or over. More people than ever before are surviving cancer thanks to better treatment and to early detection. This is partly down to screening programmes like those for breast, cervical or bowel cancer but is also down to individuals being aware of the warning signs.

People in Highland who received a bowel screening kit in the post were also being encouraged to use it - as it could save their life.

Bowel screening aims to cut the number of bowel cancer deaths by finding early stage disease in people with no symptoms.

And, before the end of November 2011, men and women aged 50 to 74 years will be invited to participate in the Scottish Bowel Screening Programme by completing a home screening test.

And a New Cancer Support Drop-in Centre for Fort William was opened in May by best selling author Alexander McCall Smith.

The centre, based at Fort William Library on the towns High Street, offers support and information to people affected by cancer.

The service is a partnership between Macmillan Cancer Support, NHS Highland and Highland Council.

Festive Sensible Drinking Campaign Launched
NHS Highland and the Highland Alcohol & Drugs Partnership (HADP) launched their Festive Sensible Drinking Campaign in December.

As part of the launch displays were held at local supermarkets in Ullapool, Broadford, Portree and Kyle of Lochalsh offering advice and information on drinking limits and alcohol awareness.

Early Intervention Worker Colin Macdonald, along with his colleague Katherine Napoli, was on hand to offer advice to those visiting the display.

An Alcohol Awareness week was also held in Ullapool in February.

The week will promote health awareness issues surrounding alcohol and will offer good practical and confidential advice to anyone who is worried that they are drinking more than they should.

Alcohol is often a contributory factor in accidents, violence, relationship problems, mental and physical ill health, depression, weight gain, sleeping problems and days off work.

Extra support for people with addiction problems on Skye
February also saw People living on Skye who have drug and alcohol problems or other addictive behaviour being able to attend weekly meetings that may help their recovery.
A new group, known as the SMART Group, has recently started meeting in Portree Hospital at 7.30pm every Wednesday evening.

NHS Highland Alcohol Liaison Nurse, Neil Turner, who set up the group and provides support, explained that the meetings form part of the SMART Recovery Programme, which has been developed by professionals based on the best research available.

He said: "Addictive behaviour often develops as a means of coping with life's problems and emotional upsets. However, many problems arise from heavy drinking, drug using, gambling, overeating and other excesses".

"To help reverse this self-destructive behaviour, SMART Recovery concentrates on the thinking and feelings that lead to such actions. The focus is on the present and the only role the past plays is that group members are encouraged to learn from it."

Highland families offered help to adopt a healthier lifestyle
December saw families across the Highlands being invited to take part in the X-Programme - NHS Highland's healthy lifestyle programme, which focuses on feeling good and being healthy at any weight.

It is an enjoyable, interactive, family-centred programme, which builds confidence around healthy eating and fun physical activity over an eight-week period, with a catch up party three months later.

Families can refer themselves, or they can be referred by a health visitor, school nurse or GP and NHS Highland is keen to hear from families who want to join the programme in the New Year.

Healthy Working Lives Re-launch at Raigmore
Healthy Working Lives was re-launched at Raigmore Hospital in September with a whole host of activities arranged for staff including access to information to support them in making healthy lifestyle choices.

NHS Highland places the wellbeing of staff high in its list of priorities and Healthy Working Lives helps employers understand, protect and improve the health of its employees with the aim of having a healthier workforce, decreased sickness absence, safer and healthier workplaces and improved productivity among staff.

There is also a Healthy Working Lives award programme which has three levels - bronze, silver and gold and in March Islay Hospital was presented with their Healthy Working Lives Silver Award by Margaret Somerville, Director of Public Health for NHS Highland.

To achieve the award the Hospital undertook various health promotion activities and a quarterly HWL newsletter was produced. Health information was provided on Physical Activity, Smoking Cessation, No Smoking Day, Healthy Eating, Oral Health, Alcohol Awareness, Bowel Cancer and Mental Health.

Improving Quality

New Midwifery Service starts in East Sutherland
The midwifery service in East Sutherland changed following the separation of midwifery from nursing services in the area.

From the beginning of October East Sutherland has a midwifery service similar to all other areas in NHS Highland and indeed most areas throughout NHS Scotland and this meant an end to the combined community nurse/midwife role the area has been used to.

Mary Burnside, Lead Midwife for North Highland Community Health Partnership, is keen to stress that although this is a different model to the one East Sutherland is traditionally used to there will be no reduction in the current midwifery service provision.

Belford Hospital Services Redesign Improves Delivery
Patients attending the Belford Hospital in Fort William are experiencing reduced waiting times and shorter hospital stays following the redesign of services at the facility at the end of last year.

From November, the surgical and medical wards at the hospital were merged to form a Combined Assessment Unit (CAU) and patients - except those requiring emergency treatment in the Accident and Emergency (A&E) department and those attending for planned treatment - have been assessed in the CAU and early results show the unit is working well.

Since the opening of the CAU, there has been a reduction in Out of Hours (OOH) admissions, a reduction in length of stay and an increase in the number of people being treated as day cases.

Partnership between NHS Highland and charitable sector leads to improved service for wheelchair users
An innovative partnership between NHS Highland and ILM (Highland), an Alness based charitable organisation, has led to an improved service for wheelchair users across Ross-shire, Sutherland and Caithness.

The joint initiative was established at the beginning of April 2009 for an initial two year period as part of the NHS Highland's Wheelchair Services strategy of "shifting the balance of care" and providing services as close to people's homes as possible.

Chronic Pain Management Service for Highland
Patients with Chronic Pain in Northern Highland are now able to access a Chronic Pain Management Service from both primary and secondary care after the service was established by NHS Highland in April last year.

Pain which persists for more than three months is very common. Across Europe it affects about one in five people. In the Highland area approximately 26,500 adults have persistent pain and, as with any other long term health condition, there is considerable need for services which help people manage their ongoing pain.

The service is largely community based. Outpatient appointments are mainly at the County Community Hospital in Invergordon, and a range of interventional pain management procedures such as epidural injections, facet joint injections, lumbar and cervical radiofrequency rhizotomy, pulsed and cooled radiofrequency procedures are undertaken at the Lawson Memorial Hospital in Golspie under image intensifier control.

Cardiology Service improves for patients in Highland
An expansion to the cardiology service at Raigmore Hospital in Inverness means as many as 400 patients a year will no longer need to travel out with the Highland area for cardiac treatment.

Patients requiring percutaneous coronary intervention (PCI) - the process of putting balloons and Stents into patient's arteries to open up narrowing's that can cause a heart attack or angina - can now be treated in Inverness following the setting up of the PCI service in Inverness.

New Pre-Operative Assessment Service at Belford Hospital
From July the service that was provided to remote and rural surgical patients at the Belford Hospital in Fort William was improved to make it more accessible and more flexible.

A new Pre-Operative Assessment Service, which was fully functional in mid-August, offers patients greater choice to be treated on a day case basis with minimum disruption to their lives.

It will also mean operations are less likely to be cancelled and patients should recover more quickly.

New Rehabilitation Garden for Ross-shire Hospital
Patients at the County Community Hospital at Invergordon in Easter Ross can now enjoy the pleasures of gardening as part of their rehabilitation treatment at the facility.

A new rehabilitation garden, which has been created in a courtyard between wards at the hospital with the help of a local business and a local charity, was opened in June by NHS Highland Rehabilitation Coordinator, Iain Mac Ritchie.
The aim of the garden is to provide a therapeutic environment in which patients can receive occupational therapy as part of their recovery after illness to help them regain the skills and abilities needed for them to return home and live as independently as possible.

Development of services for rehabilitation patients in Caithness
NHS Highland continues to develop the ranges of services it provides in Caithness so that more people can be treated and cared for in their own homes.

Patients requiring rehabilitation and assessment in Caithness were previously admitted to the Queen Elizabeth Unit at Caithness General Hospital but patients' needs have changed with a shift to more people being treated in the community or in their own homes and the staff and resources in the unit needed to be used in a different way.

In August the North Highland Community Health Partnership (CHP) announced the closure of seven of the 25 beds in the Queen Elizabeth Unit from September 1st 2010. Bed occupancy in the unit has varied with the average occupancy of just under 18 beds in recent years.

This gave us the opportunity to redesign the service to better meet the needs of local people and to contribute to the CHP's savings target. A range of services were developed with an emphasis on working with people in their own homes, minimising the length of time they have to stay in hospital and where appropriate alternatives are in place, avoiding hospital admission altogether.

New Admissions Lounge makes it easier for patients to come in on day of surgery
During August a new Admissions Lounge, located on the first floor in Raigmore Hospital, opened and is allowing patients to come in on the day of their planned surgery saving them an unnecessary overnight stay in hospital.

The lounge is a pre-operative waiting area for patients who have a planned date for their operation. Patients will be seen by nursing staff who will prepare them for their operation. This will include routine nursing observations such as taking your blood pressure and, if required, giving any pre-operative medicines. Patients will be told what ward they will be going to after surgery and a member of the surgical team will also see them before their operation.

Working with patients to plan their future care
NHS Highland is working with patients with long term conditions and complex health needs to plan their future care in a way that reduces the amount of time they need to spend in hospital.

Most patients say they want to receive their care, particularly care at the natural end of life, in their own homes and identification of their wishes can help to ensure this happens.

In July 2010, NHS Highland introduced an Anticipatory Care Patient Alert (ACPA) form. This is completed for patients who have one or more pre-existing conditions which may have resulted in them being admitted to hospital as an emergency on several previous occasions.

Improvements to Highland Rheumatology Service
In December NHS Highland Board members were asked to endorse an action plan for improvements to the rheumatology service in Highland that will enable the service to reach more people with many of them receiving their treatment closer to home.

A review of the NHS Highland rheumatology service began in 2008 in response to new national standards of care, the need to safely administer new drug treatments, known as "biologic treatments" and to meet new waiting time targets.

This confirmed that the current service was of a high quality, but it identified ways to make the service more sustainable and recommended the initial steps towards developing a comprehensive service, emphasising quality and safety while encouraging self management.

Medicine reviews for vulnerable patients
During September NHS Highland launched a drive to improve the quality and safety of prescribing for high risk patients.

Patients who are taking a lot of medicines or who are at particularly high risk of medication side effects were asked to make appointments at their local medical practice to have their prescriptions reviewed.

Consultant Dr Martin Wilson said: "An increasing number of people suffer from more than one medical condition. Over time the list of medicines they receive on a repeat prescription can get quite long. However, circumstances change and a drug that was right for a person years ago may no longer be giving them any benefit and may be causing side effects. In addition people as they approach the natural end of life can be particularly vulnerable to the side effects of drugs. It is important that particular attention is paid to drug prescribing in these groups to avoid inadvertently causing harm."

Health and Social Care Review in the Highlands
The Highland Council and the NHS Highland Board unanimously agreed in December to progress far-reaching plans to integrate health and social care services in the Highlands.

After a joint meeting in Inverness it was agreed to develop a new model for integrated service delivery, which will further improve front line services, and help achieve better outcomes for the users of services.

It was agreed that the single lead agency for the delivery of adult community care services should be NHS Highland, and that the single lead agency for the provision of children's services should be The Highland Council.

Renal patients in Highland get on their bike
Renal patients across Highland have spent the past few months racking up the miles as part of an exercise programme for haemodialysis patients aimed at improving the health of the patients taking part.

End stage renal disease has many adverse effects on the body such as declining quality and function of the nervous systems, bones, blood vessels and muscles. Many of the patients have cardiovascular disease and diabetes. This is made worse by high levels of inactivity and aging which leads to muscle wasting, reduced physical function and ultimately quality of life and survival.

There is a clear body of evidence showing a number of significant benefits for renal patients to undertake regular exercise. These include improved muscle strength and balance, weight loss and maintenance, and better control of cardiovascular disease, diabetes and blood pressure. It has also been shown to improve the quality of dialysis.

Health checks project extended to central Sutherland
Scottish Ambulance Service paramedics will continue the work piloted by nurses in North and West Sutherland by undertaking free confidential health checks for people aged between 40 and 64 living in the Lairg and Bonar Bridge areas.

The health checks in North and West Sutherland are continuing.

The move is part of NHS Health Scotland's 'Keep Well and Well North' national anticipatory care programme with a particular focus on early identification of coronary heart disease and diabetes.

Patients will initially be contacted by their GP practice to arrange the health check and a local paramedic will then follow up to arrange a convenient time and place to undertake the service.

Health Services Partnership Project Wins Scottish Award
A project which explored the most effective ways for communities in rural Scotland to get involved in planning their future health services has won a national award and attracted international interest.

The Remote Service Futures Project was a joint Knowledge Transfer Partnership (KTP) initiative between the Centre for Rural Health, part of the new University of the Highlands and Islands, and NHS Highland, and looked at the challenges of providing services in remote and rural areas – including staff recruitment, and travelling times and costs for patients, families, carers and health professionals.

It involved events such as community workshops, forums and road shows in communities in Argyll, Wester Ross and Lochaber to help people and service-providers liaise over local needs and future provision.

The key for carers in the Highlands
A Highland charity has teamed up with NHS Highland and Highland Council to launch its "Key" campaign which is aimed at ensuring unpaid carers of people with disabilities or long-term illnesses know where to go for support.

Highland Community Care Forum's Connecting Carers' information service sent 10,000 information leaflets in the shape of a key to professionals in health, social work and community organisations throughout the Highlands.

These professionals will then give the leaflets to the carers they meet in the course of their work.

Information Events for People Affected By Memory Problems
A series of information events for people with memory problems and their relatives, friends and carers was held in Badenoch and Strathspey.

The drop-in events were held in Grantown on Spey, Aviemore and Kingussie and were arranged as a result of partnership working by NHS Highland and Alzheimer Scotland.

The aims of these informal sessions was to enable local people to find out more about dementia and what support and services are available in the area.

Partner agencies also hope to gain further information on the needs of people with dementia and family carers living in the area.

New Equipment and Technology

New MRI Suite Officially Opens
Patients in NHS Highland now have access to updated MRI imaging following the introduction in June of a second MRI Scanner at Raigmore Hospital in Inverness.

MRI is a safe and highly sophisticated imaging method with no radiation. The new scanner, which was delivered in March 2010 and operational from April, is of high specification meaning it will offer the most up-to-date MRI scanning available.

Dr Helen Shannon is Head of Service for Radiology at Raigmore Hospital. She said: "We scan an average of 450 patients in the MRI department each month. The state of the art technology of the new scanner will improve diagnostic accuracy in many areas from scans of joints and orthopaedic conditions to abdominal diseases to assessment of cancer".

Telehealth projects across Highland make life easier for patients
Video conferencing is already widely used by NHS Highland as a way of connecting health care staff who work in different places. It is also being used for some patient consultations between Inverness and the Western Isles.

A number of projects started this year which allow patients to be seen locally cutting down on travel for both them and our medical staff.

Our teledialysis project will see kidney patients in the far north experiencing shorter waiting times for local appointments to see their consultants, with fewer outpatients having to make the 200-mile round trip to Raigmore Hospital in Inverness.

The new teleneurology service for Skye is a joint project between NHS 24's Scottish Centre for Telehealth and NHS Highland and follows the successful establishment of telehealth initiatives between the two organisations.

And the Speech and Language Therapy (SLT) team in North Highland has been working with their counterparts in Sweden to find new ways to reach patients in remote and rural areas of Caithness and Sutherland.

Skye patients to benefit from telehealth project
Skye residents with long term conditions (LTCs), such as Chronic Obstructive Pulmonary Disorder, diabetes and heart failure, are being offered the opportunity to have monitors in their homes so their conditions can be managed remotely.

The introduction of the monitors forms part of an NHS Highland telehealth project, which is being run in partnership with Lochalsh and Skye Housing Association (LSHA) and Highland Council.

Raigmore's mini heart scanner a first for Scotland
The smallest echo heart scanner to be made is now in use at Raigmore Hospital.

Raigmore was the first hospital in Scotland to start using this piece of kit which has been bought thanks to donations from members of the public.

The GE v-scan is the size of a note book and uses sound to take detailed images of the heart to determine what condition it is suffering from. While it does not replace other echo machines it is already being used in the coronary care unit and the cardiac catheterisation laboratory at the hospital.

Showcase of Allied Health Professional services
Allied Health Professionals (AHPs) across Highland took part in an Open Showcase Event in Inverness in February as part of the national Scottish AHP Awareness Week.

Allied Health Professions incorporate a wide and varied range of services, including radiography, physiotherapy, occupational therapy, orthotics, prosthetics, dietetics, podiatry, speech and language therapy, art therapy, orthoptics and support workers.

Those attending the event were able to see presentations, interactive displays and posters giving information about service excellence, practice and service improvement and innovation and service development.

New Builds / Developments

Projects going ahead despite capital resources reduction
The new Migdale Hospital currently being built at Bonar Bridge in Sutherland - at a cost of more than £8 million - to replace the existing facility in the village is going ahead as planned and it is hoped it will be fully operational in the autumn of this year.

And the new dental facility at the Dunbar Hospital in Thurso, costing almost £1.3 million, was completed at the end of March this year.

Building work on a new four-surgery dental facility at Dingwall in Ross-shire – costing just over £1.3 million was completed at the end of March this year.

This will be available for lease to incoming General Dental Practitioners committed to delivering NHS dental services and we are currently in discussion with dentists who are interested in taking on the lease. It is hoped it will be operational this summer.

And work on a £7 million project to provide a new health centre at Tain, to replace the existing health centre and existing dental facilities in the Easter Ross town, will continue.

NHSScotland Chief Executive opens new hospital and primary care centre
In September NHSScotland Chief Executive Kevin Woods opened the new primary care centre at Nairn Town and County Hospital which started seeing patients in July.

The facility is one of the most integrated in the country bringing social work staff together with community NHS staff, two medical practices, a dental practice and 20 bed in-patient hospital.

Dr Woods said: "This integrated hospital and primary care centre embraces a way of working which will improve the quality of care for the whole population. Professionals are working side by side making the delivery of a seamless service easier. This much makes sense, but I expect that the real benefits will be discovered by the staff here as they get together and start to explore new ways of meeting the health and social care challenges that are facing us."

NHS Highland Chair Garry Coutts said: "The future has to be about working across the artificial boundaries between primary care and hospital care, the NHS and social work. It is care that takes into account all the medical conditions and social circumstances of every person and looks after them holistically. It is a system which is preventative rather than reactive. Co-location of services makes it easier for staff working across all these services to get to know each other and their roles so they can look after people better. This development is a shining example of the way forward and as one of the first to be integrated at this level the pressure is on for the people who work here to deliver to their full potential."

Opening of Macmillan Sunroom in Campbeltown Hospital
In March a ribbon cutting ceremony was held in Campbeltown to mark the opening of a new suite of accommodation for seriously ill cancer patients and their loved ones.

The opening of the Macmillan Sunroom – named to reflect its bright and airy living room area – follows a four year fundraising appeal that has seen the community raise almost £95,000.

The new facility at Campbeltown Hospital has also been made possible thanks to a £50,000 grant from leading charity Macmillan Cancer Support.

Future Development of Dental Services in Oban
At the Argyll & Bute Community Health Partnership (CHP) Committee meeting on 02 March 2011 members of the Committee endorsed plans for the proposed new Oban Dental Centre to be located within Lorn & Islands Hospital in Oban.

The main reasons for this decision are:
Following Scottish Government guidance which stipulates that Health Boards should maximise the use of their existing buildings. To ensure that the CHP delivers services that are best value using our available financial resources

New clinic for Raasay
The residents of Raasay now have a new clinic thanks to a joint venture involving NHS Highland, The Highland Council and Lochalsh and Skye Housing Association.

The new facility in a former Highland Council building in Inverarish village offers patients modern and spacious facilities that comply with the relevant health care legislation. It also provides built in accommodation for the nursing team.

The local community had an opportunity to view the property during an open day event held during the afternoon of Tuesday March 29 and the nurses moved in from Thursday March 31.

Going green

NHS in Skye and Lochalsh goes green
As part of Highland Council's recycling trial NHS Highland premises in Skye and Lochalsh are doing their bit to increase recycling and reduce waste to landfill.

Similar to household recycling, materials such as paper, cardboard, plastic bottles, food tins and drink cans is picked up every fortnight from NHS buildings in the area.

NHS Highland marks Climate Change Week
During Climate Change Week in March there were stands at four NHS Highland hospitals to highlight its commitment to reducing carbon emissions.

The Board significantly exceeded performance on Scottish Government targets to reduce energy consumption and carbon emissions between 2008 and 2010 and has aspirations to be a leading organisation on carbon reductions in Scotland.

NHS Highland Energy and Environment Manager, Gordon MacDonald, said: "The Scottish Government expects public sector organisations, such as the health service, to use public funds to both deliver the best services and lead the way in relation to lowering wasted resources".

2. Financial Performance and Position update

The Scottish Government 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 net capital investment; and
- Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

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

		Limit as set by SGHD £'000	Actual Outturn £'000	Variance Under £'000
	Revenue Resource Limit			
1	Core	530,103	530,047	56
	Non-core	24,724	24,724	0
	Capital Resource Limit			
2	Core	28,657	28,657	0
	Non-core	104	104	0
3	Cash Requirement	613,000	612,903	97

MEMORANDUM FOR IN YEAR OUTTURN	
Brought forward (surplus from previous financial year)	9
Surplus against In Year Revenue Resource Limit	47

Bad debt provision of £329,000 this year (prior year £404,000) is based on all non-government debt outstanding greater than one year old except for RTA reclaims which have been provided for if more than four years old. This is based on historical patterns of recovery for these debts.

Family Health Services

In 2010, NHS Scotland Counter Fraud Services performed work to give an indication of the possible level of Family Health Services income not generated due to incorrect claims by patients for exemption from NHS charges. Counter Fraud Services extrapolation of the sample results for NHS Highland indicates that the level of income that could have been generated from prescription, dental and ophthalmic charges in the year to 31 December 2010 could potentially amount to £684,000.

Capital Expenditure

Using the funds made available by the Scottish Government for the year, the Board was able to progress its Capital Investment Strategy, most notably:
update

North CHP
Care of the Elderly Sutherland
Thurso Dental Premises

Mid CHP
Dingwall Health Centre
Dingwall Dental Premises

Facilities
Primary Care Decontamination
Estate Compliance Works

SE CHP
Primary Care Premises

Raigmore Hospital
Day Services Centre (including Renal)
LINACC
Angio Cath Lab
Radiology Equipment
MRI Installation
Medical Equipment

A&B CHP
Provision of Campbeltown Dental Centre
Commencement of Mull & Iona Progressive Care Centre
Rothesay Victoria Hospital Upgrade
Provision of a Palliative Care Room at Campbeltown Hospital
Decontamination Units in Helensburgh, Tiree & Islay
HEI/HAI Compliance Works at various Hospitals
Various Medical Equipment
Various e Health Schemes including Server Upgrades

Public Finance Initiative/Public Private Partnerships

Provision of Easter Ross Primary Care Resource Centre
Start date February 2005 ending January 2030.
This scheme is a redevelopment of County Hospital, Invergordon, into a Primary Care Centre and combines a community hospital and a health centre, integrating primary and community care into one community health resource. There is a twenty five year contract with an estimated capital value of £8.8m and the PFI property will revert to the Board at the end of the contract.

Provision of New Craigs Hospital
Start date July 2000 ending June 2025
This scheme is a replacement for the Craig Dunain Hospital, Inverness, and provides in-Patients' facilities for adults with Mental Health needs or Learning Disabilities. There is a 25

year contract with an estimated capital value of £14.4m.

Provision of Mid Argyll Community Hospital and Integrated Care Centre, Lochgilphead

We financed the development of Mid Argyll Community Hospital and Integrated Care Centre in Lochgilphead by way of a PFI scheme.

The period of the contract runs from June 2006 to May 2036 at which point the ownership of the asset will transfer to the Board. The estimated capital value of the project is £19.2m.

Sickness Absence Data

Sickness Absence rate is 4.8% (prior year – 4.8%)

Personal Data Related Incidents

The Board does not have any personal data related incidents to report.

3. Performance against Key Targets

Each NHS Board within NHS Scotland is required to produce an annual Local Delivery Plan. This document details each national target set by the Scottish Government Health Department (SGHD). These targets are known by the acronym HEAT which covers the four key areas of performance measurement. In 2010/11 there were 36 performance measures covering 24 targets

- **H**ealth Improvement – 7 targets measuring improvements in life expectancy and healthy life expectancy
- **E**fficiency and Government Improvements – 6 targets (10 performance measures) measuring improvements in the efficiency and effectiveness of the NHS, covering financial, service and staffing aspects.
- **A**ccess to Services – 5 targets (12 performance measures) recognising patients' need for quicker and easier use of NHS services
- **T**reatments appropriate to individuals –6 targets (7 performance measures) ensuring patients receive high quality services that meet their needs.

For each target, each Board is required to produce a trajectory for the delivery of the required outcome by the set deadline, which may be over more than 1 year. This provides a basis for monitoring actual performance against plan. Each NHS Board is held to account for their performance by the SGHD at an Annual Accountability Review.

NHS Highland has a robust performance framework in place which uses a Balanced Scorecard methodology to measure performance during the year. The Balanced Scorecard is populated every 2 months with the latest reported performance for each HEAT target, along with some locally set targets. This is initially presented to the Improvement Committee of NHS Highland Board, a sub-committee of the Board chaired by NHS Highland Chairman, which meets in the intervening months to the full Board meeting to consider in detail what actions are planned/have been taken to correct under achievement in performance. The Improvement Committee then presents an Assurance report to the Board meeting the following month.

The Balanced Scorecard is published at NHS Highland level and also cascaded to the next tier of management responsibility i.e. each operational unit consisting of 4 Community Healthcare Partnerships and Raigmore Hospital. Each of the operational units has the Balanced Scorecard on their agenda at their formal Management/Committee meetings to review their performance.

A copy of the Balanced Scorecard for 2010/11 is attached for information as at the 31st March 2011. For some of the targets we are not able to report the year end position due to the availability of data.

Highland Health Board

The table below summarises NHS Highland's current position against the targets due for delivery in 2010/11.

Board Position	Target	Month reported
	Child Healthy Weight Interventions	Feb-11
	Alcohol \Brief Interventions	Feb-11
	Suicide Prevention Training (Due for Delivery Dec 2010)	Mar-11
	Smoking Cessation	Feb-11
	Breastfeeding at 6-8 weeks	Sep-10
	Inequalities Targeted Cardiovascular Health checks	Mar-11
	Day case rates	Jan-11
	Emergency Inpatients average length of stay	Jan-11
	Outpatients - DNA rate	Feb-11
	Financial Performance	Mar-11
	Cash Efficiencies	Mar-11
	Electronic management of referrals (Due for Delivery Dec 2010)	Dec-10
	e-KSF/PDP	Mar-11
	Inpatient/Day Case Waiting times - 9 weeks	Mar-11
	Drug Treatment: Referral to assessment (Due for Delivery Dec10)	Dec-10
	Drug Treatment: Assessment to treatment(Due for Delivery Dec10)	Dec-10
	Reduce Occupied Bed days for long term conditions	Dec-10
	Balance of care for Older People with complex care need	Mar-10
	Dementia (**Un validated** - validated position available annually)	Feb-11
	Rate of attendances at A&E	Feb-11
	MRSA/MSSA Bacterium: 30% reduction	Dec-10
	C. Diff Infections: 30% reduction	Dec-10
	Reduction in Emergency bed days for patients aged 65+	Dec-10

The table below summarises NHS Highland's current position against the targets due for delivery beyond 31st March 2011.

Board Position	Target	Month reported	Delivery Date
	Child Fluoride Varnish Applications	Sep-10	Mar-14
	Reduce Pre Operative stay	Feb-11	Mar-13
	Reduce Carbon emissions	Dec-10	Mar-15
	Reduce Energy Consumption	Dec-10	Mar-15
	Advance Booking - GP	Mar-10	Mar-11
	Suspicion of cancer referrals (62days)	Dec-10	Dec-11
	All Cancer Treatment (31days)	Dec-10	Dec-11
	18 weeks Referral to Treatment - admitted performance	Feb-11	Dec-11
	18 weeks Referral to Treatment - admitted completeness	Feb-11	Dec-11
	18 weeks Referral to Treatment - non admitted performance	Feb-11	Dec-11
	18 weeks Referral to Treatment - non admitted completeness	Feb-11	Dec-11
No Trajectory	Alcohol Treatment: Referral to Treatment	N/A	Mar-13
No Trajectory	Faster Access to Specialist CAMHS	N/A	Mar-13

Highland Health Board

NHS HIGHLAND BALANCED SCORECARD 2010/11

TOTAL NHS HIGHLAND HEAT TARGETS

Indicator	HEAT Measure & Detail	Outturn	Date of outturn	Latest Reported Period												Reporting Period	Comments
				APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR		
Health Improvement																	
H3.KPM1	**Healthy Weight of Children** Achieve 484 interventions for child healthy weight intervention programme by 2010/11, for the number of 5-15 year olds	221	Mar-10	229	242	452	474	530	581	586	586	647	657	670		Cumulative Monthly	Total figure equates to 69 Full X programmes against trajectory of 132 (52%) and 601 mini X against trajectory of 308 (195%)
H4.KPM1	**Alcohol Brief Interventions** Achieve 8964 brief interventions in line with SIGN 74 guidelines by 2010/11	4066	Mar-10	4499	4683	4897	5088	5333	5664	5951	6258	7030	7579	8435		Cumulative Monthly	Highland Trajectory for Feb = 9187
H5.KPM1	**Suicide Prevention** 50% of key frontline staff educated & trained in using suicide assessment tools/prevention training programmes by 2010	34%	Mar-10	34%	35%	41%	41%	41%	47%	51%	52%	53%	53%	54%	55%	Cumulative Monthly	Highland Trajectory for Dec = 50%
H6.KPM1	**Smoking Cessation** 8% of smoking population successfully quitting (at one month post quit) from 2008/09 to 2010/11 - Equates to 4944 quits over the period	3230	Mar-10	3541	6745	3936	4103	4274	4448	4602	4741	4819	5027	5183		Cumulative Monthly	Highland Trajectory for Feb = 4799
H7.KPM1	**Breast Feeding at 6-8 Weeks** New-born babies exclusively breastfed at 6-8 weeks review to increase from 28.8% in 2006/07 to 36% in 2010/11	32.5%	Jan-Mar 10			31.9%			33.3%							Preceding 4 Quarters	Highland Trajectory for Sept = 34.5%
H8.KPM1	**Inequalities Targeted Cardiovascular Health Checks** Achieve 60 inequalities targeted cardiovascular Health Checks during 2009/10	189	Mar-10	13	37	68	93	112	143	157	166	170	186	197	213	Cumulative Monthly	
H9.KPM1	**Child Fluoride Varnish Applications** Achieve at least 60% of 3 and 4 year old children in each SIMD quintile to receive at least 2 applications of fluoride varnish per year by March 2014	0.0%	Jan-Mar 10			0%			0%							Quarterly	Reporting is on a quarterly basis and shows the worst performing quintile. The baseline data was received on 28.9.10 and a trajectory is now to be agreed
Efficiency																	
E4.KPM1	**Efficiency Savings: Same Day Surgery** Improved efficiencies by March 2011 to increase day case rate to 78.9%. The number of BADS surgical procedures performed in a day case or outpatient setting	77.2%	Mar-10	77.9%	77.3%	79.1%	76.3%	81.2%	81.0%	79.9%	83.9%	82.6%	82.2%			Preceding Year	NOTE - THIS TARGET IS NOW MEASURED ON A MONTHLY BASIS NOT ROLLING YEAR
E4.KPM2	**Efficiency Savings: Emergency Inpatients Average Length of Stay** Improved efficiencies by March 2011 to reduce non-routine inpatient average length of stay to 4.0	4.0	Mar-10	4.0	4.0	4.0	4.0	4.0	3.9	3.8	3.8	3.8	3.8			Preceding Year	
E4.KPM4	**Efficiency Savings: New Outpatient Appointment DNA rates** Improved efficiencies by March 2011 to reduce 1st outpatient attendance DNA rate to 6.9%	7.0%	Mar-10	7.1%	7.1%	6.9%	6.9%	6.9%	6.6%	6.7%	6.6%	6.6%	6.6%	6.6%		Preceding Year	
E4.KPM5	**Reduce Pre-operative Stay** Improved efficiencies by March 2013 to reduce pre-operative stay by 20% to 0.65 days for elective surgery	0.72	Mar-10	0.71	0.71	0.69	0.68	0.69	0.68	0.66	0.65	0.63	0.62			Rolling year	
E5.KPM1	**Financial Performance** Operate within agreed revenue resource and capital resource limits, and meet cash requirement.	£79k	Mar-10		£5,391	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	Preceding Year	Outturn for year end is at breakeven as per in year forecast and LDP
E6.KPM1	**Cash Efficiencies** Meet cash efficiency target. 2% per annum	93%	Mar-10		63%	100%	100%	100%	100%	100%	100%	100%	100%	94%	86%	Monthly	Outturn for savins is showing an 86% achievement against target with some of these savings made non-recurrently
E7.KPM1	**Electronic Management of Referrals** Increase the % of new GP outpatient referrals into consultant led secondary care services managed electronically to 90% from Dec 2010	65.1%	Mar-10	66.2%	72.9%	70.2%	68.7%	72.1%	69.3%	80.8%	88.2%	90.8%				Monthly	Note that trajectory has been reprofiled for 2010/11. May figure adjusted - please refer to A&B Heat for further detail. Dec data shows overall Highland position. Data no longer available at CHP level due to no longer receiving this data from the Scottish Government.
E8.KPM1	**Reduce Carbon Emissions** To reduce CO_2 for oil, gas, butane and propane usage by 3% each year to 22,875 tonnes by 2014/15.					19.3%			11.0%			7.9%				Quarterly	Year end figures not in place until June 2011. Large variances in quarterly figures due to lack of estates completion of the national dataset and delays in invoices. Internal working however indicates Target will be met.
E8.KPM2	**Reduce Energy Consumption:** To reduce energy consumption by 1% each year to 298,578kWhs by 2015-16.					10.8%			3.6%			3.0%				Quarterly	Year end figures not in place until June 2011. Large variances in quarterly figures due to lack of estates completion of the national dataset and delays in invoices. Internal working however indicates Target will be met.
E10.KPM1	**KSF and Personal Development Plan** 80% of staff to have had a KSF/PDP review, completed and recorded on E-KSF by March 2011	4.59%	Mar-10	6.65%	7.47%	8.85%	10.29%	11.63%	13.65%	16.77%	24.40%	32.13%	38.99%	48.00%	80.91%	Monthly	If all existing Review documents were signed off the figure would be 94.81% (01/4/11)

Highland Health Board

Access to Services																		
A8.KPM2	**Advance Booking - GP** By 2010/11 at least 90% of patients are able to book a consultation with a GP or appropriate Healthcare Professional more than 2 working days in advance	90%	Mar-10													Preceding Year	NHS Highland is one of only 2 mainland NHS Boards to achieve the 90% target in 2009/10
A9.KPM1	**Suspicion of cancer referrals (62 days)** For 95% of patients referred urgently with a suspicion of cancer, maximum wait from referral to treatment is 62 days from Dec 2011	96.1%	Oct-Dec 09	98.4%		97.7%			99%			96%				Quarterly	**173 out of 180 patients = 96%** Qtr 4 2010 (Oct-Dec) figures are validated - screening included from Qtr 3 onwards
A9.KPM2	**All Cancer Treatment (31 days)** For 95% of patients diagnosed with cancer, the maximum wait from first decision to treat will be 31 days from Dec 2011			91%		92.5%			98%			95%				Quarterly	**312 out of 329 patients = 95%** Qtr 4 2010 (Oct-Dec) figures are validated - screening included from Qtr 3 onwards
A10.KPM1 a	**18 Weeks Referral to Treatment - Admitted Performance** Deliver 18 week RTT from 31 December 2011.			85.1%	81.0%	82.6%	78.0%	78.0%	77.0%	80.0%	75.0%	75.0%	73.8%	70.4%		Monthly	Information relates to Northern Highland only - work ongoing to capture Argyll and Bute CHP data
A10.KPM1 b	**18 Weeks Referral to Treatment - Admitted Completeness** Deliver 18 week RTT from 31 December 2011.			48.0%	51.0%	47.5%	51.0%	51.0%	48.0%	48.0%	45.0%	43.0%	44.6%	43.0%		Monthly	Information relates to Northern Highland only - work ongoing to capture Argyll and Bute CHP data
A10.KPM1 c	**18 Weeks Referral to Treatment - Non-admitted Performance** Deliver 18 week RTT from 31 December 2011.			82.3%	90.0%	93.8%	93.0%	93.0%	92.0%	93.0%	93.0%	93.0%	93.1%	91.1%		Monthly	Information relates to Northern Highland only - work ongoing to capture Argyll and Bute CHP data
A10.KPM1 d	**18 Weeks Referral to Treatment - Non-admitted Completeness** Deliver 18 week RTT from 31 December 2011.			82%	65%	83%	80%	79%	77%	73%	104%	71%	80.5%	80.7%		Monthly	Information relates to Northern Highland only - work ongoing to capture Argyll and Bute CHP data
A10.KPM3	**Inpatient/Day Cases Waiting Times: Maximum Wait 9 Weeks** No patient to wait longer than 9 weeks from being placed on waiting list to admission for an inpatient or day case procedure from 31 March	16	Mar-10	16	13	1	8	10	0	1	11	23	77	52	0	Monthly	
A11.KPM1	**Drug Treatment: Referral to Assessment.** By Dec 2010, 90% of clients referred for treatment will receive a date for assessment that falls within 4 weeks of referral received .					94%			92%			93%				Quarterly	Please note the A&B data for Qtr 1 is unvalidated at present and excludes voluntary sectors/services. Qtr 2 does not include A&B CHP data.
A11.KPM2	**Drug Treatment: Assessment to Treatment** By Dec 2010, 90% of clients will receive a date for treatment that falls within 4 weeks of their care plan being agreed.					98%			96%			98%				Quarterly	Please note the A&B data for Qtr 1 is unvalidated at present and excludes voluntary sectors/services. Qtr 2 does not include A&B CHP data.
A11.KPM3	**Alcohol Treatment: Referral to Treatment** By Dec 2010 90% of clients referred for treatment will receive a date for treatment that falls within 4 weeks of their care plan being agreed																No performance measure for this indicator in 2010/11
A12.KPM1	**Faster access to Specialist Child & Adolescent Mental Health Services (CAMHS)** By March 2013 no one will wait longer than 26 weeks from referral to treatment			6	16	15	21	19	23	32	31	57	35	40		Monthly	Trajectory for 2010/11 not yet established. The recent increase is partly due to the implementation of iSoft at the Phoenix Centre.
Treatment Appropriate for Patient																		
T6.KPM1	**Reduction in Bed Days For Long term Conditions** Reduce admission rates (for COPD, Asthma, Diabetes, CHD) to 9,130/100,000 population by Mar 2011.	9,236	Mar-10			9,426			9,379			8,768				Annual	Provisional figures due to under-reporting - ISD data excludes current (longstay) inpatients. Continually revising the reporting method.
T8.KPM1	**Balance of Care For Older People With Complex Care Needs** Increase the level of older people with complex care needs receiving care at home to 30% by March 2011	25%	Mar-10													Preceding Year	Currently Working with ISD to develop local dataset for monitoring. No. of ACPAs completed (to end of March 2011): 5329.1.65% of total population
T9.KPM1	**Dementia** Increase nos of patients' with an early diagnosis & management of dementia to 2659 by Mar 2011	2188	Jan-Mar 10		2096	2312	2329	2365	2270	2251	2406	2469	2469	2527		Preceding Year	
T10.KPM1	**Rate of Attendance at A&E** Agreed reduction in number of attendances to A&E attendances by March 2011 to 1322 per 100,000pop'n		Mar-10	1386	1605	1609	1549	1627	1455	1334	1171	1194	1253	1156		Monthly	Note that from 1/4/10 only 4 A&E sites are included in the measurement of this target - Raigmore, Belford, Caithness General and Lorn & Isles
T11.KPM1	**MRSA/MSSA Bacterium: 15% Reduction** Reduce all staphylococcus aureus bacteraemia (including MRSA) by 15% by March 2011 to 46	74 18	Jan-Mar 10			67 13			63 10			30 19				Preceding 4 Quarters	The most recent HPS figures are for period Oct-Dec 2010. There were 19 SABs = 0.286 per 1000 AOBDs. From Apr-Mar 11 there have been 59 SABs. The target by the end of March was 46.
T11.KPM2	**C. Diff Infections 30% Reduction** Reduce the bed day rate by 30% for age 65+ by March 2011 to 0.57 per 1000 total OBD	0.44 25	Jan-Mar 10			0.5 25			0.25 12			0.35 18				Rate/1000obd Count	The most recent HPS figures are for the period Oct-Dec 2010. NHS Highland is 0.35 per 1000 OCBD in patients over 65. Scotland was 0.34 per 1000 Apr-Mar 11 there have been 68 C.Diff infections for 65+. The target is 130 by the end of March 2011
T12.KPM1	**Reduction in Emergency Bed Days for Patients Aged 65+** Reduce emergency inpatient bed days for aged 65+ to 3,238 per 1,000 population by Mar 2011	3,273	Mar-10			3,277			3,192			2,975				Annual	Provisional figures due to under-reporting - ISD data excludes current (longstay) inpatients. Continually revising the reporting method.

Highland Health Board

Sustainability and Environmental Reporting

Overview
During 2010-11 all aspects of activity with a large carbon impact have been under review as part of the Carbon Management Programme. In NHS Highland this is a two-tier process that has Senior Management input at the Carbon Management Board reviewing planned activity and the strategic context of carbon measures. Daily operational matters are collated and discussed via the Carbon Project Team. All areas/departments, and more, within the various topic areas below are represented. This allows clear direction on both operational delivery and strategic overview to work towards reducing carbon emissions through efficiency and developments.

The Board also supported a series of displays to mark Earth Week held in Wick, Inverness, Fort William, Oban and Lochgilphead. These were very well received and a lot of information and advice was passed to staff to promote awareness of energy issues.

The Board are also looking at strategic issues and are investigating joint working and procurement proposals with other public sector bodies in the Highlands, to maximise efficiency and drive down costs. It is hoped to have a pan-Highland biomass fuel contract in place from this initiative. In addition the Board is overseeing preparations for the Carbon Reduction Commitment (CRC) scheme to be introduced across the UK and investigating the potential for micro-generation on some of our sites.

The Board has also supported bids to the SGHD for three biomass schemes for Raigmore Hospital, Caithness General Hospital and Raigmore staff accommodation. These bids total £3m and would place NHS Highland at the forefront of Carbon reduction within NHS Scotland.

The topic areas below, with the exception of Transport, are collated for all Scottish Boards via Health Facilities Scotland (HFS); and the results published in an annual report. Over recent years NHS Highland has outperformed its required HEAT targets on carbon emissions and efficiency in use of energy.

Greenhouse Gases
NHS Highland's hospital sites account for some 27,000 tCO2 in terms of Heat and Power consumed. This is a reduction of almost 10% from 2008-09. Total consumptions are verifiable via the HFS eMART national returns. Whilst only an estimate it is believed that the 23 hospitals in Highland represent over 92% of the total estates emissions. The CRC return later in the year that will calculate the totality of the Carbon footprint will allow amendments to this, if applicable.

The HEAT target is to reduce the emissions from Fossil fuels by 3% annually. This subset of the total equates currently to around 16,500 tCO2/yr – or an approximate reduction of around 500 tCO2/yr. It is seasonally adjusted to ensure that NHS Highland is not detrimentally impacted by the very cold winter just experienced. Internal reviews suggest that this 500 tCO2 will be met – primarily as a result of the 4 Biomass boilers that were installed in our smaller hospitals (Dunbar Hospital – Thurso, Lawson Memorial Hospital – Golspie, Iain Charles Hospital – Grantown on Spey and the Broadford Hospital – Skye) and a significant local reduction in the oil that was used.

Emissions from Transport remain a challenge in estimating and this matter is currently under review by the internal Carbon Project Team.

Finite Resources
Water - Consumption and disposal represents approximately 15% of the total utility cost for NHS Highland at present. As Scottish Water is the largest consumer of electricity in

Scotland there is an indirect source of carbon emissions. Reduction of wasted resources in relation to Water is therefore a key aspect of managing Carbon and Cost in Estates. The internal mechanisms within the Water industry in Scotland has made this perhaps more difficult to achieve in the past than would have been expected. There is however a new national contract in place for the Public Sector in Scotland that aims to improve this situation.

Overall NHS Highland has reduced its consumption from its 100 different accounts by 33% since 2005-06. Whilst this is considerable, work on a "Gainshare" arrangement (no capital outlay/no risk and shared benefits arrangement) is being developed with an expectation of a further (min.) reduction estimated at 15%. The exact details of this and other improvements will be captured in a Water Management plan that is being drafted in conjunction with our water supplier – Business Stream.

Oil is finite and as a result all efforts to move to renewable sources of heat must be considered in future. The introduction of BREEAM will result in vastly improved energy efficient new buildings but the challenge is how we improve the existing stock when it is a portfolio issue for Highland with its older building stock spread over such a huge geographic area. The 4 Biomass boilers are a start of this transition. The introduction of the Government's payment for heat produced from renewable sources (RHI) allows a further enhancement in terms of practicability and payback and further schemes will be considered for the year ahead as a result.

REMUNERATION REPORT

Board Members and Senior Employee Remuneration is subject to ministerial direction and the arrangements for payment are covered by Health Department instruction (currently CEL (2011) 7).

The implementation of these instructions is monitored by the Remuneration Sub Committee, whose membership is:

Garry Coutts, Chair
Bill Brackenridge, Non Executive Director
Pam Courcha, Non Executive Director
Michael Evans, Non Executive Director
Ian Gibson, Vice Chair
Gillian McCreath, Non Executive Director
Okain McLennan, Non Executive Director
Colin Punler, Non Executive Director
Ray Stewart, Employee Director

Performance Related Pay has been accrued at the year end for 2010/2011.

Performance is assessed through a standardised performance management process which measures achievement against objectives.

Highland Health Board

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION – CURRENT YEAR (Audited Information)

To be amended	Remuneration (Gross Pay + Er's Superannuation (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Total accrued pension at 31 March and related lump sum at pensionable age in bands of £5,000	Cash Equivalent Transfer Value (CETV) at 31 March 2010 (nearest £k)	Cash Equivalent Transfer Value (CETV) at 31 March 2011 (nearest £k)	Real increase in CETV in year	Benefits in kind (rounded to nearest £100)
Remuneration of:								
Executive Members								
Chief Executive: E Mead from 24/01/11 Chief Operating Officer to 23/01/11	125 -130	0 - 0	0 – 2,500	5 – 10 plus 25 - 30 lump sum	131	143	12	2.8
Chief Executive: R Gibbins to 23/01/11	115 -120	0 – 0	0	0	0	0	0	1.2
Director of Public Health: M Somerville	120 - 125	0 – 0	0 – 2,500	0 – 5 plus 0 – 5 lump sum	1	35	34	0
Director of Finance: M Iredale	105 - 110	0 – 0	0 – 2,500	40 – 45 plus 120 - 125 lump sum	896	860	(36)	1.8
Medical Director: I Bashford	140 - 145	0 – 0	0 – 2,500	5 – 10 plus 15 – 20 lump sum	114	120	6	0
Nursing Director: H May	90 – 95	0 – 0	0 – 2,500	5 – 10 plus 15 – 20 lump sum	78	82	4	0
Director of Human Resources: A Gent	100 – 105	0 - 0	0	30 - 35 plus 100 – 105 lump sum	676	639	(36)	3.1
Non Executive Members								
The Chair: G Coutts	25 – 30	0 – 0	0	0	0	0	0	2.0
R Stewart	*45 – 50	0 – 0	0	0	0	0	0	0
A Bethune (retired 31/07/10)	0 - 5	0 – 0	0	0	0	0	0	1.0
I Gibson	10 - 15	0 – 0	0	0	0	0	0	2.9
P Courcha	10 - 15	0 – 0	0	0	0	0	0	0.8
D Alston (retired 31/03/11)	05 – 10	0 – 0	0	0	0	0	0	0.4
V Shelley	05 – 10	0 – 0	0	0	0	0	0	0.8
A Clark (retired 31/05/10)	0 – 5	0 – 0	0	0	0	0	0	0.3
Q Cox	05 - 10	0 – 0	0	0	0	0	0	0.0
W Brackenridge	10 - 15	0 – 0	0	0	0	0	0	2.3
O McLennan	10 - 15	0 – 0	0	0	0	0	0	1.4
G McCreath	10 - 15	0 – 0	0	0	0	0	0	0.0
C Punler	10 – 15	0 – 0	0	0	0	0	0	1.4
E Robertson	05 – 10	0 – 0	0	0	0	0	0	0.9
M Davidson	05 - 10	0 – 0	0	0	0	0	0	0.0
S Wedgwood (appointed 01/08/10)	05 - 10	0 – 0	0	0	0	0	0	0.9
M N Evans (appointed 01/08/10)	05 - 10	0 – 0	0	0	0	0	0	0.0
Other Snr Employees								
W T Reid	75 - 80	0 – 0	0 – 2,500	20 – 25 plus 70 – 75 lump sum	482	462	(20)	0
J M Baird	70 - 75	0 – 0	0 – 2,500	5 – 10 plus 20 – 25 lump sum	159	167	8	0.1
Total					**2,537**	**2,508**	**(28)**	**24.1**

*The employee director salary includes 35 – 40k in respect of non board duties

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION – PRIOR YEAR (Audited Information)

	Remuneration (Gross Pay + Er's Superannuation (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Total accrued pension at 31 March and related lump sum at pensionable age in bands of £5,000	Cash Equivalent Transfer Value (CETV) at 31 March 2009 (nearest £k)	Cash Equivalent Transfer Value (CETV) at 31 March 2010 (nearest £k)	Real increase in CETV in year	Benefits in kind (rounded to nearest £100)
Remuneration of:							
Executive Members							
Chief Executive: R Gibbins	140 -145	0 – 2,500	40 – 45 plus 130 - 135 lump sum	818	897	28	1.6
Director of Public Health: E Baijal to 12/07/09	40 - 45	0	0	0	0	0	0
Director of Public Health: M Somerville from 01/02/10	20 - 25	0 – 2,500	0 – 5 plus 0 – 5 lump sum	0	1	(1)	0
Director of Finance: M Iredale	105 - 110	0 – 2,500	35 – 40 plus 115 - 120 lump sum	804	874	22	1.5
Chief Operating Officer: E Mead	120 - 125	0 – 2,500	5 – 10 plus 20 – 25 lump sum	96	128	18	3.3
Medical Director: I Bashford	140 - 145	0 – 2,500	0 – 5 plus 10 – 15 lump sum	73	111	23	0
Nursing Director: H May	85 – 90	0 – 2,500	0 – 5 plus 10 – 15 lump sum	56	76	10	0
Director of Human Resources: A Gent	100 – 105	2,501 – 5,000	30 - 35 plus 95 – 100 lump sum	576	657	46	2.9
Non Executive Members							
The Chair: G Coutts	30 – 35	0	0	0	0	0	1.9
R Stewart	*45 – 50	0	0	0	0	0	0.6
A Bethune	10 - 15	0	0	0	0	0	2.3
I Gibson	10 - 15	0	0	0	0	0	2.1
P Courcha	10 - 15	0	0	0	0	0	1.0
D Alston	10 - 15	0	0	0	0	0	0.4
V Shelley	10 – 15	0	0	0	0	0	1.2
A Clark	10 – 15	0	0	0	0	0	4.9
Q Cox	05 - 10	0	0	0	0	0	0
W Brackenridge	10 - 15	0	0	0	0	0	2.0
O McLennan	10 - 15	0	0	0	0	0	1.2
G McCreath	10 - 15	0	0	0	0	0	0
C Punler	05 - 10	0	0	0	0	0	1.4
E Robertson	05 - 10	0	0	0	0	0	0.6
M Davidson	05 - 10	0	0	0	0	0	0
Other Snr Employees							
W T Reid	75 - 80	0 – 2,500	20 – 25 plus 65 – 70 lump sum	427	469	17	0
J M Baird	70 - 75	0 – 2,500	5 – 10 plus 20 – 25 lump sum	124	155	21	0.1
Total				**2,974**	**3,368**	**184**	**29.0**

*The employee director salary includes 35 – 40k in respect of non board duties

By order of the board

29 JUNE 2011 Elaine Mead Chief Executive

HIGHLAND HEALTH BOARD

ANNUAL ACCOUNTS 2010/11

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

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

This designation carries with it, responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the 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 to me in the Departmental Accountable Officers letter which reflects revisions to the Scottish Public Finance Manual following the publication of revised memoranda in July 2009.

Signed ..... Elaine Mead .....

Chief Executive

Date ..... 29 JUNE 2011 .....

HIGHLAND HEALTH BOARD

ANNUAL ACCOUNTS 2010/11

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

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2011 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

Director of Finance

Chair

29 JUNE 2011 Date

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

This role is discharged within NHS Highland through a well developed set of accountability arrangements, and a comprehensive approach to risk management, both of which are detailed below. In terms of strategic aims and direction, the Board establishes annual Corporate Objectives to provide a clear focus for ongoing Performance Monitoring and Management. HEAT targets are also identified to Operational Units which form the basis for assessing performance as well as the basis for Personal Objectives of key staff.

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

Purpose of the System of Internal Control

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

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of NHS Highland's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within NHS Highland accords with guidance from the Scottish Ministers in the SPFM and supplementary NHS guidance and has been in place for the year up to the date of approval of the annual report and accounts.

Accountability Arrangements

This is achieved by the reporting through our Board of all relevant information, including performance against objectives. Such reports are in written form which are circulated to Board Members 10 days in advance of meeting and highlight significant variations as well as recording key data. In 2010/11, the NHS Board has met on a bi-monthly basis to facilitate the discharge of both strategic and operational governance, with the alternate months used as Board Development days to inform members and facilitate internal discussion on a wide range of important and emerging issues.

Our Board is supported in its work by a series of Governance Committees, chaired by Non Executive Directors which each meet on a quarterly cycle. These Committees are Staff Governance, Clinical Governance, Audit, Endowment Funds, Remuneration and Improvement Committee and all produce formal Minutes which are presented to and agreed by the Board in open session. Similarly, operational areas are covered by the four CHP committees and the Raigmore Hospital Committee.

Our Board has responsibility to ensure information, both clinical and non-clinical, is appropriately managed, communicated and reported upon. An appropriate framework is

required to be in place to manage information governance. This is done through the formal reporting of both the Information Governance Committee and the eHealth Steering Group to the Clinical Governance Committee.

Risk and Control Framework

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

The Risk Management process within NHS Highland has continued in the current year, including risk management within operational areas covering each Community Health Partnership (CHP) and Raigmore Hospital. All our operational groups, which identify, manage and monitor risks within their own groups, report to and operate under the strategic guidance of the NHS Highland Risk Management Steering Group. This group also identifies, manages and monitors Board-wide risks including any from the Corporate Services departments. The Risk Management Steering Group is chaired by myself as Accountable Officer and includes senior membership through Executive Directors, other Directors and Non Executive input with the minutes considered through the Audit Committee.

More generally, we are 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 the period covering the year to 31 March 2011 and up to the signing of the accounts we have maintained full reporting over finance, staff and corporate governance, with the commitment of the whole Board to these areas.

Best Value

As Accountable Officer, I have a duty to ensure that we deliver Best Value in the provision of the wide range of NHS Services throughout the area. This duty to successfully deliver the nine characteristics of Best Value is integral to overall service provision and is discharged alongside assurances on other aspects described elsewhere in this document. The Scottish Government issued in March 2011, new guidance for Accountable Officers on the duty of Best Value and processes will be put in place to implement this in 2011/12.

The Board continues to operate a high level of scrutiny on performance and delivery of agreed objectives, including the delivery of agreed Efficiency Savings. The delivery of such savings is monitored at local Governance Committees and at the Board on an area-wide basis with any exceptions or potential issues highlighted within the Board's Balanced Scorecard and progressed as a separate issue by the Improvement Committee.
In addition to addressing the overall Best Value Framework, NHS Highland continues to strive towards efficient service delivery. This is illustrated in the delivery of £15.018m of Efficiency Savings during 2010/11, which were achieved alongside the provision and development of safe and high quality patient services. The savings were achieved at operational level, but monitored through the Board's Performance Review arrangements – illustrating both the commitment to efficiency and detail throughout the organisation, and the Board's effective performance management process.

Review of Effectiveness

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

My review is informed by:

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

In addition to these specific reports, there are a number of other information sources and methods through which I am able to review the effectiveness of Internal Controls. Some of these operate at national level through the Scottish Government Health Department, with validated information produced to facilitate assessment, evaluation and benchmarking of systems, processes and outputs, and also reports from Audit Scotland with relevant material across all NHS bodies in Scotland.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Governance Committees – including the Audit Committee, the Risk Management Steering Group, the Internal Audit Assurance statement and plan to address weaknesses and ensure continuous improvement of the system is in place.

Performance management arrangements continue to receive particular attention during the year with the ongoing operation of the Balanced Scorecard. This is considered at the Improvement Committee which is chaired by the NHS Board Chair. This Committee has held Executive and Non-executive directors to account for the delivery of specific and measurable targets concentrating on areas where targets may be problematic to ensure appropriate actions are being taken.

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 of Internal Control.

Signed Elaine Mead Date 29 JUNE 2011

Chief Executive

Highland Health Board

Independent auditor's report to the members of Highland Health Board, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of Highland Health Board for the year ended 31 March 2011 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

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

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board (set out on page 34), the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Directors' Report, Operating and Financial Review and that part of the Remuneration Report which is not audited to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2011 and of its net operating cost for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM, and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

Opinion on other prescribed matters

In my opinion:

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

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

29 June 2011

STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN
for the year ended 31 March 2011

2010 £'000		Note	£'000
	Clinical Services Costs		
454,494	Hospital and Community	4	465,215
32,703	Less: Hospital and Community Income	8	33,523
421,791			431,692
157,129	Family Health	5	160,581
4,211	Less: Family Health Income	8	4,333
152,918			156,248
574,709	**Total Clinical Services Costs**		**587,940**
5,311	Administration Costs	6	5,371
35	Less: Administration Income	8	35
5,276			5,336
10,659	Other Non Clinical Services	7	17,622
10,528	Less: Other Operating Income	8	17,561
131			61
580,116	**Net Operating Costs**	SOCTE	**593,337**
	OTHER COMPREHENSIVE NET EXPENDITURE		
2,127	Net loss on revaluation of Property Plant and Equipment		2,363
582,243	**Total Comprehensive Expenditure**		**595,700**

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	
Net Operating Costs	**593,337**
Total Non Core Expenditure (see below)	(24,724)
FHS Non Discretionary Allocation	(38,566)
Total Core Expenditure	**530,047**
Core Revenue Resource Limit	530,103
Saving/(excess) against Core Revenue Resource Limit	**56**

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN	
Capital Grants to Other Bodies	900
Depreciation/Amortisation	13,966
Annually Managed Expenditure - Impairments	1,003
Annually Managed Expenditure - Creation of Provisions	1,589
IFRS PFI Expenditure	7,266
Total Non Core Expenditure	**24,724**
Non Core Revenue Resource Limit	24,724
Saving/(excess) against Non Core Revenue Resource Limit	**0**

SUMMARY RESOURCE OUTTURN	Resource	Expenditure	Saving/(Excess)
	£'000	**£'000**	**£'000**
Core	530,103	530,047	56
Non Core	24,724	24,724	0
Total	**554,827**	**554,771**	**56**

The Notes to the Accounts, numbered 1 to 30, form an integral part of these accounts.

Highland Health Board

BALANCE SHEET as at 31 March 2011

2010 £'000		Note	£'000
	Non-current assets:		
299,600	Property, plant and equipment	11	310,147
2,369	Intangible assets	10	2,460
	Financial assets:		
17,450	Trade and other receivables	13	13,304
319,419	**Total non-current assets**		**325,911**
	Current Assets:		
4,930	Inventories	12	5,082
	Financial assets:		
11,783	Trade and other receivables	13	13,535
67	Cash and cash equivalents	15	107
277	Assets classified as held for sale	11c	145
17,057	**Total current assets**		**18,869**
336,476	**Total assets**		**344,780**
	Current liabilities		
(2,028)	Provisions	17	(3,124)
	Financial liabilities:		
(58,001)	Trade and other payables	16	(53,215)
(60,029)	**Total current liabilities**		**(56,339)**
276,447	**Non-current assets plus/less net current assets/liabilities**		**288,441**
	Non-current liabilities		
(12,262)	Provisions	17	(8,347)
	Financial liabilities:		
(39,328)	Trade and other payables	16	(38,125)
(51,590)	**Total non-current liabilities**		**(46,472)**
224,857	**Total Assets less liabilities**		**241,969**
	Taxpayers' Equity		
130,928	General fund	SOCTE	150,632
91,203	Revaluation reserve	SOCTE	88,582
2,726	Donated asset reserve	SOCTE	2,755
224,857	**Total taxpayers' equity**		**241,969**

Adopted by the Board on 29 JUNE 2011

.....Director of Finance

.....Chief Executive

The Notes to the Accounts,numbered 1 to 30, form an integral part of these accounts....

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2011

2010 £'000		Note	£'000
	Cash flows from operating activities		
(580,116)	Net operating cost	SOCNE	(593,337)
15,702	Adjustments for non-cash transactions	3	15,828
3,241	Add back: interest payable recognised in net operating cost	3	3,202
(97)	Deduct: interest receivable recognised in net operating cost	8	0
(1,185)	(Increase)/decrease in trade and other receivables	18	2,359
(601)	(Increase) in inventories	18	(152)
(13,856)	(Decrease) in trade and other payables	18	(5,145)
3,778	Increase/(decrease) in provisions	18	(2,819)
(573,134)	**Net cash outflow from operating activities**		**(580,064)**
	Cash flows from investing activities		
(18,204)	Purchase of property, plant and equipment		(27,900)
(1,100)	Purchase of intangible assets		(790)
174	Proceeds of disposal of property, plant and equipment		453
97	Interest received		0
(19,033)	**Net cash outflow from investing activities**		**(28,237)**
	Cash flows from financing activities		
596,787	Funding	SOCTE	612,742
2,392	Movement in general fund working capital	SOCTE	161
599,179	Cash drawn down		612,903
(1,379)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(1,239)
0	Interest paid	3	(1)
(3,241)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	3	(3,201)
594,559	**Net Financing**		**608,462**
2,392	**Net Increase in cash and cash equivalents in the period**		**161**
(2,446)	**Cash and cash equivalents at the beginning of the period**		(54)
(54)	**Cash and cash equivalents at the end of the period**		**107**
	Reconciliation of net cash flow to movement in net debt/cash		
2,392	Increase in cash in year		161
(2,446)	Net debt at 1 April	15	(54)
(54)	**Net (debt)/cash at 31 March**	15	**107**

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2011

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2010		130,928	91,203	2,726	**224,857**
Prior year adjustments for changes in accounting policy and material errors.	24	0	0	0	**0**
Restated balance at 1 April 2010		130,928	91,203	2,726	**224,857**
Changes in taxpayers' equity for 2010/11					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11	0	(2,363)	69	(2,294)
Impairment of property, plant and equipment	11	0	(1,003)	0	(1,003)
Receipt of donated assets	11b	0	0	132	132
Revaluation & impairments taken to operating costs	3	0	1,044	0	1,044
Release of reserves to the statement of comprehensive net expenditure	11b	0	0	(172)	(172)
Transfers between reserves		299	(299)	0	0
Net operating cost for the year		(593,337)			(593,337)
Total recognised income and expense for 2010/11		(593,038)	(2,621)	29	(595,630)
Funding:					
Drawn down		612,903	0	0	612,903
Movement in General Fund (Creditor)		(161)	0	0	(161)
Balance at 31 March 2011	BS	**150,632**	**88,582**	**2,755**	**241,969**

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

Highland Health Board

	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserves
		£'000	£'000	£'000	£'000
Balance at 31 March 2009		121,275	88,478	2,920	**212,673**
Prior year adjustments for changes in accounting policy and material errors, including First Time Adoption of IFRS	24	(7,178)	5,002	1	**(2,175)**
Restated balance at 1 April 2009		114,097	93,480	2,921	**210,498**
Changes in taxpayers' equity for 2009/10					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	11	0	(2,127)	10	(2,117)
Impairment of property, plant and equipment	11	0	(176)	0	(176)
Receipt of donated assets		0	0	39	39
Revaluation & impairments taken to operating costs	3	0	186	0	186
Release of reserves to the statement of comprehensive net expenditure		0	0	(244)	(244)
Transfers between reserves		160	(160)	0	0
Net operating cost for the year		(580,116)	0	0	(580,116)
Total recognised income and expense for 2009/10		(579,956)	(2,277)	(195)	(582,428)
Funding:					
Drawn down		599,179	0	0	599,179
Movement in General Fund Debtor		(2,392)	0	0	(2,392)
Balance at 31 March 2010	BS	**130,928**	**91,203**	**2,726**	**224,857**

The Notes to the Accounts, numbered 1 to 30, form an integral part of these Accounts.

HIGHLAND HEALTH BOARD

ACCOUNTING POLICIES

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

(a) Standards, amendments and interpretations effective in 2010/11

There are no new standards, amendments or interpretations effective for the first time in 2010/11.

(b) Standards, amendments and interpretation early adopted in 2010/11

There are no new standards, amendments or interpretations early adopted in 2010/11.

2. Basis of Consolidation

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

3. Prior Year Adjustments

As indicated in Chapter 11 of the 2010-11 FReM the financial regime of health bodies has been amended to remove the Cost of Capital as from 1st April 2010. This is considered to be a voluntary change in accounting policy for which the following disclosure is required:

- nature (change in NHS financial regime removing Cost of Capital charge.)
- reasons (properly reflect revised costs under current financial regime.)
- quantification (the cost of capital charge of £7,455,334 for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement and Statement of Changes in Taxpayers Equity together with Notes 3 and 4).

4. Going Concern

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

5. Accounting Convention

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

6. Funding

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

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

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

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

Funding received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the statement of comprehensive net expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

7. Property, plant and equipment

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

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

7.1 Recognition

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.

2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.

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

7.2 Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairment previously recognised in the statement of comprehensive net expenditure, in which case they are

recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the statement of comprehensive net expenditure.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Expenditure.

7.3 Depreciation

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

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

1) Freehold land is considered to have an infinite life and is not depreciated.

2) Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.

3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.

4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. The depreciable amount is calculated by splitting the elements into two categories based on the pattern of consumption, future maintenance and capital expenditure. The significant elements are depreciated over the useful life of the element. The less significant "shorter life" elements are more aligned with the overall life of the building due to the impact of regular maintenance and preservation expenditure as revenue costs and as such are depreciated over the life of the building.

5) Equipment is depreciated over the estimated life of the asset.

6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis. The following asset lives have been used except as noted in 4 above:

Asset Category/Component	Useful Life
Moveable engineering plant and equipment and long-life medical equipment	15
Furniture and medium-life medical equipment	10
Mainframe information technology installations	8
Vehicles and soft furnishings	7
Office, information technology, short-life medical and other equipment	5

Intangible assets are amortised over the estimated lives of the assets.

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

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

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

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

8.2 Measurement

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

Subsequently intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no

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

Revaluation and impairment:
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the statement of comprehensive net expenditure, in which case they are recognised in income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the statement of comprehensive net expenditure.

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

8.3 Amortisation
Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the statement of comprehensive net expenditure on each main class of intangible asset as follows:

1) Software. Amortised over their expected useful life

2) Software licences. Amortised over the shorter term of the licence and their useful economic lives.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Software	5
Software Licences	5

9. Non-current assets held for sale
Non-current assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;

- the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and

- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The value of donated assets is credited to the Donated Asset Reserve. 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.

The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual. Gains and losses on revaluations are also taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the statement of comprehensive net expenditure. Similarly, any impairment on donated assets charged to the statement of comprehensive net expenditure is matched by a transfer from the donated asset reserve. On sale of donated assets, the net book value of the donated asset is transferred from the donated asset reserve to the General Reserve.

11. Sale of Property, plant and equipment, intangible assets and non-current assets held for sale

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of comprehensive net expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leasing

Finance leases

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

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost

is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Statement of Comprehensive Net Expenditure.

Operating leases
Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

Leases of land and buildings
Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

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

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

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

16. 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.

17 Employee Benefits
Short-term Employee Benefits
Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is

recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

Pension Costs

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

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

18. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

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

19. Related Party Transactions

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

20. 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 non current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21. PFI Schemes

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

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

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

The service charge and the finance cost interest element are charged in the statement of comprehensive net expenditure.

22. 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.

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 18 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 18, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

24. Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

25. Financial Instruments

Financial assets

Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss comprise derivatives. Assets in this category are classified as current assets. The Board does not trade in derivatives and does not apply hedge accounting.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

Recognition and measurement
Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

(a) Financial assets at fair value through profit or loss
Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive net expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the statement of comprehensive net expenditure.

(b) Loans and receivables
Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive net expenditure. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent

recoveries of amounts previously written off are credited in the statement of comprehensive net expenditure.

(c) Available-for-sale financial assets
Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive net expenditure. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive net expenditure when the Board's right to receive payments is established.

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

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive net expenditure. Impairment losses recognised in the statement of comprehensive net expenditure on equity instruments are not reversed through the income statement.

Financial Liabilities
Classification
The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

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

(b) Other financial liabilities
Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The NHS Board's other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement
Financial liabilities are recognised when the NHS Board Scotland becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(a) Financial liabilities at fair value through profit or loss

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

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the statement of comprehensive net expenditure.

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

26. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

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

27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Where the Government Banking Service is using Citi and Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

28. Foreign exchange

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.
Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

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

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

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

29. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in note 29 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

30. Key sources of judgement and estimation uncertainty

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

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

Clinical and Medical Negligence Costs

The Board's accounting policy relating to the provisions for clinical and medical negligence and other claims is described in section 18 above.

Employee Benefits Accrual

The accrual is estimated on the basis of information provided by managers regarding outstanding annual leave.

Assessment of Leases

Leases are assessed under IFRS as being operating or finance leases, which determine their accounting treatment. The criteria for assessment are to a certain extent subjective, but a consistent approach has been taken through the use of a standard template which sets out the relevant criteria.

Highland Health Board

NOTES TO THE ACCOUNTS

for the year ended 31st March 2011

2. (a) STAFF NUMBERS AND COSTS

2010 £'000		Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	Total £'000
	STAFF COSTS							
236,304	Salaries and wages	718	157	238,404	0	0	1,240	240,519
18,103	Social security costs	78	11	18,281	0	0	116	18,486
27,132	NHS scheme employers' costs	97	0	27,407	0	0	170	27,674
157	Inward secondees	0	0	0	317	0	0	317
6,003	Agency staff	0	0	0	0	4,542	0	4,542
287,699		893	168	284,092	317	4,542	1,526	291,538
0	Compensation for loss of office or early retirement	0	0	0	0	0	0	0
287,699	**TOTAL**	**893**	**168**	**284,092**	**317**	**4,542**	**1,526**	**291,538**

220	Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:	156

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
91.1	Administration Costs	90.4
7,097.5	Hospital and Community Services	6,983.3
92.3	Non Clinical Services	91.9
2.7	Inward secondees	6.4
62.9	Agency staff	37.0
(42.9)	Outward Secondees	(49.1)
7,303.6	**Board Total Average Staff**	**7,160.0**
101.7	Disabled staff	199.0
4.8	The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	3.1

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

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

2010 Number				Number
	Other employees whose remuneration fell within the following ranges:			
	Clinicians			
108	£ 50,001	to	£60,000	126
59	£ 60,001	to	£70,000	55
37	£ 70,001	to	£80,000	35
25	£ 80,001	to	£90,000	34
22	£ 90,001	to	£100,000	31
34	£100,001	to	£110,000	35
26	£110,001	to	£120,000	22
23	£120,001	to	£130,000	34
25	£130,001	to	£140,000	12
23	£140,001	to	£150,000	27
9	£150,001	to	£160,000	9
5	£160,001	to	£170,000	5
1	£170,001	to	£180,000	2
7	£180,001	to	£190,000	5
0	£190,001	to	£200,000	2
4	£200,001	and above		1
	Other			
29	£ 50,001	to	£60,000	34
19	£ 60,001	to	£70,000	17
7	£ 70,001	to	£80,000	6
2	£ 80,001	to	£90,000	2
2	£ 90,001	to	£100,000	3
1	£100,001	to	£110,000	1
0	£110,001	to	£120,000	1
2	£120,001	to	£130,000	0
0	£130,001	to	£140,000	0
0	£140,001	to	£150,000	0
0	£150,001	to	£160,000	0
0	£160,001	to	£170,000	0
0	£170,001	to	£180,000	0
0	£180,001	to	£190,000	0
0	£190,001	to	£200,000	0
0	£200,001	and above		0

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

3. OTHER OPERATING COSTS

2010 £'000		Note	£'000
	Expenditure Not Paid In Cash		
15,064	Depreciation	11	14,219
487	Amortisation	10	699
176	Impairments on property, plant and equipment charged to SOCNE	11	1,003
10	Revaluation loss on property, plant and equipment charged to SOCNE	11	41
(35)	(Profit) on disposal of property, plant and equipment		(134)
15,702	**Total Expenditure Not Paid In Cash**	CFS	**15,828**
	Interest Payable		
0	Interest on late payment of commercial debt		1
2,987	PFI Finance lease charges allocated in the year	23	2,926
254	Other Finance lease charges allocated in the year		275
3,241	**Total**		**3,202**
	Statutory Audit		
290	External auditor's remuneration and expenses		276

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2010 £'000	BY PROVIDER	£'000
365,148	Treatment in Board area of NHSScotland Patients	375,155
63,243	Other NHSScotland Bodies	62,712
500	Health Bodies outside Scotland	635
5	Primary care bodies	5
2,991	Private sector	3,022
	Community Care	
15,021	Resource Transfer	16,207
5,288	Contributions to Voluntary Bodies and Charities	5,428
452,196	**Total NHSScotland Patients**	**463,164**
2,298	Treatment of UK residents based outside Scotland	2,051
454,494	**Total Hospital & Community Health Service** SOCNE	**465,215**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

5. FAMILY HEALTH SERVICE EXPENDITURE

2010 £'000		Note	Unified Budget £'000	Non Disc £'000	TOTAL £'000
57,986	Primary Medical Services		58,489	-	58,489
71,888	Pharmaceutical Services		60,147	10,820	70,967
22,584	General Dental Services		261	25,934	26,195
4,671	General Ophthalmic Services		129	4,801	4,930
157,129	**Total**	SOCNE	**119,026**	**41,555**	**160,581**

6. ADMINISTRATION COSTS

2010 £'000			£'000
1,030	Board members' remuneration	Note 2 (a)	1,061
134	Administration of Board Meetings and Committees		112
1,355	Corporate Governance and Statutory Reporting		1,326
1,734	Health Planning, Commissioning and Performance Reporting		1,827
591	Treasury Management and Financial Planning		551
454	Public Relations		480
13	Other		14
5,311	**Total administration costs**	SOCNE	**5,371**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

7. OTHER NON CLINICAL SERVICES

2010 £'000			£'000
58	Closed hospital charges		23
54	Compensation payments - Clinical		5,784
78	Compensation payments - Other		303
539	Pension enhancement & redundancy		1,206
339	Patients' Travel Attending Hospitals		266
2,367	Patients' Travel Highlands and Islands scheme		2,421
1,706	Health Promotion		1,701
3,722	Public Health		3,631
109	Public Health Medicine Trainees		92
2	Emergency Planning		1
105	Post Graduate Medical Education		608
290	Shared Services		299
1,290	Other		1,287
10,659	**Total Other Non Clinical Services**	SOCNE	**17,622**

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

8. OPERATING INCOME

2010 £'000			£'000
	HCH Income		
	NHSScotland Bodies		
21,719	Boards		23,239
2,539	NHS Non-Scottish Bodies		2,564
	Non NHS		
493	Private Patients		358
956	Compensation Income		977
6,996	Other HCH income		6,385
32,703	**Total HCH Income**	SOCNE	**33,523**
	FHS Income		
1,753	Unified		1,344
	Non Discretionary		
2,449	General Dental Services		2,981
9	General Ophthalmic Services		8
4,211	**Total FHS Income**	SOCNE	**4,333**
35	**Administration Income**	SOCNE	**35**
	Other Operating Income		
2,604	NHS Scotland Bodies		3,145
17	NHS Non-Scottish Bodies		0
177	SGHD		56
63	Contributions in respect of Clinical/medical negligence claims		6,259
35	Profit on disposal of non current assets		134
243	Transfer from Donated Asset Reserve in respect of Depreciation		172
97	Interest Received		0
7,292	Other		7,795
10,528	**Total Other Operating Income**	SOCNE	**17,561**
47,477	**Total Income**		**55,452**
27,040	**Of the above, the amount derived from NHS bodies is**		**29,004**

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

9. ANALYSIS OF CAPITAL EXPENDITURE

2010 £'000		Note	£'000
	EXPENDITURE		
1,100	Acquisition of Intangible Assets	10	790
17,700	Acquisition of Property, Plant and Equipment	11	28,309
39	Donated Asset Additions	11b	132
(39)	Release from Donated Asset Reserve		(132)
1,239	Capital Grants to Other Bodies	SOCNE	0
(35)	(Profit) on disposal of Non-Current Assets	3	0
20,004	**Gross Capital Expenditure**		**29,099**
	INCOME		
139	Net book value of disposal of Property, Plant and Equipment	11a	203
0	Net book value of disposal of Donated Assets	11b	3
0	Value of disposal of Non-Current Assets held for sale	11c	132
139	**Capital Income**		**338**
19,865	**Net Capital Expenditure**		**28,761**

SUMMARY OF CAPITAL RESOURCE OUTTURN

	Core Capital Expenditure included above	28,657
	Core Capital Resource Limit	28,657
	Saving/(excess) against Core Capital Resource Limit	**0**
	Non Core Capital Expenditure included above	104
	Non Core Capital Resource Limit	104
	Saving/(excess) against Non Core Capital Resource Limit	**0**
19,865	Total Capital Expenditure	
19,865	Total Capital Resource Limit	28,761
		28,761
0	**Saving/(excess) against Capital Resource Limit**	**0**

10. INTANGIBLE ASSETS

		Software Licences	Information technology - software	Total
		£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2010		192	3,443	3,635
Additions		134	656	790
At 31st March 2011		**326**	**4,099**	**4,425**
Amortisation				
As at 1st April 2010		9	1,257	1,266
Provided during the year		38	661	699
At 31st March 2011		**47**	**1,918**	**1,965**
Net Book Value at 1st April 2010		**183**	**2,186**	**2,369**
Net Book Value at 31 March 2011	B S	**279**	**2,181**	**2,460**

10. INTANGIBLE ASSETS, cont. - PRIOR YEAR

		Software Licences	Information technology - software	Total
		£'000	£'000	£'000
Cost or Valuation:				
As at 1st April 2009		0	2,510	2,510
Additions		192	908	1,100
Disposals		0	25	25
At 31st March 2010		**192**	**3,443**	**3,635**
Amortisation				
As at 1st April 2009		0	754	754
Provided during the year		9	478	487
Disposals		0	25	25
At 31st March 2010		**9**	**1,257**	**1,266**
Net Book Value at 1st April 2009		**0**	**1,756**	**1,756**
Net Book Value at 31 March 2010	B S	**183**	**2,186**	**2,369**

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

11. (a) Property, Plant & Equipment (Purchased Assets)

		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2010		19,393	282,514	7,285	1,577	41,985	8,932	3,142	12,051	376,879
Additions		230	0	0	0	0	0	0	28,079	28,309
Completions		0	17,822	111	17	4,886	1,118	654	(24,608)	0
Revaluation		40	(10,768)	(244)	0	0	0	0	0	(10,972)
Impairment Charge		0	(1,003)	0	0	0	0	0	0	(1,003)
Disposals		(60)	(85)	0	(153)	(1,629)	(44)	(370)	0	(2,341)
At 31 March 2011		**19,603**	**288,480**	**7,152**	**1,441**	**45,242**	**10,006**	**3,426**	**15,522**	**390,872**
Depreciation										
At 1 April 2010		0	49,074	1,422	1,197	22,107	4,735	1,470	0	80,005
Provided during the year		0	7,832	273	134	4,390	1,272	318	0	14,219
Revaluation		0	(8,268)	(341)	0	0	0	0	0	(8,609)
Disposals		0	(4)	0	(153)	(1,567)	(44)	(370)	0	(2,138)
At 31 March 2011		**0**	**48,634**	**1,354**	**1,178**	**24,930**	**5,963**	**1,418**	**0**	**83,477**
Net book value at 1 April 2010		**19,393**	**233,440**	**5,863**	**380**	**19,878**	**4,197**	**1,672**	**12,051**	**296,874**
Net book value at 31 March 2011	BS	**19,603**	**239,846**	**5,798**	**263**	**20,312**	**4,043**	**2,008**	**15,522**	**307,395**
OMV of Land Inc Above		**35**	**0**	**0**						
Asset financing:										
Owned		19,603	204,742	5,798	263	20,127	4,043	2,008	15,522	272,106
Finance leased		0	905	0	0	185	0	0	0	1,090
On-balance sheet PFI contracts		0	34,199	0	0	0	0	0	0	34,199
NBV at 31 March 2011		**19,603**	**239,846**	**5,798**	**263**	**20,312**	**4,043**	**2,008**	**15,522**	**307,395**

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

		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2009		19,324	280,158	7,433	1,816	39,158	8,321	2,800	5,213	364,223
Additions		176	135	0	0	0	0	0	17,389	17,700
Completions		0	4,495	30	35	4,155	1,468	368	(10,551)	0
Transfers		0	0	0	0	8	0	(8)	0	0
Trans to assets held for sale		(50)	(87)	0	0	0	0	0	0	(137)
Revaluation		(25)	(1,994)	(108)	0	0	0	0	0	(2,127)
Impairment Charge		0	(176)	0	0	0	0	0	0	(176)
Disposals		(32)	(17)	(70)	(274)	(1,336)	(857)	(18)	0	(2,604)
At 31 March 2010		**19,393**	**282,514**	**7,285**	**1,577**	**41,985**	**8,932**	**3,142**	**12,051**	**376,879**
Depreciation										
At 1 April 2009		0	40,454	1,131	1,295	19,006	4,310	1,210	0	67,406
Provided during the year		0	8,620	291	176	4,417	1,282	278	0	15,064
Disposals		0	0	0	(274)	(1,316)	(857)	(18)	0	(2,465)
At 31 March 2010		**0**	**49,074**	**1,422**	**1,197**	**22,107**	**4,735**	**1,470**	**0**	**80,005**
Net book value at 1 April 2009		**19,324**	**239,704**	**6,302**	**521**	**20,152**	**4,011**	**1,590**	**5,213**	**296,817**
Net book value at 31 March 2010	B S	**19,393**	**233,440**	**5,863**	**380**	**19,878**	**4,197**	**1,672**	**12,051**	**296,874**
OMV of Land Inc Above		**35**	**0**	**0**						
Asset financing:										
Owned		19,393	197,552	5,863	380	19,436	4,197	1,672	12,051	260,544
Finance leased		0	1,041	0	0	442	0	0	0	1,483
On-balance sheet PFI contracts		0	34,847	0	0	0	0	0	0	34,847
NBV at 31 March 2010		**19,393**	**233,440**	**5,863**	**380**	**19,878**	**4,197**	**1,672**	**12,051**	**296,874**

NOTES TO THE ACCOUNTS

11. (b) Property, Plant & Equipment (Donated Assets)

		Land (inc under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation									
At 1 April 2010		45	2,770	229	57	2,358	20	60	5,539
Additions		0	0	0	0	132	0	0	132
Revaluation		0	(71)	0	0	0	0	0	(71)
Disposals		0	0	0	(35)	(807)	0	(20)	(862)
At 31 March 2011		**45**	**2,699**	**229**	**22**	**1,683**	**20**	**40**	**4,738**
Depreciation									
At 1 April 2010		0	634	43	56	2,010	11	59	2,813
Provided during the year		0	58	5	1	105	2	1	172
Revaluation		0	(129)	(11)	0	0	0	0	(140)
Disposals		0	0	0	(35)	(804)	0	(20)	(859)
At 31 March 2011		**0**	**563**	**37**	**22**	**1,311**	**13**	**40**	**1,986**
Net book value at 1 April 2010		**45**	**2,136**	**186**	**1**	**348**	**9**	**1**	**2,726**
Net book value at 31 March 2011	B S	**45**	**2,136**	**192**	**0**	**372**	**7**	**0**	**2,752**
Open Market Value of Land in Land and Dwellings Included Above		**0**	**0**	**0**					
Asset financing:									
Owned		45	2,136	192	0	372	7	0	2,752
Finance leased		0	0	0	0	0	0	0	0
On-balance sheet PFI contracts		0	0	0	0	0	0	0	0
Net Book Value at 31 March 2011		**45**	**2,136**	**192**	**0**	**372**	**7**	**0**	**2,752**

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - PRIOR YEAR

		Land (inc under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation									
At 1 April 2009		45	2,760	229	68	2,614	37	62	5,815
Additions		0	0	0	0	32	7	0	39
Transfers		0	0	0	0	2	0	(2)	0
Revaluation		0	10	0	0	0	0	0	10
Disposals		0	0	0	(11)	(290)	(24)	0	(325)
At 31 March 2010		**45**	**2,770**	**229**	**57**	**2,358**	**20**	**60**	**5,539**
Depreciation									
At 1 April 2009		0	548	37	63	2,155	33	58	2,894
Provided during the year		0	86	6	4	145	2	1	244
Disposals		0	0	0	(11)	(290)	(24)	0	(325)
At 31 March 2010		**0**	**634**	**43**	**56**	**2,010**	**11**	**59**	**2,813**
Net book value at 1 April 2009		**45**	**2,212**	**192**	**5**	**459**	**4**	**4**	**2,921**
Net book value at 31 March 2010	B S	**45**	**2,136**	**186**	**1**	**348**	**9**	**1**	**2,726**
Open Market Value of Land in Land and Dwellings Included Above		**0**	**0**	**0**					
Asset financing:									
Owned		45	2,136	186	1	348	9	1	2,726
Finance leased		0	0	0	0	0	0	0	0
On-balance sheet PFI contracts		0	0	0	0	0	0	0	0
Net Book Value at 31 March 2010		**45**	**2,136**	**186**	**1**	**348**	**9**	**1**	**2,726**

NOTES TO THE ACCOUNTS
for the year ended 31 March 2011

11. (c) ASSETS HELD FOR SALE

The following assets related to surplus property have been presented as held for sale following the approval for sale by the NHS Highland Board. The completion date for sale is expected to be within the fiscal year. Properties being: Nurses House Uig, Glencoe Hospital

		Property, Plant & Equipment	Intangible Assets	Total
		£'000	£'000	£'000
At 1 April 2010		**277**	**0**	**277**
Disposals for non-current assets held for sale		(132)	0	**(132)**
As at 31 March 2011	BS	**145**	**0**	**145**
At 1 April 2009		**140**	**0**	**140**
Transfers from property, plant and equipment	11a	137	0	**137**
As at 31 March 2010	BS	**277**	**0**	**277**

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

2010 £'000			£'000
	Net book value of tangible non current assets at 31 March		
296,874	Purchased	11a	307,395
2,726	Donated	11b	2,752
299,600	**Total**	BS	**310,147**
35	Net book value related to land valued at open market value at 31 March		35
0	Net book value related to buildings valued at open market value at 31 March		40
	Total value of assets held under:		
1,483	Finance Leases		1,090
34,847	PFI and PPP Contracts		34,199
36,330			35,289
	Total depreciation charged in respect of assets held under:		
663	Finance leases		393
1,034	PFI and PPP contracts		954
1,697			1,347

NHS Highland have revalued 20% of its asset base in 2010/11 as part of a rolling 5 year revaluation programme - revaluation was carried out by James Barr/FG Burnett at 31 March 2011 on the basis of fair value (market value or depreciated replacement). Other tangible non current assets were not revalued in 2010/11 as indices were set as 0.

The net impact was a reduction in value of £2.384m (2009/10 £1.263m), of which £2.343 (2009/10 £1.253m) was charged to the revaluation reserve and £0.041m (2009/10 £0.010m) charged to the Statement of Comprehensive Net Expenditure.

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

12. INVENTORIES AS AT 31 MARCH 2011

2010 £'000			£'000
4,930	Raw Materials and Consumables		5,082
4,930	**Total Inventories**	B S	**5,082**

13. TRADE AND OTHER RECEIVABLES AT 31 MARCH 2011

2010 £'000			£'000
1,148	Boards		1,764
1,148	**Total NHSScotland Receivables**		**1,764**
378	NHS Non-Scottish Bodies		277
54	General Fund Receivable		0
872	VAT recoverable		1,118
3,140	Prepayments		3,425
4,212	Accrued income		4,300
843	Other Receivables		982
618	Reimbursement of provisions		1,083
518	Other Public Sector Bodies		586
11,783	**Total Receivables due within one year**	B S	**13,535**
	Receivables due after more than one year		
2,032	Prepayments		1,959
6,348	Accrued income		6,055
181	Other Receivables		182
8,889	Reimbursement of Provisions		5,108
17,450	**Total Receivables due after more than one year**	B S	**13,304**
29,233	**TOTAL RECEIVABLES**		**26,839**
404	The total receivables figure above includes a provision for bad debts of :		329
£'000	Movements on the provision for impairment of debtors are as follows:		**£'000**
526	At 1 April		404
(43)	Receivables written off during the year as uncollectible		(68)
(79)	Unused amounts reversed		(7)
404	At 31 March		**329**

As of 31 March 2011, debtors with a carrying value of £329,000 (2010: £404,000) were impaired and provided for. The amount of the provision was £329,000 (2010: £404,000). The aging of these receivables is as follows:

£'000		£'000
0	3 to 6 months past due	0
404	Over 6 months past due	329
404		**329**

The receivables assessed as past due but not impaired were mainly NHS Bodies, Local Government Authorities and Central Gvt Bodies and there is no history of default from these customers recently.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2011, receivables with a carrying value of £491,000 (2010:£709,000) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

£'000		£'000
174	Up to 3 months past due	209
332	3 to 6 months past due	189
203	Over 6 months past due	93
709		**491**

The receivables assessed as past due but not impaired were mainly NHS Bodies, Local Government Authorities and Central Government Bodies and there is no history of default from these customers recently.

Concentration of credit risk is limited due to customer base being large and unrelated/government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivable

2010		
£'000	The carrying amount of debtors are denominated in the following currencies:	£'000
29,201	Pounds	26,839
29,201		**26,839**

All non-current receivables are due within 14 years (2009/10: 15) from the balance sheet date
The carrying amount of short term receivables approximates their fair value.
The fair value of long term other receivables is £13,304,000 (2009/10: £17,450,000)
The effective interest rate on non-current other receivables is 2.2% (2009/10: 2.2%)

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

14. CASH AND CASH EQUIVALENTS

	Note	At 01/04/10 £'000	Cash Flow £'000	At 31/03/11 £'000
Government Banking Service account balance		30	19	49
Cash at bank and in hand		37	21	58
Total cash and cash equivalents - balance sheet	BS	**67**	**40**	**107**
Overdrafts	15	(121)	121	0
Total cash - cash flow statement		**(54)**	**161**	**107**
		CFS		CFS

Prior Year	Note	At 01/04/09 £'000	Cash Flow £'000	At 31/03/10 £'000
OPG account balance		20	10	30
Cash at bank and in hand		43	(6)	37
Total cash and cash equivalents - balance sheet	BS	**63**	**4**	**67**
Overdrafts	15	(2,509)	2,388	(121)
Total cash - cash flow statement		**(2,446)**	**2,392**	**(54)**
		CFS		CFS

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

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011
15. TRADE AND OTHER PAYABLES

2010 £'000		Note	£'000
	Payables due within one year NHSScotland		
5,768	Boards		8,105
5,768	**Total NHSScotland Payables**		**8,105**
89	NHS Non-Scottish Bodies		106
	General Fund Payable		107
11,949	FHS Practitioners		11,793
10,235	Trade Payables		5,477
15,227	Accruals		15,087
184	Deferred income		219
670	Payments received on account		868
420	Net obligations under Finance Leases	21	318
845	Net obligations under PPP/PFI Contracts	22	911
121	Bank overdrafts	14	0
5,803	Income tax and social security		5,818
3,440	Superannuation		3,440
4	CIS Tax		4
2,672	Other Public Sector Bodies		243
574	Other payables		719
58,001	**Total Payables due within one year**	B S	**53,215**
	Payables due after more than one year		
498	Net obligations under Finance Leases due within 5 years	21	221
1,689	Net obligations under Finance Leases due after 5 years	21	1,675
4,108	Net obligations under PPP/PFI Contracts due within 5 years	22	4,445
33,033	Net obligations under PPP/PFI Contracts due after 5 years	22	31,784
39,328	**Total Payables due after more than one year**	B S	**38,125**
97,329	**TOTAL PAYABLES**		**91,340**

£'000	Borrowings included above comprise:	**£'000**
121	Bank overdrafts	0
2,607	Finance Leases	2,214
37,986	PFI Contracts	37,140
40,714		**39,354**

	The carrying amount and fair value of the non-current borrowings are as follows	Carrying Amount
£'000	**Carrying amount**	**£'000**
2,187	Finance Leases	1,896
37,141	PFI Contracts	36,230
39,328		**38,126**

2010 £'000	The carrying amount and fair value of the non-current borrowings are as follows	Fair value £'000
	Fair value	
2,187	Finance Leases	1,896
37,141	PFI Contracts	36,230
39,328		**38,126**

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

2010 £'000	The carrying amount of payables are denominated in the following currencies:	£'000
97,297	Pounds	91,340
97,297		**91,340**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

16. PROVISIONS

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	2010–11 Total £'000
At 1 April 2010	4,499	9,491	300	14,290
Arising during the year	1,211	3,274	598	5,083
Utilised during the year	(738)	(5,682)	(367)	(6,787)
Unwinding of discount	0	0	0	0
Reversed unutilised	(232)	(844)	(39)	(1,115)
At 31 March 2011	**4,740**	**6,239**	**492**	**11,471**

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

Analysis of expected timing of discounted flows

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	2010–11 Total £'000
Current	1,877	1,068	179	3,124
Non-current	2,863	5,171	313	8,347
At 31 March 2011	**4,740**	**6,239**	**492**	**11,471**

16. PROVISIONS - PRIOR YEAR

	Pensions and similar obligations £'000	Clinical & Medical £'000	Other £'000	Total £'000
At 1 April 2009	4,393	5,748	371	10,512
Arising during the year	528	4,244	218	4,990
Utilised during the year	(422)	(193)	(135)	(750)
Unwinding of discount	0	0	0	0
Reversed unutilised	0	(308)	(154)	(462)
At 31 March 2010	**4,499**	**9,491**	**300**	**14,290**

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

Analysis of expected timing of discounted flows

Current	1,516	392	120	2,028
Non-current	2,983	9,099	180	12,262
At 31 March 2010	**4,499**	**9,491**	**300**	**14,290**

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.9% in real terms. The period over which expenditure is likely to be incurred is spread over a range up to 25 years in time.

Clinical & Medical

The Board has provided for Clinical & Medical claims by reviewing all outstanding and potential claims which the board may be liable. The Board has provided 100% for claims assessed as Category 3, 50% of all claims assessed Category 2. The balance of Category 2 and all of Category 1 being disclosed as Contingent Liabilities in Note 18. The Provision is based on an estimation of the possible cost together with adverse legal costs and is estimated that settlement may take up to 10 years.

Other

The Board has provided for Employers' and Third Party claims by reviewing all outstanding and potential claims which the Board may be liable. The board has provided 100% for claims assessed as Category 3, 50% of all claims assessed as Category 2. The balance of Category 2 and all of Category 1 being disclosed as Contingent Liabilities Note 18. The provision is based on an estimation of the possible cost together with adverse legal costs and is estimated that settlement may take up to 3 years.

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

17. MOVEMENT ON WORKING CAPITAL BALANCES

2010 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
	INVENTORIES				
(601)	Balance Sheet	12	4,930	5,082	
(601)	**Net (Increase)**				**(152)**
	TRADE AND OTHER RECEIVABLES				
3,717	Due within one year	13	11,783	13,535	
(2,510)	Due after more than one year	13	17,450	13,304	
			29,233	26,839	
	Less: Property, Plant & Equipment (Capital) included in above		0	(19)	
(2,392)	Less: General Fund Debtor included in above		(54)	0	
			29,179	26,820	
(1,185)	**Net Decrease/(Increase)**				**2,359**
	TRADE AND OTHER PAYABLES				
(16,902)	Due within one year	15	58,001	53,215	
(1,225)	Due after more than one year	15	39,328	38,125	
504	Less: Property, Plant & Equipment (Capital) included in above		(560)	(969)	
2,388	Less: Bank Overdraft	15	(121)	0	
	Less: General Fund Creditor included in above		0	(107)	
1,379	Less: Lease and PFI Creditors included in above	15	(40,593)	(39,354)	
			56,055	50,910	
(13,856)	**Net (Decrease)**				**(5,145)**
	PROVISIONS				
3,778	Balance Sheet	16	14,290	11,471	
3,778	**Net (Decrease)/Increase**				**(2,819)**
(11,864)	**NET MOVEMENT (Decrease)**	CFS			**(5,757)**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

18. CONTINGENT LIABILITIES

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

2010 £'000	Nature	Value £'000
1,234	**Clinical and medical compensation payments**	2,516
565	**Employer's liability**	336
8	**Third party liability**	0
1,807	**TOTAL CONTINGENT LIABILITIES**	2,852
	CONTINGENT ASSETS	
791	**Clinical and medical compensation payments**	2,061
500	**Employer's liability**	266
1,291		2,327

NHS Highland has 298 outstanding claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. There has been an additional 94 claims attributed to NHS Highland having previously been attributed to Greater Glasgow and Clyde Health Board. These relate to staff possibly employed by us in the Argyll and Bute CHP. 4 of these claims are being queried as they do not appear to be (or have been) our employees, or because they may be our employees but further information is required before they can be confirmed.

The basis of claims is as follows:

- The claimant's job has been rated as being of equivalent to that of their comparator using a valid Job Evaluation Study, and/or is of equal value to that of their comparator.

- Their comparator is currently paid or has been paid more than them.

- They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years).

Claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position. They

continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available. On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that is not possible to quantify.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no events after the end of the reporting period to disclose.

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

20. COMMITMENTS

2010	Capital Commitments	Property, plant and equipment:	Total
£'000	The Board has the following Capital Commitments which have not been included for in the accounts	£'000	£'000
	Contracted		
2,862	Lin Acc Raigmore	2,823	2,823
120	Cardio Respiratory	0	0
6,050	Mid Argyll PFI Lifecycle Costs	6,040	6,040
5,343	ERPCC PFI Lifecycle Cost	5,249	5,249
6,983	Care of the Elderly Sutherland	1,389	1,389
5,147	Others	0	0
	Mull & Iona Primary Care Centre	2,255	2,255
	Angio Cath Lab Raigmore	1,784	1,784
26,505	**Total**	**19,540**	**19,540**
	Authorised but not Contracted		
52,721	Other	6,656	6,656
52,721	**Total**	**6,656**	**6,656**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

21. COMMITMENTS UNDER LEASES

2010 £'000	Operating Leases		2011 £'000
	Total future minimum lease payments under operating leases are given the in the table below for the each of the following periods.		
	Buildings		
1,357	Not later than one year		1,879
4,677	Later than one year, not later than five years		7,647
7,127	Later than five years		20,788
	Other		
1,691	Not later than one year		2,924
2,577	Later than one year, not later than five years		7,414
19	Later than five years		777
	Amounts charged to Operating Costs in the year were:		
2,410	Hire of equipment (including vehicles)		2,985
1,256	Other operating leases		2,806
3,666	**Total**		**5,791**

2010 £'000	Finance Leases		2011 £'000
	Total future minimum lease payments under finance leases are given the in the table below for the each of the following periods.		
	Obligations under Finance leases comprise:		
	Buildings		
226	Rentals due within one year	15	234
937	Rentals due between two and five years (inclusive)	15	937
3,010	Rentals due after five years	15	2,800
4,173			3,971
(2,331)	Less interest element		(2,128)
1,842			**1,843**
	Other		
413	Rentals due within one year	15	269
502	Rentals due between two and five years (inclusive)	15	139
915			408
(150)	Less interest element		(37)
765			**371**

This total net obligation under finance leases is analysed in Note 15 (Creditors)

	Aggregate Rentals Receivable in the year	
285	Total of finance & operating leases	289

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

22. COMMITMENTS UNDER PFI CONTRACTS

ON BALANCE SHEET

New Craig's Start Date July 2000 ending June 2025. The scheme is a replacement for the Craig Dunain Hospital, Inverness and provides In Patients facilities for adults with Mental Health needs or Learning Disabilities. There is a twenty five year contract with an original estimated capital value of £14.4 million.

Easter Ross Start Date February 2005 ending January 2030. This scheme is a redevelopment of County Hospital, Invergordon into a Primary Care Centre and combines a community hospital and a health centre, integrating primary and community care into one community health resource. There is a twenty five year contract with an original estimated capital value of £8.8 million and the PFI property will revert to the board at the end of the contract.

Mid Argyll Community Hospital and Integrated Care Centre Lochgilphead. We financed the development of the Mid Argyll Community Hospital and Integrated Care Centre in Lochgilphead by way of a PFI scheme. The period of the contract runs from June 2006 to May 2036 at which point the ownership of the asset will transfer to the board. The original estimated capital value of the project is £19.2 million.

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

Total obligations under on-balance sheet PFI/PPP contracts for the following periods comprises:

2010 £'000	Gross Minimum Lease Payments	New Craigs £'000	Easter Ross £'000	Mid Argyll £'000	Total £'000
3,772	Rentals due within 1 year	1,922	622	1,229	3,773
15,091	Due within 2 to 5 years	7,689	2,485	4,916	15,090
55,535	Due after 5 years	18,280	8,618	24,864	51,762
74,398	**Total**	27,891	11,725	31,009	70,625
	***Less* Interest Element**				
(2,927)	Rentals due within 1 year	(1,633)	(371)	(858)	(2,862)
(10,983)	Due within 2 to 5 years	(6,051)	(1,352)	(3,242)	(10,645)
(22,502)	Due after 5 years	(8,247)	(2,477)	(9,254)	(19,978)
(36,412)	**Total**	(15,931)	(4,200)	(13,354)	(33,485)
	Present value of minimum lease payments				
845	Rentals due within 1 year	289	251	371	911
4,108	Due within 2 to 5 years	1,638	1,133	1,674	4,445
33,033	Due after 5 years	10,033	6,141	15,610	31,784
37,986	**Total**	11,960	7,525	17,655	37,140

Amounts charged to the Statement of comprehensive net expenditure in respect of on balance sheet PFI transactions comprises;

2010 £'000		Total £'000
2,967	Service charges	3,387
2,987	Interest charges	2,926
0	Other charges	0
5,954	**Total**	**6,313**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

23. PENSION COSTS

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

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

For 2010-11, normal employer contributions of £27,674,000 were payable to the SPPA (prior year £27,132,000) at the rate of 13.5% (2009-10: 13.5%) of total pensionable salaries. In addition, during the accounting period the NHS board incurred additional costs of £0 (prior year £0) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities.
Provisions/ Liabilities/ Pre-payments amounting to £2,029,743 are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of comprehensive net expenditure and the amounts paid directly.
Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but will be given the choice to transfer to the new scheme.
Existing scheme:
The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions are increased in line with Retail Prices Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.
Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.
New 2008 arrangements:
The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions and allowances are index linked to protect their value.
Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	2010/11 £'000	2009/10 £'000
Pension cost charge for the year	27,674	27,132
Additional Costs arising from early retirement	0	0
Provisions/Liabilities/Pre-payments included in the Balance Sheet	2,030	2,335

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

24. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

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

Adjustment		Dr. £'000	Cr. £'000
1	Remove cost of capital interest element		
	General Fund	7,455	
	Interest Costs		7,455

25. RESTATED SOCNE

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
Clinical Services Costs			
Hospital and Community	461,949	(7,455)	454,494
Less: Hospital and Community Income	(32,703)	0	(32,703)
	429,246	(7,455)	421,791
Family Health Services	157,129	0	157,129
Less: Family Health Services Income	(4,211)	0	(4,211)
	152,918	0	152,918
Total Clinical Services Costs	**582,164**	**(7,455)**	**574,709**
Administration Costs	5,311	0	5,311
Less: Administration Income	(35)	0	(35)
	5,276	**0**	**5,276**
Other Non Clinical Services	10,659	0	10,659
Less: Other Operating Income	(10,528)	0	(10,528)
	131	0	131
Net Operating Costs	**587,571**	**(7,455)**	**580,116**

25a. RESTATED STATEMENT OF CASHFLOWS	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
Cash flows from operating activities			
Net operating cost	(587,571)	7,455	(580,116)
Adjustments for non-cash transactions	23,157	(7,455)	15,702
Add back: interest payable recognised in net operating cost	3,241	0	3,241
Deduct: interest receivable recognised in net operating cost	(97)	0	(97)
(Increase) in trade and other receivables	(1,185)	0	(1,185)
(Increase) in inventories	(601)	0	(601)
Increase in trade and other payables	(13,856)	0	(13,856)
Increase in provisions	3,778	0	3,778
Net cash outflow from operating activities	(573,134)	0	(573,134)
Cash flows from investing activities			
Purchase of property, plant and equipment	(18,204)	0	(18,204)
Purchase of intangible assets	(1,100)	0	(1,100)
Proceeds of disposal of property, plant and equipment	174	0	174
Proceeds of disposal of intangible assets	0	0	0
Interest received	97	0	97
Net cash outflow from investing activities	(19,033)	0	(19,033)
Cash flows from financing activities			
Funding	596,787	0	596,787
Movement in general fund working capital	2,392	0	2,392
Cash drawn down	599,179	0	599,179
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(1,379)	0	(1,379)
Interest paid	0	0	0
Interest element of finance leases and on-balance sheet PFI/PPP contracts	(3,241)	0	(3,241)
Net Financing	594,559	0	594,559
Net Increase in cash and cash equivalents in the period	2,392	0	2,392
Cash and cash equivalents at the beginning of the period	(2,446)	0	(2,446)
Cash and cash equivalents at the end of the period	(54)	0	(54)
Reconciliation of net cash flow to movement in net debt/cash			
Increase in cash in year	2,392	0	2,392
Net debt at 1 April	(2,446)	0	(2,446)
Net debt at 31 March	(54)	0	(54)

NOTES TO THE ACCOUNTS
for the year ended 31st March 2010

26. FINANCIAL INSTRUMENTS

a FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

AT 31 MARCH 2011	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
Assets per balance sheet					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	12,382			12,382
Cash and cash equivalents	14	107			107
		12,489			**12,489**

AT 31 MARCH 2010	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
Assets per balance sheet					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	13	12,480	0	0	12,480
Cash and cash equivalents	14	67	0	0	67
		12,547	**0**	**0**	**12,547**

Financial Liabilities

AT 31 MARCH 2011	Note	Liabilities at Fair Value through profit and loss £'000	Other financial liabilities £'000	Total £'000
Liabilities per balance sheet				
Finance lease liabilities	15		2,214	2,214
PFI Liabilities	15		37,140	37,140
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	15		34,400	34,400
		0	**73,754**	**73,754**

AT 31 MARCH 2010	Note	Liabilities at Fair Value through profit and loss £'000	Other financial liabilities £'000	Total £'000
Liabilities per balance sheet				
Finance lease liabilities	15	0	2,607	2,607
PFI Liabilities	15	0	37,986	37,986
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	15	0	41,537	41,537
		0	**82,130**	**82,130**

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

26. FINANCIAL INSTRUMENTS, cont.

b FINANCIAL RISK FACTORS

Exposure to Risk
The NHS Board's activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due.
Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.
Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

****Risk management policies**** **i.e.** The Board provides written principles for overall risk management, as well as written policies covering
a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.
For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.
Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.
The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AT 31 MARCH 2011	**£'000**	**£'000**	**£'000**	**£'000**
PFI Liabilities	3,773	3,772	11,318	51,762
Finance lease liabilities	503	357	719	2800
Trade and other payables excluding statutory liabilities	34,400	0	0	0
Total	**38,676**	**4,129**	**12,037**	**54,562**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AT 31 MARCH 2010	**£'000**	**£'000**	**£'000**	**£'000**
PFI Liabilities	3,772	3,773	11,318	55,535
Finance lease liabilities	639	597	842	3,010
Trade and other payables excluding statutory liabilities	41,537	0	0	0
Total	**45,948**	**4,370**	**12,160**	**58,545**

c) Market Risk

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

The NHS Board is not exposed to foreign exchange rates.

iii) Price risk

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

c FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. (Provide details of the technique used).

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

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

NOTES TO THE ACCOUNTS
for the year ended 31st March 2011

27. RELATED PARTY TRANSACTIONS

The Board had no transactions with other government departments and other central government bodies.

No board member, key manager or other related party has undertaken any material transactions with the Board during the year. However, the board has Endowment Funds that are managed by Trustees who are also directors of the Board. The Board has charged approx £99K for administration and estates management services. No balance remains outstanding at the end of the year.

28. SEGMENT INFORMATION

Segmental information as required under IFRS has been reported for each strategic objective

	Note	A & B CHP	North Highland CHP	Mid Highland CHP	SE Highland CHP	Raigmore Hospital	Others	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating cost		**170,841**	**43,331**	**71,285**	**87,574**	**130,662**	**89,644**	**593,337**
Prior Year								
Net operating cost		**169,128**	**42,763**	**71,821**	**84,814**	**128,270**	**83,319**	**580,116**

29. THIRD PARTY ASSETS

Where the Board has third party assets as defined in the Financial Reporting Manual, a brief statement should be made here about the capacity in which the Board acts that gives rise to these assets.

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	2010	Gross Inflows	Gross Outflows	2011
	£'000	£'000	£'000	£'000
Monetary amounts such as bank balances and monies on deposit	442	495	(535)	401
	442	**495**	**(535)**	**401**

30. DISCOSURE OF EXIT PACKAGES

The Board did not have any exit packages agreed in year.

Highland Health Board

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.

4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 10/2/2006