

FIFE HEALTH BOARD

CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2018



NHS FIFE
ANNUAL REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

	PAGE
Performance Report	
Overview	1-3
Performance Analysis	4-11
Accountability Report	
Corporate Governance Report	12-21
Remuneration and Staff Report	22-28
Parliamentary Accountability Report	29
Independent Auditors Report	30-32
Financial Statements	
Consolidated Statement of Comprehensive Net Expenditure	33
Consolidated Statement of Financial Position	35
Consolidated Statement of Cashflows	36
Consolidated Statement of Changes in Taxpayers Equity	37-38
Notes to the Accounts	39-101
Direction by the Scottish Ministers	102

PERFORMANCE REPORT

Overview

The purpose of this overview is to provide a summary of the activities of NHS Fife and both the risks and achievements during the year. In addition, detail is provided on all aspects of non financial performance.

Chief Executive Statement

In 2017/18 we have continually strived to improve our services by incorporating the latest thinking in best practice, whilst using every opportunity to make the best use of our resources.

The patient safety programme has helped to make Fife's hospitals safer. The electronic Patient Track system has allowed staff to quickly identify deteriorating patients whilst Trakcare, the electronic clinical system, allows important patient information to be shared across one platform.

Our Know the Score campaign has been rolled out across Acute Services - its aim to reduce and ultimately eradicate avoidable in-hospital cardiac arrest.

We are seeing the positive difference that mental health investment has made. The new Hollyview Ward, our Intensive Psychiatric Unit, has allowed staff to work in new ways, with the focus very much on a positive outlook to recovery.

In Victoria Hospital, our 'Cosy Neuk' has improved the hospital experience of patients with dementia requiring a hospital stay. The room, on one of our inpatient wards, is a replica of a typical 1950s/60s kitchen and living space providing a reassuring environment and stimulating memories and conversation.

Teams have strived for new ways to work together to provide services that are responsive to the needs of patients.

Our Dermatology team has developed a support service for melanoma skin cancer care which is recognised across Scotland, whilst work undertaken in relation to frailty has seen significant success and come to national prominence.

Close working continues with Fife Health & Social Care Partnership and colleagues in Fife Council and the Third Sector, delivering responsive services that care for people as close to their home as possible.

Working together we have delivered innovative approaches such as the Transforming Care After Treatment programme which is supporting patients with incurable lung cancer to spend significantly less time in hospital.

We also continue our work with neighbouring Health Boards. Work is well underway identifying services that will benefit from a regional planning approach, building further on the work that has been undertaken over the last year.

Despite the pressures of winter and the unprecedented severe weather experienced in the early part of 2018, our services have coped well - a testament to the skill and dedication of our staff.

Background

NHS Fife is the common name for Fife Health Board. Fife Health 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 (H&SCP)

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 Performance (including Corporate Services, eHealth, Planning, Organisational Development, Information Services and Communications);
- Estates and Facilities

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 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 a range of specific Acute Services however NHS Fife remains responsible for the operational oversight of these services on a day to day basis. 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.

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.

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, seeking 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 2014-15, 45% 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 are 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 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 2017/18

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Core Revenue Resource Limit	685,102	683,608	1,494
Non Core Revenue Resource Limit	40,454	40,454	0
1 Total Revenue Resource Limit	725,556	724,062	1,494
2 Total Capital Resource Limit	5,504	5,502	2
3 Cash Requirement	725,572	725,572	0

MEMORANDUM FOR IN YEAR OUTTURN £'000

Reported Surplus in 2016/17 333

Surplus against in year total Revenue Resource Limit 1,161

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 2017/18, the Board's initial core Revenue Resource Limit (RRL) was £624.496m, increasing to £685.102m by year end. Additional allocations were granted throughout the year including Primary Medical Services (covering services provided to GP's), Outcomes Framework (encompassing various outcomes based initiatives), Access Support (waiting times) and New Medicines Fund. The additional allocations are spread throughout the year with 86% received in the first quarter and the remaining 14% over the remaining 3 quarters. While there was slippage in programmes, the respective funds were written forward to the following financial year to match the timing of anticipated programme outcomes delivery. This included trauma and orthopaedics improvement funding and colorectal cancer funding.

Details of NHS Fife's Net Operating Costs and RRL outturn are set out in Notes 3 and 4 of the Accounts. The Boards Revenue and Capital Resource Limits have been split between two component elements. Core revenue and capital have a cash or near-cash impact on the Boards net expenditure. Non cash revenue and capital elements of net expenditure such as impairments, provisions and depreciation on assets have a non-core impact.

A combination of recurring and non recurring benefits resulted in a near break even position at year end (£284k underspend), prior to a late favourable movement in the risk share arrangement¹ for the total IJB overspend. The reporting of the overall NHS Fife financial position in the final quarter of the year showed a forecast underspend of £96k (as at January) and included a risk share *cost* of £906k. However the social care position improved significantly during the last month of the year which resulted in a *benefit* of £306k. This movement of £1.212m increased the net underspend for NHS Fife. The impact of the risk share arrangement resulted in a net underspend of £1.494m against the revenue resource limit.

If the Board had not received the £333k underspend carried forward from 2016/17, the underspend would have been £1.161m.

Significant efforts to both deliver a balanced position for 2017/18 and to reduce the underlying recurring deficit have been successful. The Board considered the Local Delivery Plan last April which showed an initial gap of £29.201m. 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. These efforts have been positive however there remains a £17m shortfall in recurring savings which have been carried forward into 2018/19. In parallel, financial flexibility opportunities such as financial plan slippage; additional non core funding; and technical accounting entries such as the prior year underspend have been key to the delivery of the in year position.

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

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 2018 is £42.649m, a movement of £3.967m in year.

¹ The risk share arrangement is part of the commitment that NHS Fife and Fife Council have to ensure partnership working in services planned by the IJB, in line with the terms of the Fife Integration Scheme.

Capital Expenditure

During 2017/18 the Board spent £8m on a wide range of capital building projects, equipment and technology. The element charged to the Capital Resource Limit is £5.5m which is the Capital Expenditure net of receipts. The balance is offset against the Net Book Value (NBV) of equipment disposed off in 2017/18.

Major projects undertaken during the year include £2.3m for the Medium Temperature Hot Water scheme at Victoria Hospital. An additional £2m was also spent on a variety of small building projects across the Board's estate.

eHealth Technology investment of £1m has also been made during the year and new and replacement Medical Equipment purchases of £2.478m

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

Additional expenditure of £0.2m has also been made in Backlog Maintenance / Statutory Compliance work which has been charged to the Revenue Resource Limit (RRL).

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: Adamson Hospital (£0.8m), Victoria Hospital (£9.3m) Whytemans Brae (0.5m) and Leslie Dental (£0.2m).

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 £3.2m 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 £22.9m per annum.

Under IFRS Accounting Treatment, both the hospital and the healthcare facilities are recognised as a Non Current Asset on the Board's Statement of Financial Position at a value of £26.4m and £175.6m respectively.

Further details are set out in Note 12 of the Financial Statements.

Provisions

As at 31 March 2018, the Board has provisions of £125.632m (2016/17 £129.3m), of which:

	2017/18	2016/17
Clinical and medical negligence cases	£74.561m	£83.247m
Boards share of total NHS Scotland CNORIS liability	£41.082m	£37.421m
Pension provisions	£3.012m	£2.982m
Injury provisions	£6.977m	£5.620m

These provisions include the element funded through Annually Managed Expenditure (AME) in 2017/18. The Board is also disclosing a contingent liability of £18.980m (2016/17 £18.759m) for

other legal cases and a contingent asset of £17.953m (2016/17 £17.910m) for income receivable for these. The Board has a small provision for Capital Waste Electronic and Electrical Equipment of £30k.

Outstanding Liabilities

The Board has total outstanding liabilities of £244.934m (2016/17 £237.213m). Of this total, £174.296m relates to future amounts payable on the two PFI contracts (2016/17 £176.859m).

Performance Summary

The NHS Fife Clinical Strategy for the period 2016-2021 was launched midway through 2016/17, and 2017/18 saw a continuation of the transformation programme which is key to its success.

Like all other Mainland Health Boards, NHS Fife faced huge challenges in maintaining waiting times performance against the increasing demand, ageing population and continuing financial pressures. There were notable successes in areas such as 4-Hour Emergency Access and Cancer 31-Day Decision-to-Treat, Delayed Discharges and Dementia Post-Diagnostic Support, but continuing problems with Sickness Absence, Mental Health Waiting Times, HAI (SAB) and Adult Smoking Rates and worsening performance in Elective Treatment Waiting Times.

For a number of years, NHS Fife has performed consistently well against some Local Delivery Plan (LDP) Standards, but not so well in others. The following table summarises the position for key LDP Standards at the end of 2017/18, classing performance as either 'Achieved/Improving Consistently During 2017/18' or 'Requiring Improvement'. There is a further split between those managed by the Acute Services Division and those managed by the Health & Social Care Partnership.

ACHIEVED/IMPROVING DURING 2017/18	CONSISTENTLY	REQUIRING IMPROVEMENT
Acute Services Division		
4-Hour Emergency Access Outpatients Waiting Times ¹ Cancer 31-Day DTT HAI C Diff		Patient TTG 18 Weeks RTT HAI Sabs Sickness Absence Cancer 62-Day RTT
Health & Social Care Partnership		
Alcohol Brief Interventions Drugs & Alcohol Waiting Times Dementia Support ² Delayed Discharges ³		Smoking Cessation CAMHS Waiting Times Psychological Therapies Waiting Times Dementia Referrals ⁴

¹ Outpatients performance has been very close to (though slightly beneath) the Standard throughout the year; Fife's performance is much better than the Scotland average

² There is no formal target for Dementia Support, and the data has a natural time lag of at least 15 months; the assessment is based on the 2016-17 performance to the end of December 2016, and this shows that Fife achieved a success of nearly 90%, better than the majority of Health Boards

³ Although still beneath the Standard, action taken during 2017/18 has shown a consistent improvement in performance

⁴ Although performing better than most other Health Boards, Fife only achieved around 60% of expected referrals for Dementia Support during 2016-17, and the performance to date in 2017-18 is considerably worse

The Integrated Performance Report (IPR) is the main tool NHS Fife uses to review performance at a strategic level, this ensures that key performance indicators in respect of financial and non financial performance, as well as quality, safety and risk metrics are robustly scrutinised. The content is based on the suite of Scottish Government LDP Standards.

Further detail is provided on page 9 in the form of a balanced scorecard, summarising NHS Fife's performance against target in 2017/18.

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.

Status	Definition	Direction of Travel	Definition
GREEN	Performance meets or exceeds the required Standard (or is on schedule to meet its annual Target)	↑	Performance improved from previous
AMBER	Performance is behind (but within 5% of) the Standard or Delivery Trajectory	↓	Performance worsened from previous
RED	Performance is more than 5% behind the Standard or Delivery Trajectory	↔	Performance unchanged from previous

Section	RAG	Standard	Quality Aim	Target for 2017-18	Performance Data					FY 2017-18 to Date	National Comparison (with other 10 Mainland Boards)			
					Current Period	Current Performance	Previous Period	Previous Performance	Direction of Travel		Period	Performance	Rank	Scotland

Clinical Governance	GREEN	HAI - C Diff	Safe	0.32	12 months to Mar 2018	0.21	12 months to Feb 2018	0.21	↔	0.21	y/e Dec 2017	0.22	2nd	0.28
	RED	HAI - SABs	Safe	0.24	12 months to Mar 2018	0.40	12 months to Feb 2018	0.40	↔	0.40	y/e Dec 2017	0.36	7th	0.33

Finance, Performance and Resources	GREEN	IVF Treatment Waiting Times	Person-centred	90.0%	3 months to Mar 2018	100.0%	3 months to Feb 2018	100.0%	↔	100.0%	Treatment provided by Regional Centres so no comparison applicable			
		4-Hour Emergency Access *	Clinically Effective	95.0%	12 months to Mar 2018	95.1%	12 months to Feb 2018	95.2%	↓	95.1%	y/e Mar 2018	95.1%	4th	92.2%
		Cancer 31-Day DTT	Clinically Effective	95.0%	Mar 2018	100.0%	Feb 2018	96.3%	↑	98.6%	q/e Dec 2017	99.3%	2nd	94.5%
		Antenatal Access	Clinically Effective	80.0%	3 months to Mar 2017	88.2%	3 months to Feb 2017	87.4%	↑	N/A	Only published annually: NHS Fife was 3rd for FY 2015-16			
		Alcohol Brief Interventions	Clinically Effective	4,187	FY 2017/18	4,538	Apr to Dec 2017	3,575	↓	4,538	Only published annually: NHS Fife was 5th for FY 2016-17			
	AMBER	Drugs & Alcohol Treatment Waiting Times	Clinically Effective	90.0%	q/e Dec 2017	96.0%	q/e Sep 2017	95.0%	↑	95.9%	q/e Dec 2017	96.0%	6th	93.6%
		Outpatients Waiting Times	Clinically Effective	95.0%	Mar 2018	92.9%	Feb 2018	91.2%	↑	N/A	End of December	93.1%	1st	70.1%
		Cancer 62-Day RTT	Clinically Effective	95.0%	Mar 2018	92.0%	Feb 2018	88.7%	↑	91.1%	q/e Dec 2017	92.8%	4th	87.1%
	RED	Dementia Post-Diagnostic Support	Person-centred	100.0%	2016/17	87.5%	2015/16	89.5%	↓	N/A	National Data not yet published			
		18 Weeks RTT	Clinically Effective	90.0%	Mar 2018	79.1%	Feb 2018	79.2%	↓	81.5%	Dec-17	79.8%	6th	82.5%
		Patient TTG	Person-centred	100.0%	Mar 2018	79.7%	Feb 2018	83.3%	↓	88.0%	q/e Dec 2017	94.1%	1st	80.4%
		Diagnostics Waiting Times	Clinically Effective	100.0%	Mar 2018	92.6%	Feb 2018	93.9%	↓	N/A	End of December	77.2%	9th	79.3%
		Detect Cancer Early	Clinically Effective	29.0%	2 years to Sep 2017	26.5%	2 years to Jun 2017	27.2%	↓	N/A	Only published annually: NHS Fife was 1st for 2-year period 2015 and 2016			
		Delayed Discharge (Delays > 2 Weeks)	Person-centred	0	29th Mar Census	15	22nd Feb Census	18	↑	N/A	29th Mar Census	4.04	1st	9.83
		Dementia Referrals	Person-centred	1,289	Apr to Dec 2017	465	Apr to Sep 2017	304	↓	465	National Data not yet published			
		Smoking Cessation	Clinically Effective	779	Apr to Dec 2017	327	Apr to Nov 2017	303	↓	327	Only published annually: NHS Fife was 11th for FY 2016-17			
		CAMHS Waiting Times	Clinically Effective	90.0%	3 months to Mar 2018	67.7%	3 months to Feb 2018	66.0%	↑	67.6%	q/e Dec 2017	63.8%	6th	76.6%
		Psychological Therapies Waiting Times	Clinically Effective	90.0%	3 months to Mar 2018	68.7%	3 months to Feb 2018	71.0%	↓	69.9%	q/e Dec 2017	71.9%	6th	73.7%

Staff Governance	RED	Sickness Absence	Clinically Effective	4.50%	12 months to Mar 2018	5.64%	12 months to Feb 2018	5.65%	↑	5.64%	Only published annually: NHS Fife was joint 7th for FY 2016-17 (Fife performance 5.11%, Scotland performance 5.20%)			
------------------	-----	------------------	----------------------	-------	-----------------------	-------	-----------------------	-------	---	-------	---	--	--	--

* The 4-Hour Emergency Access performance in March alone was 94.6% (all A&E and MIU sites) and 93.0% (VHK A&E, only)

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.

	2017/18	2016/17
Average Credit Taken	13 days	10 days
Paid within 30 days by Value	94%	95%
Paid within 30 days by Volume	90%	93%
Paid within 10 days by Value	88%	90%
Paid within 10 days by volume	79%	86%

Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report.

Social Matters

NHS Fife is committed to leading and promoting Equality and Diversity, equal opportunities and supporting human rights in terms of the provision of health services for the community it serves and in its practice as an exemplar employer.

NHS Fife is fully committed to the prevention of bribery and corruption to bribery and its adherence to the Bribery Act 2010 is set out within the Fraud Policy, Code of Conduct and a range of Board policies and procedures.

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.

Since the structural changes within Estates reported last year, the reporting landscape has changed. A revised tool to replace the Good Corporate Citizen Assessment Model (GCCAM) is expected later in 2018, with all NHS Scotland Boards undergoing a benchmarking exercise so that they may all report to the same criteria in one overarching strategy. The original six strands of GCCAM have been expanded to become the NHS Scotland Sustainability Statement Set, including: Corporate Approach; Asset Management & Utilities; Travel & Logistics; Adaptation; Capital Projects; Green Space & Biodiversity; Sustainable Care Models; Our People; Sustainable Use of Resources; Carbon / GHG's.

The Board's current sustainability contributions will be measured against the NHS Scotland Sustainability Statement Set: the results of this assessment will be uploaded to the new Online Sustainability Assessment Tool prior to its 2018 launch.

Work on improving sustainability across these 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.

There is also a mandatory requirement to report every three years on Biodiversity and the most recent update covering the period 2015-17 was published online on 20th December 2017, in compliance with the reporting deadline of 1st January 2018 and can be viewed at URL:

<https://www.nhsfife.org/nhs/index.cfm?fuseaction=publication.pop&pubID=73CAD856-E0CA-DFEB-0C03A80612015DE1>

Current projects being implemented/augmented are pool car provision across the Board - to reduce the impact of the 'grey fleet' (staff-owned vehicles) business mileage - with further energy-saving measures such as boiler upgrading/decentralisation and/or combined heat and power (CHP) installations and replacement of lighting with more energy efficient LED lamps etc. wherever practicable.

Continued 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 2018

Paul Hawkins
Chief Executive and Accountable Officer
NHS Fife

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors Report

Date of Issue

Financial statements were approved by the Board and authorised for issue by the Accountable Officer on 27 June 2018.

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 2017 to 31 March 2018 were as follows:

Non-Executive Members

Mrs T Marwick	Chairperson
Dr L Bisset	Non-Executive Board Member, Vice Chairperson
Ms M Adams	Non-Executive Board Member (until 31.12.17)
Mr M Black	Non-Executive Board Member
Mr E Clarke	Non-Executive Board Member (since 01.08.17)
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 (until 09.01.18)
Ms A Rooney	Non-Executive Board Member (until 31.07.17)
Mrs M Wells	Non-Executive Board Member (since 01.08.17)
Mrs W Brown	Stakeholder Member, Employee Director (Co-Chair, Area Partnership Forum)
Ms J Owens	Stakeholder Member (Chairperson, Area Clinical Forum)
Councillor A Rodger	Stakeholder Member (Fife Councillor) (until 30.04.17)
Councillor D Graham	Stakeholder Member (Fife Councillor) (since 15.06.17)

Executive Members

Mr P Hawkins	Chief Executive
Dr F Elliot	Medical Director
Dr M Hannah	Director of Public Health
Mrs C Potter	Director of Finance
Ms H Wright	Nurse Director

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 2018 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 22.

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, Hayfield House, Hayfield Road, Kirkcaldy, KY2 5AH (fife-UHB.corporateservices@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 2017/18.

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 Statement of Financial Position 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 were two personal data related incidents or data protection breaches reported to the Information Commissioner during the financial year ended 31 March 2018.

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 confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable. I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers.

To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officer's letter to me of 12 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.

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, 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, revised in 2018, identifies Committees and Sub-Committees, which report 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.

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 Health Board's responsibilities, including health improvement activities

Membership:

- Six Non-Executive or Stakeholder Members of the Board;
- Chief Executive
- Medical Director
- Nurse Director
- Director of Public Health
- 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 six times per year.

Audit and Risk Committee

Principal Function:

To provide the Board with the assurance that the activities of Fife Health 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 Scottish Government Audit Committee Handbook, dated July 2008.

Membership:

- Five Non-Executive or Stakeholder Members of the Board.

Chair:

Ms R Laing, Non-Executive Board Member (until March 2018)

Mrs C Cooper, Non-Executive Board Member (since March 2018)

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 or Stakeholder Members of the Board;
- Employee Director
- Chief Executive
- Nurse Director
- Staffside Chairpersons of the Local Partnership Forums

Chair:

Mrs M Adams, Non Executive Board Member (until December 2017)

Mr M Black, Non-Executive Board Member (since January 2018)

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 and performance against key non-financial targets 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:

- Six Non-Executive or Stakeholder Members of the Board;
- Chief Executive
- Director of Finance
- Medical Director
- Director of Public Health
- Nurse Director

Chair:

Mr J Paterson, Non-Executive Board Member (until January 2018)

Ms R Laing, Non-Executive Board Member (since January 2018)

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.

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. This will build on the action plan approved by the Board in April 2017 and updated in May 2018, in relation to the Chair's review of governance arrangements, including process, committees and structure.

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 Boards 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 Staff Governance Committee, Clinical Governance Committee, 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 further developed during 2017/18 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. The full IPR is presented to all Committees and NHS Board. In addition, an Executive Summary is prepared for the NHS Board and incorporates all matters escalated by each Committee.

Integrated Joint Board (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. The operational and governance framework will continue to be reviewed during 2018/19 to ensure clarity and consistency of approach and 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.

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. 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 formal training sessions or customised training e.g. for individuals, specialities and teams.

The high level risks that the Board needs to ensure are being managed are contained in the corporate risk register and since November 2017, where appropriate, included in the Board Assurance Framework (BAF).

Risks on the corporate risk register were reviewed throughout the year with risks mapped to individual Governance Committees for scrutiny and review at two meetings during the year.

Work to develop a Board Assurance Framework (BAF) continued in 2017, culminating in Board approval of the BAF in November 2017. The BAF currently contains six high level risks that could impact on the delivery of NHS Fife's strategic objectives. These are Financial Sustainability; Workforce Sustainability (including Training & Development); Environmental Sustainability; Quality & Safety (including Clinical Care and Patient Experience); Strategic Planning & Implementation (including Regional Working); and Integration Joint Board (IJB). Where they exist, related operational risks with a high risk rating of 15 or above are identified.

Executive Directors with responsibility for specific BAF risks, review, update and report on these bi monthly to the governance committee to which the risk is aligned. The risks are then subject to committee scrutiny and review.

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

During 2017/18, four risk management reports were provided to the Audit & Risk Committee by the Director of Nursing, as Lead Executive for Risk. These provided updates on the review of the corporate risk register, the Board's approach to risk and BAF developments.

A statement of risk appetite is also to be agreed. This work will be concluded in Q3 of 2018 as part of the overall review and update of the Board's Risk Management Framework.

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 2017/18, 1,983 individuals have exceeded the Treatment Time Guarantee to have their treatment provided within 12 weeks. A letter of apology was sent to each patient and every effort was made to treat patients in as short a time as possible. This will continue to be monitored weekly and a recovery plan has been developed for 2018/19 to address recurring gaps.
- Through internal checks by the Information Services team, an anomaly was identified in May 2018, which may have impacted on the outpatient waiting time for a number of Ophthalmology referrals during 2017/18. Investigation into the issue is reaching a conclusion and a report will be considered by the Information Governance Committee, setting out actions taken and confirming the extent to which this impacted on patients' waiting time.
- Two unannounced HAI inspections were conducted at both Victoria Hospital and Queen Margaret in October 2017. The inspection resulted in 2 requirements and 2 recommendations.

http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/hei_fife_reports/v_h_qmh_oct_17.aspx

- An announced HAI inspection of Victoria Hospital took place in February 2017. The inspection resulted in 1 requirement and 2 recommendations.

http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/hei_fife_reports/victoria_hospital_feb_17.aspx

- There were two personal data related incidents or data protection breaches reported to the Information Commissioner during the financial year ended 31 March 2018. This did not result in any patient harm.

During the 2017/18 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 Workforce 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 Staff Composition, Sickness Absence data and Staff Policies applied during the year sections which have been checked for consistency with the rest of the financial statements.

FIFE HEALTH BOARD REMUNERATION REPORT

	Gross Salary (Bands of £5,000)		Benefit in Kind £'000		Total Earnings in Year (Bands of £5,000)		Pension Benefits (£'000)		Total Remuneration (Bands of £5,000)	
	2017-18	2016-17	2017 - 18	2016 - 17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Executive Members										
Mr P Hawkins, Chief Executive ⁶	135 - 140	155 - 160			135 - 140	155 - 160	6	29	140 - 145	185 - 190
Mrs C Bowring, Director of Finance (to 31 st July 2016) ^{1, 2}		30 - 35				30 - 35				30 - 35
Mrs C Potter, Director of Finance (from 1 st August 2016) ^{1, 6}	85 - 90	70 - 75			85 - 90	70 - 75	30	41	115 - 120	110 - 115
Dr F Elliot, Medical Director ¹	160 - 165	160 - 165			160 - 165	160 - 165			160 - 165	160 - 165
Ms H Wright, Director of Nursing ⁶	80 - 85	90 - 95	3.1		80 - 85	90 - 95	19	27	100 - 105	115 - 120
Dr M Hannah, Director of Public Health ^{2, 6}	130 - 135	135 - 140			130 - 135	135 - 140	0	10	130 - 135	145 - 150
Non Executive Members										
Mr A Burns, Chairperson (to 31 st December 2016) ¹		20 - 25				20 - 25				20 - 25
Ms T Marwick, Chairperson (from 1 st January 2017) ¹	30 - 35	5 - 10			30 - 35	5 - 10			30 - 35	5 - 10
Dr L Bisset, Vice Chairperson	15 - 20	15 - 20			15 - 20	15 - 20			15 - 20	15 - 20
Ms M Adams (to 31 st December 2017) ¹	5 - 10	5 - 10			5 - 10	5 - 10			5 - 10	5 - 10
Mr M Black	5 - 10	5 - 10			5 - 10	5 - 10			5 - 10	5 - 10
Mrs C Cooper	5 - 10	5 - 10			5 - 10	5 - 10			5 - 10	5 - 10
Ms R Laing	5 - 10	10 - 15			5 - 10	10 - 15			5 - 10	10 - 15
Mr S Little	15 - 20	5 - 10			15 - 20	5 - 10			15 - 20	5 - 10
Mr J Paterson (to 9 th January 2018) ¹	5 - 10	10 - 15			5 - 10	10 - 15			5 - 10	10 - 15
Ms A Rooney (to 31 st July 2017) ¹	0 - 5	5 - 10			0 - 5	5 - 10			0 - 5	5 - 10
Mr E Clarke (From 1 st August 2017) ¹	5 - 10				5 - 10				5 - 10	
Mrs M Wells (from 1 st August 2017) ¹	5 - 10				5 - 10				5 - 10	

	Gross Salary (Bands of £5,000)		Benefit in Kind £'000		Total Earnings in Year (Bands of £5,000)		Pension Benefits (£'000)		Total Remuneration (Bands of £5,000)	
	2017 - 18	2016 - 17	2017-18	2016-17	2017 - 18	2016 - 17	2017-18	2016-17	2017-18	2016-17
Stakeholders										
Mrs W Brown, Employee Director ^{3,6}	50 - 55	55 - 60			50 - 55	55 - 60	35	13	85 - 90	70 - 75
Cllr A Rodger (to 30 April 2017) ^{1,5}	5 - 10	5 - 10			5 - 10	5 - 10			5 - 10	5 - 10
Dr K Cheshire, Chairperson Area Clinical Forum (to 30 th September 2016) ^{1,3}		60 - 65				60 - 65		2		60 - 65
Ms J Owens, Chairperson Area Clinical Forum (from 1 st October 2016) ^{1,3,6}	75 - 80	40 - 45	2.9		75 - 80	40 - 45	18	22	95 - 100	65 - 70
Cllr D Graham (from 15 th June 2017) ¹	5 - 10				5 - 10				5 - 10	

Notes to Remuneration Report

- The full year equivalent total earnings calculations in bands of £5,000 are as follows:
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).
2017-18 – M Adams, Non-Exec Director (5-10); J Paterson, Non-Exec Director (5-10); A Rooney, Trustee (5-10); E Clarke, Non-Exec Director (5-10); M Wells, Trustee (5-10); Cllr A Rodger (5-10); Cllr D Graham (5-10).
- 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.
- Includes non Board remuneration of £70k - £75k for Ms J Owens and £40k - £45k for Mrs W Brown.
- There were no Bonus payments (Bands of £5,000).
- Cllr A Rodger received a back-dated payment in 2017-18 of £5 - £10k and this is included in the table above.
- The Gross Salary figures for 2016-17 include Employer's Pension Contributions which have been excluded in 2017-18.

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)	
	2018	2017	2018	2017	2018	2017	2018	2017
Executive Members								
Mr P Hawkins, Chief Executive	50 - 55 plus lump sum of 150 - 155	45 - 50 plus lump sum of 140 - 145	0.0 - 2.5 plus lump sum of 2.5 - 5.0	0.0 - 2.5 plus lump sum of 5.0 - 7.5	1,009	932	28	44
Mrs C Bowring, Director of Finance (to 31 st July 2016)		35 - 40 plus lump sum of 110 - 115				821		(4)
Mrs C Potter, Director of Finance (from 1 st August 2016)	25 - 30 plus lump sum of 65 - 70	20 - 25 plus lump sum of 60 - 65	0.0 - 2.5 plus lump sum of 0.0 - 2.5	0.0 - 2.5 plus lump sum of 0.0 - 2.5	441	390	38	42
Ms H Wright (previously Paterson), Director of Nursing (from 06 July 2015)	30 - 35 plus lump sum of 90 - 95	25 - 30 plus lump sum of 85 - 90	0.0 - 2.5 plus lump sum of 2.5 - 5.0	0.0 - 2.5 plus lump sum of 2.5 - 5.0	599	543	29	34
Dr M Hannah, Director of Public Health (from 27 September 2015)	35 - 40 plus lump sum of 115 - 120	35 - 40 plus lump sum of 110 - 115	0.0 - 2.5 plus lump sum of 2.5 - 5.0	0.0 - 2.5 plus lump sum of 2.5 - 5.0	842	778	21	27
Stakeholders								
Mrs W Brown, Employee Director	10 - 15 plus lump sum of 25 - 30	5 - 10 plus lump sum of 20 - 25	0.0 - 2.5 plus lump sum of 2.5 - 5.0	0.0 - 2.5 plus lump sum of 0.0 - 2.5	218	167	35	16
Dr K Cheshire, Chairperson Area Clinical Forum (to 30 th September 2016)		25 - 30 plus lump sum of 75 - 80		0.0 - 2.5 plus lump sum of 0.0 - 2.5		615		(2)
Ms J Owens, Chairperson Area Clinical Forum (from 1 st October 2016)	5 - 10 plus lump sum of 5 - 10	0 - 5	0 - 2.5	0 - 2.5	108	78	22	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.

2017-18		2016-17	
Range of Staff Remuneration (£'000s)	1-243	Range of Staff Remuneration (£'000)	1-322
Highest Earning Director's Total Earnings (£000s)	160- 165	Highest Earning Director's Total Earnings (£000s)	160 - 165
Median Total Remuneration (£)	26,276	Median Total Remuneration (£)	25,877
Ratio	6.18:1	Ratio	6.28:1
Commentary The pay award and incremental progression have led to a 1.6% increase in the Median Total Remuneration figure. The positive impact of these events has led to a reduction in the ratio from the 2016-17 level.			

Staff Report

Higher Paid Employees' Remuneration

	2018 Number	2017 Number
Clinicians		
£ 70,001 to £80,000	41	34
£ 80,001 to £90,000	39	46
£ 90,001 to £100,000	41	34
£100,001 to £110,000	34	37
£110,001 to £120,000	37	25
£120,001 to £130,000	20	25
£130,001 to £140,000	26	18
£140,001 to £150,000	8	7
£150,001 to £160,000	11	14
£160,001 to £170,000	7	9
£170,001 to £180,000	5	6
£180,001 to £190,000	2	2
£190,001 to £200,000	1	1
£200,001 and above	3	1
Other		
£ 70,001 to £ 80,000	7	7
£ 80,001 to £ 90,000	5	4
£ 90,001 to £100,000	2	0
£100,001 to £110,000	2	1
£110,001 to £120,000	0	0
£120,001 to £130,000	0	0
£130,001 to £140,000	0	1
£140,001 to £150,000	1	0

£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

Staff Numbers and Costs

Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2018 TOTAL	2017 TOTAL
£000	£000	£000	£000	£000	£000	£000	£000

STAFF COSTS

Salaries and wages	604	129	259,233			(438)	259,528	254,355
Social security costs	82	7	26,850			(60)	26,879	25,010
NHS scheme employers' costs	65		34,722			(65)	34,722	34,249
Inward secondees				306			306	342
Agency and other directly engaged staff					8,469		8,469	7,275
Total	751	136	320,805	306	8,469	(563)	329,904	321,231

STAFF NUMBERS

Whole time equivalent (WTE)	5	11	7,693	6		(8)	7,707	7,680
-----------------------------	---	----	-------	---	--	-----	-------	-------

Included in the total staff numbers above were disabled staff of:

127	96
-----	----

Staff Composition

	2018			2017		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	4	5	1	4	5
Non-Executive Directors and Employee Director	5	6	11	5	7	12
Senior Employees 1	157	129	286	9	4	13
Other	1,431	8,206	9,637	1,331	7,524	8,855
Total Headcount	1,594	8,345	9,939	1,346	7,539	8,885

1. In 2017/18 the definition for senior employees has been amended, this now includes those employee's in the *higher paid* range (£70,001 and above).

Sickness Absence Data

	2018	2017
Sickness Absence Rate	5.6%	5.0%

Staff policies were 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 Health & Social Care Partnership Divisions.

The Board ensures engagement with staff through various routes including open sessions with the Director of Workforce and the Employee Director, staff magazine, website, intranet, e-mail, facebook, twitter and specific briefings by members of the Executive Directors Group. 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 2017/18 or in the prior year.

Trade Union (Facility Time Publication Requirements) Regulation 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data at the following link: www.nhsfife.org/tradeunionregs. Requirements for the data to be disclosed within the annual report and accounts was unclear at the time of issue. The Cabinet Office published supporting guidance on 2 June 2018 which has clarified the data should be disclosed. Due to the timing of this confirmation, we were unable to collate reliable data to publish within the 2017/18 annual report and accounts therefore we will publish from 2018/19 onwards.

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	962	3,742

In 2017-18, the Board was required to pay out £2.760m in respect of 2 claims individually greater than £250,000 settled under the CNORIS scheme (2016-17: £2.644m for one claim). Further details on the scheme can be found in Note 1 (accounting policies) of the annual accounts.

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in Note 13.

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, Fife Health 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 14 of the Notes to the Accounts. In addition, due to the nature of activities of Fife Health 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 Health Board receives funding from the Scottish Government to meet expenditure plans. Funding received from the Scottish Government over the five years to 31 March 2018 was:

	2017/18 £000	2016/17 £000	2015/16 £000	2014/15 £000	2013/14 £000
Resource Funding	685,102	665,945	637,451	620,130	596,261
Capital Funding	5,504	10,218	12,552	13,458	18,689
Total Funding	690,606	676,163	650,003	633,588	614,950

Signature:..... Date: 27 June 2018

Paul Hawkins
Chief Executive and Accountable Officer
NHS Fife

INDEPENDENT AUDITORS REPORT

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 2018 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the accounts, 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 2017/18 Government Financial Reporting Manual (the 2017/18 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 the affairs of the board and its group as at 31 March 2018 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 2017/18 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 (UK) (ISAs (UK)). 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 the board 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 Standard, 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit 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) 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

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, the audited part of the Remuneration and Staff Report, and my independent auditor's report. 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, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 matters prescribed by the Auditor General for Scotland

In my opinion, the audited 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 audited 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
- 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

June 2018

NHS FIFE
CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018

2017			2018
£000		Note	£000
321,231	Staff costs	3a	329,904
	Other operating expenditure	3b	
89,119	Independent Primary Care Services		91,032
134,181	Drugs and medical supplies		129,952
669,954	Other health care expenditure		658,804
1,214,485	Gross expenditure for the year		1,209,692
(472,663)	Less: operating income	4	(448,703)
741,822	Net expenditure for the year		760,989

OTHER COMPREHENSIVE NET EXPENDITURE

2017			2018
£000			£000
(9,873)	Net (gain) / loss on revaluation of property, plant and equipment		8,389
(1,375)	Net (gain) / loss on revaluation of available for sales financial assets		245
(11,248)	Other comprehensive expenditure		8,634
730,574	Comprehensive net expenditure		769,623

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

The presentation of the Consolidated Statement of Comprehensive Net Expenditure has been changed following a review of our financial statements in order to provide information which better reflects the activities of NHS Fife. The comparative information in respect of 2016-17 has been presented above in the new format.

Comparative information in respect of 2016-17 has not been restated.

Full details of changes to the presentation of the Statement of Comprehensive Net Expenditure are disclosed in Note 20.

NHS FIFE
SUMMARY OF RESOURCE OUTTURN
FOR THE YEAR ENDED 31 MARCH 2018

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	2018 £000	2018 £000
Net expenditure	SoCNE		760,989
Total non core expenditure (see below)			(40,454)
Family Health Services non-discretionary allocation			(37,242)
Donated assets income	2a		19
Endowment net expenditure			296
Total core expenditure			683,608
Core Revenue Resource Limit			685,102
Saving/(excess) against Core Revenue Resource Limit			1,494

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation / amortisation		13,056	
Annually Managed Expenditure - impairments		8,563	
Annually Managed Expenditure - creation of provisions		5,183	
Annually Managed Expenditure - depreciation of donated assets	2a	93	
Additional Scottish Government non-core funding		5,600	
IFRS PFI expenditure		7,959	
Total Non Core Expenditure			40,454
Non Core Revenue Resource Limit			40,454
Saving / (excess) against Non Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN	Resource	Expenditure	Saving / (Excess)
	£000	£000	£000
Core	685,102	683,608	1,494
Non Core	40,454	40,454	0
Total	725,556	724,062	1,494

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

NHS FIFE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

Consolidated 2017 £000	Board 2017 £000			Consolidated 2018 £000	Board 2018 £000
		Non-current assets	Note		
505,762	505,650	Property, plant and equipment	7c	478,216	478,101
321	321	Intangible assets	6a	321	321
		Financial assets:			
12,153	0	Available for sale financial assets	10	12,087	0
59,946	59,946	Trade and other receivables	9	70,073	70,073
578,182	565,917	Total non-current assets		560,697	548,495
		Current Assets:			
4,686	4,686	Inventories	8	4,660	4,660
		Financial assets:			
39,082	39,129	Trade and other receivables	9	18,083	18,102
482	224	Cash and cash equivalents	11	877	542
4,531	4,531	Assets classified as held for sale	7b	2,383	2,383
48,781	48,570	Total current assets		26,003	25,687
626,963	614,487	Total assets		586,700	574,182
		Current liabilities			
(31,533)	(31,533)	Provisions	13a	(11,044)	(11,044)
		Financial liabilities:			
(62,948)	(62,916)	Trade and other payables	12	(73,409)	(73,389)
(94,481)	(94,449)	Total current liabilities		(84,453)	(84,433)
532,482	520,038	Non-current assets plus / less net current assets / liabilities		502,247	489,749
		Non-current liabilities			
(97,767)	(97,767)	Provisions	13a	(114,618)	(114,618)
		Financial liabilities:			
(174,296)	(174,296)	Trade and other payables	12	(171,545)	(171,545)
(272,063)	(272,063)	Total non-current liabilities		(286,163)	(286,163)
260,419	247,975	Assets less liabilities		216,084	203,586
		Taxpayers' Equity			
103,924	103,924	General fund	SoCTE	74,315	74,315
144,051	144,051	Revaluation reserve	SoCTE	129,271	129,271
12,444	0	Fund held on Trust	SoCTE	12,498	0
260,419	247,975	Total taxpayers' equity		216,084	203,586

The Notes to the Accounts, numbered 1 to 24 form an integral part of these Accounts.

The annual report and accounts were approved by the Board on 27 June 2018 and signed on their behalf by:

..... Director of Finance

..... Chief Executive

**NHS FIFE
CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT 31 MARCH 2018**

2017			2018	2018
£000		Note	£000	£000
	Cash flows from operating activities			
(741,822)	Net expenditure	SoCTE	(760,989)	
19,319	Adjustments for non-cash transactions	2a	26,841	
15,213	Add back: interest payable recognised in net operating expenditure	2b	14,295	
(400)	Investment income		(463)	
17,341	Movements in working capital	2c	17,215	
(690,349)	Net cash outflow from operating activities	24c		(703,101)
	Cash flows from investing activities			
(11,441)	Purchase of property, plant and equipment		(7,848)	
(69)	Purchase of intangible assets		(94)	
(1,235)	Investment additions	10	(1,141)	
540	Proceeds of disposal of property, plant and equipment		2,440	
1,073	Receipts from sale of investments		962	
400	Investment Income		463	
(10,732)	Net cash outflow from investing activities	24c		(5,218)
	Cash flows from financing activities			
718,405	Funding	SoCTE	725,254	
(342)	Movement in general fund working capital	SoCTE	318	
718,063	Cash drawn down		725,572	
(2,390)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2c	(2,563)	
(709)	Interest paid		35	
(14,504)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	2b	(14,330)	
700,460	Net Financing	24c		708,714
(621)	Net Increase / (decrease) in cash and cash equivalents in the period			395
1,103	Cash and cash equivalents at the beginning of the period			482
482	Cash and cash equivalents at the end of the period			877
	Reconciliation of net cash flow to movement in net debt/cash			
(621)	Increase / (decrease) in cash in year	11		395
1,103	Net debt / cash at 1 April			482
482	Net debt / cash at 31 March			877

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

NHS FIFE
CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
AS AT 31 MARCH 2018

		General Fund	Revaluation Reserve	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000
Balance at 31 March 2017		103,924	144,051	12,444	260,419
Changes in taxpayers' equity for 2017-18					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a		(8,389)	3	(8,386)
Net gain / (loss) on revaluation of available for sale financial assets	10		0	(245)	(245)
Impairment of property, plant and equipment			(8,564)		(8,564)
Revaluation and impairments taken to operating costs	2a		8,564		8,564
Transfers between reserves		6,391	(6,391)		0
Other non cash costs – Movement in Prescribing Accrual		31			31
Net operating cost for the year	CFS	(761,285)		296	(760,989)
Total recognised income and expense for 2017-18		(754,863)	(14,780)	54	(769,589)
Funding:					
Drawn down	CFS	725,572			725,572
Movement in General Fund (creditor) / debtor	CFS	(318)			(318)
Balance at 31 March 2018	SoFP	74,315	129,271	12,498	216,084

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

NHS FIFE
CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYER'S EQUITY
(PRIOR YEAR)

		General Fund	Revaluation Reserve	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000
Balance at 31 March 2016		123,260	137,901	11,194	272,355
Changes in taxpayers' equity for 2016-17					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	9,873	1	9,874
Net gain / (loss) on revaluation of available for sale financial assets	10		0	1,375	1,375
Impairment of property, plant and equipment			(943)		(943)
Revaluation and impairments taken to operating costs	2a		944		944
Transfers between reserves		3,724	(3,724)		0
Other non cash costs [please specify]		231			231
Net operating cost for the year	CFS	(741,696)		(126)	(741,822)
Total recognised income and expense for 2016-17		(737,741)	6,150	1,250	(730,341)
Funding:					
Drawn down	CFS	718,063			718,063
Movement in General Fund (creditor) / debtor	CFS	342			342
Balance at 31 March 2017	SoFP	103,924	144,051	12,444	260,419

The Notes to the Accounts, numbered 1 to 24, 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 2017-18

We have reviewed the standards, amendments or interpretations effective for the first time in 2017-18 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 2017-18

There are no new standards, amendments or interpretations adopted early in 2017-18.

(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.

IFRS 9 - 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

IFRS 16 Leases was published by the International Accounting Standards Board in January 2016 and is applicable for accounting periods beginning on or after 1 January 2019. This means that for NHS Fife, the standard will be effective for the year ending 31 March 2020.

IFRS 16 will require leases to be recognised on the Statement of Financial Position as an asset which reflects the right to use the underlying asset, and a liability which represents the obligation to make lease payments. At the date of authorisation of these financial statements, IFRS 16 has not been adopted for use in the public sector, and has not been included in the FReM. As such it is not yet possible to quantify the impact of IFRS 16 accurately.

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 2017-18 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 24 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 Statement of Financial

Position valued at current insurance values. The Art Collection does not meet Heritage Asset classification and is therefore incorporated within Note 7 (a) 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 Statement of Financial Position 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 (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and 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 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 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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation 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 22 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

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 Statement of Financial Position 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 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, 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 Statement of Financial Position 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 Statement of Financial Position.

(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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date. These are classified as non-current liabilities. The Board’s other financial liabilities comprise trade and other payables in the Statement of Financial Position.

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 Statement of Financial Position 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 Note 3.

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 Statement of Financial Position. 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 23 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.

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

2. NOTES TO THE CASH FLOW STATEMENT

2a. Consolidated adjustments for non-cash transactions

2017			2018
£000		Note	£000
	Expenditure not paid in cash		
17,950	Depreciation	7a	18,078
122	Amortisation	6	94
102	Depreciation of donated assets	7a	93
1,839	Impairments on PPE charged to SoCNE		11,215
1	Net revaluation on PPE charged to SoCNE		0
(1,665)	Reversal of impairments on PPE charged to SoCNE		(2,655)
769	Loss on re-measurement of non-current assets held for sale	7b	4
(29)	Funding Of Donated Assets	7a	(19)
231	Movement in prescribing charge		31
19,320	Total expenditure not paid in cash	CFS	26,841

2b. Interest payable recognised in operating expenditure

2017			2018
£000			£000
	Interest payable		
14,504	PFI Finance lease charges allocated in the year	18a	14,330
709	Provisions - Unwinding of discount		(35)
15,213	Net interest payable	CFS	14,295

2c. Consolidated movements in working capital

2017 Net movement £000		Note	Opening balances £000	Closing balances £000	2018 Net movement £000
	INVENTORIES				
(43)	Statement of Financial Position	8	4,686	4,660	
(43)	Net decrease / (increase)				26
	TRADE AND OTHER RECEIVABLES				
(11,376)	Due within one year	9	39,082	18,083	
(25,298)	Due after more than one year	9	59,946	70,073	
(36,674)			99,028	88,156	
(36,674)	Net decrease / (increase)				10,872
	TRADE AND OTHER PAYABLES				
1,814	Due within one year	12	62,948	73,409	
(2,564)	Due after more than one year	12	174,296	171,545	
754	Less: property, plant & equipment (capital) included in above				
342	Less: General Fund creditor included in above	12	(224)	(542)	
2,390	Less: lease and PFI creditors included in above	12	(176,859)	(174,296)	
			60,161	70,116	
2,736	Net decrease / (increase)				9,955
	PROVISIONS				
51,322	Statement of Financial Position	13a	129,300	125,662	
			129,300	125,662	
51,322	Net decrease / (increase)				(3,638)
17,341	Net movement (decrease) / increase	CFS			17,215

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

3. OPERATING EXPENSES

3a. Staff costs

2017		2018	2018
Total		Board	Consolidated
£000		£000	£000
67,181	Medical and Dental	70,402	70,402
143,110	Nursing	146,954	146,954
110,940	Other Staff	112,548	112,548
321,231	Total	329,904	329,904

SoCNE

Further detail and analysis of employee costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3b. Other operating expenditure

2017		2018	2018
Total		Board	Consolidated
£000	Note	£000	£000
Independent Primary Care Services:			
48,115	General Medical Services	49,414	49,414
11,813	Pharmaceutical Services	11,959	11,959
22,241	General Dental Services	22,587	22,587
6,950	General Ophthalmic Services	7,072	7,072
89,119	Total	91,032	91,032
Drugs and medical supplies:			
77,625	Prescribed drugs Primary Care	74,228	74,228
31,169	Prescribed drugs Secondary Care	31,451	31,451
25,387	Medical Supplies	24,273	24,273
134,181	Total	129,952	129,952
Other health care expenditure			
394,900	Contribution to Integration Joint Boards	409,563	409,563
77,031	Goods and services from other NHSScotland bodies	79,354	79,354
1,329	Goods and services from other UK NHS bodies	1,507	1,507
2,146	Goods and services from private providers	3,417	3,417
3,304	Goods and services from voluntary organisations	2,293	2,293
18,860	Resource Transfer	19,258	19,258
	Loss on disposal of assets	9	9
171,217	Other operating expenses	142,568	142,568
171	External Auditor's remuneration - statutory audit fee	155	164
996	Endowment Fund expenditure	0	671
669,954	Total	658,124	658,804
893,254	Total Other Operating Expenditure	879,108	879,788

Further details of operating expenditure can be found in NHS Fife's 2017-18 Cost Book when published.

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. OPERATING INCOME

2017			2018	2018
Total			Board	Consolidated
£000		Note	£000	£000
313	Income from Scottish Government		275	275
21,597	Income from other NHS Scotland bodies		21,714	21,714
242	Income from NHS non-Scottish bodies		299	299
396,883	Income for services commissioned by Integration Joint Board		409,869	409,869
4,578	Patient charges for primary care		4,564	4,564
29	Donations		19	19
68	Profit on disposal of assets		171	171
39,076	Contributions in respect of clinical and medical negligence claims		2,118	2,118
Non NHS:				
45	Overseas patients (non-reciprocal)		21	21
866	Non-patient care income generation schemes		491	491
870	Endowment Fund Income		0	976
8,096	Other		8,186	8,186
472,663	Total Income	SoCNE	447,727	448,703

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. SEGMENTAL 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.

	Acute Services	Corporate	Community Service Divisions	FHS	Endowment	2018
	£000	£000	£000	£000	£000	£000
Net operating cost	189,357	200,090	202,429	169,409	(296)	760,989

PRIOR YEAR

	Hospital Services	Corporate	Community Service Divisions	FHS	Endowment	2017
	£000	£000	£000	£000	£000	£000
Net operating cost	179,830	203,615	187,683	170,568	126	741,822

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. INTANGIBLE ASSETS

6a. INTANGIBLE ASSETS (NON-CURRENT) - CONSOLIDATED

		Software Licences	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2017		746	746
Additions		94	94
At 31 March 2018		840	840
Amortisation			
At 1 April 2017		425	425
Provided during the year		94	94
At 31 March 2018		519	519
Net book value at 1 April 2017		321	321
Net book value at 31 March 2018	SoFP	321	321

**6a. INTANGIBLE ASSETS (NON-CURRENT) -
BOARD**

		Software Licences	Total
		£000	£000
Cost or Valuation:			
At 1 April 2017		746	746
Additions		94	94
At 31 March 2018		840	840
Amortisation			
At 1 April 2017		425	425
Provided during the year		94	94
At 31 March 2018		519	519
Net book value at 1 April 2017		321	321
Net book value at 31 March 2018	SoFP	321	321

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

6a. INTANGIBLE ASSETS (NON-CURRENT), cont. - CONSOLIDATED PRIOR YEAR

		Software Licences	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2016		677	677
Additions		69	69
At 31 March 2017		746	746
Amortisation			
At 1 April 2016		303	303
Provided during the year		122	122
At 31 March 2017		425	425
Net book value at 1 April 2016		374	374
Net book value at 31 March 2017	SoFP	321	321

6a. INTANGIBLE ASSETS (NON-CURRENT), cont. - BOARD PRIOR YEAR

		Software Licences	Total
		£000	£000
Cost or Valuation:			
At 1 April 2016		677	677
Additions		69	69
At 31 March 2017		746	746
Amortisation			
At 1 April 2016		303	303
Provided during the year		122	122
At 31 March 2017		425	425
Net book value at 1 April 2016		374	374
Net book value at 31 March 2017	SoFP	321	321

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construct ion	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2017	43,687	448,219	5,087	1,099	56,743	15,522	459	5,775	576,591
Additions - purchased	0	0	0	11	2,429	850	0	4,558	7,848
Additions - donated	0	0	0	0	19	0	0	0	19
Transfers between asset categories	0	3,701	0	0	85	3,343	0	(7,129)	0
Transfers (to) / from non-current assets held for sale	(213)	(73)	0	0	0	0	0	0	(286)
Revaluations	1,243	(22,054)	(111)	0	0	0	3	0	(20,919)
Impairment charges	(1)	(14,640)	0	0	0	0	0	0	(14,641)
Impairment reversals	1	2,679	0	0	0	0	0	0	2,680
Disposals - purchased	0	0	0	(99)	(1,338)	0	0	0	(1,437)
Disposals - donated	0	0	0	0	(12)	0	0	0	(12)
At 31 March 2018	44,717	417,832	4,976	1,011	57,926	19,715	462	3,204	549,843
Depreciation									
At 1 April 2017	0	17,859	380	934	41,127	10,182	347	0	70,829
Provided during the year - purchased	0	12,850	220	70	3,009	1,929	0	0	18,078
Provided during the year - donated	0	72	0	0	21	0	0	0	93

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED (CONT)

Revaluations		0	(12,514)	(19)	0	0	0	0	0	(12,533)
Impairment charges		0	(3,426)	0	0	0	0	0	0	(3,426)
Impairment reversals		0	25	0	0	0	0	0	0	25
Disposals - purchased		0	0	0	(99)	(1,328)	0	0	0	(1,427)
Disposals - donated		0	0	0	0	(12)	0	0	0	(12)
At 31 March 2018		0	14,866	581	905	42,817	12,111	347	0	71,627
Net book value at 1 April 2017		43,687	430,360	4,707	165	15,616	5,340	112	5,775	505,762
Net book value at 31 March 2018	SoFP	44,717	402,966	4,395	106	15,109	7,604	115	3,204	478,216
Asset financing:										
Owned - purchased		44,717	199,447	4,395	106	14,760	7,604	0	3,204	274,233
Owned - donated		0	1,760	0	0	96	0	115	0	1,971
On-balance sheet PFI contracts		0	201,759	0	0	253	0	0	0	202,012
Net book value at 31 March 2018	SoFP	44,717	402,966	4,395	106	15,109	7,604	115	3,204	478,216

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2017	43,687	448,219	5,087	1,099	56,743	15,522	347	5,775	576,479
Additions - purchased	0	0	0	11	2,429	850	0	4,558	7,848
Additions - donated	0	0	0	0	19	0	0	0	19
Transfers between asset categories	0	3,701	0	0	85	3,343	0	(7,129)	0
Transfers (to) / from non-current assets held for sale	(213)	(73)	0	0	0	0	0	0	(286)
Revaluations	1,243	(22,054)	(111)	0	0	0	0	0	(20,922)
Impairment charges	(1)	(14,640)	0	0	0	0	0	0	(14,641)
Impairment reversals	1	2,679	0	0	0	0	0	0	2,680
Disposals - purchased	0	0	0	(99)	(1,338)	0	0	0	(1,437)
Disposals - donated	0	0	0	0	(12)	0	0	0	(12)
At 31 March 2018	44,717	417,832	4,976	1,011	57,926	19,715	347	3,204	549,728
Depreciation									
At 1 April 2017	0	17,859	380	934	41,127	10,182	347	0	70,829
Provided during the year - purchased	0	12,850	220	70	3,009	1,929	0	0	18,078
Provided during the year - donated	0	72	0	0	21	0	0	0	93
Revaluations	0	(12,514)	(19)	0	0	0	0	0	(12,533)
Impairment charges	0	(3,426)	0	0	0	0	0	0	(3,426)
Impairment reversals	0	25	0	0	0	0	0	0	25
Disposals - purchased	0	0	0	(99)	(1,328)	0	0	0	(1,427)
Disposals - donated	0	0	0	0	(12)	0	0	0	(12)
At 31 March 2018	0	14,866	581	905	42,817	12,111	347	0	71,627

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD (CONT)

Net book value at 1 April 2017		43,687	430,360	4,707	165	15,616	5,340	0	5,775	505,650
Net book value at 31 March 2018	SoFP	44,717	402,966	4,395	106	15,109	7,604	0	3,204	478,101
Asset financing:										
Owned - purchased		44,717	199,447	4,395	106	14,760	7,604	0	3,204	274,233
Owned - donated		0	1,760	0	0	96	0	0	0	1,856
On-balance sheet PFI contracts		0	201,759	0	0	253	0	0	0	202,012
Net book value at 31 March 2018	SoFP	44,717	402,966	4,395	106	15,109	7,604	0	3,204	478,101

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2016	43,994	435,325	4,997	1,199	56,811	13,639	458	7,772	564,195
Additions - purchased	0	0	0	0	1,921	1,170	0	7,596	10,687
Additions - donated	0	0	0	0	29	0	0	0	29
Completions	0	8,150	0	0	531	912	0	(9,593)	0
Transfers (to) / from non-current assets held for sale	(84)	(412)	0	0	0	0	0	0	(496)
Revaluations	(204)	5,689	90	0	0	0	1	0	5,576
Impairment charges	(19)	(2,311)	0	0	0	0	0	0	(2,330)
Impairment reversals	0	1,778	0	0	0	0	0	0	1,778
Disposals - purchased	0	0	0	(100)	(2,483)	(199)	0	0	(2,782)
Disposals - donated	0	0	0	0	(66)	0	0	0	(66)
At 31 March 2017	43,687	448,219	5,087	1,099	56,743	15,522	459	5,775	576,591
Depreciation									
At 1 April 2016	0	9,665	230	953	40,223	8,846	343	0	60,260
Provided during the year - purchased	0	12,754	202	81	3,412	1,497	4	0	17,950
Provided during the year - donated	0	72	0	0	30	0	0	0	102
Transfers (to) / from non-current assets held for sale	0	(9)	0	0	0	0	0	0	(9)
Revaluations	0	(4,245)	(52)	0	0	0	0	0	(4,297)
Impairment charges	0	(491)	0	0	0	0	0	0	(491)
Impairment reversals	0	113	0	0	0	0	0	0	113

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED PRIOR YEAR (CONT)

Disposals - purchased	0	0	0	(100)	(2,473)	(161)	0	0	(2,734)
Disposals - donated	0	0	0	0	(65)	0	0	0	(65)
At 31 March 2017	0	17,859	380	934	41,127	10,182	347	0	70,829
Net book value at 1 April 2016	43,994	425,660	4,767	246	16,588	4,793	115	7,772	503,935
Net book value at 31 March 2017	SoFP 43,687	430,360	4,707	165	15,616	5,340	112	5,775	505,762
Open Market Value of Land in Land and Dwellings Included Above	90		0						
Asset financing:									
Owned - purchased	43,687	218,386	4,707	165	15,123	5,340	0	5,776	293,184
Owned - donated	0	1,921	0	0	98	0	112	0	2,131
On-balance sheet PFI contracts	0	210,053	0	0	395	0	0	(1)	210,447
Net book value at 31 March 2017	SoFP 43,687	430,360	4,707	165	15,616	5,340	112	5,775	505,762

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD PRIOR YEAR

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2016	43,994	435,325	4,997	1,199	56,811	13,639	347	7,772	564,084
Additions - purchased	0	0	0	0	1,921	1,170	0	7,596	10,687
Additions - donated	0	0	0	0	29	0	0	0	29
Completions	0	8,150	0	0	531	912	0	(9,593)	0
Transfers (to) / from non-current assets held for sale	(84)	(412)	0	0	0	0	0	0	(496)
Revaluations	(204)	5,689	90	0	0	0	0	0	5,575
Impairment charges	(19)	(2,311)	0	0	0	0	0	0	(2,330)
Impairment reversals	0	1,778	0	0	0	0	0	0	1,778
Disposals - purchased	0	0	0	(100)	(2,483)	(199)	0	0	(2,782)
Disposals - donated	0	0	0	0	(66)	0	0	0	(66)
At 31 March 2017	43,687	448,219	5,087	1,099	56,743	15,522	347	5,775	576,479
Depreciation									
At 1 April 2016	0	9,665	230	953	40,223	8,846	343	0	60,260
Provided during the year - purchased	0	12,754	202	81	3,412	1,497	4	0	17,950
Provided during the year - donated	0	72	0	0	30	0	0	0	102
Transfers (to) / from non-current assets held for sale	0	(9)	0	0	0	0	0	0	(9)
Revaluations	0	(4,245)	(52)	0	0	0	0	0	(4,297)
Impairment charges	0	(491)	0	0	0	0	0	0	(491)
Impairment reversals	0	113	0	0	0	0	0	0	113
Disposals - purchased	0	0	0	(100)	(2,473)	(161)	0	0	(2,734)
Disposals - donated	0	0	0	0	(65)	0	0	0	(65)
At 31 March 2017	0	17,859	380	934	41,127	10,182	347	0	70,829

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD PRIOR YEAR (CONT)

Net book value at 1 April 2016		43,994	425,660	4,767	246	16,588	4,793	4	7,772	503,824
Net book value at 31 March 2017	SoFP	43,687	430,360	4,707	165	15,616	5,340	0	5,775	505,650
Open Market Value of Land in Land and Dwellings Included Above		90		0						
Asset financing:										
Owned - purchased		43,687	218,386	4,707	165	15,123	5,340	0	5,776	293,184
Owned - donated		0	1,921	0	0	98	0	0	0	2,019
On-balance sheet PFI contracts		0	210,053	0	0	395	0	0	(1)	210,447
Net book value at 31 March 2017	SoFP	43,687	430,360	4,707	165	15,616	5,340	0	5,775	505,650

During 2017/18 the Board sold Barrie Street, Lynebank Land (South plot), Townhill Hospital, Abbeyview Clinic, Carnegie Clinic and a small plot of land at Stratheden Hospital. At 31 March 2018, the Board held Hayfield Clinic, Forth Park Maternity Hospital, Lynebank Land (North plot), Fair Isle Clinic and a plot of land at Stratheden 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 2017/18 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 2017/18, the Board has had 100% of land and 64.89% of buildings revalued by the VOA.

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

7b. ASSETS HELD FOR SALE

		Property, Plant & Equipment	Total
ASSETS HELD FOR SALE - CONSOLIDATED	Note	£000	£000
At 1 April 2017		4,531	4,531
Transfers from property, plant and equipment		286	286
Gain or losses recognised on re-measurement of non-current assets held for sale		(4)	(4)
Disposals of non-current assets held for sale		(2,430)	(2,430)
At 31 March 2018	SoFP	2,383	2,383

		Property, Plant & Equipment	Total
ASSETS HELD FOR SALE - BOARD		£000	£000
At 1 April 2017		4,531	4,531
Transfers from property, plant and equipment		286	286
Gain or losses recognised on re-measurement of non-current assets held for sale		(4)	(4)
Disposals of non-current assets held for sale		(2,430)	(2,430)
At 31 March 2018	SoFP	2,383	2,383

7b. ASSETS HELD FOR SALE (PRIOR YEAR)

	Property, Plant & Equipment	Total
CONSOLIDATED	£000	£000
At 1 April 2016	5,304	5,304
Transfers from property, plant and equipment	487	487
Gain or losses recognised on re-measurement of non-current assets held for sale	(769)	(769)
Disposals of non-current assets held for sale	(491)	(491)
At 31 March 2017	SoFP 4,531	4,531

	Property, Plant & Equipment	Total
BOARD	£000	£000
At 1 April 2016	5,304	5,304
Transfers from property, plant and equipment	487	487
Gain or losses recognised on re-measurement of non-current assets held for sale	(769)	(769)
Disposals of non-current assets held for sale	(491)	(491)
At 31 March 2017	SoFP 4,531	4,531

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated	Board		Consolidated	Board
2017	2017		2018	2018
£000	£000		£000	£000
		Net book value of property, plant and equipment at 31 March		
503,632	503,632	Purchased	476,246	476,246
2,130	2,018	Donated	1,970	1,855
505,762	505,650	Total	478,216	478,101
90	90	Net book value related to land valued at open market value at 31 March	0	0
2,245	2,245	Net book value related to buildings valued at open market value at 31 March	2,145	2,145
		Total value of assets held under:		
210,447	210,447	PFI and PPP Contracts	202,012	202,012
210,447	210,447		202,012	202,012
		Total depreciation charged in respect of assets held under:		
6,856	6,856	PFI and PPP contracts	5,117	5,117
6,856	6,856		5,117	5,117

All land and 64.89% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2018 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £8.389m (2016-17: an increase of £9.873m) which was credited to the revaluation reserve. Impairment of £8.563m (2016-17: £0.942m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

7d. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated	Board			Consolidated	Board
2017	2017			2018	2018
£000	£000		Note	£000	£000
		Expenditure			
69	69	Acquisition of intangible assets	6	94	94
10,687	10,687	Acquisition of property, plant and equipment	7a	7,848	7,848
29	29	Donated asset additions	7a	19	19
10,785	10,785	Gross Capital Expenditure		7,961	7,961
		Income			
48	48	Net book value of disposal of property, plant and equipment	7a	10	10
1	1	Net book value of disposal of donated assets	7a	0	0
491	491	Value of disposal of non-current assets held for sale	7b	2,430	2,430
29	29	Donated asset income		19	19
569	569	Capital Income		2,459	2,459
10,216	10,216	Net Capital Expenditure		5,502	5,502
		SUMMARY OF CAPITAL RESOURCE OUTTURN			
10,216	10,216	Core capital expenditure included above		5,502	5,502
10,218	10,218	Core Capital Resource Limit		5,504	5,504
2	2	Saving / (excess) against Core Capital Resource Limit		2	2
10,216	10,216	Total capital expenditure		5,502	5,502
10,218	10,218	Total Capital Resource Limit		5,504	5,504
2	2	Saving / (excess) against Total Capital Resource Limit		2	2

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

8. INVENTORIES

Consolidated	Board			Consolidated	Board
2017	2017			2018	2018
£000	£000		Note	£000	£000
4,686	4,686	Raw materials and consumables		4,660	4,660
4,686	4,686	Total inventories	SoFP	4,660	4,660

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

9. TRADE AND OTHER RECEIVABLES

Consolidated	Board			Consolidated	Board
2017	2017			2018	2018
£000	£000		Note	£000	£000
Receivables due within one year					
NHSScotland					
20	20	Scottish Government Health & Social Care Directorate		431	431
1,620	1,620	Boards		1,248	1,248
1,640	1,640	Total NHSScotland Receivables		1,679	1,679
58	58	NHS non-Scottish bodies		79	79
1,245	1,245	VAT recoverable		1,259	1,259
8,647	8,647	Prepayments		7,784	7,784
1,674	1,674	Accrued income		1,772	1,772
1,051	1,098	Other receivables		794	813
22,395	22,395	Reimbursement of provisions		3,980	3,980
2,372	2,372	Other public sector bodies		736	736
39,082	39,129	Total Receivables due within one year	SoFP	18,083	18,102
Receivables due after more than one year					
334	334	Prepayments		335	335
0	0	Accrued income		703	703
21	21	Other receivables		21	21
59,591	59,591	Reimbursement of provisions		69,014	69,014
59,946	59,946	Total Receivables due after more than one year	SoFP	70,073	70,073
99,028	99,075	TOTAL RECEIVABLES		88,156	88,175
15	15	The total receivables figure above includes a provision for impairments of :		172	172

		WGA Classification		
1,620	1,620	NHS Scotland	1,248	1,248
1,253	1,253	Central Government bodies	1,706	1,706
2,361	2,361	Whole of Government bodies	720	720
58	58	Balances with NHS bodies in England and Wales	79	79
93,736	93,783	Balances with bodies external to Government	84,403	84,422
99,028	99,075	Total	88,156	88,175

2017	2017		2018	2018
£000	£000	Movements on the provision for impairment of receivables are as follows:	£000	£000
10	10	At 1 April	15	15
10	10	Provision for impairment	172	172
(4)	(4)	Receivables written off during the year as uncollectable	(10)	(10)
(1)	(1)	Unused amounts reversed	(5)	(5)
15	15	At 31 March	172	172

As of 31 March 2018, receivables with a carrying value of £172k (2017: £15k) were impaired and provided for. The ageing of these receivables is as follows:

2017	2017		2018	2018
£000	£000		£000	£000
0	0	3 to 6 months past due	0	0
15	15	Over 6 months past due	172	172
15	15		172	172

The receivables assessed as individually impaired were mainly RTA income from CRU, English, Welsh and Irish NHS Trusts/ Health Authorities, other Health Bodies, overseas patients, research companies and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2018, receivables with a carrying value of £755k (2017: £686k) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2017	2017		2018	2018
£000	£000		£000	£000
446	446	Up to 3 months past due	357	357
89	89	3 to 6 months past due	173	173
151	151	Over 6 months past due	225	225
686	686		755	755

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.

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.

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.

Receivables that are neither past due nor impaired are shown by their credit risk below:

2017	2017		2018	2018
£000	£000		£000	£000
1,784	1,784	Existing customers with no defaults in the past	1,532	1,532
1,784	1,784	Total neither past due or impaired	1,532	1,532

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.

2017	2017		2018	2018
£000	£000	The carrying amount of receivables are denominated in the following currencies:	£000	£000
99,028	99,075	Pounds	88,156	88,175
99,028	99,075		88,156	88,175

All non-current receivables are due within 2 years (2016-17: 2 years) from the Statement of Financial Position date.

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

The fair value of long term other receivables is £335k (2016-17: £348k).

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

10. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated	Board		Consolidated	Board
2017	2017		2018	2018
£000	£000		£000	£000
718	0	Government securities	729	0
11,435	0	Other	11,358	0
12,153	0	TOTAL	12,087	0
10,616	0	At 1 April	12,153	0
1,235	0	Additions	1,141	0
(1,073)	0	Disposals	(962)	0
1,375	0	Revaluation surplus / (deficit) transferred to equity	(245)	0
12,153	0	At 31 March	12,087	0
12,153	0	Non-current	12,087	0
12,153	0	At 31 March	12,087	0

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

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

11. CASH AND CASH EQUIVALENTS

	Note	2018 £000	2017 £000
Balance at 1 April		482	1,103
Net change in cash and cash equivalent balances	CFS	395	(621)
Balance at 31 March	SoFP	877	482
Total Cash - Cash Flow Statement		877	482
The following balances at 31 March were held at:			
Government Banking Service		414	152
Commercial banks and cash in hand		128	72
Endowment cash		335	258
Balance at 31 March		877	482

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

12. TRADE AND OTHER PAYABLES

Consolidated	Board		Consolidated	Board
2017	2017		2018	2018
£000	£000		£000	£000
		Payables due within one year		
		NHSScotland		
190	190	Scottish Government Health & Social Care Directorate	403	403
4,472	4,472	Boards	12,431	12,431
4,662	4,662	Total NHSScotland Payables	12,834	12,834
1,156	1,156	NHS Non-Scottish bodies	1,372	1,372
224	224	Amounts payable to General Fund	542	542
18,212	18,212	FHS practitioners	17,673	17,673
5,894	5,862	Trade payables	1,496	1,476
13,916	13,916	Accruals	20,546	20,546
699	699	Deferred income	1,143	1,143
1,357	1,357	Payments received on account	1,602	1,602
2,563	2,563	Net obligations under PPP / PFI Contracts	2,751	2,751
6,240	6,240	Income tax and social security	6,637	6,637
4,656	4,656	Superannuation	4,718	4,718
1,453	1,453	Holiday pay accrual	1,313	1,313
1,916	1,916	Other public sector bodies	782	782
62,948	62,916	Total Payables due within one year	73,409	73,389
		Payables due after more than one year		
2,751	2,751	Net obligations under PPP / PFI contracts due within 2 years	2,954	2,954
9,541	9,541	Net obligations under PPP / PFI contracts due after 2 years but within 5 years	10,256	10,256
162,004	162,004	Net obligations under PPP / PFI contracts due after 5 years	158,335	158,335
174,296	174,296	Total Payables due after more than one year	171,545	171,545
237,244	237,212	TOTAL PAYABLES	244,954	244,934
		WGA Classification		
4,472	4,472	NHS Scotland	12,431	12,431
11,074	11,074	Central Government bodies	11,745	11,745
1,916	1,916	Whole of Government bodies	782	782
1,156	1,156	Balances with NHS bodies in England and Wales	1,372	1,372
218,626	218,594	Balances with bodies external to Government	218,624	218,604
237,244	237,212	Total	244,954	244,934

2017 £000	2017 £000	Borrowings included above comprise:	2018 £000	2018 £000
176,859	176,859	PFI contracts	174,296	174,296
176,859	176,859		174,296	174,296
2017 £000	2017 £000	The carrying amount and fair value of the non-current borrowings are as follows	2018 £000	2018 £000
174,296	174,296	Carrying amount	171,545	171,545
174,296	174,296	PFI contracts	171,545	171,545
2017 Fair value £000	2017 Fair value £000	The carrying amount and fair value of the non-current borrowings are as follows	2018 Fair value £000	2018 Fair value £000
174,296	174,296	Fair value	171,545	171,545
174,296	174,296	PFI contracts	171,545	171,545
2017 £000	2017 £000	The carrying amount of short term payables approximates their fair value.	2018 £000	2018 £000
237,244	237,212	The carrying amount of payables are denominated in the following currencies:	244,954	244,934
237,244	237,212	Pounds	244,954	244,934

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2018 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2017	8,602	83,247	37,421	30	129,300
Arising during the year	1,981	3,872	8,533	0	14,386
Utilised during the year	(661)	(3,450)	(1,573)	0	(5,684)
Unwinding of discount	125	0	(160)	0	(35)
Reversed unutilised	(58)	(9,108)	(3,139)	0	(12,305)
At 31 March 2018	9,989	74,561	41,082	30	125,662

Analysis of expected timing of discounted flows to 31 March 2018

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2018 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	695	4,057	6,292	0	11,044
Payable between 2 - 5 years	2,777	55,724	24,604	0	83,105
Payable between 6 - 10 years	3,129	599	881	0	4,609
Thereafter	3,388	14,181	9,305	30	26,904
At 31 March 2018	9,989	74,561	41,082	30	125,662

13a. PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	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	0	66,894
Utilised during the year	(671)	(3,478)	(1,201)	0	(5,350)
Unwinding of discount	727	0	(18)	0	709
Reversed unutilised	(180)	(7,769)	(2,982)	0	(10,931)
At 31 March 2017	8,602	83,247	37,421	30	129,300

Analysis of expected timing of discounted flows to 31 March 2017

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2017 TOTAL
	£000	£000	£000	£000	£000
Payable in one year	860	22,739	7,934	0	31,533
Payable between 2 - 5 years	3,440	55,119	17,204	30	75,793
Payable between 6 - 10 years	4,302	480	823	0	5,605
Thereafter	0	4,909	11,460	0	16,369
At 31 March 2017	8,602	83,247	37,421	30	129,300

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 circumstances. The Board provides for this in full by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.1% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 35 years.

Clinical & Medical Legal Claims against NHS Board

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 13b.

EC Carbon Emissions

No EC Carbon Emissions Provision in year.

Other (non-endowment)

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

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

13b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2017		Note	2018
£000			£000
83,247	Provision recognising individual claims against the NHS Board as at 31 March	13a	74,561
(81,986)	Associated CNORIS receivable at 31 March	9	(72,994)
37,421	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	41,082
38,682	Net Total Provision relating to CNORIS at 31 March 2018		42,649

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>

NHS FIFE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

14. CONTINGENT LIABILITIES

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

2017		2018
£000		£000
	Nature	
18,759	Clinical and medical compensation payments	18,980
18,759	TOTAL CONTINGENT LIABILITIES	18,980
	CONTINGENT ASSETS	
17,910	Clinical and medical compensation payments	17,953
17,910		17,953

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. EVENTS AFTER THE END OF THE REPORTING YEAR

Events after the end of the reporting period having a material effect on the accounts are:

There were no post balance sheet events

16. COMMITMENTS

2017		Property, plant and equipment 2018
£000		£000
	Contracted	
	Catering VHK	46
	Staff Club VHK	25
	Lifts QMH	159
	Lynebank Tayview Ward	72
	Orthodontic Works VHK	14
	Wards 5 & 6 QMH	25
350	Stratheden IPCU	0
115	Autoclaves	0
465	Total	341
	Authorised but not Contracted	
2,011	Equipment	2,126
3,877	Other Projects	3,896
1,041	Information Technology	1,041
126	Vehicles	
7,055	Total	7,063

Other Financial Commitments

The Board has no other financial commitments

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

17. COMMITMENTS UNDER LEASES

Operating Leases

Total future minimum lease payments under operating leases are given in the table below for the each of the following periods:

Obligations under operating leases comprise:

2017		2018
£000		£000
	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	5
	Buildings	
4	Not later than one year	42
0	Later than one year, not later than 2 years	4
	Other	
2,653	Not later than one year	2,765
2,312	Later than one year, not later than 2 years	2,429
4,396	Later than two year, not later than five years	4,432
	Amounts charged to Operating Costs in the year were:	
3,055	Hire of equipment (including vehicles)	2,950
50	Other operating leases	50
3,105	Total	3,000

NHS FIFE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

18a. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet

The Board has entered into the following on-balance sheet PFI projects.

St Andrew's 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.

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 / Hub contracts for the following periods comprises:

2017		St Andrews	Victoria	2018 TOTAL	
£000	Gross Minimum Lease Payments	£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	
334,348	Due after 5 years	29,868	287,587	317,455	
418,814	Total	38,653	363,268	401,921	
	Less Interest Element				
(14,330)	Rentals due within 1 year	(961)	(13,181)	(14,142)	
(14,142)	Due within 1 to 2 years	(932)	(13,007)	(13,939)	
(41,139)	Due within 2 to 5 years	(2,609)	(37,815)	(40,424)	
(172,344)	Due after 5 years	(7,924)	(151,196)	(159,120)	
(241,955)	Total	(12,426)	(215,199)	(227,625)	
	Present value of minimum lease payments	Note			
2,563	Rentals due within 1 year	12	796	1,955	2,751
2,751	Due within 1 to 2 years	12	825	2,129	2,954
9,541	Due within 2 to 5 years	12	2,662	7,594	10,256
162,004	Due after 5 years	12	21,944	136,391	158,335
176,859	Total		26,227	148,069	174,296

2017	Service elements due in future periods		St Andrews	Victoria	2018 TOTAL
£000			£000	£000	£000
5,146	Rentals due within 1 year		835	4,721	5,556
5,458	Due within 1 to 2 years		757	4,913	5,670
17,592	Due within 2 to 5 years		2,604	16,869	19,473
191,345	Due after 5 years		26,532	141,078	167,610
219,541	Total		30,728	167,581	198,309
396,400	Total commitments		56,955	315,650	372,605
	Amounts charged to the SOCNE				
14,504	Interest charges	2			14,330
	Service charges				5,184
3,453	Other charges				3,985
17,957	Total				23,499
3,453	Contingent rents (included in Other Charges)				3,985

NHS Fife currently has commitments for two 30 year hard facilities management PFI Contracts: St Andrews Community Hospital (31st July 2009 to 30th July 2039) and Victoria Hospital Phase 3 (28th October 2011 to 27th October 2041). They are held as non current assets in the Board's Accounts with the Board liable to pay for the properties as, in substance, finance leases as detailed above. At the relevant contract termination dates, the buildings are handed over to the Board who then assume responsibility for the ongoing maintenance.

The buildings were built and financed by a concession company: Projco for St Andrews and Consort Healthcare for Victoria Hospital Phase 3. NHS Fife pays a fixed monthly Unitary Payment to the concession company who employ a service company to ensure the buildings are maintained to an agreed level of service specifications. This Unitary Payment is subject to annual inflation in line with the February level for the Retail Prices Index unless changes made to the contract. To date any changes to these contracts have been minimal in value. In the event that the standard of service falls below the agreed levels, the Board is entitled to make deductions from the Unitary Payment. The Board maintains the right to request the re-financing of these contracts but, as this involves significant cost to undertake, this is entirely dependent on the state of the world money markets. To date, the Board has not requested re-financing for either contract.

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. PENSION COSTS

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 2017-18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) 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 2015 and join the 2015 scheme at a later date.

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

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk.

National Employment Savings Trust (NEST)

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st March 2013	1%	1%	2%
1st October 2018	3%	2%	5%
1st October 2019	5%	3%	8%

	2018	2017
	£'000	£'000
Pension cost charge for the year	34,787	34,333
Additional costs arising from early retirement	329	290
Provisions / liabilities / prepayments included in the Statement of Financial Position	3,012	2,982

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. PRESENTATION OF THE STATEMENT OF CONSOLIDATED NET EXPENDITURE

The presentation of the Statement of Comprehensive Net Expenditure has been changed following a review of our financial statements in order to provide information which better reflects the activities of NHS Fife. The comparative information in respect of 2016-17 has been presented in the new format in the SoCNE.

Changes to the presentation of the SoCNE affect expenditure and income categories. Staff costs and expenditure on drugs and medical supplies have been removed from previous expenditure categories and are now shown on the face of the SoCNE. This provides greater transparency over the nature of NHS Fife's expenditure. Further information on the composition of expenditure categories is disclosed in Note 3.

Income is now shown as a single figure. Further details are disclosed in Note 4.

2016-17 expenditure as published	2017
Hospital and Community	973,195
Family Health	172,701
Administration Costs	2,806
Other Non-Clinical Services	65,783
Gross expenditure for the year	1,214,485

2016-17 expenditure conforming to the new presentation	2017
Staff Costs	321,231
Other expenditure	
Independent Primary Care Services	89,119
Drugs and medical supplies	134,181
Other health care expenditure	669,954
Gross expenditure for the year	1,214,485

Movement in gross expenditure for the year	0
---	----------

2016-17 income as published	2017
Hospital and Community Income	424,366
Family Health Income	4,578
Administration Income	0
Other Operating Income	43,719
Gross income for the year	472,663

2016-17 income conforming to the new presentation	2017
Operating income	472,663
Gross income for the year	472,663

Movement in gross income for the year	0
--	----------

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. FINANCIAL INSTRUMENTS

21a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

		Loans and Receivables	Available for sale	Total
CONSOLIDATED	Note	£000	£000	£000
AS AT 31 MARCH 2018				
Assets per Statement of Financial Position				
Investments	10		12,087	12,087
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,105		4,105
Cash and cash equivalents	SOFP	877		877
	-	4,982	12,087	17,069

BOARD

AS AT 31 MARCH 2018

Assets per Statement of Financial Position

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,124		4,124
Cash and cash equivalents	SOFP	542		542
	-	4,666	0	4,666

		Loans and Receivables	Available for sale	Total
CONSOLIDATED (Prior Year)	Note	£000	£000	£000
At 31 March 2017				
Assets per Statement of Financial Position				
Investments	10		12,153	12,153
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	5,176		5,176
Cash and cash equivalents	SOFP	482		482
	-	5,658	12,153	17,811

BOARD (Prior Year)

At 31 March 2017

Assets per Statement of Financial Position

Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	5,223		5,223
Cash and cash equivalents	SOFP	224		224
	-	5,447	0	5,447

21a. FINANCIAL INSTRUMENTS (CONT.)

Financial Liabilities

		Other financial liabilities	Total
		£000	£000
CONSOLIDATED			
AS AT 31 MARCH 2018			
Liabilities per Statement of Financial Position			
PFI Liabilities	12	174,296	174,296
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	45,326	45,326
		219,622	219,622
BOARD			
AS AT 31 MARCH 2018			
Liabilities per Statement of Financial Position			
PFI Liabilities	12	174,296	174,296
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	45,306	45,306
		219,602	219,602
CONSOLIDATED (Prior Year)			
At 31 March 2017			
Liabilities per Statement of Financial Position			
PFI Liabilities	12	176,859	176,859
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	44,128	44,128
		220,987	220,987
BOARD (Prior Year)			
At 31 March 2017			
Liabilities per Statement of Financial Position			
PFI Liabilities	12	176,859	176,859
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	44,096	44,096
		220,955	220,955

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

21. FINANCIAL INSTRUMENTS, cont.

21b. 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.

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 Statement of Financial Position date 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
AS AT 31 MARCH 2018	£000	£000	£000	£000
PFI Liabilities	16,893	16,893	50,680	317,455
Trade and other payables excluding statutory liabilities	45,326			
Total	62,219	16,893	50,680	317,455
	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	0	0	0
Total	61,022	16,893	50,680	334,348

21b. FINANCIAL RISK FACTORS (CONT)

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.

21c. 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.

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

22. RELATED PARTY TRANSACTIONS

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. Consolidation will be applied for the 2017-18 annual accounts according to the equity method of accounting under IAS 28 - Investments in Associates and Joint Ventures.

Fife Integration Joint Board is classified as a related party and the following Board members were also members of the Integration Joint Board:

- Mr S Little
- Mrs W Brown
- Mr M Black
- Mr E Clarke
- Dr F Elliot
- Mrs H Wright
- Mrs C Cooper
- Mrs M Wells (since January 2018)
- Ms M Adams (until December 2017)

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 2017-18:

Income £409.869 million

Expenditure £409.563 million.

East Central Hub Territory

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 Statement of Financial Position is a debtor which has been passed to the Hub company for £21k.

NHS Fife Endowment Fund

The Board has endowment funds managed by Trustees who are also directors of the Board. In accordance with IFRS 10 – Consolidated Financial Statements the Board incorporates the NHS Fife Endowment Fund within the primary statements and notes to the accounts.

Details of Endowment Fund figures included in the Group Accounts are available in Note 24.

NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018

23. 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.

	2017	Gross Inflows	Gross Outflows	2018
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	465	411	(477)	398
Total Monetary Assets	465	411	(477)	398

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

24a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group			Board	Endowment	Intra Group adjustment	Consolidated
2017			2018	2018	2018	2018
£000		Note	£000	£000	£000	£000
Total income and expenditure						
321,231	Staff costs	3	329,904			329,904
	Other operating expenditure	3				
89,119	Independent Primary Care Services		91,032			91,032
134,181	Drugs and medical supplies		129,952			129,952
669,954	Other health care expenditure		658,124	680		658,804
1,214,485	Gross expenditure for the year		1,209,012	680	0	1,209,692
(472,663)	Less: operating income	4	(447,727)	(976)		(448,703)
741,822	Net Expenditure		761,285	(296)	0	760,989

The Fife Integrated Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2017/18 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated 2017 £000		Note	Board 2018 £000	Endowment 2018 £000	Intra Group adjustment 2018 £000	Consolidated 2018 £000
	Non-current assets:					
505,762	Property, plant and equipment	SoFP	478,101	115		478,216
321	Intangible assets	SoFP	321	0		321
	Financial assets:					
12,153	Available for sale financial assets	SoFP	0	12,087		12,087
59,946	Trade and other receivables	SoFP	70,073	0		70,073
578,182	Total non-current assets		548,495	12,202	0	560,697
	Current Assets:					
4,686	Inventories	SoFP	4,660	0		4,660
	Financial assets:					
39,082	Trade and other receivables	SoFP	18,102	15	(34)	18,083
482	Cash and cash equivalents	SoFP	542	335		877
4,531	Assets classified as held for sale	SoFP	2,383	0		2,383
48,781	Total current assets		25,687	350	(34)	26,003
626,963	Total assets		574,182	12,552	(34)	586,700
	Current liabilities					
(31,533)	Provisions	SoFP	(11,044)	0	0	(11,044)
	Financial liabilities:					
(62,948)	Trade and other payables	SoFP	(73,389)	(54)	34	(73,409)
(94,481)	Total current liabilities		(84,433)	(54)	34	(84,453)
532,482	Non-current assets plus / less net current assets/liabilities		489,749	12,498	0	502,247
	Non-current liabilities					
(97,767)	Provisions	SoFP	(114,618)	0		(114,618)
	Financial liabilities:					
(174,296)	Trade and other payables	SoFP	(171,545)	0		(171,545)
(272,063)	Total non-current liabilities		(286,163)	0	0	(286,163)
260,419	Assets less liabilities		203,586	12,498	0	216,084

Taxpayers' Equity						
103,924	General fund	SoFP	74,315	0		74,315
144,051	Revaluation reserve	SoFP	129,271	0		129,271
12,444	Funds Held on Trust	SoFP	0	12,498		12,498
260,419	Total taxpayers' equity		203,586	12,498	0	216,084

The Fife Integrated Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2017/18 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

**NHS FIFE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION - PRIOR YEAR

		Board 2017 £000	Endowment 2017 £000	Intra Group adjustment 2017 £000	Consolidated 2017 £000
Non-current assets:					
Property, plant and equipment	SoFP	505,650	112		505,762
Intangible assets	SoFP	321	0		321
Financial assets:					
Available for sale financial assets	SoFP	0	12,153		12,153
Trade and other receivables	SoFP	59,946	0		59,946
Total non-current assets		565,917	12,265	0	578,182
Current Assets:					
Inventories	SoFP	4,686	0		4,686
Financial assets:					
Trade and other receivables	SoFP	39,129	4	(51)	39,082
Cash and cash equivalents	SoFP	224	258		482
Assets classified as held for sale	SoFP	4,531	0		4,531
Total current assets		48,570	262	(51)	48,781
Total assets		614,487	12,527	(51)	626,963
Current liabilities					
Provisions	SoFP	(31,533)	0		(31,533)
Financial liabilities:					
Trade and other payables	SoFP	(62,916)	(83)	51	(62,948)
Total current liabilities		(94,449)	(83)	51	(94,481)
Non-current assets plus / less net current assets/liabilities		520,038	12,444	0	532,482
Non-current liabilities					
Provisions	SoFP	(97,767)	0		(97,767)
Financial liabilities:					
Trade and other payables	SoFP	(174,296)	0		(174,296)
Total non-current liabilities		(272,063)	0	0	(272,063)
Assets less liabilities		247,975	12,444	0	260,419

Tax payers' Equity					
General fund	SoFP	103,924	0		103,924
Revaluation reserve	SoFP	144,051	0		144,051
Funds Held on Trust	SoFP	0	12,444		12,444
Total taxpayers' equity		247,975	12,444	0	260,419

24c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Consolidated
2017		2018	2018	2018
£000		£000	£000	£000
	Cash flows from operating activities			
(741,822)	Net operating expenditure	(761,285)	296	(760,989)
19,319	Adjustments for non-cash transactions	26,841		26,841
15,213	Add back: interest payable recognised in net operating expenditure	14,295		14,295
(400)	Investment income	0	(463)	(463)
17,341	Movements in working capital	17,255	(40)	17,215
(690,349)	Net cash outflow from operating activities	(702,894)	(207)	(703,101)
	Cash flows from investing activities			
(11,441)	Purchase of property, plant and equipment	(7,848)	0	(7,848)
(69)	Purchase of intangible assets	(94)	0	(94)
(1,235)	Investment additions	(0)	(1,141)	(1,141)
540	Proceeds of disposal of property, plant and equipment	2,440	0	2,440
1,073	Receipts from sale of investments	0	962	962
400	Investment Income	0	463	463
(10,732)	Net cash outflow from investing activities	(5,502)	284	(5,218)
	Cash flows from financing activities			
718,405	Funding	725,254		725,254
(342)	Movement in general fund working capital	318		318
718,063	Cash drawn down	725,572	0	725,572
(2,390)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,563)		(2,563)
(709)	Interest paid	35		35
(14,504)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(14,330)		(14,330)
700,460	Net Financing	708,714	0	708,714
	Net Increase / (decrease) in cash and cash equivalents in the period			
(621)		318	77	395
1,103	Cash and cash equivalents at the beginning of the period	224	258	482
482	Cash and cash equivalents at the end of the period	542	335	877
	Reconciliation of net cash flow to movement in net debt / cash			
(621)	Increase / (decrease) in cash in year	318	77	395
1,103	Net debt / cash at 1 April	224	258	482
482	Net debt / cash at 31 March	542	335	877


	Board	Endowment	Consolidated
PRIOR YEAR	2017	2017	2017
	£000	£000	£000
Cash flows from operating activities			
Net operating expenditure	(741,696)	(126)	(741,822)
Adjustments for non-cash transactions	19,319		19,319
Add back: interest payable recognised in net operating expenditure	15,213		15,213
Investment income	0	(400)	(400)
Movements in working capital	17,333	8	17,341
Net cash outflow from operating activities	(689,831)	(518)	(690,349)
Cash flows from investing activities			
Purchase of property, plant and equipment	(11,441)	0	(11,441)
Purchase of intangible assets	(69)	0	(69)
Investment additions	(0)	(1,235)	(1,235)
Transfer of assets to/(from) other NHS bodies			
Proceeds of disposal of property, plant and equipment	540		540
Receipts from sale of investments	0	1,073	1,073
Investment Income	0	400	400
Net cash outflow from investing activities	(10,970)	238	(10,732)
Cash flows from financing activities			
Funding	718,405		718,405
Movement in general fund working capital	(342)		(342)
Cash drawn down	718,063	0	718,063
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,390)		(2,390)
Interest paid	(709)		(709)
Interest element of finance leases and on-balance sheet PFI / PPP contracts	(14,504)		(14,504)
Net Financing	700,460	0	700,460
Net Increase / (decrease) in cash and cash equivalents in the period	(341)	(280)	(621)
Cash and cash equivalents at the beginning of the period	565	538	1,103
Cash and cash equivalents at the end of the period	224	258	482
Reconciliation of net cash flow to movement in net debt / cash			
Increase / (decrease) in cash in year	(341)	(280)	(621)
Net debt / cash at 1 April	565	538	1,103
Net debt / cash at 31 March	224	258	482



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