



NHS FIFE

**Annual Report and Consolidated Accounts
for the Year Ended 31 March 2017**

NHS FIFE
ANNUAL REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2017

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PERFORMANCE REPORT

Overview

Chief Executive Statement

The publication of NHS Fife's Clinical Strategy during 2016-17 was a landmark moment, defining our vision for the delivery of healthcare for the next five years and beyond. Work has now begun to implement its recommendations, designing services which meet the challenge of a growing population who are living longer and which seize the opportunities afforded by advances in medicine and technology.

Working closely with Fife Health and Social Care Partnership and colleagues in Fife Council the emphasis is on delivering care that is responsive to individual needs and closer to home wherever possible, thereby reducing acute stays. We are committed to ensuring services remain sustainable and of the highest quality into the future, placing people at the heart of all we do.

The Strategic Improvement Planning and Change Team (IMPACT) was formed during the past year to support the transformation agenda. This multi disciplinary team brings together expertise in Strategic Planning and Performance, Project Management, Quality Improvement, Clinical Governance, Organisational Development and Communications. IMPACT can be commissioned as a bespoke and co-ordinated package of support by operational teams tasked with delivering key corporate objectives.

To date IMPACT has supported a range of initiatives, the most significant of which has been the unprecedented effort to reduce NHS Fife's prescribing costs during the past year. A new Formulary was introduced in December 2016 and a cohesive project to promote compliance, and to reduce waste and variance had resulted in a £3.5m reduction in spend by the end of January. This work is ongoing.

We have been working proactively with colleagues across southeast Scotland over many months to examine how best to combine our collective resources for the benefit of patients in the region. NHS Fife will commence an innovative approach in Radiology reporting from April 2017, with images taken in Fife reported on by Radiologists across southeast Scotland. This will improve the radiology provision available to patients in Fife and ensure people will continue to be seen as locally as possible. Work on a Regional Delivery Plan for the East of Scotland is ongoing.

2016/17 saw a number of significant successes in recruitment. We were pleased to appoint two Consultant Urologists during the year. This has been a difficult specialism to recruit to and their appointment brings a welcome positive impact to the service. In November 2016 around 90 new nurses and AHPs joined NHS Fife bringing the year total to 130. Of particular note were the 15 newly qualified mental health nurses among their number as this is another area where recruitment has proven particularly difficult in previous years.

Our commitment to improving mental health services has resulted in the opening of the new Intensive Psychiatric Care Unit at Stratheden Hospital near Cupar. Hollyview Ward has transformed facilities for patients experiencing acute episodes of mental illness, and provides an excellent environment for patients and staff.

The opening of the Carnegie Unit, a dedicated centre for community and primary care services in West Fife has marked a major milestone in the evolution of the Queen Margaret Hospital as a centre for scheduled care.

There has been significant investment in infrastructure across our estate with the introduction of an upgraded telephony system and Trakcare, a new electronic patient administration system which underlines the importance we place on patient safety. Throughout the year, our Research and

Development team at the Victoria Hospital have assisted in work to trial cutting edge technological applications placing NHS Fife at the centre of innovation in medical technology.

The development and improvement of frailty services, the continuation of our successful Hospital Safety Huddle and the introduction of a dedicated Homecare Team dealing with front door discharge, is making a very real change to the experience of our patients and the way we deliver services.

Performance Summary

NHS Fife saw a number of challenges during 2016/17, with immediate financial pressures to be addressed alongside the development of a longer term transformation programme to support financial sustainability and delivery of the Clinical Strategy. This programme has brought with it a focus across three themes of: redesign, efficiency and unwarranted variation. Overall performance has remained positive over the year, with sustained good performance in a number of areas including outpatient waiting times, cancer 31 day decision to treat, and delivery of the 18 week referral to treatment standard. In a number of other areas, whilst specific standards have not been met, there were improvements over the year, such as sickness absence and adult smoking rates. Further detail is provided on page 9 in the form of a balanced scorecard.

Background

Fife NHS Board is the common name for Fife Health Board. Fife NHS Board was established in 1974 under the National Health Service (Scotland) Act 1972 and is responsible for commissioning and delivering health care services for the residents of Fife, a total population of c.370,000.

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 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 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 NHS Board comprise:

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

Component Parts of NHS Fife

NHS Fife's structure comprises an Acute Services Division and a Health and Social Care Partnership, which is overseen by the Fife Integration Joint Board.

Acute Services Division

The Division is responsible for acute hospital services at Victoria Hospital in Kirkcaldy and Queen Margaret Hospital in Dunfermline.

Health and Social Care Partnership

The partnership is responsible for the improvement of the health and wellbeing of the local population and to provide primary and community health services within their areas, including community hospitals.

Corporate Directorates

The following Directorates provide Fife-wide services:

- Public Health;
- Medical Directorate (including Service Redesign and Primary Care / Family Health Services);
- Nursing (including Public and Patient Involvement; Legal Services and Risk Management);
- Human Resources (including Health and Safety);
- Finance (including Procurement);
- Planning and Strategic Partnerships (including Corporate Services, eHealth, IMPACT, Information Services, Performance and communications); and
- Estates and Facilities

The roles and responsibilities of these component parts of NHS Fife are clearly delineated in the Board's Code of Corporate Governance.

Integration Joint Board

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25th February 2014 and received Royal assent in April 2015. It established the framework for the integration of health and social care in Scotland.

The Cabinet Secretary for Health, Wellbeing and Sport approved the Fife Integration Scheme and the Order to establish the integration joint board was laid in the Scottish Parliament. The Integration Joint Board (IJB) for the area of Fife was legally established on 3 October 2015.

The Parties agreed to proceed by way of adopting the body corporate model of integration and established an Integration Joint Board as provided for in Section 1(4)(a) of the Act. The Integration Joint Board is responsible for the operational oversight of Integrated Services, and through the Director of Health and Social Care is responsible for the operational management of Integrated Services.

The Integration Joint Board is responsible for the planning of Acute Services in scope but NHS Fife is responsible for the operational oversight of Acute Services and through the Chief Operating Officer is responsible for operational management of Acute Services. The Director of Health and Social Care and the Chief Operating Officer work closely together to ensure appropriate planning and delivery of the services they respectively plan for and manage.

In addition the Health Board expenditure on resource transfer is paid on behalf of the IJB to Fife Council.

The Integration Joint Board is governed by Committees with membership drawn equally from members of the Health Board (both executive and non-executive) and Councillors from Fife Council.

The accounts of the Integration Joint Board are consolidated with the NHS Fife financial statements as they became operational during 2015/16. On the basis that no single party controls the arrangements on its own and that any one of the parties can prevent any of the other parties from controlling the arrangement, the accounting situation of the H&SCP is defined in IFRS 11 *Joint Arrangements*. Joint control is defined as "the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control". IFRS 11 notes that a joint venture shall recognise its

interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

Key Issues and Risks

Key issues involve providing a person centred approach to healthcare which is safe, sustainable, efficient and adaptable, whilst at the same time, there is a requirement to integrate Primary and Secondary Care and meet the aims of the 20-20 Vision.

Going forward, the major risk to the ability to provide a fully inclusive Health Service is the increased demand associated with an increasing population, and in particular an increasing ageing population.

Projections suggest that the population of Fife will increase by 8% (30,729) by 2037; there will be a higher number of people aged over 65, many with multiple health conditions placing a greater demand on health and social care services. Older age is associated with an increased likelihood of living with a greater number of long-term conditions; however many younger people also live with one or more chronic conditions. In Fife in 2012-13, 46% of adults reported that they had one or more long-term condition.

It is estimated that every year mental health disorders affect more than a third of the population, the most common of these being depression and anxiety. An ageing population is leading to an increase in the number of people with age-associated mental health conditions such as dementia. In Fife, it is estimated that 6,000 people are affected by dementia which is anticipated to increase to approximately 10,000 over the next 15 years.

The number of cancers diagnosed in Fife each year is projected to increase by 33%. In 2008-12 there were 153,000 cancers diagnosed. This is projected to increase to over 204,000 by 2023-27.

These additional demands will put real pressures on the service at a time of limited funding. To address the financial and demographic challenges, a programme of major redesign and significant transformation of services is essential. The implementation of the Clinical Strategy and the Strategic Plan for the Integration Joint Board is key to driving forward the changes required.

Performance Analysis

Financial Performance

The Scottish Government Health and Social Care Directorates set 3 financial targets at NHS Board level on an annual basis. These targets are:

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

NHS Boards are expected to contain their new expenditure within these limits and to report on any variation from the limits as set. The Board's performance against these financial targets is as follows:

Financial Position 2016/17

	Limit as set by SGHSCD £'000 (1)	Actual Outturn £'000 (2)	Variance (Over)/Under £'000 (3)
1 Core Revenue Resource Limit	665,945	665,612	333
Non Core Revenue Resource Limit	39,483	39,483	0
2 Capital Resource Limit	10,218	10,216	2
3 Cash Requirement	718,063	718,063	0

MEMORANDUM FOR IN YEAR OUTTURN

£'000

Brought forward deficit (surplus) from previous financial year	(234)
Saving/(excess) against in year Revenue Resource Limit	99

The Accounts have been prepared under a direction issued by Scottish Ministers which is included as an annex to the accounts.

As NHS Fife is funded by Scottish Government on an on-going basis, there are no issues in relation to meeting the Going Concern Accounting Concept.

For 2016/17, the Board's initial core Revenue Resource Limit (RRL) was £587.446m, an increase of £12.649m over the initial core RRL of £574.797m for 2015/16. The impact of pay awards and price increases accounted for most of the additional funds. The Board's Financial Framework addressed a wide range of local needs, as well as significant investment within NHS and other service partners outside Fife, particularly NHS Tayside and NHS Lothian.

Achievement of the in year position was through a combination of recurring and non recurring initiatives, and resulted in a year end underspend against the revenue resource limit of £0.333m.

During the year, the Board's core Revenue Resource Limit was subject to various adjustments from SGHSCD resulting in a final core Revenue Resource Limit of £665.945m. The major additional allocations included £45.3m for Primary Medical Services, £16.8m Social Care Funding, £9.9m Outcomes Framework, £4.7m Capital Receipts Advance, £3.3m for ADP, £3.0m for New Medicines, £1.7m for Enhanced Services Allocation and £2.2m for Public Dental Services. The major reductions in allocation are in respect of transferring Depreciation (£13.1m) to the non-core Revenue Resource Limit, as well as a reduction of (£2.6m) in respect of National Services Risk Share Agreements.

NHS Fife also received non-core revenue funding of £39.483m to cover Depreciation (£13.020m), ODEL PPP (£7.653m), AME Provisions (£14.798m), Additional non-core funding (£2.825m), AME Impairments (£0.942m), Capital grants to Other Bodies (£0.143m) and AME Donated Asset Depreciation (£0.102m).

Discount Rate change

In late 2016/17, Scottish Ministers confirmed that the discount rate would move from 2.5% to - 0.75% in NHS Scotland, in accordance with the approach taken in England and Wales. HM Treasury confirmed funding will be made available to the Scottish Government to support this impact. The Central Legal Office have taken into account this change to the discount rate in updated claims summary for the year. This has no impact on the Revenue Resource Limit but has resulted in a significant increase in AME provision compared to previous years.

Legal Obligations

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a further provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made.

The total net provision relating to CNORIS at 31 March 2017 is £38.682m, a movement of £15.506m in year.

2016/17 has been a challenging year financially. The Board considered the Local Delivery Plan last June which showed an initial gap of £30m and an estimated year end outturn overspend of £9.4m. Across the health and care system our managers and staff have worked exceptionally hard on a range of projects and initiatives to address these financial challenges, while continuing to deliver safe and effective care for our patients.

Delivery of a balanced position in the longer term will be predicated on major redesign services. This will seek to ensure safe, effective and person centred care at a lower cost, themed around transformation, variation and efficiency.

Capital Expenditure

During 2016/17 the Board spent £10.756m on a wide range of capital building projects and equipment. The element charged to the Capital Resource Limit is £10.216m which is the Capital Expenditure net of receipts.

Major construction projects undertaken during the year included £0.320m for the replacement of the Stratheden Hospital Intensive Psychiatric Care Unit which opened in May 2016. In addition £0.639m was spent on the Carnegie Unit on the Queen Margaret Hospital site, which was completed in July 2016. An additional £2.871m was also spent on a variety of small building projects across the Boards sites.

New and replacement Medical Equipment purchases of £2.054m were made which included £0.550m of Radiology Equipment. Additional eHealth Technology investment of £1.170m has also been made during the year and £3.648m of investment in the new NHS Fife Telephone Replacement system which is due for completion in June 2017.

Overall the Board has spent the Capital Resource Limit in full for the year.

Additional expenditure of £0.5m has also been made in Backlog Maintenance / Statutory Compliance work which has been charged to the Revenue Resource Limit (RRL).

Capital Sales

During 2016/17 the Board sold both Netherlea Hospital and Haldane House. At 31 March 2017, the Board held Barrie Street Clinic, Forth Park Maternity Hospital, Carnegie Clinic, Abbeyview Clinic, Townhill Hospital and two plots of land at Lynebank Hospital as assets held for sale.

The Board currently follows a policy of ensuring all land and buildings are revalued at least once in every five year period. The Board's intention is to continue with a five year rolling programme for the revaluation of non-current assets.

The Valuation Office Agency (VOA) has provided its revaluation for 2016/17 and has also supplied its indices to be used in the indexation of the buildings not revalued. In line with SGHSCD guidance, equipment has no indexation applied.

During 2016/17, the Board has had 100% of land and 20.4% of buildings revalued by the VOA.

Significant Changes in Non Current Assets

During the year, the Board has commissioned valuations on several properties from the Valuation Office Agency (VOA). These valuations have resulted in significant asset value impairments being made at the following sites: Stratheden IPCU (£0.610m), Lynebank Hospital Land (£0.763m), Carnegie Clinic (£0.589m) and Cupar Dental (£0.331m).

Public Private Partnerships

The Board has two significant service initiatives under the PPP funding route.

The Board entered into a contract with Projco (St Andrews Hospital) Limited for the provision of a new Community Hospital and Health Centre on a site in St Andrews. The contract is for a period of 30 years commencing 31 July 2009. The current Annual Service Payment value is £3.1m per annum.

The Board entered into a contract with Consort Healthcare for the provision of the new Phase 3 on the Victoria Hospital site in Kirkcaldy. The contract is for a period of 30 years commencing 28 October 2011. The current Annual Service Payment value is £22.2m per annum.

Under IFRS Accounting Treatment, both the hospital and the healthcare facilities are recognised as a Non Current Asset on the Board's balance sheet at a value of £28.115m and £182.333m respectively.

Provisions

As at 31 March 2017, the Board has provisions of £129.300m (2015/16 £77.978m), of which:

	2016/17	2015/16
Clinical and medical negligence cases	£83.247m	£46.793m
Boards share of the total NHSScotland CNORIS liability	£37.421m	£22.794m
Pension provisions	£2.982m	£2.995m
Injury provisions	£5.620m	£5.366m

These provisions include the element funded through Annually Managed Expenditure (AME) in 2016/17. The Board is also disclosing a contingent liability of £18.759m (2015/16 £14.718m) for other legal cases and a contingent asset of £17.910m (2015/16 £14.538m) for income receivable for these. The Board has a small provision for Capital Waste Electronic and Electrical Equipment of £30k.

Provisions for Impairment of Receivables

The Board has included a provision for the impairments of bad debts of £15k (2015/16 £10k).

Outstanding Liabilities

The Board has total outstanding liabilities of £237.213m (2015/16 £237.967m). Of this total, £176.859m relates to future amounts payable on the two PFI contracts (2015/16 £179.249m).

Performance against Key Non Financial Targets

For a number of years, NHS Fife has performed consistently well against some Local Delivery Plan (LDP) Standards, but not so well in others.

Under performance has been predominantly related to Waiting Times for services in Planned Care and Mental Health. The challenges to improving performance in these areas are fully recognised by NHS Fife and the Scottish Government and most mainland Health Boards face similar difficulties in managing increasing patient demand against available capacity. Demand will only increase with an ageing population and an increase in patients suffering from multiple, chronic illnesses.

The NHS Fife Clinical Strategy was published in October 2016 and articulates how these challenges (and others) will be addressed in the next 5 years and beyond.

The Scottish Government set out the national framework for improving Scotland's health and healthcare in its Quality Strategy, which builds on "Better Health Better Care". This is accompanied by the NHS 2020 Vision, where 12 Key Priorities for improvement of Health Services are identified.

Key local plans are NHS Fife's LDP and Fife's Community Plan 2011-20 (incorporating the Single Outcome Agreement). For 2016/17, the LDP is required by Scottish Government to focus on 9 of the 12 Key Scottish Government Priorities:

- Health Inequalities and Prevention
- Antenatal and Early Years
- Safe Care
- Person-centred Care
- Primary Care
- Health and Social Care Integration
- Scheduled Care
- Unscheduled Care
- Mental health

The Integrated Performance Report (IPR) is the main tool NHS Fife uses to review performance at a strategic level. The content is based on the suite of Scottish Government LDP Standards and other national strategies such as the Scottish Patient Safety Programme (SPSP). A balanced scorecard is used in the IPR. The table on the next page provides the summary of NHS Fife's performance against targets for 2016/17 and aligns the target for the financial year with current performance against the relevant national standards.

In the vast majority of cases, Local Management Information (LMI) has been used and covers as much of the financial year as is possible given the time constraints on this report. It is important to note that whilst LMI provides a more up to date position, data validation processes may not have been completed and this information may therefore be subject to change.

NHS Fife Annual Report and Accounts 2016/17

Section	RAG	Standard	Quality Aim	Target for 2016-17	Current (Local Data)			Year to Date	National Comparison (with other 10 Mainland Boards)			
					Period	Performance	Direction of Travel		Period	Performance	Rank	Scotland
Clinical Governance	GREEN	HAI - C Diff	Safe	0.32	year to Apr 2017	0.24	↑	0.25	y/e Dec 2016	0.23	3rd	0.28
	RED	HAI - SABs	Safe	0.24	year to Apr 2017	0.32	↓	0.32	y/e Dec 2016	0.34	8th	0.33
		Complaints (Complete Within 20 Days)	Person-centred	75.0%	Mar 2017	41.4%	↓	57.0%	Only published annually: NHS Fife was 8th for FY 2015-16			
Finance, Performance and Resources	GREEN	IVF Treatment Waiting Times	Person-centred	90.0%	3 months to Feb 2017	100.0%	↔	100.0%	Treatment provided by Regional Centres so no comparison applicable			
		Cancer 31-Day DTT	Clinically Effective	95.0%	Mar 2017	98.0%	↓	96.0%	q/e Dec 2016	98.1%	3rd	94.1%
		4-Hour Emergency Access	Clinically Effective	95.0%	year to Apr 2017	95.1%	↓	95.4%	y/e Dec 2016	95.8%	4th	94.1%
		Outpatients Waiting Times	Clinically Effective	95.0%	Mar 2017	95.0%	↑	N/A	q/e Dec 2016	92.9%	1st	75.7%
		Detect Cancer Early	Clinically Effective	29.0%	2 years to Sep 2016	29.4%	↓	N/A	Only published annually: NHS Fife was 1st for 2-year period 2014 and 2015			
	AMBER	Antenatal Access	Clinically Effective	80.0%	3 months to Jan 2017	88.2%	↑	N/A	Only published annually: NHS Fife was 3rd for FY 2015-16			
		Alcohol Brief Interventions	Clinically Effective	4,187	FY to Mar 2017	5,448	↑	N/A	Only published annually: NHS Fife was 6th for FY 2015-16			
		Drugs & Alcohol Treatment Waiting Times	Clinically Effective	90.0%	q/e Dec 2016	95.1%	↓	97.7%	q/e Dec 2016	95.1%	7th	95.0%
		18 Weeks RTT	Clinically Effective	90.0%	Mar 2017	89.1%	↑	90.2%	Month of December	89.1%	4th	83.8%
		Dementia	Person-centred	Dementia Registration numbers falling; no target as yet for PDS; AMBER status is subjective, but based on Waiting Times for PDS								
	RED	Cancer 62-Day RTT	Clinically Effective	95.0%	Mar 2017	77.5%	↓	85.7%	q/e Dec 2016	85.5%	9th	87.5%
		Patient TTG	Person-centred	100.0%	Mar 2017	91.7%	↑	95.0%	q/e Dec 2016	96.6%	2nd	86.7%
		Diagnostics Waiting Times	Clinically Effective	100.0%	Mar 2017	89.3%	↓	N/A	Month of December	90.8%	6th	86.1%
		Delayed Discharge (Delays > 2 Weeks)	Person-centred	0	Census 2nd May	15	↓	N/A	Census 2nd May	4.35	3rd	9.21
		Smoking Cessation	Clinically Effective	779	FY to Dec 2016	307	↓	N/A	Only published annually: NHS Fife was 11th for FY 2015-16			
		CAMHS Waiting Times	Clinically Effective	90.0%	3 months to Mar 2017	84.5%	↑	83.7%	q/e Dec 2016	76.6%	9th	82.5%
		Psychological Therapies Waiting Times	Clinically Effective	90.0%	3 months to Mar 2017	64.5%	↓	68.0%	q/e Dec 2016	65.2%	9th	77.5%
Staff Governance	RED	Sickness Absence	Clinically Effective	4.50%	year to Mar 2017	5.02%	↑	5.02%	Only published annually: NHS Fife was 9th for FY 2015-16			

Payment Policy

The Scottish Government is committed to supporting business in 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 Boards 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 settling them in a timely manner.

	2016/17	2015/16
Average Credit Taken	10 days	9 days
Paid within 30 days by Value	95%	94%
Paid within 30 days by Volume	93%	95%
Paid within 10 days by Value	90%	87%
Paid within 10 days by volume	86%	89%

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.

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 set outs measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which Fife Health Board is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports. Further information on the Act, along with copies of prior year national reports, can be found at the following resource:

<http://www.keepsotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/>

NHS Fife, in common with other Boards, has a clear commitment to operating and developing sustainable practices. The Sustainability Group is chaired by the Director of Estates, Facilities and Capital Planning and meets at quarterly intervals assisting the Board's work in delivering its sustainability targets. Energy, water and waste sub-groups also meet regularly and report back to the Sustainability Group: the latter group monitors progress towards meeting revised energy reduction, carbon reduction and other targets.

The Board's Sustainability Framework will be measured and addressed through the 'Sustainability Development Action Plan' (SDAP): recent structural changes within the organisation have meant that updating this document was put on a temporary hold however now that these changes are complete, work on updating the SDAP can resume. The SDAP covers the following six categories, which are set out in the 'Good Corporate Citizenship Self-Assessment Model' (GCCAM) national strategy, which has itself recently been undergoing revision:

- Facilities Management
- Workforce
- Transport and Travel
- Procurement
- Buildings
- Community Engagement

Work on improving sustainability across these six areas is central to the Board's performance monitoring framework and is assessed continuously, being reported on annually in various methods:

- directly to Scottish Government;
- mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) reporting;
- mandatory Climate Change Reporting (CCR) to Scottish Natural Heritage.

The CCR process is more wide-ranging than the Board's energy consumption and associated CO₂ emissions that are reported on for CRCEES, as it covers the following topics:

- governance, management and strategy;
- corporate emissions, targets and projects data;
- adaptation;
- procurement;
- validation and verification.

Projects that are currently being looked at are pool car provision across the Board to reduce the impact of the 'grey fleet' (staff-owned vehicles) business mileage, energy saving measures such as boiler upgrading/decentralisation and/or combined heat and power (CHP) installations, replacement of water pumps in the VHK tower with more energy-efficient units and replacement of lighting with more energy efficient LED lamps. Partnership working with other Boards and Fife Council is actively sought, whereby improvements to the general environment in which Fifer's live and work can result. The Board has representation on the Fife Environmental Partnership Group, which meets quarterly. The Board participates in numerous sustainability campaigns throughout the year e.g. Earth Hour, NHS Sustainability Day, Bike Week, Liftshare Week, Cycle to Work etc. and promotes these via intranet news items, web pages and staff newsletters.

Signature:..... Date: 27 June 2017

Paul Hawkins
Chief Executive and Accountable Officer
NHS Fife

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors Report

Date of Issue

Financial statements were approved and authorised for issue by the Board on 27 June 2017.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Brian Howarth, Assistant Director, Audit Scotland to undertake the audit of Fife 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.

Board Membership

Under the terms of the Scottish Health Plan, the NHS Board is a Board of Governance whose membership will be conditioned by the functions of the Board. Members of the NHS Board are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The NHS Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. NHS Board members are also Trustees of the Endowment Funds. The members of the NHS Board who served during the year from 1 April 2016 to 31 March 2017 were as follows:

Non-Executive Members

Mrs T Marwick	Chairperson (from 01.01.17)
Mr A Burns	Chairperson (until 31.12.16)
Dr L Bisset	Non-Executive Board Member, Vice Chairperson
Ms M Adams	Non-Executive Board Member
Mr M Black	Non-Executive Board Member
Mrs C Cooper	Non-Executive Board Member
Ms R Laing	Non-Executive Board Member
Mr S Little	Non-Executive Board Member
Mr J Paterson	Non-Executive Board Member
Ms A Rooney	Non-Executive Board Member
Mrs W Brown	Stakeholder Member, Employee Director (Co-Chair, Area Partnership Forum)
Dr K Cheshire	Stakeholder Member (Chairperson, Area Clinical Forum) (until 30.09.16)
Ms J Owens	Stakeholder Member (Chairperson, Area Clinical Forum) (from 01.10.16)
Councillor A Rodger	Stakeholder Member (Fife Councillor)

Executive Members

Mr P Hawkins	Chief Executive
Dr F Elliot	Medical Director
Dr M Hannah	Director of Public Health

Mrs C Potter	Interim Director of Finance (from 01.08.16)
Ms H Wright	Nurse Director
Mrs C Bowring	Director of Finance (until 31.07.16)

Statement of Board Members' Responsibilities

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 2017 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

Board Members and Senior Managers' Interests

Details of any interests of Board members, senior managers and other senior staff in contracts, or potential contractors, with the NHS Board as required by IAS 24 are disclosed in Note 25.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Corporate Services Department and can be accessed directly from the Head of Corporate Services, Norma Aitken, Hayfield House, Hayfield Road, Kirkcaldy, KY2 5AH (norma.aitken1@nhs.net).

Directors third party indemnity provisions

Individual members of the NHS Board or the NHS Board as a group are covered by the NHS Board's Clinical Negligence and other Risks Indemnity Scheme (CNORIS) in respect of potential claims against them.

Remuneration for non audit work

No non audit work has been carried out by Audit Scotland or the Endowment Funds auditors, Thomson Cooper, during 2016/17.

Value of Land

During the year the Board has had 100% of land revalued by the Valuation Office Agency, who have confirmed that the Board's Balance Sheet Values do not significantly differ from market values.

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 financial year.

NHS Fife publishes the required information on the NHS Fife website <http://www.nhsfife.org/nhs/index.cfm?fuseaction=nhs.pagedisplay&p2sid=71ACC1A1-CFC9-82EC-AEFE7AA08AF8A713&themeid=E44C37C3-5056-8C6F-C003CD63C15D8FF0>

Personal data related incidents reported to the Information Commissioner

There was one personal data related incident or data protection breach reported to the Information Commissioner during the financial year ended 31 March 2017.

Disclosure of Information to Auditors

The Directors who have 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.

Statement of the Chief Executives 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 Fife Health Board.

This designation carries with it, responsibility for:

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

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

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government's 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. I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me dated 12th May 2015.

Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also I am responsible for safeguarding the public funds and assets assigned to the organisation.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

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

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (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.

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

NHS Endowments

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the NHS Fife Endowment Funds. This statement includes any relevant disclosure in respect of these Endowment Accounts.

Integration Joint Board Accounts

In accordance with IFRS11 Joint Arrangements and other relevant standards, the Financial Statements consolidate the Integration Joint Board Accounts. This statement includes any disclosure in relation to the H&SCP Accounts.

Governance Framework

The Board has collective responsibility for health improvement, the promotion of integrated health and community planning through partnership working, involving the public in the design of healthcare services and staff governance.

Members of Health Boards, as detailed on page 12 and 13, 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 Board meets every two months to progress its business. The Code of Corporate Governance, in place up to 31 March 2017, identified Committees and Sub-Committees reporting to the Board to help it fulfil its duties. These include the following governance Committees:

- Clinical Governance;
- Audit and Risk;

- Staff Governance; and
- Finance, Performance & Resources.

In October 2016 the Board endorsed its Clinical Strategy - a roadmap for the delivery of health care to the people of Fife to 2020 and beyond. The new Clinical Strategy sets out the vision and outcomes for NHS Fife for future years.

Clinical Governance Committee

Principal Function:

To provide the Board with the assurance that appropriate clinical governance mechanisms and structures are in place and effective throughout the whole of Fife NHS Board's responsibilities, including health improvement activities.

Membership:

- Six Non-Executive Members or Stakeholder Members of the Board;
- A Staff Side Representative of NHS Fife Area Partnership Forum;
- One Representative from Area Clinical Forum
- One Patient Representative

Chair:

Dr L Bisset, Non-Executive Board Member

Frequency of Meetings

As necessary to fulfil its remit and not less than four times per year.

Audit and Risk Committee

Principal Function:

To provide the Board with the assurance that the activities of Fife NHS Board are within the law and regulations governing the NHS in Scotland and that an effective system of internal control is maintained. The duties of the Audit and Risk Committee are in accordance with the Audit Committee Handbook, dated July 2008.

Membership:

- Five Non-Executive Members of the Board.

Chair:

Ms R Laing, Non-Executive Board Member (until 23.09.16)

Mr S Little, Non-Executive Board Member (since 15.12.16)

Frequency of Meetings:

As necessary to fulfil its remit and not less than four times per year.

Staff Governance Committee

Principal Function:

To support the development of a culture within the health system where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system, and is built upon partnership and collaboration, and within the direction provided by the Staff Governance Standard.

Membership:

- Four Non-Executive Board Members, one of who will be the Chair of the Committee;
- Employee Director
- Staffside Chairpersons of the Local Partnership Forums

Chair:

Mrs M Adams, Non Executive Board Member (since 01.01.17)

Mr A Burns, Board Chairman (until 31.12.16)

Frequency of Meetings:

As necessary to fulfil its remit but not less than four times a year.

Finance, Performance & Resources Committee

Principal Function:

To keep under review the financial position of the Board and to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that the arrangements are working effectively.

Membership:

- Three Non-Executive Members (including Board Chair);
- Three Stakeholder Members; and
- Four Executive Members

Chair:

Mr J Paterson, Non-Executive Board Member (since 01.01.17)

Mr S Little, Non-Executive Board Member (until 31.12.16)

Frequency of Meetings:

As necessary to fulfil its remit but not less than four times per year.

Other Governance Arrangements

The conduct and proceedings of the NHS Board are set out in its Standing Orders; the document specifies the matters which are solely reserved for the NHS Board to determine, the matters which are delegated under the scheme of delegation and the matters which are remitted to a Standing Committee of the NHS Board.

The Standing Orders also include the Code of Conduct that Board members must comply with, and, along with the Standing Financial Instructions, these documents are the focus of the NHS Boards Annual Review of Governance Arrangements. The annual review also covers the remits of the NHS Board's Standing Committees. All committees of the Board are required to provide an Annual Statement of Assurance to the Audit & Risk Committee and Board, describing their membership, attendance, frequency of meetings, business addressed, outcomes, Best Value, risk management and to demonstrate they have fulfilled their roles and remit.

All NHS Board executive directors undertake a review of development needs as part of the annual performance management and development process. Access to external and national programmes in line with development plans and career objectives is also available.

The Good Governance Institute (GGI) completed a review of NHS Fife Board Governance in late 2016. In addition, the Chair undertook a review of governance arrangements in terms of process, committees and structure upon arrival in January 2017. An action plan has been developed to implement recommendations and agreed by the NHS Board on 25 April 2017.

During the year, Board members completed a diagnostic self-assessment tool kit, to identify common themes or issues and areas for action. The outcome of the self assessment will be presented to Board members at the July Board meeting. An action plan will be agreed thereafter as appropriate, building on the action plan flowing from the wider review of governance as mentioned above.

The Chief Executive is accountable to the NHS Board through the Chair of the Board. The Remuneration Sub-committee agrees the Chief Executive's annual objectives in line with the Board's strategic and corporate plans.

Non-executive directors have a supported orientation and induction to the organisation as well as a series of development sessions. Opportunities for development also exist at a national level.

To ensure that the NHS Board complies with relevant legislation, regulations, guidance and policies, a distribution process is in place to ensure that all Circulars and communications received from SGHSCD, internal policies and procedures, are directed to Senior Managers who are held responsible for implementation. A follow-up process to monitor compliance with regulations and procedures laid down by Scottish Ministers, and the SGHSCD is in place.

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. The Board Committees ensure Best Value is achieved through the Committees having Best Value written into their Terms of Reference and the annual work-plans. Directors and Managers are encouraged to review, identify and improve the efficient and effective use of resources.

NHS Fife has a Whistleblowing policy in place. The Board is committed to achieving the highest possible standards of service and the highest possible ethical standards in public life in all of its practices. To achieve these ends, it encourages staff to use internal mechanisms for reporting any malpractice or illegal acts or omissions by its staff. The Board wishes to create a working environment which encourages staff to contribute their views on all aspects of patient care and patient services. All staff have a duty to protect the reputation of the service they work within. The Board does not tolerate any harassment or victimisation of staff using this policy, and treats this as a serious disciplinary offence, which will be dealt with under the Board's Management of Employee Conduct policy.

There is in place a well-established complaints system whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment; information on our complaints procedures is available on the NHS Fife website.

The Board is committed to working in partnership with staff, other public sector organisations and the third sector. NHS Fife strives to consult all of its key stakeholders. We do this in a variety of ways. How we inform, engage and consult with patients and the public in transforming hospitals and services is an important part of how we plan for the future. To fulfil our responsibilities for public involvement, we routinely communicate with, and involve, the people and communities we serve, to inform them about our plans and performance.

An Integrated Performance Report (IPR) was presented at every Finance, Performance and Resources Committee and Board meeting. This provides monitoring information on a range of measures covering financial and clinical delivery. The IPR has been developed during 2016/17 with a range of refinements agreed to ensure all relevant Committees of the Board have the opportunity to undertake due scrutiny and governance of areas relevant to each committee.

Integrated Joint Board (IJB)

The IJB took on operational responsibility for delegated functions and budgets from 1 April 2016. Within its overall Governance arrangements the IJB has established 3 Governance Committees:

- Care and Clinical Governance Committee;
- Audit and Risk Committee; and
- Finance and Performance Committee

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

The IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

In discharging these responsibilities, the Director of Health & Social Care places reliance on the NHS Fife and Fife Council systems of internal control that support compliance with both organisations' policies, and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

Members of NHS Fife Board have a role on the Integration Joint Board and its Committees and therefore maintain an input and responsibility for their respective professional remits at all times. This is particularly relevant for the role of the Director of Health & Social Care as the Accountable Officer for the IJB and a direct report to the NHS Fife Chief Executive who maintains responsibility for all aspects of governance relating to health services across Fife.

Minutes of the IJB are considered at the Clinical Governance Committee of the NHS Board and an annual assurance statement is also shared with the Board's Audit & Risk Committee to support the assurance process. The Integrated Performance Report encompasses all aspects of delegated services.

The approach adopted for health and social care within Fife is the 'fully delegated' model, with the IJB responsible for governance and assurance of all operational activities for its delegated functions. As the operational and governance framework has evolved during 2016/17, the NHS Board and supporting governance committees have maintained an overarching assurance role in relation to both clinical and financial governance, and therefore oversight of the adequacy and effectiveness of controls for delegated functions. This is being reviewed for 2017/18 to ensure there is clarity of roles and responsibilities, consistency of approach, no omissions and no unnecessary duplication.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- Discussions with executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- Letters of Assurance from each Director;
- Reports from other inspection bodies;
- The work of the internal auditors, who submit to the Audit and Risk Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with improvement;
- Comments by the external auditors in their management letters and other reports;
- The completion of a self assessment considering the Board's own performance;
- The range of topics covered at Board Development sessions to develop the knowledge and awareness of both Executive and non Executives Board members;
- The Board's agreed approach to Risk Management is established within the Governance Committees;

- The work of the other assurance Committees and groups supporting the Board: Staff Governance Committee, Finance, Performance and Resources Committee, and the Clinical Governance Committee (which also embraces Information Governance);
- In line with National PIN Guidance, NHS Fife has a policy on Whistleblowing; and
- NHS Fife is committed to communicating and consulting with all Stakeholders and the general public.

Data Quality

The Board receives numerous reports which include detailed information covering financial, clinical and staffing information. In general these reports are considered by the Executive Directors Group and at a Governance Committee prior to being discussed at the Board. This allows for detailed consideration of the content, completeness and clarity of the information being provided to the Board. Assurance on the information included in reports also comes from the overall approach to the management of information (through the information governance group) and validation processes and assurances on the quality of information provided from internal audit and other scrutiny bodies.

Risk Management

The Chief Executive of the NHS Board as Accountable Officer whilst personally answerable to the Parliament is ultimately also accountable to the Board for the effective management of risk.

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

All of the key areas within the organisation maintain a risk register; the high level risks that the Board needs to ensure are being managed are then consolidated into the Corporate Risk Register. The Corporate Risk Register summarises the main risks identified within each of the organisational areas and the processes by which these risks are being managed.

The Corporate Risk Register is reviewed continually throughout the year with all risks mapped to individual Governance Committees Risk Registers to scrutinise and review at two meetings during the year.

All risk registers are held on Datix (Risk Management Information System). Training and support for all Datix Modules are provided by the Risk Management team either through the formal training programme or individually on an ad-hoc basis.

The Audit and Risk Committee is responsible for ensuring that there is an overall Risk Management framework in place.

During 2016/17, four risk management reports were provided to the Audit & Risk Committee by the Director of Nursing, as Lead Executive for Risk. These provided an update on the review of the overall Corporate Risk Register and the Boards approach to risk. At the end of March 2017, there were 5 high risks on the Board's Corporate Risk Register, namely Financial Planning, Management & Performance; Information Governance; Prescribing & Medicines Management; Second Stage Fire Evacuation of Phase 2 Victoria Hospital; and Pandemic Flu Planning.

The key output from these reports has been taken forward through the development of the Board Assurance Framework; this incorporated a review of the Boards 'Risk Appetite' by the Executive Directors Group and has involved workshops and presentations with Non Executive Directors through Board Development Sessions. The Board Assurance Framework contains five strategic risks that could impact on the delivery of NHS Fife's strategic objectives. The Board Assurance Framework

Framework will be submitted to the NHS Board in July for approval. The high level strategic risks set out in the draft BAF are: Operational & Corporate Governance re IJB; Financial Sustainability; Workforce Planning (including Training & Development); Strategic Planning & Implementation (including Regional Working); and Environmental Sustainability.

Disclosures

Disclosures are required where there are any significant control weaknesses or issues which may have impacted financially or otherwise in the year or thereafter.

The following are highlighted:

- For 2016/17, 708 individuals have exceeded the Treatment Time Guarantee to have their treatment provided within 12 weeks. This resulted in a letter of apology being sent to each patient.
- During the year, there were 2 reports issued following visits by the Healthcare Environmental Inspectorate of Healthcare Improvement Scotland. Each had a single recommendation which was responded to through agreed action plans. These reports were considered by the Infection Control Committee, which reports to the Clinical Governance Committee.
 - An announced HAI inspection was conducted in St. Andrews Community Hospital on 27-28 April 2016. The inspection resulted in 1 requirement. The 16 week follow-up improvement action plan was returned to HEI on 1 September 2016.
http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/healthcare_improvement_reports/st_andrews_community_hospital_jul_16.aspx
 - An unannounced HAI inspection was conducted in Victoria Hospital Kirkcaldy on 30 November to 1 December 2016. The inspection resulted in 1 requirement and 2 recommendations. The 16 week follow-up improvement action plan was returned to HEI on 5 April 2017.
http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/healthcare_improvement_reports/victoria_hospital_dec_16.aspx

The full reports are available by following the above links.

- There was one personal data related incident or data protection breach reported to the Information Commissioner during the financial year ended 31 March 2017. This did not result in any patient harm.

During the 2016/17 financial year, no other significant control weaknesses or issues have arisen, in the expected standards for good governance, risk management and control.

Remuneration and Staff Report

Board Members' and Senior Employees Remuneration

The Board's Remuneration Committee is a sub-committee of the Staff Governance Committee. This Committee meets as necessary, with a minimum of three meetings per year. It considers and agrees performance objectives and performance appraisals for staff in the Executive Cohort and oversees implementation of performance management arrangements for other senior managers.

The membership comprises the Board Chairperson, two Non-Executive Board members and the Employee Director. The Director of Human Resources attends the Committee in a professional advisory capacity, as does the Board Chief Executive. (Both leave for matters relating to their own performance and remuneration).

Board Members and senior managers are remunerated in accordance with approved national pay rates. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by Scottish Government Health and Social Care Directorate (SGHSCD) has been appropriately applied and agreed by the Remuneration Committee.

Details in the remuneration report have been audited with the exception of sections c, d and e which have been checked for consistency with the rest of the financial statements.

FIFE HEALTH BOARD

REMUNERATION REPORT

	Gross Salary (Bands of £5,000)		Pension Benefits (£'000)		Total Remuneration (Bands of £5,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Executive Members						
Mr P Hawkins, Chief Executive (from 25 May 2015) ¹	155 – 160	130 – 135	29	6	185 – 190	135 – 140
Mrs C Bowring, Director of Finance (to 31 st July 2016) ^{1, 2}	30 – 35	100 – 105		71	30 – 35	170 – 175
Mrs C Potter, Director of Finance (from 1 st August 2016) ¹	70 – 75		41		110 – 115	
Dr B Montgomery, Interim Chief Executive (to 24 May 2015) ^{1, 2,}		35 – 40				35 – 40
Dr F Elliot, Medical Director ^{1, 4}	160 – 165	160 – 165			160 – 165	160 – 165
Professor S McLean, Director of Nursing (to 05 July 2015) ^{1, 2,}		30 – 35				30 – 35
Ms H Wright (previously Paterson), Director of Nursing (from 6 th July 2015) ¹	90 – 95	60 – 65	27	3	115 – 120	65 – 70
Dr E Coyle, Director of Public Health (to 26 th September 2015) ¹		75 – 80				75 – 80
Dr M Hannah, Director of Public Health (from 27 th September 2015) ¹	135 – 140	65 – 70	10	1	145 – 150	70 – 75
Non Executive Members						
Mr A Burns, Chairperson (to 31 st December 2016) ¹	20 – 25	25 – 30			20 – 25	25 – 30
Ms T Marwick, Chairperson (from 1 st January 2017) ¹	5 – 10				5 – 10	
Dr L Bisset, Vice Chairperson	15 – 20	15 – 20			15 – 20	15 – 20
Ms M Adams	5 – 10	5 – 10			5 – 10	5 – 10
Mr M Black	5 – 10	5 – 10			5 – 10	5 – 10
Mrs C Cooper	5 – 10	5 – 10			5 – 10	5 – 10
Ms R Laing	10 – 15	5 – 10			10 – 15	5 – 10
Mr S Little	5 – 10	5 – 10			5 – 10	5 – 10
Mr J Paterson	10 – 15	15 – 20			10 – 15	15 – 20
Ms A Rooney	5 – 10	5 – 10			5 – 10	5 – 10

	Gross Salary (Bands of £5,000)		Pension Benefits (£'000)		Total Remuneration (Bands of £5,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Stakeholders						
Mrs W Brown, Employee Director ³	55 – 60	55 – 60	13	8	70 – 75	60 – 65
Cllr A Rodger	5 – 10	5 – 10			5 – 10	5 – 10
Dr K Cheshire, Chairperson Area Clinical Forum (to 30 th September 2016) ^{1, 3}	60 – 65	120 – 125	2	15	60 – 65	135 – 140
Ms J Owens, Chairperson Area Clinical Forum (from 1 st October 2016) ^{1, 3}	40 – 45		22		65 – 70	

Notes to Remuneration Report

1. The full year equivalent total earnings calculations in bands of £5,000 are as follows:

2015-16 – Mr P Hawkins, Chief Executive (155 – 160); Dr B Montgomery, Interim Chief Executive (180 – 185); Professor S McLean, Director of Nursing (110 – 115); Ms H Paterson, Director of Nursing (85 – 90); Dr E Coyle, Director of Public Health (150 – 155); Dr M Hannah, Director of Public Health (150 – 155).

2016-17 – Mrs C Bowring, Director of Finance (100 - 105); Mrs C Potter, Director of Finance (95 - 100); Mr A Burns, Chairperson (30 - 35); Ms T Marwick, Chairperson (30 - 35); Dr K Cheshire, Chairperson Area Clinical Forum (115 - 120); Ms J Owens, Chairperson, Area Clinical Forum (85 - 90).

2. In accordance with guidance issued in Employer Pension Notice (EPN) 380 pension benefit calculations leading to a negative value have been expressed as zero in the remuneration report.
3. Includes non Board remuneration of £55k - £60k for Dr K Cheshire, £40k - £45k for Ms J Owens and £45k - £50k for Mrs W Brown.
4. There were no Bonus payments (Bands of £5,000) or Benefits in kind.

Pensions Value Table								
	Total accrued pension and lump sum at pension age at 31 March (bands of £5,000)		Real increase in pension and related lump sum at pension age (Bands of £2,500)		Cash Equivalent Transfer Value (CETV) at 31 March (£'000)		Real Increase in CETV (£'000)	
	2017	2016	2017	2016	2017	2016	2017	2016
Executive Members								
Mr P Hawkins, Chief Executive (from 25 May 2015)	45 – 50 plus lump sum of 140 - 145	45 – 50 plus lump sum of 135 - 140	0.0 – 2.5 plus lump sum of 5.0 – 7.5	0.0 – 2.5 plus lump sum of 2.5 – 5.0	932	841	44	24
Mrs C Bowring, Director of Finance (to 31 st July 2016)	35 – 40 plus lump sum of 110 - 115	35 – 40 plus lump sum of 110 - 115		2.5 – 5.0 plus lump sum of 10.0 – 12.5	821	801	(4)	85
Mrs C Potter, Director of Finance (from 1 st August 2016)	20 – 25 plus lump sum of 60 - 65		0.0 – 2.5 plus lump sum of 0.0 – 2.5		390		42	
Professor S McLean, Director of Nursing (to 5 July 2015) ³		15 – 20 plus lump sum of 50 - 55		0.0 – 2.5 plus lump sum of 0.0 – 2.5		234		(2)
Ms H Wright (previously Paterson), Director of Nursing (from 06 July 2015)	25 – 30 plus lump sum of 85 - 90	25 – 30 plus lump sum of 80 - 85	0.0 – 2.5 plus lump sum of 2.5 – 5.0	0.0 – 2.5 plus lump sum of 0.0 – 2.5	543	482	34	13
Dr M Hannah, Director of Public Health (from 27 September 2015)	35 – 40 plus lump sum of 110 - 115	35 – 40 plus lump sum of 105 - 110	0.0 -2.5 plus lump sum of 2.5 – 5.0	0.0 – 2.5 plus lump sum of 0.0 – 2.5	778	715	27	19
Stakeholders								
Mrs W Brown, Employee Director	5 – 10 plus lump sum of 20 - 25	5 – 10 plus lump sum of 20 - 25	0.0 – 2.5 plus lump sum of 0.0 – 2.5	0.0 – 2.5 plus lump sum of 0.0 – 2.5	167	148	16	9
Dr K Cheshire, Chairperson Area Clinical Forum (to 30 th September 2016)	25 – 30 plus lump sum of 75 - 80	25 – 30 plus lump sum of 75 - 80	0.0 – 2.5 plus lump sum of 0.0 – 2.5	0.0 – 2.5 plus lump sum of 2.5 – 5.0	615	606	(2)	18
Ms J Owens, Chairperson Area Clinical Forum (from 1 st October 2016)	0 – 5		0 – 2.5		78		22	

Fair Pay Disclosure

The table below compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year. The remuneration figures used for this calculation represent the annualised whole time equivalent salary figures.

2016-17		2015-16	
Highest Earning Director's Total Earnings (£000s)	160- 165	Highest Earning Director's Total Earnings (£000s)	160 – 165
Median Total Remuneration	25,877	Median Total Remuneration	25,381
Ratio	6:28:1	Ratio	6.40:1
Commentary The pay award, removal of staff on the lowest pay scale and incremental progression have led to a 1.9% increase in the Median Total Remuneration figure. The positive impact of these events has led to a reduction in the ratio from the 2015-16 level.			

Staff Report

- Number of senior staff by band

	2017		2016	
	Clinicians	Other	Clinicians	Other
£50,001 - £60,000	140	14	139	15
£60,001 - £70,000	57	11	54	10
£70,001 - £80,000	34	7	34	8
£80,001 - £90,000	46	4	44	4
£90,001 - £100,000	34	0	31	0
£100,001 - £110,000	37	1	34	1
£110,001 - £120,000	25	0	25	1
£120,001 - £130,000	25	0	32	0
£130,001 - £140,000	18	1	14	0
£140,001 - £150,000	7	0	7	0
£150,001 - £160,000	14	0	17	0
£160,001 - £170,000	9	0	6	0
£170,001 - £180,000	6	0	5	0
£180,001 - £190,000	2	0	3	0
£190,001 - £200,000	1	0	0	0
£200,001 and above	1	0	2	0
Total	456	38	447	39

- Staff Numbers and Costs

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2017 Total	2016 Total
	£'000	£'000	£'000	£000s	£'000	£'000	£'000	£'000
STAFF COSTS								
Salaries and wages	588	135	254,193			(561)	254,355	251,741
Social security costs	78	5	25,004			(77)	25,010	19,531
NHS scheme employers' costs	65		34,268			(84)	34,249	33,591
Inward secondees				342			342	413
Agency staff					7,275		7,275	9,112
TOTAL	731	140	313,465	342	7,275	(722)	321,231	314,388
STAFF NUMBERS								
Whole time equivalent (WTE)	6.0	12.0	7,613.0	7.0	54.0	(12.0)	7,680.0	7,648.0
Included in the total staff numbers above were disabled staff of:							96.0	83.0

- Staff composition – an analysis of the number of persons of each sex who were directors and employees

	2017			2016		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	4	5	1	4	5
Non-Executive Directors and Employee Director	5	7	12	6	6	12
Senior Employees	9	4	13	9	8	17
Other	1,331	7,524	8,855	1,325	7,571	8,896
Total Headcount	1,346	7,539	8,885	1,341	7,589	8,930

- Sickness absence data

	2017	2016
Sickness Absence Rate	5.02%	5.05%

- Staff policies applied during the financial year relating to the employment of disabled persons
 - A key responsibility of the Board is staff governance. To ensure it meets its obligations, NHS Fife produces in partnership with the trades unions and staff professional associations, an annual Fife Wide Staff Governance Action Plan. This is framed around the five strands of the staff governance standard: Well-Informed; Appropriately Trained; Involved in decisions which affect them; Treated Fairly and Consistently; and Provided with an Improved and Safe Working Environment. The plan is agreed and monitored by the Area Partnership Forum which also oversees the production of local staff governance action plans by the Local Partnership Forums hosted within the Acute Services Division and the three CSDs.
 - The Board ensures engagement with staff through various routes including open sessions with the Director of Human Resources and the Employee Director, staff magazine, website, intranet, e-mail, facebook, twitter and specific briefings by members of the Strategic Management Team. It consults staff and/or their representatives so their views are taken into account in decisions affecting their interests through the Area Partnership Forum and the Local Partnership Forums along with specific working groups which routinely include staff representatives within the membership.
 - As an equal opportunities employer, the Health Board welcomes applications for employment from disabled persons. Recruitment and retention processes ensures specialist medical advice is available relating to the adjustments to work routines or the working environment which ensures disabled persons can contribute to the work of the Board. Similarly, a range of policies are available to employees who become disabled to support them in their current role, or alternatively to identify suitable alternative employment for them, to ensure they continue to make a positive contribution to the Board.

- NHS Fife was Awarded Disability Confident Employer status in 2016, the Health Board demonstrates our commitment to maximising the talents and insights disabled people can bring to our workforce through the application of our robust employment policies and practices.
- NHS Fife continues to work with partner organisations, such as the Glasgow Centre for Inclusive Living, to provide employment opportunities for disabled people, providing them with challenging and rewarding experience of employment to set them up for a sustainable career. We are committed to continuing this work within our 2017-21 Equality Outcomes.
- Exit packages

There were no exit packages agreed in 2016/17 or in the prior year.

Parliamentary Accountability Report

Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments require formal approval to regularise such transactions and their notation in the annual accounts.

The write-off of the following losses and special payments has been approved by the Board:

	No. of cases	£000
Losses	960	3,754

In the year to 31 March 2017, the following balances in excess of £250,000 were written off:

Reference	Description	£000
1	Clinical Legal Claim	2,644

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, Fife NHS Board charges for services provided on a full cost basis, wherever applicable.

Remote Contingent Liabilities

Contingent liabilities that meet the disclosure requirements in the IAS37 Provisions and Contingent Liabilities are included in note 19 of the Notes to the Accounts.

In addition, due to the nature of activities of Fife NHS Board there are contingent liabilities for which IAS37 does not require disclosure because the probability of any requirement on the Board to meet future liabilities is considered to be remote.

Long-term Expenditure Trends

Fife NHS Board receives funding from the Scottish Government to meet expenditure plans.

Funding received from the Scottish Government over the five years to 31 March 2017 was:

	2016/17 £000	2015/16 £000	2014/15 £000	2013/14 £000	2012/13 £000
Resource Funding	665,945	637,451	620,130	596,261	555,911
Capital Funding	10,218	12,552	13,458	18,689	13,225
Total Funding	676,163	650,003	633,588	614,950	569,136

Signature:..... Date: 27 June 2017

Paul Hawkins
Chief Executive and Accountable Officer
NHS Fife

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS FIFE, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

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 120 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.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Fife and its group for the year ended 31 March 2017 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Consolidated Balance Sheet, the Statement of Consolidated Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. 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 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of affairs of the NHS Fife and its group as at 31 March 2017 and of the net expenditure 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 2016/17 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.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of NHS Fife and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance

with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures 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 circumstances of NHS Fife and its group 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.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and consolidated accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been 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 Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

.....
Brian Howarth ACMA CGMA
Assistant Director (Audit Services)
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT

27 June 2017

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2017

2016 £'000		Note	2017 £'000	2017 £'000
	Clinical Services Costs			
556,960	Hospital and Community	<u>4</u>	973,195	
<u>27,422</u>	Less: Hospital and Community Income	<u>8</u>	<u>424,366</u>	
529,538				548,829
168,089	Family Health	<u>5</u>	172,701	
<u>4,626</u>	Less: Family Health Income	<u>8</u>	<u>4,578</u>	
163,463				168,123
693,001	Total Clinical Services Costs			716,952
2,666	Administration Costs	<u>6</u>	2,806	
<u>0</u>	Less: Administration Income	<u>8</u>	<u>0</u>	
2,666				2,806
36,287	Other Non Clinical Services	<u>7</u>	65,783	
<u>30,690</u>	Less: Other Operating Income	<u>8</u>	<u>43,719</u>	
5,597				22,064
701,264	Net Expenditure			741,822

OTHER COMPREHENSIVE NET EXPENDITURE

2016 £'000		2017 £'000
(15,102)	Net (gain)/loss on revaluation of Property Plant and Equipment	(9,873)
481	Net (gain)/loss on revaluation of available for sales financial assets	(1,375)
<u>(14,621)</u>	Other Comprehensive Expenditure	<u>(11,248)</u>
686,643	Total Comprehensive Expenditure	730,574

The Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

SUMMARY OF RESOURCE OUTTURN
FOR THE YEAR ENDED 31 MARCH 2017

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	2017 £'000	2017 £'000
Net Expenditure		741,822
Total Non Core Expenditure (see below)		(39,483)
FHS Non Discretionary Allocation		(36,630)
Donated Assets Income		29
Endowment Net Expenditure		(126)
Total Core Expenditure		665,612
Core Revenue Resource Limit		665,945
Saving/(excess) against Core Revenue Resource Limit		333

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Capital Grants to/ (from) Other Bodies	143	
Depreciation/Amortisation	13,020	
Annually Managed Expenditure - Impairments	942	
Annually Managed Expenditure - Creation of Provisions	14,798	
Annually Managed Expenditure - Depreciation of Donated Assets	102	
Additional SGHSCD Non-Core Funding	2,825	
IFRS PFI Expenditure	7,653	
Total Non Core Expenditure		39,483
Non Core Revenue Resource Limit		39,483
Saving/(excess) against Non Core Revenue Resource Limit		0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	665,945	665,612	333
Non Core	39,483	39,483	0
Total	705,428	705,095	333

NHS Fife Annual Report and Accounts 2016/17

**CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2017**

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		Non-current Assets:			
503,935	503,824	Property, plant and equipment	<u>11</u>	505,763	505,651
374	374	Intangible assets	<u>10</u>	321	321
		Financial assets:			
10,616	0	Available for sale financial assets	<u>14</u>	12,153	0
34,648	34,648	Trade and other receivables	<u>13</u>	59,946	59,946
549,573	538,846	Total non-current assets		578,183	565,918
		Current Assets:			
4,643	4,643	Inventories	<u>12</u>	4,686	4,686
		Financial assets:			
27,706	27,749	Trade and other receivables	<u>13</u>	39,082	39,129
1,103	565	Cash and cash equivalents	<u>15</u>	482	224
5,304	5,304	Assets classified as held for sale	<u>11c</u>	4,531	4,531
38,756	38,261	Total current assets		48,781	48,570
588,329	577,107	Total assets		626,964	614,488
		Current liabilities			
(18,835)	(18,835)	Provisions	<u>17</u>	(31,533)	(31,533)
		Financial liabilities:			
(61,135)	(61,107)	Trade and other payables	<u>16</u>	(62,949)	(62,917)
(79,970)	(79,942)	Total current liabilities		(94,482)	(94,450)
508,359	497,165	Non-current assets plus/less net current assets/liabilities		532,482	520,038
		Non-current liabilities			
(59,143)	(59,143)	Provisions	<u>17</u>	(97,767)	(97,767)
		Financial liabilities:			
(176,860)	(176,860)	Trade and other payables	<u>16</u>	(174,296)	(174,296)
(236,003)	(236,003)	Total non-current liabilities		(272,063)	(272,063)
272,356	261,162	Assets less liabilities		260,419	247,975
		Taxpayers' Equity			
123,260	123,260	General fund	<u>SOCTE</u>	103,924	103,924
137,902	137,902	Revaluation reserve	<u>SOCTE</u>	144,051	144,051
11,194	0	Fund held on Trust	<u>SOCTE</u>	12,444	0
272,356	261,162	Total taxpayers' equity		260,419	247,975

Adopted by the Board on 27 June 2017

..... Director of Finance

.....Chief Executive

The Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2017

2016 £'000		2017 £'000	2017 £'000
	Cash flows from operating activities		
(701,264)	Net expenditure	(741,822)	
20,116	Adjustments for non-cash transactions	19,319	
14,577	Add back: interest payable recognised in Net expenditure	15,213	
116	Investment Income	(400)	
(21,729)	(Increase) / decrease in trade and other receivables	(36,680)	
(330)	(Increase) / decrease in inventories	(43)	
(5,941)	Increase / (decrease) in trade and other payables	2,742	
22,796	Increase / (decrease) in provisions	51,322	
(671,659)	Net cash flows from operating activities	28c	(690,349)
	Cash flows from investing activities		
(12,325)	Purchase of property, plant and equipment	(11,441)	
(42)	Purchase of intangible assets	(69)	
(660)	Investment Additions	(1,235)	
61	Proceeds of disposal of property, plant and equipment	540	
757	Receipts from sale of investments	1,073	
354	Interest received	400	
(11,855)	Net cash flows from investing activities	28c	(10,732)
	Cash flows from financing activities		
700,541	Funding	718,405	
166	Movement in general fund working capital	(342)	
700,707	Cash drawn down	718,063	
(2,229)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,390)	
87	Interest paid	(709)	
(14,664)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	(14,504)	
683,901	Net cash flows from financing activities	28c	700,460
387	Net Increase / (decrease) in cash and cash equivalents in the period		(621)
716	Cash and cash equivalents at the beginning of the period		1,103
1,103	Cash and cash equivalents at the end of the period		482
	Reconciliation of net cash flow to movement in net debt/cash		
387	Increase/(decrease) in cash in year		(621)
716	Net debt/cash at 1 April		1,103
1,103	Net debt/cash at 31 March		482

The Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED SOCIETY

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 1 April 2016		123,260	137,902	11,194	272,356
Changes in taxpayers' equity for 2016-17					
Net gain/(loss) on revaluation/indexation of Non-current Assets	<u>11</u>		9,873	1	9,874
Net gain/(loss) on revaluation of available for sale financial assets	<u>14</u>			1,375	1,375
Impairment of Non-current Assets	<u>11</u>		(943)		(943)
Revaluation & impairments taken to Statement of Comprehensive Net Expenditure	<u>3</u>		943		943
Transfers between reserves		3,724	(3,724)		
Other non cash costs - movement in prescribing charge		231			231
Net expenditure for the year		(741,696)		(126)	(741,822)
Total recognised income and expense for 2016-17		(737,741)	6,149	1,250	(730,342)
Funding:					
Drawn down		718,063			718,063
Movement in General Fund (Creditor) / Debtor	<u>CFS</u>	342			342
Balance at 31 March 2017	<u>BS</u>	103,924	144,051	12,444	260,419

The Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

CONSOLIDATED SOCTE (PRIOR YEAR)

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 1 April 2015		120,769	125,836	11,457	258,062
Changes in taxpayers' equity for 2015-16					
Net gain/(loss) on revaluation/indexation of Non-current Assets	<u>11</u>		15,099	3	15,102
Impairment of Non-current Assets	<u>11</u>		(2,051)		(2,051)
Revaluation & impairments taken to Statement of Comprehensive Net Expenditure	<u>3</u>		2,051		2,051
Transfers between reserves		3,033	(3,033)		
Other non cash costs - movement in prescribing charge		(85)			(85)
Net expenditure for the year		(700,998)		(266)	(701,264)
Total recognised income and expense for 2015-16		(698,050)	12,066	(263)	(686,247)
Funding:					
Drawn down		700,707			700,707
Movement in General Fund (Creditor) / Debtor	<u>CFS</u>	(166)			(166)
Balance at 31 March 2016	<u>BS</u>	123,260	137,902	11,194	272,356

The Notes to the Accounts, numbered 1 to 28, form an integral part of these Accounts.

FIFE HEALTH BOARD ACCOUNTING POLICIES

Note 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 (IFRS 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 accounting policies applied are those of the group and include the Endowment Fund and Fife IJB. Where a policy has a direct relevance to the Endowment Fund or Fife IJB appropriate reference has been made within the policy.

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.

Note: Where a new international accounting standard / amendment / interpretation has been issued but not yet implemented, Boards are required to disclose in their financial statements the nature of the standard, and if possible, an estimate of its likely effect on future financial statements.

(a) Standards, amendments and interpretations effective in 2016-17

We have reviewed the standards, amendments or interpretations effective for the first time in 2016-17 and concluded that none will have a material effect on the Board's accounts or the consolidated entity.

(b) Standards, amendments and interpretation adopted early in 2016-17

There are no new standards, amendments or interpretations adopted early in 2016-17.

(c) Disclosure of new accounting standards not yet adopted

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires disclosure of information on the expected impact of new accounting standards that have been issued but not yet in effect. The following standards have been issued but are not yet effective.

IFRS9 Financial Instruments - minor amendments are proposed to the financial instruments Standard to enable companies to measure at amortised cost certain prepayable financial assets with so-called negative compensation. The amendments respond to comments received by the IFRS Interpretations Committee and are intended to improve the usefulness of information about these financial assets that the new Standard requires.

IFRS 15 Revenue from Contracts and Customers - clarifying the Board's intentions when developing some of the requirements in IFRS 15. These amendments do not change the underlying principles of IFRS 15 but clarify how those principles should be applied and provide additional transitional relief.

IFRS 16 Leases – this is a new standard that brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor

accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. For lessees, leases will be shown On Balance Sheet as an Asset which reflects the right to use the underlying leased asset, and a liability representing the obligation to make lease payments, from the inception of the lease contract or the date IFRS 16 is applied, whichever is the earlier. The only possible exceptions to this are leases of less than twelve months duration and leases for low value assets as per guidance issued by HM Treasury or the Department of Health. NHS Forth Valley will be performing a detailed review of all existing leases to quantify Capital Resource Limit requirements from the date the new standard is applied that will be provided by Scottish Government, and also ensure provision is made within the Capital Plan for future new leases covered by the new IFRS 16 Standard.

Adoption of the revised standard within the Financial Reporting Manual (FREM) is proposed to be applied in 2018/19.

Basis of Consolidation

In accordance with IAS 27 – Separate Financial Statements, the Financial Statements consolidate the Fife Health Board Endowment Fund.

NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

The Fife Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated legislation impacts on Health Board disclosure requirements in the 2016-17 annual accounts.

In accordance with IAS 28 – Investments in Associates and Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of Integrated Joint Boards using the equity method of accounting.

Note 28 to the Annual Accounts, details how the consolidated Financial Statements have been calculated.

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.

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.

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

Funding for the acquisition of capital assets 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.

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.

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:

- 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.
- 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.
- 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.

Measurement

Valuation

All Board 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.

With IAS 27 being applied the financial statements include the consolidation of Fife Health Board Endowment Fund. The Fund has an Art Collection included in the Consolidated Balance Sheet valued at current insurance values. The Art Collection does not meet Heritage Asset classification and is therefore incorporated within Note 11 (b) as Furniture & Fittings.

All Board 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 cost and 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 an 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.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Depreciation

Items of Board 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.

- Purchased or donated items in the Fife Health Board Endowment Fund Art Collection are not depreciated.
- Depreciation is charged on each main class of Board non-current asset as follows:
- Freehold land is considered to have an infinite life and is not depreciated.
- Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- Equipment is depreciated over the estimated life of the asset.
- 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:

<i>Asset Category/Component</i>	<i>Useful Life</i>
Buildings – Structure	5 – 90
Buildings – Engineering	3 – 90
Buildings – External Works	5 – 80
Plant and Equipment	2 – 25
Information Technology	6 – 7
Furniture and Fittings	5 – 15
Vehicles	3 – 7

Intangible Assets

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 only class of intangible assets recognised is:

Software licences:

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

Measurement

Valuation:

Software licences 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.

Revaluation and impairment:

The Board does not revalue or impair software licences and the licences have no re-sale value.

Amortisation

Software licences 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 for the intangible asset (software licences). The licences are amortised over the shorter term of the licence and their useful economic lives on a straight line basis. A useful life of between 3 to 7 years is used for this asset category.

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.

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 accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

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.

Leasing

Operating leases

An Operating lease is where the risks and rewards of ownership are not transferred to the lessee. The lease will generally run for less than the full economic life of the asset and the lessor would expect the asset to have a residual value at the end of the lease period.

The treatment adopted by the Board is to charge lease rentals 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.

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 an 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.

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 SGHSCD. 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 SGHSCD.

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.

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.

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 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 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 four years by the Government Actuary and determines the rate of

contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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.

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 Fife 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 CNORIS 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.

NHS Fife also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the total liability of NHSScotland as advised by the Scottish Government and based on the information prepared by NHS Boards and Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

Related Party Transactions

Material related party transactions are disclosed in note 25 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

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.

PFI Schemes

Transactions financed as revenue transactions through the Private Finance Initiative (PFI) are accounted for in accordance with the HM Treasury application of IFRIC 12, *Service Concession Arrangements*, outlined in the FReM.

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.

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.

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 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, 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.

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.

Financial Instruments

Financial assets

Classification

The Board classifies its financial assets in the following categories: 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) 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.

(b) 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 and the Board does not have such assets. The available for sale assets in the Group accounts comprise the Endowment Fund investment portfolio.

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) 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.

(b) 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 funds held on Trust. 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 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 Endowment Fund 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 category “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.

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 Board’s other financial liabilities comprise trade and other payables in the balance sheet.

Recognition and measurement

Financial liabilities are recognised when the Board 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.

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

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 and Community Health Services, Family Health Service, Administration Costs and Other Non Clinical Services, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

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 Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

Foreign exchange

The functional and presentational currencies of the Board are sterling. The Board has no material transactions which are denominated in a foreign currency.

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 27 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

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 causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below:

Early Retirement and Injury Benefit Provisions

The Board has provided for the estimated future costs relating to early retirement and injury benefits. Reliance is placed on information provided by other parties in order to establish the value of such provisions. The Scottish Public Pensions Agency provides details of claimants and the amounts the Board is due to pay over. Future payments are estimated using a discount rate provided by HM Treasury and life tables provided by the Office for National Statistics (ONS). Any future significant changes to the discount rate or the life tables could have a material impact on the level of provision required.

Clinical and Medical Negligence Claims

Assumptions have been made regarding the likely outcome of legal claims lodged against the Board using information provided by the Central Legal Office and are in accordance with Scottish Government Guidance.

Fair value of Property, plant and equipment

Estimates and assumptions regarding the fair value of Property, Plant and Equipment, as well as estimated impairment have been made. This is partly through information supplied by the Board's valuers, along with judgements around appropriate indices to use.

2. STAFF COSTS

Total staff costs for the year to 31 March 2017 were £321.231m (2016 £314.388m). Further details can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3. OTHER OPERATING COSTS

2016 £'000		Note	2017 £'000
	Expenditure Not Paid In Cash		
17,834	Depreciation	<u>11a</u>	17,950
128	Amortisation	<u>10</u>	122
158	Depreciation Donated Assets	<u>11b</u>	102
908	Impairments on PPE charged to SOCNE	<u>11</u>	1,839
0	Reversal of impairments on PPE charged to SOCNE	<u>11</u>	(1,665)
1,143	Loss on re-measurement of non-current assets held for sale	<u>11c</u>	769
(5)	Funding Of Donated Assets	<u>11b</u>	(29)
35	Loss/(Profit) on disposal of property, plant and equipment		0
(85)	Other non cash costs - movement in prescribing charge		231
20,116	Total Expenditure Not Paid In Cash	<u>CFS</u>	19,319
	Interest Payable		
14,664	PFI Finance lease charges allocated in the year	<u>23b</u>	14,504
(87)	Provisions - Unwinding of discount		709
14,577	Total		15,213
	Statutory Audit		
214	External auditor's remuneration and expenses - Board/Consolidation		162
8	External auditor's remuneration and expenses - Endowment Fund		9
222			171

During the year the Board did not purchase any non-audit services from Audit Scotland or Thomson Cooper

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2016 £'000	BY PROVIDER	2017 £'000
440,649	Treatment in Board area of NHSScotland Patients	445,710
73,556	Other NHSScotland Bodies	74,611
967	Health Bodies outside Scotland	1,329
4,829	Primary care bodies	4,956
2,090	Private sector	1,994
	Community Care	
19,388	Resource Transfer	18,860
0	Contribution of Health Board to Integration Joint Board	394,900
15,209	Contributions to Voluntary Bodies and Charities	30,593
556,688	Total NHSScotland Patients	972,953
272	Treatment of UK residents based outside Scotland	242
556,960	Total Hospital & Community Health Service	973,195

SOCNE

5. FAMILY HEALTH SERVICE EXPENDITURE

2016		Unified	Non Disc	2017
£'000		Budget		TOTAL
		£'000	£'000	£'000
49,030	Primary Medical Services	50,005		50,005
87,722	Pharmaceutical Services	79,180	11,813	90,993
24,433	General Dental Services	2,460	22,241	24,701
6,904	General Ophthalmic Services	52	6,950	7,002
168,089	Total	131,697	41,004	172,701

SOCNE

6. ADMINISTRATION COSTS

2016			2017
£'000			£'000
885	Board members' remuneration	<u>Note 2</u>	871
275	Administration of Board Meetings and Committees		384
222	Corporate Governance and Statutory Reporting		175
764	Treasury Management and Financial Planning		787
262	Public Relations		282
258	Other		307
2,666	Total administration costs	SOCNE	2,806

7. OTHER NON CLINICAL SERVICES

2016		2017
£'000		£'000
121	Nurse Teaching	103
121	Closed hospital charges	57
22,672	Compensation payments - Clinical	39,664
76	Compensation payments - Other	(29)
196	Pension enhancement & redundancy	290
38	Patients' Travel Attending Hospitals	32
1,150	Health Promotion	1,245
1,427	Public Health	1,408
124	Public Health Medicine Trainees	32
48	Emergency Planning	51
286	Post Graduate Medical Education	286
1,856	Shared Services	923
51	Loss on disposal of non-current assets	0
1,295	Endowment Expenditure	996
6,826	Other	20,725
36,287	Total Other Non Clinical Services	65,783

SOCNE

8. OPERATING INCOME

2016 £'000		2017 £'000
	Hospital and Community Health Services Income	
	NHSScotland Bodies	
15	SGHSCD	313
20,773	Boards	20,702
272	NHS Non-Scottish Bodies	242
	Non NHS	
737	Compensation Income	866
5,625	Other Hospital and Community Health Services income	5,360
0	Income for services commissioned by Integration Joint Board	396,883
27,422	Total Hospital and Community Health Services Income	SOCNE 424,366
	Family Health Service Income	
223	Unified	204
	Non Discretionary	
4,403	General Dental Services	4,374
4,626	Total Family Health Services Income	SOCNE 4,578
	Other Operating Income	
2,569	NHS Scotland Bodies	428
22,305	Contributions in respect of clinical and medical negligence claims	39,076
15	Profit on disposal of non current assets	68
5	Donated Asset Additions	29
476	Shared Services	412
1,029	Endowment Income	870
4,291	Other	2,836
30,690	Total Other Operating Income	SOCNE 43,719
62,738	Total Income	472,663
24,090	Of the above, the amount derived from NHS bodies is	21,542

9. ANALYSIS OF CAPITAL EXPENDITURE

2016 £'000		Note	2017 £'000
	EXPENDITURE		
0	Acquisition of Intangible Assets	<u>10</u>	69
12,646	Acquisition of Property, plant and equipment	<u>11a</u>	10,687
5	Donated Asset Additions	<u>11b</u>	29
12,651	Gross Capital Expenditure		10,785
	INCOME		
96	Net book value of disposal of Property, plant and equipment	<u>11a</u>	48
0	Net book value of disposal of Donated Assets	<u>11b</u>	1
0	Value of disposal of Non-Current Assets held for sale	<u>11c</u>	491
5	Donated Asset Income		29
101	Gross Capital Income		569
12,550	Net Capital Expenditure		10,216

SUMMARY OF CAPITAL RESOURCE OUTTURN

12,550	Core capital expenditure included above	10,216
<u>12,552</u>	Core Capital Resource Limit	<u>10,218</u>
2	Saving/(excess) against Core Capital Resource Limit	2
12,550	Total Capital Expenditure	10,216
<u>12,552</u>	Total Capital Resource Limit	<u>10,218</u>
2	Saving/(excess) against Total Capital Resource Limit	2

10. INTANGIBLE ASSETS – BOARD

2016 Total £'000		2017 Total £'000
	Cost or Valuation:	
677	As at 1st April	677
0	Additions	69
677	At 31st March	746
	Amortisation	
175	As at 1st April	303
128	Provided during the year	122
303	At 31st March	425
502	Net Book Value at 1st April	374
374	Net Book Value at 31 March	321

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The position of the Group is the same as the Board in respect of intangible assets.

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2016	43,994	433,408	4,997	1,199	55,897	13,639	347	7,772	561,253
Additions					1,921	1,170		7,596	10,687
Completions		8,150			531	912		(9,593)	
Transfers									
Transfers (to)/from non-current assets held for sale	(84)	(412)							(496)
Revaluation	(204)	5,689	90						5,575
Impairment Charge	(19)	(2,311)							(2,330)
Impairment Reversal		1,704							1,704
Disposals				(100)	(2,483)	(199)			(2,782)
At 31 March 2017	43,687	446,228	5,087	1,099	55,866	15,522	347	5,775	573,611
Depreciation									
At 1 April 2016		9,655	230	953	39,409	8,846	343		59,436
Provided during the year		12,754	202	81	3,412	1,497	4		17,950
Transfers									
Transfers (to)/from non-current assets held for sale		(9)							(9)
Revaluation		(4,225)	(52)						(4,277)
Impairment Charge		(491)							(491)
Impairment Reversal		104							104
Disposals				(100)	(2,473)	(161)			(2,734)
At 31 March 2017		17,788	380	934	40,348	10,182	347		69,979
Net book value at 1 April 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817
Net book value at 31 March 2017	43,687	428,440	4,707	165	15,518	5,340		5,775	503,632
Open Market Value of Land in Land and Dwellings Included Above	90								
Asset financing:									
Owned	43,687	218,386	4,707	165	15,123	5,340		5,776	293,184
On-balance sheet PFI contracts		210,054			395			(1)	210,448
Net Book Value at 31 March 2017	43,687	428,440	4,707	165	15,518	5,340		5,775	503,632

B.S.

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2016	43,994	433,408	4,997	1,199	55,897	13,639	347	7,772	561,253
Additions					1,921	1,170		7,596	10,687
Completions		8,150			531	912		(9,593)	
Transfers									
Transfers (to)/from non-current assets held for sale	(84)	(412)							(496)
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Impairment Charge	(19)	(2,311)							(2,330)
Impairment Reversal		1,704							1,704
Disposals				(100)	(2,483)	(199)			(2,782)
At 31 March 2017	43,687	446,228	5,087	1,099	55,866	15,522	347	5,775	573,611
Depreciation									
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Provided during the year		12,754	202	81	3,412	1,497	4		17,950
Transfers									
Transfers (to)/from non-current assets held for sale		(9)							(9)
Revaluation		(4,225)	(52)						(4,277)
Impairment Charge		(491)							(491)
Impairment Reversal		104							104
Disposals				(100)	(2,473)	(161)			(2,734)
At 31 March 2017		17,788	380	934	40,348	10,182	347		69,979
Net book value at 1 April 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817
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Open Market Value of Land in Land and Dwellings Included Above	90								
Asset financing:									
Owned	43,687	218,386	4,707	165	15,123	5,340		5,776	293,184
On-balance sheet PFI contracts		210,054			395			(1)	210,448
Net Book Value at 31 March 2017	43,687	428,440	4,707	165	15,518	5,340		5,775	503,632

B S

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2015	43,171	433,380	5,830	1,225	56,353	12,637	347	2,260	555,203
Additions				69	1,512	1,002		10,063	12,646
Completions		4,536			15			(4,551)	
Transfers		225			(225)				
Transfers (to)/from non-current assets held for sale	(541)	(5,604)	(660)						(6,805)
Revaluation	1,525	2,435	(173)						3,787
Impairment Charge	(161)	(2,581)							(2,742)
Impairment Reversal		1,017							1,017
Disposals				(95)	(1,758)				(1,853)
At 31 March 2016	43,994	433,408	4,997	1,199	55,897	13,639	347	7,772	561,253
Depreciation									
At 1 April 2015		15,619	805	948	37,751	7,434	339		62,896
Provided during the year		12,627	204	100	3,487	1,412	4		17,834
Transfers		167			(167)				
Transfers (to)/ from non-current assets held for sale		(5,604)	(660)						(6,264)
Revaluation		(12,192)	(119)						(12,311)
Impairment Charge		(754)							(754)
Impairment Reversal		(208)							(208)
Disposals				(95)	(1,662)				(1,757)
At 31 March 2016		9,655	230	953	39,409	8,846	343		59,436
Net book value at 1 April 2015	43,171	417,761	5,025	277	18,602	5,203	8	2,260	492,307
Net book value at 31 March 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817
Open Market Value of Land in Land and Dwellings Included Above	90								
Asset financing:									
Owned	43,994	217,633	4,767	246	16,488	4,793	4	7,772	295,697
On-balance sheet PFI contracts		206,120							206,120
Net Book Value at 31 March 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817

B S

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

	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2015	43,171	433,380	5,830	1,225	56,353	12,637	347	2,260	555,203
Additions				69	1,512	1,002		10,063	12,646
Completions		4,536			15			(4,551)	
Transfers		225			(225)				
Transfers (to)/from non-current assets held for sale	(541)	(5,604)	(660)						(6,805)
Revaluation	1,525	2,435	(173)						3,787
Impairment Charge	(161)	(2,581)							(2,742)
Impairment Reversal		1,017							1,017
Disposals				(95)	(1,758)				(1,853)
At 31 March 2016	43,994	433,408	4,997	1,199	55,897	13,639	347	7,772	561,253
Depreciation									
At 1 April 2015		15,619	805	948	37,751	7,434	339		62,896
Provided during the year		12,627	204	100	3,487	1,412	4		17,834
Transfers		167			(167)				
Transfers (to)/from non-current assets held for sale		(5,604)	(660)						(6,264)
Revaluation		(12,192)	(119)						(12,311)
Impairment Charge		(754)							(754)
Impairment Reversal		(208)							(208)
Disposals				(95)	(1,662)				(1,757)
At 31 March 2016		9,655	230	953	39,409	8,846	343		59,436
Net book value at 1 April 2015	43,171	417,761	5,025	277	18,602	5,203	8	2,260	492,307
Net book value at 31 March 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817
Open Market Value of Land in Land and Dwellings Included Above	90								
Asset financing:									
Owned	43,994	217,633	4,767	246	16,488	4,793	4	7,772	295,697
On-balance sheet PFI contracts		206,120							206,120
Net Book Value at 31 March 2016	43,994	423,753	4,767	246	16,488	4,793	4	7,772	501,817

B S

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

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation				
At 1 April 2016	1,917	914	111	2,942
Additions		29		29
Revaluation	1		1	2
Impairment Charge				
Impairment Reversal	74			74
Disposals		(66)		(66)
At 31 March 2017	1,992	877	112	2,981
Depreciation				
At 1 April 2016	10	814		824
Provided during the year	72	30		102
Revaluation	(20)			(20)
Impairment Charge				
Impairment Reversal	9			9
Disposals		(65)		(65)
At 31 March 2017	71	779		850
Net book value at 1 April 2016	1,907	100	111	2,118
Net book value at 31 March 2017	1,921	98	112	2,131
	<u>B S</u>			
Asset financing:				
Owned	1,921	98	112	2,131
Net Book Value at 31 March 2017	1,921	98	112	2,131

11 (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) – BOARD

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Total £'000
Cost or valuation			
At 1 April 2016	1,917	914	2,831
Additions		29	29
Revaluation	1		1
Impairment Charge			
Impairment Reversal	74		74
Disposals		(66)	(66)
At 31 March 2017	1,992	877	2,869
Depreciation			
At 1 April 2016	10	814	824
Provided during the year	72	30	102
Revaluation	(20)		(20)
Impairment Charge			
Impairment Reversal	9		9
Disposals		(65)	(65)
At 31 March 2017	71	779	850
Net book value at 1 April 2016	1,907	100	2,007
Net book value at 31 March 2017	1,921	98	2,019
	B S		
Asset financing:			
Owned	1,921	98	2,019
Net Book Value at 31 March 2017	1,921	98	2,019

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

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Total £'000
Cost or valuation				
At 1 April 2015	3,234	921	108	4,263
Additions		5		5
Revaluation	(1,152)		3	(1,149)
Impairment Charge	(162)			(162)
Impairment Reversal	(3)			(3)
Disposals		(12)		(12)
At 31 March 2016	1,917	914	111	2,942
Depreciation				
At 1 April 2015	61	790		851
Provided during the year	122	36		158
Revaluation	(153)			(153)
Impairment Charge	(16)			(16)
Impairment Reversal	(4)			(4)
Disposals		(12)		(12)
At 31 March 2016	10	814		824
Net book value at 1 April 2015	3,173	131	108	3,412
Net book value at 31 March 2016	1,907	100	111	2,118
	B S			
Asset financing:				
Owned	1,907	100	111	2,118
Net Book Value at 31 March 2016	1,907	100	111	2,118

11 (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) – PRIOR YEAR BOARD

	Buildings (excluding dwellings) £'000	Plant & Machinery £'000	Total £'000
Cost or valuation			
At 1 April 2015	3,234	921	4,155
Completions		5	5
Revaluation	(1,152)		(1,152)
Impairment Charge	(162)		(162)
Impairment Reversal	(3)		(3)
Disposals		(12)	(12)
At 31 March 2016	1,917	914	2,831
Depreciation			
At 1 April 2015	61	790	851
Provided during the year	122	36	158
Revaluation	(153)		(153)
Impairment Charge	(16)		(16)
Impairment Reversal	(4)		(4)
Disposals		(12)	(12)
At 31 March 2016	10	814	824
Net book value at 1 April 2015	3,173	131	3,304
Net book value at 31 March 2016	1,907	100	2,007
	<u>B S</u>		
Asset financing:			
Owned	1,907	100	2,007
Net Book Value at 31 March 2016	1,907	100	2,007

11 (c). ASSETS HELD FOR SALE

The following assets as at 31/03/2017 have been presented as held for sale following the approval for sale by NHS Fife. The completion date for sales is expected to be during the financial year 17/18. i) Barrie St Clinic, ii) Lynebank Land and iii) Forth Park Maternity Hospital iv) Townhill v) Abbeyview Clinic vi) Carnegie Clinic.

ASSETS HELD FOR SALE - CONSOLIDATED

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2016		5,304	5,304
Transfers (to)/from property, plant and equipment	<u>11a</u>	487	487
Gain or (losses) recognised on re-measurement of non-current assets held for sale		(769)	(769)
Disposal of non-current assets held for sale		(491)	(491)
As at 31 March 2017	<u>BS</u>	4,531	4,531

ASSETS HELD FOR SALE - BOARD

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2016		5,304	5,304
Transfers (to)/from property, plant and equipment	<u>11a</u>	487	487
Gain or (losses) recognised on re-measurement of non-current assets held for sale		(769)	(769)
Disposal of non-current assets held for sale		(491)	(491)
As at 31 March 2017	<u>BS</u>	4,531	4,531

**ASSETS HELD FOR SALE (PRIOR YEAR) –
CONSOLIDATED**

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2015		5,906	5,906
Transfers (to)/from property, plant and equipment	<u>11a</u>	541	541
Gain or (losses) recognised on re-measurement of non-current assets held for sale		(1,143)	(1,143)
As at 31 March 2016	<u>BS</u>	5,304	5,304

ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD

		Property, Plant & Equipment £'000	Total £'000
At 1 April 2015		5,906	5,906
Transfers (to)/from property, plant and equipment	<u>11a</u>	541	541
Gain or (losses) recognised on re-measurement of non-current assets held for sale		(1,143)	(1,143)
As at 31 March 2016	<u>BS</u>	5,304	5,304

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 2016 £'000	Board 2016 £'000		Consolidated 2017 £'000	Board 2017 £'000
Net book value of property, plant and equipment at 31 March				
501,817	501,817	Purchased	<u>11a</u> 503,632	503,632
2,118	2,007	Donated	<u>11b</u> 2,131	2,019
503,935	503,824	Total	<u>B S</u> 505,763	505,651
90	90	Net book value related to land valued at open market value at 31 March	90	90
2,534	2,534	Net book value related to buildings valued at open market value at 31 March	2,245	2,245
Total value of assets held under:				
206,120	206,120	PFI and PPP Contracts	210,448	210,448
206,120	206,120		210,448	210,448
Total depreciation charged in respect of assets held under:				
5,118	5,118	PFI and PPP contracts	6,856	6,856
5,118	5,118		6,856	6,856

The 5 year programme of valuations this year included 35 properties and associated fixtures and all land and was carried out by Valuation Office Agency. The basis of valuation was depreciated replacement cost for specialised properties and market value for non-specialised or surplus properties which don't meet the definition of non-current assets held for sale (see note 11c). Surplus properties that will not be brought back into future use as an operational asset should be held at fair value under IFRS 13. The values were computed in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance Notes, subject to the special requirements of the accounting practices of the NHS.

The values of properties not subject to full revaluation this year were adjusted to take account of movements in prices since their last full revaluation. Appropriate indices have been consistently applied to the values of other assets not comprising properties. The effect of the valuation on the asset categories are shown above.

The net impact was an increase in value of £9.873m, (15/16 an increase of £15.098m) which was credited to the revaluation reserve. Impairment of £0.942m (15/16 £2.051m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

The net impact was an increase in value of £8.931m, of which £9.873m was credited to the revaluation reserve.

12. INVENTORIES

Consolidated 2016 £'000	Board 2016 £'000		Consolidated 2017 £'000	Board 2017 £'000
4,643	4,643	Raw Materials and Consumables	4,686	4,686
4,643	4,643	Total Inventories	<u>B S</u> 4,686	4,686

13. TRADE AND OTHER RECEIVABLES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		Receivables due within one year			
		NHSScotland			
68	68	SGHSCD		20	20
2,359	2,359	Boards		1,620	1,620
2,427	2,427	Total NHSScotland Receivables		1,640	1,640
83	83	NHS Non-Scottish Bodies		58	58
1,549	1,549	VAT recoverable		1,245	1,245
7,893	7,893	Prepayments		8,647	8,647
455	455	Accrued income		1,674	1,674
2,228	2,271	Other Receivables		1,051	1,098
12,146	12,146	Reimbursement of provisions		22,395	22,395
925	925	Other Public Sector Bodies		2,372	2,372
27,706	27,749	Total Receivables due within one year	<u>B S</u>	39,082	39,129
		Receivables due after more than one year			
		NHSScotland			
362	362	Prepayments		334	334
21	21	Other Receivables		21	21
34,265	34,265	Reimbursement of Provisions		59,591	59,591
34,648	34,648	Total Receivables due after more than one year	<u>B S</u>	59,946	59,956
62,354	62,397	TOTAL RECEIVABLES		99,028	99,075
10	10	The total receivables figures above includes a provision for impairments of:		15	15
		WGA Classification			
2,359	2,359	NHSScotland		1,620	1,620
1,662	1,662	Central Government Bodies		1,253	1,253
881	881	Whole of Government Bodies		2,361	2,361
83	83	Balances with NHS Bodies in England and Wales		58	58
57,369	57,412	Balances with bodies external to Government		93,736	93,783
62,354	62,397	Total		99,028	99,075
		Movements on the provision for impairment of receivables are as follows:			
				Consolidated 2017 £'000	Board 2017 £'000
15	15	At 1 April		10	10
10	10	Provision for impairment		10	10
(11)	(11)	Receivables written off during the year as uncollectable		(4)	(4)
(4)	(4)	Balances previously considered impaired, recovered in-year.		(1)	(1)
10	10	At 31 March		15	15

13. TRADE AND OTHER RECEIVABLES – CONT

Consolidated 2016	Board 2016	As of 31 March 2017 receivables with a carrying value of £15k (2016: £10k) were impaired and provided for. The aging of these receivables is as follows:	Consolidated 2017	Board 2017
£'000	£'000		£'000	£'000
10	10	Over 6 months past due	15	15
10	10		15	15
<p>The receivables assessed as individually impaired were English Health authorities and private individuals and it was assessed that not all of the receivable balance may be recovered.</p> <p>Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2017, receivables with a carrying value of £686k (2016: £1,616k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:</p>				
Consolidated 2016	Board 2016		Consolidated 2017	Board 2017
£'000	£'000		£'000	£'000
1,352	1,352	Up to 3 months past due	446	446
75	75	3 to 6 months past due	89	89
189	189	Over 6 months past due	151	151
1,616	1,616		686	686
<p>The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, Local Authorities and Universities and there is no history of default from these customers recently.</p> <p>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 receivables.</p> <p>The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.</p> <p>Receivables that are neither past due nor impaired are shown by their credit risk below;</p>				
Consolidated 2016	Board 2016		Consolidated 2017	Board 2017
£'000	£'000		£'000	£'000
		Counterparties with external credit ratings		
2,355	2,355	Existing customers with no defaults in the past	1,784	1,784
2,355	2,355	Total neither past due or impaired	1,784	1,784
<p>The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.</p>				
Consolidated 2016	Board 2016		Consolidated 2017	Board 2017
£'000	£'000		£'000	£'000
62,354	62,397	The carrying amount of receivables are denominated in the following currencies: Pounds	99,028	99,075
62,354	62,397		99,028	99,075
<p>All non-current receivables are due within two years (2015-16:three years) from the balance sheet date.</p> <p>The carrying amount of short term receivables approximates their fair value.</p> <p>The fair value of long term other receivables is £348k (2015-16: £362k).</p>				

14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 2016 £'000	Board 2016 £'000		Consolidated 2017 £'000	Board 2017 £'000
474	0	Government securities	718	0
10,142	0	Other Investments	11,435	0
10,616	0	TOTAL	12,153	0
		B S		
11,183	0	At 1 April	10,616	0
660	0	Additions	1,235	0
(746)	0	Disposals	(1,073)	0
(481)	0	Revaluation surplus/(deficit) transferred to equity	1,375	0
10,616	0	At 31 March	12,153	0
		B S		
10,616	0	Non-current	12,153	0
10,616	0	At 31 March	12,153	0

Included within other investments is £3.00 relating to NHS Fife's share capital investment for East Central hub territory.

15. CASH AND CASH EQUIVALENTS

Note	At 01/04/16 £'000	Cash Flow £'000	At 31/03/17 £'000
Government Banking Service account balance	549	(397)	152
Cash at bank and in hand	16	56	72
Endowment Cash	538	(280)	258
Total cash and cash equivalents - balance sheet	1,103	(621)	482
Total cash - cash flow statement	1,103	(621)	482

Note	At 01/04/15 £'000	Cash Flow £'000	At 31/03/16 £'000
Government Banking Service account balance	384	165	549
Cash at bank and in hand	16	0	16
Endowment Cash	316	222	538
Total cash and cash equivalents - balance sheet	716	387	1,103
Total cash - cash flow statement	716	387	1,103

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

16. TRADE AND OTHER PAYABLES

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		Payables due within one year			
		NHSScotland			
188	188	SGHSCD		190	190
5,059	5,059	Boards		4,472	4,472
5,247	5,247	Total NHSScotland Payables		4,662	4,662
653	653	NHS Non-Scottish Bodies		1,156	1,156
566	566	Amounts Payable to General Fund		224	224
18,989	18,989	FHS Practitioners		18,212	18,212
5,576	5,568	Trade Payables		5,894	5,862
13,833	13,813	Accruals		13,917	13,917
565	565	Deferred income		699	699
1,291	1,291	Payments received on account		1,357	1,357
2,389	2,389	Net obligations under PPP/PFI Contracts	<u>22</u>	2,563	2,563
5,510	5,510	Income tax and social security		6,240	6,240
4,528	4,528	Superannuation		4,656	4,656
708	708	Holiday Pay Accrual		1,453	1,453
1,178	1,178	Other Public Sector Bodies		1,916	1,916
102	102	Equal Pay Accrual		0	0
61,135	61,107	Total Payables due within one year	<u>B S</u>	62,949	62,917
		Payables due after more than one year			
		NHSScotland			
2,563	2,563	Net obligations under PPP/PFI Contracts due between 1 and 2 years	<u>22</u>	2,751	2,751
8,880	8,880	Net obligations under PPP/PFI Contracts due after 2 years but within 5 years	<u>22</u>	9,541	9,541
165,417	165,417	Net obligations under PPP/PFI Contracts due after 5 years	<u>22</u>	162,004	162,004
176,860	176,860	Total Payables due after more than one year	<u>B S</u>	174,296	174,296
237,995	237,967	TOTAL PAYABLES		237,245	237,213

16. TRADE AND OTHER PAYABLES - CONT

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		WGA Classification			
5,059	5,059	NHSScotland		4,472	4,472
10,218	10,218	Central Government Bodies		11,074	11,074
1,221	1,221	Whole of Government Bodies		1,916	1,916
653	653	Balances with NHS Bodies in England and Wales		1,156	1,156
220,844	220,816	Balances with bodies external to Government		218,627	218,595
237,995	237,967	Total		237,245	237,213
2016 £'000	2016 £'000	Borrowings included above comprise:		2017 £'000	2017 £'000
179,249	179,249	PFI Contracts		176,859	176,859
179,249	179,249			176,859	176,859
2016 £'000	2016 £'000	The carrying amount and fair value of the non-current borrowings are as follows		2017 £'000	2017 £'000
176,860	176,860	Carrying amount		174,296	174,296
176,860	176,860	PFI Contracts		174,296	174,296
2016 £'000	2016 £'000	The carrying amount and fair value of the non-current borrowings are as follows		2017 £'000	2017 £'000
176,860	176,860	Fair value		174,296	174,296
176,860	176,860	PFI Contracts		174,296	174,296
2016 £'000	2016 £'000	The carrying amount of short term payables approximates their fair value.		2017 £'000	2017 £'000
237,995	237,967	The carrying amount of payables are denominated in the following currencies:		237,245	237,213
237,995	237,967	Pounds		237,245	237,213

17a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other	2017 Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	8,361	46,793	22,794	30	77,978
Arising during the year	365	47,701	18,828		66,894
Utilised during the year	(671)	(3,478)	(1,201)		(5,350)
Unwinding of discount	727		(18)		709
Reversed unutilised	(180)	(7,769)	(2,982)		(10,931)
At 31 March 2017	8,602	83,247	37,421	30	129,300

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

Analysis of expected timing of discounted flows to 31 March 2017

	Pensions and similar obligations	Clinical & Medical	Participation in CNORIS	Other	2017 Total	
	£'000	£'000	£'000	£'000	£'000	
Payable in one year	860	22,739	7,934		31,533	<u>B.S</u>
Payable between 2 - 5 years	3,440	55,119	17,204	30	75,793	
Payable between 6 – 10 years	4,302	480	823		5,605	
Thereafter		4,909	11,460		16,369	
Total as at 31 March 2017	8,602	83,247	37,421	30	129,300	

17a. PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2016 Total £'000
At 1 April 2015	8,770	26,113	20,232	67	55,182
Arising during the year	572	25,623	6,751		32,946
Utilised during the year	(682)	(1,461)	(2,117)		(4,260)
Unwinding of discount	(46)		(41)		(87)
Reversed unutilised	(253)	(3,482)	(2,031)	(37)	(5,803)
At 31 March 2016	8,361	46,793	22,794	30	77,978

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

Analysis of expected timing of discounted flows to 31 March 2016

	Pensions and similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	2016 Total £'000	
Payable in one year		12,245	6,590		18,835	<u>B S</u>
Payable between 2 – 5 years	8,361	34,548	8,985	30	51,924	
Payable between 6 – 10 years			844		844	
Thereafter			6,375		6,375	
Total as at 31 March 2016	8,361	46,793	22,794	30	77,978	

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 death/death of a spouse. The Board also makes provision for injury benefit obligations until death or a change in circumstances. The Board provides for this in full by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.24% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 38 years.

Clinical & Medical

The Board holds a provision to meet costs of all outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon the risk liability and likely outcome of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 10 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

Participation in CNORIS

The Board participates in the Clinical Negligence and Other Risks Scheme (CNORIS). The principal of the scheme is that it will work in a similar manner to insurance schemes through the risk pooling of legal claims in relation to clinical negligence and other risks. The amount disclosed recognises the Board's share of the total CNORIS liability for NHSScotland. Further detail is provided in note 17b.

Other

Other contains a provision for Waste Electronic and Electrical Equipment (WEE) Regulations (£30k), which reflects the anticipated future costs of medical equipment disposal.

17b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2016	Nature	Note	2017
£'000			Value
			£'000
46,793	Provision recognising individual claims against the Board's as at 31 March	17a	83,247
(46,411)	Associated CNORIS receivable at 31 March	13	(81,986)
	Provision recognising the Board's liability from participating		
22,794	in the scheme at 31 March	17a	37,421
23,176	NET TOTAL PROVISION RELATING TO CNORIS AT 31 MARCH		38,682

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>

18. MOVEMENT ON WORKING CAPITAL BALANCES

2016 Board Net Movement £'000	2016 Consolidated Net Movement £'000		Note	Board Opening Balances £'000	Consolidated Opening Balances £'000	Board Closing Balances £'000	Consolidated Closing Balances £'000	2017 Board Net Movement £'000	2017 Consolidated Net Movement £'000
INVENTORIES									
(330)	(330)	Balance Sheet	<u>12</u>	4,643	4,643	4,686	4,686		
(330)	(330)	Net Decrease/(Increase)						(43)	(43)
TRADE AND OTHER RECEIVABLES									
(10,038)	(10,048)	Due within one year	<u>13</u>	27,749	27,706	39,129	39,082		
(11,681)	(11,681)	Due after more than one year	<u>13</u>	34,648	34,648	59,946	59,946		
(21,719)	(21,729)			62,397	62,354	99,075	99,028		
(21,719)	(21,729)	Net Decrease/(Increase)						(36,678)	(36,674)
TRADE AND OTHER PAYABLES									
(5,267)	(5,336)	Due within one year	<u>16</u>	61,107	61,135	62,917	62,949		
(2,389)	(2,389)	Due after more than one year	<u>16</u>	176,860	176,860	174,296	174,296		
(321)	(321)	Less: Property, Plant & Equipment (Capital) included in above		(2,993)	(2,993)	(2,239)	(2,239)		
42	42	Less: Intangible Assets (Capital) included in above		0	0	0	0		
(166)	(166)	Less: General Fund Creditor included in above	<u>16</u>	(566)	(566)	(224)	(224)		
2,229	2,229	Less: Lease and PFI Creditors included in above	<u>16</u>	(179,249)	(179,249)	(176,859)	(176,859)		
(5,872)	(5,941)			55,159	55,187	57,891	57,923		
(5,872)	(5,941)	Net (Decrease)/Increase						2,732	2,736
PROVISIONS									
22,796	22,796	Balance Sheet	<u>17</u>	77,978	77,978	129,300	129,300		
22,796	22,796	Net (Decrease)/Increase						51,322	51,322
(5,125)	(5,204)	NET MOVEMENT (Decrease)/Increase	CFS					17,333	17,341

19. CONTINGENT LIABILITIES

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

2016	Nature	2017
£'000		Value
		£'000
14,718	Clinical and medical compensation payments	18,759
14,718	TOTAL CONTINGENT LIABILITIES	18,759

CONTINGENT ASSETS

14,538	Clinical and medical compensation payments	17,910
	This is the amount NHS Fife expects to receive against the cost of the clinical and medical compensation claims (£18.759m – see above) through being a member of the Clinical Negligence and Other Risks Schemes (CNORIS).	
14,538	TOTAL CONTINGENT ASSETS	17,910

20. COMMITMENTS

2016	Capital Commitments	Property, plant and equipment:	2017
£'000		£'000	Total
			£'000
	The Board has the following Capital Commitments which have not been included for in the accounts		
	Contracted		
350	Stratheden IPCU	350	350
0	Autoclaves	115	115
582	General Hospital and Maternity Services	0	0
3,727	Telephones	0	0
604	Equipment	0	0
5,263	Total	465	465
	Authorised but not Contracted		
90	Vehicles	126	126
1,438	Equipment	2,011	2,011
3,339	Other Projects	3,877	3,877
1,041	Information Technology	1,041	1,041
5,908	Total	7,055	7,055

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

21. COMMITMENTS UNDER LEASES

2016	Operating Leases	2017
£'000	Total future minimum lease payments under operating leases are given in the table below for each of the following periods.	£'000
	Obligations under operating leases comprise:	
	Land	
1	Not later than one year	1
1	Later than one year, not later than 2 years	1
2	Later than two year, not later than five years	2
3	Later than five years	3
	Buildings	
49	Not later than one year	4
3	Later than one year, not later than 2 years	0
	Other	
3,698	Not later than one year	2,653
2,547	Later than one year, not later than 2 years	2,312
4,449	Later than two year, not later than five years	4,396
	Amounts charged to Operating Costs in the year were:	
3,622	Hire of equipment (including vehicles)	3,055
50	Other operating leases	50
3,672	Total	3,105

22. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet

St Andrews Community Hospital Contract started 31st July 2009. Contract ends 30th July 2039. In accordance with HM Treasury application of IFRIC 12 principles the property is a Non current asset of NHS Fife Board and that the liability to pay for the property is, in substance, a finance lease obligation.

Victoria Hospital Contract started 28th October 2011. Contract ends 27th October 2041. In accordance with HM Treasury application of IFRIC 12 principles the property is a Non current asset of NHS Fife Board and that the liability to pay for the property is, in substance, a finance lease obligation.

22. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet (cont.)

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:

				2017
2016	Gross Minimum Lease Payments	St Andrews	Victoria	Total
£'000		£'000	£'000	£'000
16,893	Rentals due within 1 year	1,757	15,136	16,893
16,893	Due within 1 to 2 years	1,757	15,136	16,893
50,680	Due within 2 to 5 years	5,271	45,409	50,680
351,243	Due after 5 years	31,625	302,723	334,348
435,709	Total	40,410	378,404	418,814
2016	Less Interest Element	St Andrews	Victoria	Total
£'000		£'000	£'000	£'000
(14,504)	Rentals due within 1 year	(989)	(13,341)	(14,330)
(14,330)	Due within 1 to 2 years	(961)	(13,181)	(14,142)
(41,800)	Due within 2 to 5 years	(2,703)	(38,436)	(41,139)
(185,826)	Due after 5 years	(8,762)	(163,582)	(172,344)
(256,460)	Total	(13,415)	(228,540)	(241,955)
2016	Present value of minimum lease payments	St Andrews	Victoria	Total
£'000		£'000	£'000	£'000
2,389	Rentals due within 1 year	768	1,795	2,563
2,563	Due within 1 to 2 years	796	1,955	2,751
8,880	Due within 2 to 5 years	2,568	6,973	9,541
165,417	Due after 5 years	22,863	139,141	162,004
179,249	Total	26,995	149,864	176,859
2016	Service elements due in future periods	St Andrews	Victoria	Total
£'000		£'000	£'000	£'000
4,860	Rentals due within 1 year	702	4,445	5,147
5,147	Due within 1 to 2 years	821	4,637	5,458
16,812	Due within 2 to 5 years	2,278	15,314	17,592
197,583	Due after 5 years	27,083	164,262	191,345
224,402	Total	30,884	188,658	219,542
403,651	Total commitments	57,879	338,522	396,401

22. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet (cont.)

2016		2017	
Total		Total	
£'000		£'000	
14,664	Interest charges	14,504	
3,356	Other charges	3,453	
18,020	Total	17,957	

2016		2017	
£'000		£'000	
3,356	Contingent rents (included in Other charges)	3,453	

23. PENSION COSTS

NHS Superannuation Scheme (Scotland)

Description of Schemes

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2016-17 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 1995 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

- (a) NHS Fife participates in the NHS Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.
- (b) NHS Fife has no liability for other employers obligations to the multi-employer scheme.
- (c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.
- (d)
- (i) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Fife is unable to identify its share of the underlying assets and liabilities of the scheme.
- (ii) The employer contribution rate for the year 2015-16 was 14.9% of pensionable pay. While the employee rate applied is variable it will provide an actuarial yield of 9.8% of pensionable pay.
- (iii) At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate.
- (iv) NHS Fife's level of participation in the scheme is 4.6% based on the proportion of employer contributions paid in 2015-16. Further information is available on the Scottish Public Pensions Agency (SPPA) website at www.sppa.gov.uk.

For the current year, normal employer contributions of £34.333m were payable to the SPPA (2015-16 £33.687m). In addition, during the accounting period the NHS board incurred additional costs of £290k (2015-16 £196k).

Provisions amounting to £2.982m are included in the Balance Sheet and reflect the difference between amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

	2017	2016
	£'000	£'000
Pension cost charge for the year	34,333	33,687
Additional Costs arising from early retirement	290	196
Provisions/Liabilities/Pre-payments included in the Balance Sheet	2,982	2,995

24. FINANCIAL INSTRUMENTS**a FINANCIAL INSTRUMENTS BY CATEGORY****Financial Assets****CONSOLIDATED****At 31 March 2017****Assets per balance sheet**

	Note	Loans and Receivables £'000	Available for sale £'000	Total £'000
Investments	<u>14</u>	0	12,153	12,153
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	5,176	0	5,176
Cash and cash equivalents	<u>15</u>	482	0	482
		5,658	12,153	17,811

BOARD**At 31 March 2017****Assets per balance sheet**

	Note	Loans and Receivables £'000	Available for sale £'000	Total £'000
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	5,223	0	5,223
Cash and cash equivalents	<u>15</u>	224	0	224
		5,447		5,447

CONSOLIDATED (Prior Year)**At 31 March 2016****Assets per balance sheet**

	Note	Loans and Receivables £'000	Available for sale £'000	Total £'000
Investments	<u>14</u>	0	10,616	10,616
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	3,712	0	3,712
Cash and cash equivalents	<u>15</u>	1,103	0	1,103
		4,815	10,616	15,431

BOARD (Prior Year)**At 31 March 2016****Assets per balance sheet**

	Note	Loans and Receivables £'000	Available for sale £'000	Total £'000
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<u>13</u>	3,755	0	3,755
Cash and cash equivalents	<u>15</u>	565	0	565
TOTAL		4,320	0	4,320

24. FINANCIAL INSTRUMENTS (cont.)**Financial Liabilities****CONSOLIDATED**

		Other financial liabilities £'000	Total £'000
At 31 March 2017	Note		
Liabilities per balance sheet			
PFI Liabilities	<u>16</u>	176,859	176,859
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<u>16</u>	44,129	44,129
		220,988	220,988

BOARD

		Other financial liabilities £'000	Total £'000
At 31 March 2017	Note		
Liabilities per balance sheet			
PFI Liabilities	<u>16</u>	176,859	176,859
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<u>16</u>	44,097	44,097
		220,956	220,956

CONSOLIDATED (Prior Year)

		Other financial liabilities £'000	Total £'000
At 31 March 2016	Note		
Liabilities per balance sheet			
PFI Liabilities	<u>16</u>	179,249	179,249
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<u>16</u>	42,896	42,896
		222,145	222,145

BOARD (Prior Year)

		Other financial liabilities £'000	Total £'000
At 31 March 2016	Note		
Liabilities per balance sheet			
PFI Liabilities	<u>16</u>	179,249	179,249
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<u>16</u>	42,868	42,868
		222,117	222,117

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.

Fife Health Board takes an overarching approach to risk management through its Executive lead and committee structure.

24. FINANCIAL INSTRUMENTS (cont.)**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 2017	£'000	£'000	£'000	£'000
PFI Liabilities	16,893	16,893	50,680	334,348
Trade and other payables excluding statutory liabilities	44,129			
Total	61,022	16,893	50,680	334,348

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2016	£'000	£'000	£'000	£'000
PFI Liabilities	16,893	16,893	50,680	351,243
Trade and other payables excluding statutory liabilities	42,896			
Total	59,789	16,893	50,680	351,243

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 currency risk.

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.

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.

25. RELATED PARTIES

The Board has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HMRC and Scottish Public Pension Agency.

No Board member, key manager or other related party has undertaken any material transactions with the Board during the year.

Fife Integration Joint Board

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 the Fife Integration Joint Board was legally established from Saturday 3rd October 2015 with official commencement being 1st April 2016. Fife Integration Joint Board is classified as a related party and the following Board members were also members of the Integration Joint Board:

- Mrs T Marwick
- Mr A Burns
- Dr L Bisset
- Ms A Rooney
- Mr S Little
- Mrs W Brown
- Councillor A Rodger
- Mr P Hawkins
- Dr F Elliot
- Mrs H Wright
- Ms R Laing

The Integration Joint Board also has Councillor members who have no related party influence on Fife Health Board.

Fife Health Board had the following related party transactions in 2016-17:

Income £397 million

Expenditure £395 million.

NHS Fife Endowment Fund

The Board has endowment funds managed by Trustees who are also directors of the Board. In accordance with IFRS10 - Consolidated Financial Statements the Board incorporates the NHS Fife Endowment Funds within the primary statements and notes to the accounts.

Details of Endowment Fund figures included in the Group Accounts are available in Note 28.

East Central Territory Hub

In addition to the above, NHS Fife has entered into a transaction with the Scottish Futures Trust in relation to the East Central Territory hub. Included within the balance sheet is a debtor which has been passed to the Hub company for £21k.

26. SEGMENT INFORMATION

The net expenditure of the Board are analysed on the basis of Individual Divisions and Corporate Directorates. The Board is updated on the financial position within the Integrated Performance Report. The segments that have been used to report performance management this year are as follows:

- Acute Services Division
- Corporate Departments
- Community Service Divisions
- Family Health Services (FHS)
- Endowments

Assets and liabilities are not reported as part of performance management arrangements and this information is not provided.

	HOSPITAL SERVICES £'000	CORPORATE £'000	COMMUNITY SERVICE DIVISIONS £'000	FHS £'000	ENDOWMENTS £'000	TOTAL £'000
Net expenditure 2016/17	179,830	203,615	187,683	170,568	126	741,822
Net expenditure 2015/16	179,571	218,954	136,895	165,578	266	701,264

27. THIRD PARTY ASSETS

Third Party Assets managed by the Board consist of balances on Patients' Private Funds Accounts

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.

	2016 £'000	Gross Inflows £'000	Gross Outflows £'000	2017 £'000
Monetary amounts such as bank balances and monies on deposit	553	434	(522)	465
Total Monetary Assets	553	434	(522)	465

28a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group 2016 £'000		Board 2017 £'000	Endowments 2017 £'000	Intra Group Adjustment 2017 £'000	Consolidated 2017 £'000
	Clinical Services Costs				
556,960	Hospital and Community	973,195			973,195
27,422	Less: Hospital and Community Income	424,366			424,366
529,538		548,829			548,829
168,089	Family Health	172,701			172,701
4,626	Less: Family Health Income	4,578			4,578
163,463		168,123			168,123
693,001	Total Clinical Services Costs	716,952			716,952
2,666	Administration Costs	2,806			2,806
	Less: Administration Income	0			
2,666		2,806			2,806
36,287	Other Non Clinical Services	64,787	996		65,783
30,690	Less: Other Operating Income	42,849	870		43,719
5,597		21,938	126		22,064
	Associates and joint ventures accounted for on an equity basis				
701,264	Net Expenditure	741,696	126		741,822

The Fife Integrated Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn for 2016-17 was breakeven there is no requirement to disclose the Board's share of any surplus or deficit.

28b. CONSOLIDATED GROUP BALANCE SHEET

Group 2016 £'000		Note	Board 2017 £'000	Endowment 2017 £'000	Intra Group adjustment 2017 £'000	Group 2017 £'000
	Non-current assets:					
503,935	Property, plant and equipment	<u>11</u>	505,651	112		505,763
374	Intangible assets	<u>10</u>	321			321
	Financial assets:					
10,616	Available for sale financial assets	<u>14</u>		12,153		12,153
34,648	Trade and other receivables	<u>13</u>	59,946			59,946
549,573	Total non-current assets		565,918	12,265		578,183
	Current Assets:					
4,643	Inventories	<u>12</u>	4,686			4,686
	Financial assets:					
27,706	Trade and other receivables	<u>13</u>	39,129	4	(51)	39,082
1,103	Cash and cash equivalents	<u>15</u>	224	258		482
5,304	Assets classified as held for sale	<u>11c</u>	4,531			4,531
38,756	Total current assets		48,570	262	(51)	48,781
588,329	Total assets		614,488	12,527	(51)	626,964
	Current liabilities					
(18,835)	Provisions	<u>17</u>	(31,533)			(31,533)
	Financial liabilities:					
(61,135)	Trade and other payables	<u>16</u>	(62,917)	(83)	51	(62,949)
0	Liabilities in associates and joint ventures					
(79,970)	Total current liabilities		(94,450)	(83)	51	(94,482)
508,359	Non-current assets plus/less net current assets/liabilities		520,038	12,444		532,482
	Non-current liabilities					
(59,143)	Provisions	<u>17</u>	(97,767)			(97,767)
	Financial liabilities:					
(176,860)	Trade and other payables	<u>16</u>	(174,296)			(174,296)
(236,003)	Total non-current liabilities		(272,063)			(272,063)
272,356	Assets less liabilities		247,975	12,444		260,419
	Taxpayers' Equity					
123,260	General fund	<u>SOCTE</u>	103,924			103,924
137,902	Revaluation reserve	<u>SOCTE</u>	144,051			144,051
11,194	Funds Held on Trust	<u>SOCTE</u>		12,444		12,444
0	Other reserves – joint venture					0
272,356	Total taxpayers' equity		247,975	12,444		260,419

On consolidating the Board and Endowment Fund accounts adjustments have been required to remove the balances held with each other to ensure accurate representation of the Group Balance Sheet. The Board accounts include a £51k debtor with the Endowment Fund. The corresponding entries on the Endowment Fund incorporate a £51k creditor to the Board.

The Fife Integrated Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn for 2016-17 was breakeven there is no requirement to disclose the Board's share of any surplus or deficit.

28c. CONSOLIDATED STATEMENT OF CASHFLOWS

2016	2016	2016	2016	2017	2017	2017	2017
Board	Endowment	Intra Group	Group	Board	Endowment	Intra Group	Group
£'000	£'000	Adjustment	£'000	£'000	£'000	Adjustment	£'000
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities							
(700,998)	(266)		(701,264)	(741,696)	(126)	0	(741,822)
20,116			20,116	19,319	0	0	19,319
14,577			14,577	15,213	0	0	15,213
	116		116	0	(400)	0	(400)
(21,719)	(26)	16	(21,729)	(36,678)	30	(32)	(36,680)
(330)			(330)	(43)	0	0	(43)
(5,872)	(53)	(16)	(5,941)	2,732	(22)	32	2,742
22,796			22,796	51,322	0	0	51,322
(671,430)	(229)		(671,659)	(689,831)	(518)	0	(690,349)
Cash flows from investing activities							
(12,325)			(12,325)	(11,441)			(11,441)
(42)			(42)	(69)			(69)
0	(660)		(660)	0	(1,235)		(1,235)
61			61	540			540
0	757		757	0	1,073		1,073
0	354		354	0	400		400
(12,306)	451		(11,855)	(10,970)	238		(10,732)
Cash flows from financing activities							
700,541			700,541	718,405			718,405
166			166	(342)			(342)
700,707			700,707	718,063			718,063
(2,229)			(2,229)	(2,390)			(2,390)
87			87	(709)			(709)
(14,664)			(14,664)	(14,504)			(14,504)
683,901			683,901	700,460			700,460
Net Increase / (decrease) in cash and cash equivalents in the period							
165	222		387	(341)	(280)		(621)
400	316		716	565	538		1,103
565	538		1,103	224	258		482
Reconciliation of net cash flow to movement in net debt/cash							
165	222		387	(341)	(280)		(621)
400	316		716	565	538		1,103
565	538		1,103	224	258		482

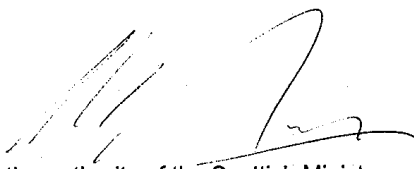
On consolidation of the Board and Endowment accounts the removal of intra group transactions is required to ensure an accurate representation of the Group Cash Flow. On application of this principle there is an increase in trade and other receivables of £32k with a corresponding increase in trade and other payables of £32k.



Fife 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