

**CONSOLIDATED ANNUAL ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**



**NHS FIFE  
ANNUAL REPORT AND CONSOLIDATED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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## 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

Progress and innovation continues to take centre stage. In last year's Performance Report I highlighted how we have been working to continually improve our services by incorporating state-of-the-art facilities with the latest thinking in best practice to use every opportunity to make the best use of our resources and talented workforce. We do so through a fully integrated approach 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.

NHS Fife continues to sustain performance against key indicators and targets, performing well against other mainland Boards.

Despite the challenges of increasing demand and an ageing population, NHS Fife remains a high performing Board in a number of areas including sustaining performance against the Four-Hour Emergency Access target, Cancer 31-Day Decision-to-Treat, Diagnostic Waiting Times, Delayed Discharges and Dementia Post-Diagnostic Support. Improvements have also been seen in Child and Adolescent Mental Health Services.

Our work has been innovative, forward thinking and person-centred.

- We have gained approval from the Scottish Government to proceed with the development of a state-of-the-art £30 million elective orthopaedic centre, in line with the requirements of the Scottish Capital Investment process.
- We became the first health board in Scotland to perform day case hip replacements, for appropriate cases. This procedure reduces the patients' length of hospital stay and improved outcomes.
- We have been recognised for the pioneering way we are maintaining the skills of nurses looking after preterm babies and are working towards becoming the first maternity unit in Scotland to be Gold accredited by UNICEF for Baby Friendly status.
- We became the first Board in Scotland to pilot Urolift, a minimally invasive procedure for enlarged prostate, a day case procedure which has resulted in faster recovery time for patients and eradicated the risk of permanent side effects associated with traditional treatment.
- Our Medicines Efficiency programme has achieved over £12 million in medicines efficiencies across NHS Fife since 2016 without compromising on the quality of prescribing, and presented new opportunities to improve patient care.
- A new out-of-hours frailty service using an electronic screening tool is improving outcomes for older people presenting at NHS Fife's Emergency Department.
- Through close partnership working with the community we have been able to create dedicated gardens for Queen Margaret Hospice Garden which are providing significant benefits for patients and their families. This work was supported through the Fife Health Board Endowment Fund.

Transformation programmes are now well underway with Joining Up Care and Mental Health Redesign now in year 3. The most significant work in Joining Up Care in the last 2 years is the care approach to patients who regularly access emergency services and have complex multiple chronic conditions. This approach along with the development of Community Hubs provide services for patients on the frailty pathway. These patients have been cohorted together under High Health Gain (HHG)

individuals and managed in the community supported by a case management model. During 2018/19, the Mental Health Strategy has been reviewed and revised. The key strategic intentions include the Our Minds Matter approach to children and young people's emotional health and well-being and shifting the balance of care.

The Site Optimisation programme has been closed and is being re-launched under the Acute Transformation Programme with strands of transformational work addressing 7-Day Working, Patient Administration & Outpatients improvement work, Acute & Front Door improvement, and Ward Improvements project. In addition to local plans, we continue to work with neighbouring Health Boards to develop high quality; sustainable regional services that will benefit from a regional, population based planning approach. I am very pleased to report that a regional approach has already made a positive difference in numerous areas including Radiography, Laboratories, Oncology and Endoscopy.

2018/19 was a landmark year for the National Health Service and here in Fife it provided a unique opportunity to both reflect on the ways that care has evolved over the last 70 years, and consider how it may further develop in the years ahead.

The NHS has laid strong foundations. 70 years ago these foundations revolutionised healthcare and we have been building on them ever since. In 2019/20 NHS Fife will continue that rich tradition of progress, dynamism and innovation.

## **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 Annual Operational 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 Summary**

NHS Fife continues to scrutinise key performance indicators in respect of financial and non financial performance, as well as quality, safety and risk metrics based on the suite of Scottish Government Standards. There have been huge challenges being faced maintaining waiting times performance against the increasing demand, ageing population and continuing financial pressures.

Performance was sustained against the 4-Hour Emergency Access Standard and consistently in the top quartile of mainland Health Boards. Performance against other Scottish Government Standards was variable, with some being achieved or almost achieved throughout the year and others never reaching their required levels.

Substantial additional funding from the Scottish Government for the Waiting Times Improvement Plan for 2019/20 has been vital in sustaining and improving performance but the challenge remains in maintaining this level of performance in future years. Performance against the CAMHS Waiting Time Standard improved significantly during 2018/19 as a result of various service changes, investment and improvement actions and Psychological Therapies (PT) waiting times remain challenging with redesign happening within the service.



## 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 2018/19*

	Limit as set by SGHSCD £'000	Actual Outturn £'000	Variance (Over)/Under £'000
Core Revenue Resource Limit	707,071	706,811	260
Non Core Revenue Resource Limit	23,237	23,237	0
<b>1 Total Revenue Resource Limit</b>	<b>730,308</b>	<b>730,048</b>	<b>260</b>
<b>2 Total Capital Resource Limit</b>	<b>7,986</b>	<b>7,981</b>	<b>5</b>
<b>3 Cash Requirement</b>	<b>759,655</b>	<b>759,655</b>	<b>0</b>

<i>MEMORANDUM FOR IN YEAR OUTTURN</i>	<i>£'000</i>
<i>Reported Surplus in 2017/18</i>	<i>1,494</i>
<i>Deficit against in year total Revenue Resource Limit</i>	<i>1,234</i>

If the Board had not received the £1.494m underspend carried forward from 2017/18, the position would have been a £1.234m overspend.

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 2018/19, the Board's initial core Revenue Resource Limit (RRL) was £636.964m, increasing to £707.071m 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.

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.

Efforts to deliver a balanced position for 2018/19 and to reduce the underlying recurring deficit have been successful. The Board considered the Annual Operational Plan last April which showed an initial net gap of £19.6m (£24m savings target less pay consequential funding of £4.4m). Significant



work on a range of projects and initiatives has been undertaken across the health and care system, while continuing to deliver safe and effective care for our patients. These efforts have been positive however there remains a £14.7m shortfall in recurring savings which has been carried forward into 2019/20. The near break even position at year end (£260k underspend) includes a risk share arrangement<sup>1</sup> cost of £6.975m. However, in parallel, financial flexibility opportunities such as financial plan slippage; additional non core funding; and technical accounting entries such as the prior year underspend (£1.494m) 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.

<sup>1</sup> *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 Integration Scheme*

## **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 2019 is £41.466m, a movement of £1.183m in year.

## **Capital Expenditure**

During 2018/19 the Board spent £8.5m on a wide range of capital building projects, equipment and technology. The element charged to the Capital Resource Limit is £7.986m which is the Capital Expenditure net of receipts. The balance is offset against the Net Book Value (NBV) of equipment disposed of in 2018/19.

Major projects undertaken during the year include £1.3m 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 £3.735m.

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

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

## 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 a significant asset value impairment being made at Lynebank Hospital (£1.3m).

## 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 £3.491m 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 £25.298m 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 £25.4m and £172.9m respectively.

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

## Provisions

As at 31 March 2019, the Board has provisions of £131.882.m (2017/18 £125.632m), of which:

	2018/19	2017/18
Clinical and medical negligence cases	£82.251m	£74.561m
Boards share of total NHS Scotland CNORIS liability	£40.431m	£41.082m
Pension provisions	£2.560m	£3.012m
Injury provisions	£6.640m	£6.977m

These provisions include the element funded through Annually Managed Expenditure (AME) in 2018/19. The Board is also disclosing a contingent liability of £22.615m (2017/18 £18.980m) for other legal cases and a contingent asset of £21.430m (2017/18 £17.953m) 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 £245.421m (2017/18 £244.934m). Of this total, £171.545m relates to future amounts payable on the two PFI contracts (2017/18 £174.296m).

## Integrated Performance Analysis

The NHS Fife Clinical Strategy 2016–2021 was published in 2016 and the transformation programme was developed from the key recommendations of the Clinical Strategy. NHS Fife performance is closely linked to the transformation programme which is now in year 3.

Like all other Mainland Health Boards, NHS Fife continued to face huge challenges during the year in maintaining waiting times performance against the increasing demand, ageing population and continuing financial pressures. Substantial additional funding from the Scottish Government has been vital in sustaining and improving performance in 2018/19, but it will be a significant challenge to maintain this in future years.

In 2018/19, NHS Fife sustained its performance against the 4-Hour Emergency Access Standard, and was consistently in the top quartile of mainland Health Boards. Performance against other Scottish

Government Standards was variable, with some being achieved or almost achieved throughout the year and others never reaching their required levels.

The following table summarises the position for key LDP Standards at the end of 2018/19. Performance is classed as either 'Achieved / Improved Consistently during 2018/19' or 'Requiring Improvement'. An additional column showing the performance trend in comparison to 2017/18 is also provided<sup>1</sup>.

LDP Standard	Achieving or Improving	Requiring Improvement	Comparison with 2017/18
<b>Acute Services Division</b>			
HAI C Diff	✓		↑
HAI Subs		✗	↓
4-Hour Emergency Access	✓		↑
Cancer 31-Day DTT	✓		↓
Cancer 62-Day RTT		✗	↓
18 Weeks RTT		✗	↑
Patient TTG		✗	↓
Outpatient Waiting Times	✓		↑
<b>Health &amp; Social Care Partnership</b>			
Alcohol Brief Interventions	✓		↑
Smoking Cessation		✗	↓
Delayed Discharges (over 14 days) <sup>1</sup>		✗	↓
Drugs & Alcohol Waiting Times	✓		↓
CAMHS Waiting Times		✗	↑
Psychological Therapies Waiting Times		✗	↓
Dementia PDS - Referrals		✗	↑
Dementia PDS - Support <sup>2</sup>	✓		↑
<b>Pan NHS Fife</b>			
Antenatal Access	✓		↑
Detect Cancer Early <sup>3</sup>		✗	↑
Sickness Absence		✗	↑

<sup>1</sup> The comparison between years is in relation to the average number of patients in delay for over 14 days at each monthly census point

<sup>2</sup> Due to the nature of the measure and the inherent time lag, comparison is between 2017/18 and 2018/19

<sup>3</sup> Performance is measured over a 2-year period, so the comparison is between 2016/2017 and 2018/19

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 by the Board. The content is based on the suite of Scottish Government Standards.

Further detail is provided on page 9 in the form of a Balanced Scorecard, summarising NHS Fife performance against target in 2018/19.

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.

<sup>1</sup> The direction of travel shows the movement from the previous financial year. In the balanced scorecard reported on the following page, the direction of travel shows the movement from the previous monthly or quarterly report during 2018/19.

Section	RAG	Standard	Quality Aim	Target for 2018-19	Performance Data			Direction of Travel	Definition	National Comparison (with other 10 Mainland Healths)		
					Current Period	Previous Period	Direction of Travel			Period	Performance	Rank
Clinical Governance	GREEN	VAI - C Diff	Stable	0.32	12 months to Mar 2019	0.20	12 months to Feb 2019	↔	Performance improved from previous	0.19	4th	0.27
	AMBER	Complaints (Single 1 Closure Rate in Month)	Person-centred	80.0%	Mar 2019	78.5%	Feb 2019	↑	Performance worsened from previous	78.0%		Only published annually: NHS File was 7th for FY 2017/18
	RED	Complaints (Stage 2 Closure Rate in Month)	Person-centred	75.0%	Mar 2019	34.6%	Feb 2019	↓	Performance unchanged from previous	48.0%		Only published annually: NHS File was 8th for FY 2017/18
Finance, People, Practice and Resources	RED	HAI - SABS	SAB	0.24	12 months to Mar 2019	0.42	12 months to Feb 2019	↔		0.42	10th	0.33
	GREEN	MF Treatment Waiting Times	Person-centred	90.0%	3 months to Mar 2019	100.0%	3 months to Feb 2019	↔		100.0%		Treatment provided by Regional Centres so no comparison applicable
	GREEN	4-Hour Emergency Access	Clinically Effective	95.0%	12 months to Mar 2019	95.2%	12 months to Feb 2019	↔		95.2%	3rd	91.2%
	GREEN	Outpatients Waiting Times	Clinically Effective	95.0%	Mar 2019	93.9%	Feb 2019	↑		NA		End of March 98.2% 1st 75.0%
	GREEN	Cancer 31-Day DTT	Clinically Effective	85.0%	Mar 2019	94.2%	Feb 2019	↑		95.5%	8th	94.9%
	GREEN	Antenatal Access	Clinically Effective	80.0%	Jan-19	93.6%	Dec-18	↑		91.2%		Only published annually: NHS File was 7th for FY 2017-18
	GREEN	Drugs & Alcohol Treatment Waiting Times	Clinically Effective	90.0%	q/e Dec 2018	96.9%	q/e Sep 2018	↓		97.7%	4th	83.9%
	GREEN	Alcohol Inpt interventions	Clinically Effective	4.187	FY 2018/19	4.601	Apr to Dec 2018	↑		4.601		Only published annually: NHS File was 8th for FY 2017-18
	AMBER	Diagnostics Waiting Times	Clinically Effective	100.0%	Mar 2019	98.9%	Feb 2019	↑		N/A		End of March 99.9% 1st 84.0%
	AMBER	Dementia Post-Diagnostic Support	Person-centred	100.0%	2017/18	85.9%	2016/17	↓		N/A		Only published annually: NHS File was 6th for FY 2016/17
	RED	Dementia Referrals	Person-centred	1.527	Apr to Dec 2018	586	Apr to Sep 2018	↓		586		Only published annually: NHS File was 3rd for FY 2016/17
	RED	Cancer 62-Day RTT	Clinically Effective	95.0%	Mar 2019	75.6%	Feb 2019	↓		86.3%	4th	82.7%
	RED	18 Weeks RTT	Clinically Effective	90.0%	Mar 2019	76.9%	Feb 2019	↓		76.0%	7th	77.3%
	RED	Patient TIG	Person-centred	100.0%	Mar 2019	78.6%	Feb 2019	↑		72.4%	8th	88.4%
	RED	Diect Cancer Early	Clinically Effective	29.0%	2 years to Dec 18	25.5%	2 years to Sep 18	↑		27.6%		Only published annually: NHS File was 6th for 2-year period 2016 and 2017
RED	Delayed Discharge (Delays > 2 Weeks)	Person-centred	0	26th Mar Census	43	28th Feb Census	↓		N/A		28th Mar Census 11.58 7th 9.60	
RED	Smoking Cessation	Clinically Effective	490	Apr 18 to Jan 19	331	Apr to Dec 2018	↓		331		q/e Dec 2018 59.2% 5th 63.6%	
RED	CAMHS Waiting Times	Clinically Effective	90.0%	3 months to Mar 2019	72.8%	3 months to Feb 2019	↓		76.0%	7th	73.6%	
RED	Psychological Therapies Waiting Times	Clinically Effective	90.0%	3 months to Mar 2019	68.4%	3 months to Feb 2019	↑		66.1%	10th	77.4%	
RED	Sickness Absence	Clinically Effective	5.00%	12 months to Mar 19	5.39%	12 months to Feb 19	↑		5.38%		Only published annually: NHS File had the 4th highest sickness absence rate in FY 2018-19 (File performance 5.61%, Scotland performance 5.99%)	

The 4-Hour Emergency Access performance in March alone was 94.5% (all A&E and ICU sites) and 92.6% (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.

	2018/19	2017/18
Average Credit Taken	17 days	13 days
Paid within 30 days by Value	94%	94%
Paid within 30 days by Volume	87%	90%
Paid within 10 days by Value	87%	88%
Paid within 10 days by volume	71%	79%

## 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 Scottish Government's approach can be found in the [Climate Change Plan 2018-2032](#), while national reports can be found at the following resource:

<https://sustainablescotlandnetwork.org/reports>

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.

In spring 2018 all 22 Scottish territorial & special boards underwent a benchmarking exercise by Green Business UK against the NHS Scotland Statement Set, which covers: 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. After a period of revision in late autumn, when all boards could address queries raised by the initial assessment, final benchmark results were released in March 2019. NHS Fife achieved an overall rating of joint 8<sup>th</sup> and Bronze Award status. A web-based toolkit (pre-populated with the benchmarking results) will shortly be available to Boards and will generate a Sustainable Development Action Plan (SDAP) to allow them to address deficiencies for subsequent regular biennial reassessments.

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:

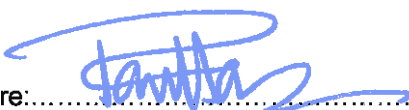
- directly to Scottish Government;
- mandatory Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) reporting;
- mandatory Climate Change Reporting (CCR) to Scottish Natural Heritage.

In 2016/17 and 2017/18 Internal Audit rated NHS Fife's CRCEES reporting and record-keeping as A-rated, which is defined as demonstrating "an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives".

As in previous years 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. are being pursued 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: 26 June 2019

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 26 June 2019.

#### **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 Fife Health Board Endowment Funds. The members of the NHS Board who served during the year from 1 April 2018 to 31 March 2019 were as follows:

#### ***Non-Executive Members***

Mrs T Marwick	Chairperson
Dr L Bisset	Non-Executive Board Member, Vice Chairperson
Mr M Black	Non-Executive Board Member
Ms S Braiden	Non-Executive Board Member (since 01.08.18)
Mr E Clarke	Non-Executive Board Member
Mrs C Cooper	Non-Executive Board Member
Ms R Laing	Non-Executive Board Member
Mr S Little	Non-Executive Board Member (until 24.10.18)
<i>Vacancy</i>	Non-Executive Board Member (since 25.10.18)
Mrs M Wells	Non-Executive Board Member
Mrs W Brown	Stakeholder Member, Employee Director (Co-Chair, Area Partnership Forum)
Ms J Owens	Stakeholder Member (Chairperson, Area Clinical Forum)
Councillor D Graham	Stakeholder Member (Fife Councillor)

#### ***Executive Members***

Mr P Hawkins	Chief Executive
Dr F Elliot	Medical Director (until 28.02.19)
Dr C McKenna	Medical Director (since 01.03.19)
Dr M Hannah	Director of Public Health (until 02.09.18)
Ms D Milne	Director of Public Health (since 03.09.18)
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 2019 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 21.

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](mailto:fife-UHB.corporateservices@nhs.net)). A copy is also provided online at the following link:

<https://www.nhsfife.org/nhs/index.cfm?fuseaction=nhs.servicedisplay&p2sid=8332DD8E-DBBD-9FED-2C6CA7387EB82E35&themeid=E44C37C3-5056-8C6F-C003CD63C15D8FF0>

## **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 2018/19.

## **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 at the following link:

<https://www.nhsfife.org/nhs/index.cfm?fuseaction=nhs.pagedisplay&p2sid=F8C9DD4E-B3DC-576A-6A45ABAAFF2A59CF&themeid=3B984BF2-65BF-00F7-D42941481355468F>

## **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 2019.

## **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 Executive's Responsibilities as the Accountable Officer of the Health Board**

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, The Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of 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 and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable. 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. These financial statements consolidate the Fife Health Board Endowment Fund. This statement includes any relevant disclosure in respect of these Endowment Accounts

### **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 and holds a Development Session in intervening months to discuss topical and strategic issues for NHS Fife. The Code of Corporate Governance, last revised in May 2019, identifies Committees and Sub-Committees that 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 and Assurance Committee Handbook, dated March 2018, and associated Treasury guidance on assurance mapping.

*Membership:*

- Five Non-Executive or Stakeholder Members of the Board

*Chair:*

Mrs C Cooper, Non-Executive Board Member (until 31.10.18)

Mr M Black, Non-Executive Board Member (since 01.11.18)

*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
- Staff Side Chairpersons of the Local Partnership Forums

*Chair:*

Mr M Black, Non-Executive Board Member (until 31.10.18)

Ms M Wells, Non-Executive Board Member (since 01.11.18)

*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:*

Ms R Laing, Non-Executive Board Member

### *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. These specify 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 Board's 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 and Board Committee members were each invited to complete a diagnostic self-assessment questionnaire, to identify common themes and areas for improved effectiveness at both Board and Committee-level. The outcome of the self-assessment process was presented to Board members at the April 2019 Development Session and, following discussion, an action plan approved at the May 2019 Board meeting. A summary of this year's self-assessment process, noting the largely positive evaluation of governance arrangements in place in NHS Fife, can be found at the link below:

<https://www.nhsfife.org/nhs/index.cfm?fuseaction=publication.pop&pubid=21E9E46E-A871-A7F2-8EE9149CDCDEF4AE>

Ongoing work to improve Board effectiveness builds on the proposals originally approved by the Board in April 2017, as updated in May 2018, in relation to the Chair's ongoing review of governance arrangements in NHS Fife. It also reflects the requirements of the new NHS Scotland Blueprint for Good Governance that is presently being rolled out across all Boards. In mapping the Board's arrangements for governance against the new national Blueprint, detailed consideration has been

given as to whether the right systems are in place to provide appropriate levels of assurance and to identify areas where improvements can be made.

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

Non-executive directors have a supported orientation to the organisation as well as a series of development sessions. An enhanced induction programme has been put in place in the current year to support new members. This programme, developed by NHS Fife, has been recommended to all Boards across Scotland, as best practice. Opportunities for ongoing 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 the Scottish Government Health and Social Care Directorate (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 & Resources Committee and Board meeting. This provides detailed monitoring information on a range of measures covering financial and clinical delivery. The IPR is presented to all Committees and the NHS Board considers at each meeting the most up-to-date information available in reference to the latest financial position. In addition, an Executive Summary is prepared for the NHS Board and incorporates all matters escalated by each Committee.

During 2018/19 the Board, as the Corporate Trustee for the Fife Health Board Endowment Funds, reviewed the overall governance for charitable funds, including the approach to the management and oversight of endowment funds, as well as the supporting business model.



## **Integration 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. The Chief Executive 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 provided from the IJB's Clinical & Care Governance 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. During 2018/19 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. The operational and governance framework of the IJB will continue to be reviewed during 2019/20 to ensure clarity and consistency of approach. This will take account of the proposals set out in the Ministerial Strategic Group Review of Progress with Integration of Health & Social Care, published in February 2019.

### **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 recommendations for improvement;
- Comments by the external auditors in their management letters and other reports;
- The completion of self-assessment questionnaires considering the Board's own performance and that of its Committees;
- 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.

For the period 2018-19, the high level risks that the Board needs to ensure are being managed have been reported bi-monthly as linked operational risks to the Governance Committees as part of the Board Assurance Framework (BAF). The BAF has largely superseded the Corporate Risk Register as the key document subject to scrutiny at Committee and Board level. However, the processes relating to the Corporate Risk Register are under review and will be clarified in September 2019 as part of the update of the Risk Management Framework. The Code of Corporate Governance will be updated as necessary thereafter to reflect the revised arrangements pertaining to the Corporate Risk Register.

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; Environmental Sustainability; Quality & Safety; Strategic Planning; and Integration Joint Board (IJB). Where they exist, related operational risks with a high risk rating of 15 or above are identified.

Due to its dynamic nature, the BAF has evolved in accordance with developments in the respective risks, including present controls, mitigating actions and current performance, as well as changes to the relevant linked operational risks. For example, when the current risk level of a linked operational risk reduces from high to moderate or low, it is not required to be reported within the BAF. The converse applies: where a risk is identified as increasing to high, it is considered for inclusion in the BAF.

Executive Directors with responsibility for specific BAF risks undertake a review, update and report on these on a bi-monthly basis to the Governance Committee to which the risk is aligned. Each BAF is supported by a complementary narrative report providing an assessment of the risk, and highlighting key issues and questions for the Committee to consider as part of its scrutiny function. Following consideration by the Committees, the BAF is reported to the Audit & Risk Committee and the Board.

A key development in the period has been the production of a BAF for eHealth - Delivering Digital and Information Governance & Security. This will be reviewed and approved by the NHS Fife Clinical Governance Committee in July 2019.

The Audit & Risk Committee is responsible for ensuring that there is an overall Risk Management framework in place. During 2018/19, 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 risk management workplan, including the implementation of the overall risk management framework. A statement of risk appetite is also to be agreed. This work commenced in 2018 and will conclude in 2019.

## **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 2018/19, 4471 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. The Waiting Times Improvement Plan for 2019/20 is being developed and progress will be monitored through the revised Performance and Accountability Review framework.
- An unannounced Older People in Acute Hospital (OPAH) inspection was conducted at Victoria Hospital in September 2018. The inspection reported on areas where NHS Fife were performing well and areas for improvement, identifying five areas of good practice and seven areas for improvement. During the visit the Board were commended on a number of issues, with positive feedback received about patient care. It was however noted that not all assessments were completed within the required standard time frames, and there was a lack of care planning to inform how patients' identified care needs will be met. An action plan was prepared in response to the areas for improvement identified by the inspection, with all actions completed, and further improvement work ongoing as a result. The published report can be accessed by the link below  
  
[http://www.healthcareimprovementscotland.org/our\\_work/inspecting\\_and\\_regulating\\_care/opah\\_fife/victoria\\_hospital\\_nov\\_18.aspx](http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/opah_fife/victoria_hospital_nov_18.aspx)
- There were two personal data related incidents or data protection breaches reported to the Information Commissioner during the financial year ended 31 March 2019. Neither resulted in any patient harm or financial penalties being imposed.

During the 2018/19 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 the 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)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2017-18	2018-19	2017-18	2018-19	2017-18	2017-18
<b>Executive Members</b>												
Mr P Hawkins, Chief Executive	140 - 145	135 - 140			140 - 145	135 - 140	6	150 - 155	140 - 145			
Mrs C Potter, Director of Finance	90 - 95	85 - 90			90 - 95	85 - 90	30	125 - 130	115 - 120			
Dr F Elliot, Medical Director (to 28 <sup>th</sup> February 2019) <sup>1</sup>	145 - 150	160 - 165			145 - 150	160 - 165		145 - 150	160 - 165			
Ms H Wright, Director of Nursing	95 - 100	80 - 85	2.1	3.1	95 - 100	80 - 85	19	200 - 205	100 - 105			
Dr M Hannah, Director of Public Health, (to 2 <sup>nd</sup> September 2018) <sup>1,2</sup>	55 - 60	130 - 135			55 - 60	130 - 135	0	55 - 60	130 - 135			
Ms Dona Milne, Director of Public Health (from 3 <sup>rd</sup> September 2018) <sup>1</sup>	50 - 55				50 - 55		12	60 - 65				
Dr C McKenna, Medical Director (from 1 <sup>st</sup> March 2019) <sup>1</sup>	10 - 15				10 - 15		45	55 - 60				
<b>Non Executive Members</b>												
Ms T Marwick, Chairperson	30 - 35	30 - 35			30 - 35	30 - 35		30 - 35	30 - 35			
Dr L Bisset, Vice Chairperson	15 - 20	15 - 20			15 - 20	15 - 20		15 - 20	15 - 20			
Ms M Adams (to 31 <sup>st</sup> December 2017) <sup>1</sup>		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	5 - 10			5 - 10	5 - 10		5 - 10	5 - 10			
Mr S Little (to 24 <sup>th</sup> October 2018) <sup>1</sup>	5 - 10	15 - 20			5 - 10	15 - 20		5 - 10	15 - 20			
Mr J Paterson (to 9 <sup>th</sup> January 2018) <sup>1</sup>		5 - 10				5 - 10						
Ms A Rooney (to 31 <sup>st</sup> July 2017) <sup>1</sup>		0 - 5				0 - 5						
Mr E Clarke (From 1 <sup>st</sup> August 2017) <sup>1</sup>	5 - 10	5 - 10			5 - 10	5 - 10		5 - 10	5 - 10			
Mrs M Wells (from 1 <sup>st</sup> August 2017) <sup>1</sup>	5 - 10	5 - 10			5 - 10	5 - 10		5 - 10	5 - 10			
Ms S Braiden (from 1 <sup>st</sup> August 2018) <sup>1</sup>	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)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Stakeholders</b>												
Mrs W Brown, Employee Director <sup>3</sup>	55 - 60	50 - 55					55 - 60	50 - 55	60	35	115 - 120	85 - 90
Clr A Rodger (to 30 April 2017) <sup>1,5</sup>		5 - 10						5 - 10				5 - 10
Ms J Owens, Chairperson Area Clinical Forum (from 1 <sup>st</sup> October 2016) <sup>3</sup>	80 - 85	75 - 80	3.6	2.9			80 - 85	75 - 80	31	18	115 - 120	95 - 100
Clr D Graham (from 15 <sup>th</sup> June 2017) <sup>1</sup>	5 - 10	5 - 10					5 - 10	5 - 10			5 - 10	5 - 10
<b>Other Senior Employees</b>												
Mrs J Gardner, Chief Operating Officer (Acute Services Division) (from 1 <sup>st</sup> April 2018 to 24 <sup>th</sup> January 2019) <sup>6</sup>	75 - 80						75 - 80		20		95 - 100	
Ms BA Neilson, Director of Workforce (from 1 <sup>st</sup> January 2018) <sup>6</sup>	85 - 90	20 - 25					85 - 90	20 - 25	31		120 - 125	20 - 25
Mrs E Ryabov, Chief Operating Officer Acute Services Division (from 28 <sup>th</sup> January 2019) <sup>1,6</sup>	20 - 25						20 - 25		4		25 - 30	
Prof S McLean, Chief Operating Officer (Acute Services Division) (until 30 <sup>th</sup> June 2018) <sup>6</sup>												
Mr A Falgriave, Director of Estates, Facilities & Capital Services <sup>6</sup>	95 - 100	90 - 95					95 - 100	90 - 95	25	11	115 - 120	100 - 105
<b>Consent not available</b>												

### Notes to Remuneration Report

- The full year equivalent total earnings calculations in bands of £5,000 are as follows:  
2017-18 - Mrs M Adams, Non-Exec Director (5-10); MR J Paterson, Non-Exec Director (5-10); Ms A Rooney, Non-Exec Director (5-10); Mr E Clarke, Non-Exec Director (5-10); Mrs M Wells, Non-Exec Director (5-10); Clr A Rodger (5-10); Clr D Graham (5-10).  
2018-19 - Dr F Elliot, Medical Director (160-165); Dr M Hannah, Director of Public Health (135-140); Ms D Milne, Director of Public Health, (85-90); Dr C McKenna, Medical Director (145-150); Mr S Little, Non-Exec Director (15-20); Ms S Braiden, Non-Exec Director (5-10); Mrs J Gardner, Chief Operating Officer (Acute Services) (90-95), Mrs E Ryabov, Chief Operating Officer (Acute Services) (105-110).
- 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 £45k - £50k for Mrs W Brown.

4. There were no Bonus payments (Bands of £5,000).
5. Cllr A Rodger received a back-dated payment in 2017-18 of £5 - £10k and this is included in the table above.
6. Other Senior Employees (non-Board members of the Executive Directors Group) of NHS Fife have been disclosed for the first time in 2018-19. For those individuals in post in 2017-18 comparative year information has also been provided.
7. Mr M Kellie is Chief Officer for the Fife Integration Joint Board; his salary and pension information is disclosed in the remuneration report of the IJB accounts. In this role, he is also classified as an 'Other Senior Employee' of NHS Fife. Mr Kellie is employed by NHS Fife with 50% of the costs being charged to Fife Council. NHS Fife is responsible for his pension liabilities.

#### 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)	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Executive Members</b>								
Mr P Hawkins, Chief Executive	50 - 55 plus lump sum of 155 - 160	50 - 55 plus lump sum of 150 - 155	0.0 - 2.5 plus lump sum of 2.5 - 5.0	0.0 - 2.5 plus lump sum of 2.5 - 5.0	1,138	1,009	34	28
Mrs C Potter, Director of Finance	30 - 35 plus lump sum of 70 - 75	25 - 30 plus lump sum of 65 - 70	0.0 - 2.5 plus lump sum of 0.0 - 2.5	0.0 - 2.5 plus lump sum of 0.0 - 2.5	539	441	43	38
Ms H Wright (previously Paterson), Director of Nursing (from 06 July 2015)	35 - 40 plus lump sum of 105 - 110	30 - 35 plus lump sum of 90 - 95	2.5 - 5.0 plus lump sum of 12.5 - 15.0	0.0 - 2.5 plus lump sum of 2.5 - 5.0	765	599	106	29
Dr M Hannah, Director of Public Health, (to 2 <sup>nd</sup> September 2018)	50 - 55	35 - 40 plus lump sum of 115 - 120		0.0 - 2.5 plus lump sum of 2.5 - 5.0	827	842	6	21
Ms D Milne, Director of Public Health (from 3 <sup>rd</sup> September 2018)	0 - 5		0 - 2.5		11		11	
Dr C McKenna, Medical Director (from 1 <sup>st</sup> March 2019)	5 - 10		2.5 - 5.0		83		29	
<b>Stakeholders</b>								
Mrs W Brown, Employee Director	15 - 20 plus lump sum of 30 - 35	10 - 15 plus lump sum of 25 - 30	2.5 - 5.0 plus lump sum of 5.0 - 7.5	0.0 - 2.5 plus lump sum of 2.5 - 5.0	289	218	58	35
Ms J Owens, Chairperson Area Clinical Forum	5 - 10 plus lump sum of 5 - 10	5 - 10 plus lump sum of 5 - 10	0 - 2.5 plus lump sum of 0 - 2.5	0 - 2.5	166	108	36	22
<b>Other Senior Employees</b>								
Mrs J Gardner, Chief Operating Officer (Acute Services Division) (from 1 <sup>st</sup> April 18 to 24 <sup>th</sup> January 2019)	5 - 10		0 - 2.5		64		19	
Ms BA Nelson, Director of Workforce (from 1 <sup>st</sup> January 2018)	40 - 45 plus lump sum of 130 - 135	40 - 45 plus lump sum 120 - 125	0 - 2.5 plus lump sum of 5 - 7.5		997	878	53	19

Mrs E Ryabov, Chief Operating Officer (Acute Services Division) (from 28 <sup>th</sup> January 2019)	0 - 5		0 - 2.5		5		5
Prof S McLean, Chief Operating Officer (Acute Services Division) (until 30 <sup>th</sup> June 2018)							
Mr A Falgrieve, Director of Estates, Facilities & Capital Services	10 - 15	10 - 15	0 - 2.5	0 - 2.5	233	190	32
<b>Consent not available</b>							
							23



## 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.

2018-19		2017-18	
Range of Staff Remuneration (£'000s)	1 - 230	Range of Staff Remuneration (£'000)	1 - 243
Highest Earning Director's Total Earnings (£000s)	160 - 165	Highest Earning Director's Total Earnings (£000s)	160 - 165
Median Total Remuneration (£)	26,940	Median Total Remuneration (£)	26,276
Ratio	6.03:1	Ratio	6.18:1
<b>Commentary</b>			
The pay award and incremental progression have led to a 2.5% increase in the Median Total Remuneration figure. The positive impact of these events has led to a reduction in the ratio from the 2017-18 level.			

## Staff Report

### Higher Paid Employees' Remuneration

	2019 Number	2018 Number
<b>Clinicians</b>		
£ 70,001 to £80,000	34	41
£ 80,001 to £90,000	41	39
£ 90,001 to £100,000	39	41
£100,001 to £110,000	28	34
£110,001 to £120,000	38	37
£120,001 to £130,000	27	20
£130,001 to £140,000	17	26
£140,001 to £150,000	21	8
£150,001 to £160,000	13	11
£160,001 to £170,000	12	7
£170,001 to £180,000	6	5
£180,001 to £190,000	1	2
£190,001 to £200,000	0	1
£200,001 and above	4	3
<b>Other</b>		
£ 70,001 to £ 80,000	9	7
£ 80,001 to £ 90,000	5	5
£ 90,001 to £100,000	3	2
£100,001 to £110,000	1	2
£110,001 to £120,000	0	0
£120,001 to £130,000	0	0
£130,001 to £140,000	0	0
£140,001 to £150,000	1	1
£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	2019 TOTAL	2018 TOTAL
£000	£000	£000	£000	£000	£000	£000	£000

#### STAFF COSTS

Salaries and wages	626	116	267,764			(475)	268,031	259,528
Social security costs	85	3	27,078			(69)	27,097	26,879
NHS scheme employers' costs	69		35,065			(71)	35,063	34,722
Inward secondees				830			830	306
Agency and other directly engaged staff					10,399		10,399	8,469
<b>Total</b>	<b>780</b>	<b>119</b>	<b>329,907</b>	<b>830</b>	<b>10,399</b>	<b>(615)</b>	<b>341,420</b>	<b>329,904</b>

#### STAFF NUMBERS

Whole time equivalent (WTE)	5	11	7,594	10	72	(9)	7,683	7,707
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Included in the total staff numbers above were disabled staff of:

127	127
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### Staff Composition

	2019			2018		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	3	5	1	4	5
Non-Executive Directors and Employee Director	4	7	11	5	6	11
Senior Employees	161	134	295	157	129	286
Other	1,330	8,184	9,514	1,431	8,206	9,637
<b>Total Headcount</b>	<b>1,497</b>	<b>8,328</b>	<b>9,825</b>	<b>1,594</b>	<b>8,345</b>	<b>9,939</b>

### Sickness Absence Data

	2019	2018
Sickness Absence Rate	5.4%	5.6%

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 2018-21 Equality Outcomes.

### **Exit packages**

Exit package cost band	2019		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£50,000 - £100,000	0	1	1

There were no exit packages agreed in the prior year.

### **Trade Union (Facility Time Publication Requirements) Regulation 2018**

The Trade Union (Facility Time Publication Requirements) Regulations 2018 came into force on 1 April 2018. 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](http://www.nhsfife.org/tradeunionregs)

### **Relevant Union Officials**

Number of employees who were relevant union officials during the period 1 April 2018 to 31 March 2019	Full-time equivalent employee number
59	49

**Percentage of time spent on facility time**

Percentage of time	Number of representatives
0%	33
1 – 50%	25
51 – 99%	1
100%	0

**Percentage of pay bill spent on facility time**

Total cost of facility time	£75,146
Total pay bill	£318,846,082
Percentage of the total pay bill spent on facility time	0.02%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	79%
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## 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:

	2019		2018	
	Number of cases	£'000	Number of cases	£'000
Losses	868	2,454	962	3,742

In the year to 31 March 2019, the following balances in excess of £250,000 were written off:

Reference	Description	2019
CNORIS	Total claims paid under the CNORIS scheme	2,247

In 2018-19, the Board was required to pay out £1.635m in respect of 3 claims individually greater than £250,000 settled under the CNORIS scheme (2017-18: £2.760m for 2 claims). 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 2019 was:

	2018/19 £000	2017/18 £000	2016/17 £000	2015/16 £000	2014/15 £000
Resource Funding	707,071	685,102	665,945	637,451	620,130
Capital Funding	7,985	5,504	10,218	12,552	13,458
Total Funding	715,056	690,606	676,163	650,003	633,588

Signature:  Date: 26 June 2019

Paul Hawkins  
Chief Executive and Accountable Officer  
NHS Fife

## **Independent auditor's report to the members of NHS Fife, the Auditor General for Scotland and the Scottish Parliament**

### ***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 2019 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 2018/19 Government Financial Reporting Manual (the 2018/19 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 2019 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 2018/19 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)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. 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 was appointed by the Auditor General on 18 July 2016. The period of total uninterrupted appointment is five years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the board. 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.

#### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

#### **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 obtain 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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](http://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.

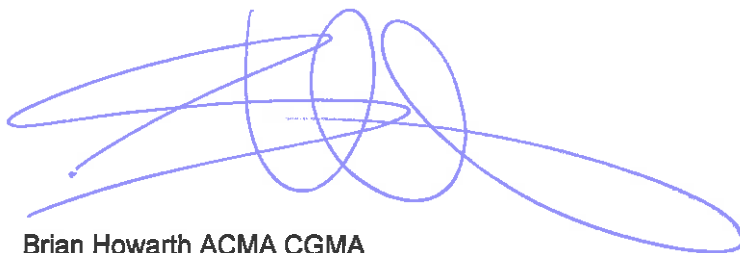
I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

### ***Use of my report***

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



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

27 June 2019

**NHS FIFE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 2019**

<b>2018</b>		<b>Note</b>	<b>2019</b>
<b>£000</b>			<b>£000</b>
329,904	Staff costs	3a	342,035
	Other operating expenditure	3b	
91,032	Independent Primary Care Services		96,109
129,952	Drugs and medical supplies		128,520
658,804	Other health care expenditure		669,073
1,209,692	Gross expenditure for the year		1,235,737
(448,703)	Less: operating income	4	(467,290)
<b>760,989</b>	<b>Net expenditure for the year</b>		<b>768,447</b>

**OTHER COMPREHENSIVE NET EXPENDITURE**

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
8,389	Net (gain) / loss on revaluation of property, plant and equipment	4,050
245	Net (gain) / loss on revaluation of available for sales financial assets	(579)
8,634	Other comprehensive expenditure	3,471
<b>769,623</b>	<b>Comprehensive net expenditure</b>	<b>771,918</b>

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

Comparative information in respect of 2017-18 has not been restated.

**NHS FIFE  
SUMMARY OF RESOURCE OUTTURN  
FOR THE YEAR ENDED 31 MARCH 2019**

<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>	<b>Note</b>	<b>2019 £000</b>	<b>2019 £000</b>
<b>Net expenditure</b>	<b>SoCNE</b>		<b>768,447</b>
Total non core expenditure (see below)			(23,237)
Family Health Services non-discretionary allocation			(38,803)
Donated assets income	2a		235
Endowment net expenditure			169
<b>Total core expenditure</b>			<b>706,811</b>
Core Revenue Resource Limit			707,071
<b>Saving/(excess) against Core Revenue Resource Limit</b>			<b>260</b>

**SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN**

Depreciation / amortisation		12,267	
Annually Managed Expenditure - impairments		1,024	
Annually Managed Expenditure - creation of provisions		(1,331)	
Annually Managed Expenditure - depreciation of donated assets	2a	101	
Additional Scottish Government non-core funding		3,200	
IFRS PFI expenditure		7,976	
<b>Total Non Core Expenditure</b>			<b>23,237</b>
Non Core Revenue Resource Limit			23,237
<b>Saving / (excess) against Non Core Revenue Resource Limit</b>			<b>0</b>

<b>SUMMARY RESOURCE OUTTURN</b>	<b>Resource</b>	<b>Expenditure</b>	<b>Saving / (Excess)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Core	707,071	706,811	260
Non Core	23,237	23,237	0
<b>Total</b>	<b>730,308</b>	<b>730,048</b>	<b>260</b>

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 2019**


Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Non-current assets</b>			
478,216	478,101	Property, plant and equipment	7c	472,233	472,116
321	321	Intangible assets	6a	486	486
		Financial assets:			
12,087	0	Investments	10	12,423	0
70,073	70,073	Trade and other receivables	9	55,633	55,633
<b>560,697</b>	<b>548,495</b>	<b>Total non-current assets</b>		<b>540,775</b>	<b>528,235</b>
		<b>Current Assets:</b>			
4,660	4,660	Inventories	8	5,327	5,327
		Financial assets:			
18,083	18,102	Trade and other receivables	9	40,207	39,724
877	542	Cash and cash equivalents	11	775	512
2,383	2,383	Assets classified as held for sale	7b	2,198	2,198
<b>26,003</b>	<b>25,687</b>	<b>Total current assets</b>		<b>48,507</b>	<b>47,761</b>
<b>586,700</b>	<b>574,182</b>	<b>Total assets</b>		<b>589,282</b>	<b>575,996</b>
		<b>Current liabilities</b>			
(11,044)	(11,044)	Provisions	13a	(34,462)	(34,462)
		Financial liabilities:			
(73,409)	(73,389)	Trade and other payables	12	(76,866)	(76,830)
<b>(84,453)</b>	<b>(84,433)</b>	<b>Total current liabilities</b>		<b>(111,330)</b>	<b>(111,292)</b>
<b>502,247</b>	<b>489,749</b>	<b>Non-current assets plus / less net current assets / liabilities</b>		<b>477,952</b>	<b>464,704</b>
		<b>Non-current liabilities</b>			
(114,618)	(114,618)	Provisions	13a	(97,450)	(97,450)
		Financial liabilities:			
(171,545)	(171,545)	Trade and other payables	12	(168,591)	(168,591)
<b>(286,163)</b>	<b>(286,163)</b>	<b>Total non-current liabilities</b>		<b>(266,041)</b>	<b>(266,041)</b>
<b>216,084</b>	<b>203,586</b>	<b>Assets less liabilities</b>		<b>211,911</b>	<b>198,663</b>
		<b>Taxpayers' Equity</b>			
74,315	74,315	General fund	SoCTE	69,084	69,084
129,271	129,271	Revaluation reserve	SoCTE	129,579	129,579
12,498	0	Fund held on Trust	SoCTE	13,248	0
<b>216,084</b>	<b>203,586</b>	<b>Total taxpayers' equity</b>		<b>211,911</b>	<b>198,663</b>

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 26 June 2019 and signed on their behalf by:



..... Director of Finance



..... Chief Executive

**NHS FIFE  
CONSOLIDATED STATEMENT OF CASHFLOWS  
AS AT 31 MARCH 2019**

2018 £000		Note	2019 £000	2019 £000
	<b>Cash flows from operating activities</b>			
(760,989)	Net expenditure	SoCTE	(768,447)	
26,841	Adjustments for non-cash transactions	2a	17,993	
14,295	Add back: interest payable recognised in net operating expenditure	2b	13,993	
(463)	Investment income		(478)	
17,215	Movements in working capital	2c	1,185	
<b>(703,101)</b>	<b>Net cash outflow from operating activities</b>	<b>23c</b>		<b>(735,754)</b>
	<b>Cash flows from investing activities</b>			
(7,848)	Purchase of property, plant and equipment		(8,202)	
(94)	Purchase of intangible assets		(277)	
(1,141)	Investment additions	10	(256)	
2,440	Proceeds of disposal of property, plant and equipment		498	
962	Receipts from sale of investments		500	
463	Investment income		478	
<b>(5,218)</b>	<b>Net cash outflow from investing activities</b>	<b>23c</b>		<b>(7,259)</b>
	<b>Cash flows from financing activities</b>			
725,254	Funding	SoCTE	759,685	
318	Movement in general fund working capital	SoCTE	(30)	
725,572	Cash drawn down		759,655	
(2,563)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	2c	(2,751)	
35	Interest paid		149	
(14,330)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	2b	(14,142)	
<b>708,714</b>	<b>Net Financing</b>	<b>23c</b>		<b>742,911</b>
395	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>			<b>(102)</b>
482	<b>Cash and cash equivalents at the beginning of the period</b>			<b>877</b>
877	<b>Cash and cash equivalents at the end of the period</b>			<b>775</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
395	Increase / (decrease) in cash in year	11		(102)
482	Net debt / cash at 1 April			877
877	Net debt / cash at 31 March			775

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 2019**

		General Fund	Revaluation Reserve	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>		74,315	129,271	12,498	216,084
<b>Changes in taxpayers' equity for 2018-19</b>					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a		4,048	2	4,050
Net gain / (loss) on revaluation of investments	10			579	579
Impairment of property, plant and equipment			(1,024)		(1,024)
Revaluation and impairments taken to operating costs	2a		1,024		1,024
Transfers between reserves		3,740	(3,740)		0
Other non cash costs – Movement in Prescribing Accrual/ Assets		(40)			(40)
Net operating cost for the year	CFS	(768,616)		169	(768,447)
<b>Total recognised income and expense for 2018-19</b>		(764,916)	308	750	(763,858)
<b>Funding:</b>					
Drawn down	CFS	759,655			759,655
Movement in General Fund (creditor) / debtor	CFS	30			30
<b>Balance at 31 March 2019</b>	SoFP	<b>69,084</b>	<b>129,579</b>	<b>13,248</b>	<b>211,911</b>

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

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 (FRoM) 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 2018-19**

The following accounting standards have been applied for the first time in 2018-19:

- IFRS 9 Financial Instruments  
The Standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected loss impairment model; and a revised approach to hedge accounting.
- IFRS 15 Revenue from Contracts with Customers  
The Standard introduces greater disclosures requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

Both standards have been applied retrospectively and without restatement of prior year figures.

**(b) Standards, amendments and interpretation adopted early in 2018-19**

There are no new standards, amendments or interpretations adopted early in 2018-19.

**(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 standard has been issued but is not yet effective.

**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 IFRS 10 – Consolidated 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 2018-19 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 Integration Joint Boards using the equity method of accounting.

Note 23 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 IFRS 10 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 – 95
Buildings – Engineering	3 – 95
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 21 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***

##### Business model

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

##### Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

#### (a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

#### (b) Financial assets held at amortised cost

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

#### (c) Financial assets at fair value through other comprehensive income



A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

#### Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

#### Recognition and measurement

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

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

##### (a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

##### (b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

##### (c) Financial assets held at fair value through other comprehensive income

### ***Financial Liabilities***

#### Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or
- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed 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 NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

Financial liabilities are recognised when the NHS 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.

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

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

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Amortised costs

Financial liabilities held at amortised cost 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 2019**

**2. NOTES TO THE CASH FLOW STATEMENT**

**2a. Consolidated adjustments for non-cash transactions**

<b>2018</b>		<b>Note</b>	<b>2019</b>
<b>£000</b>			<b>£000</b>
	<b>Expenditure not paid in cash</b>		
18,078	Depreciation:	7a	17,032
94	Amortisation	6	112
93	Depreciation of donated assets	7a	101
11,215	Impairments on PPE charged to SoCNE		1,599
0	Net revaluation on PPE charged to SoCNE		0
(2,655)	Reversal of impairments on PPE charged to SoCNE		(575)
4	Loss on re-measurement of non-current assets held for sale	7b	0
(19)	Funding Of Donated Assets	7a	(235)
31	Movement in prescribing charge/ Assets		(41)
<b>26,841</b>	<b>Total expenditure not paid in cash</b>	<b>CFS</b>	<b>17,993</b>

**2b. Interest payable recognised in operating expenditure**

<b>2018</b>			<b>2019</b>
<b>£000</b>			<b>£000</b>
	<b>Interest payable</b>		
14,330	PFI Finance lease charges allocated in the year	18a	14,142
(35)	Provisions - Unwinding of discount		(149)
<b>14,295</b>	<b>Net interest payable</b>	<b>CFS</b>	<b>13,993</b>

## 2c. Consolidated movements in working capital

2018 Net movement £000		Note	Opening balances £000	Closing balances £000	2019 Net movement £000
	<b>INVENTORIES</b>				
26	Statement of Financial Position	8	4,660	5,327	
26	<b>Net decrease / (increase)</b>				<b>(667)</b>
	<b>TRADE AND OTHER RECEIVABLES</b>				
20,999	Due within one year	9	18,083	40,207	
(10,127)	Due after more than one year	9	70,073	55,633	
10,872			88,156	95,840	
10,872	<b>Net decrease / (increase)</b>				<b>(7,684)</b>
	<b>TRADE AND OTHER PAYABLES</b>				
10,461	Due within one year	12	73,409	76,868	
(2,751)	Due after more than one year	12	171,545	168,591	
	Less: property, plant & equipment (capital) included in above				
(318)	Less: General Fund creditor included in above	12	(542)	(512)	
2,563	Less: lease and PFI creditors included in above	12	(174,296)	(171,545)	
9,955	<b>Net decrease / (Increase)</b>		70,116	73,402	<b>3,286</b>
	<b>PROVISIONS</b>				
(3,638)	Statement of Financial Position	13a	125,662	131,912	
(3,638)	<b>Net decrease / (increase)</b>		125,662	131,912	<b>6,250</b>
17,215	<b>Net movement (decrease) / increase</b>	<b>CFS</b>			<b>1,185</b>

**NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**3. OPERATING EXPENSES**

**3a. Staff costs**

2018		2019	2019
Total		Board	Consolidated
£000		£000	£000
70,402	Medical and Dental	74,991	74,991
146,954	Nursing	152,543	152,543
112,548	Other Staff	114,501	114,501
<b>329,904</b>	<b>Total</b>	<b>342,035</b>	<b>342,035</b>
	<b>SoCNE</b>		

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**

2018		2019	2019
Total		Board	Consolidated
£000	Note	£000	£000
	<b>Independent Primary Care Services:</b>		
49,414	General Medical Services	52,783	52,783
11,959	Pharmaceutical Services	13,222	13,222
22,587	General Dental Services	22,975	22,975
7,072	General Ophthalmic Services	7,129	7,129
<b>91,032</b>	<b>Total</b>	<b>96,109</b>	<b>96,109</b>
	<b>Drugs and medical supplies:</b>		
74,228	Prescribed drugs Primary Care	72,500	72,500
31,451	Prescribed drugs Secondary Care	31,216	31,216
24,273	Medical Supplies	24,804	24,804
<b>129,952</b>	<b>Total</b>	<b>128,520</b>	<b>128,520</b>
	<b>Other health care expenditure</b>		
409,563	Contribution to Integration Joint Boards	425,380	425,380
79,354	Goods and services from other NHSScotland bodies	83,258	83,258
1,507	Goods and services from other UK NHS bodies	832	832
3,417	Goods and services from private providers	4,345	4,345
2,293	Goods and services from voluntary organisations	2,507	2,507
19,258	Resource Transfer	19,238	19,238
9	Loss on disposal of assets	22	22
142,568	Other operating expenses <sup>2</sup>	132,080	132,080
164	External Auditor's remuneration - statutory audit fee	155	164
671	Endowment Fund expenditure	0	1,247
<b>658,804</b>	<b>Total</b>	<b>667,817</b>	<b>669,073</b>
<b>879,788</b>	<b>Total Other Operating Expenditure</b>	<b>892,446</b>	<b>893,702</b>

Further details of operating expenditure can be found in the NHS Fife 2018-19 Cost Book when published.

<sup>2</sup> Other operating expenses include £24m Social Care Fund to Fife Council and £26.038m unitary charges expensed for PPP contracts.

**NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**4. OPERATING INCOME**

<b>2018</b>			<b>2019</b>	<b>2019</b>
<b>Total</b>		<b>Note</b>	<b>Board</b>	<b>Consolidated</b>
<b>£000</b>			<b>£000</b>	<b>£000</b>
275	Income from Scottish Government		742	742
21,714	Income from other NHS Scotland bodies		22,974	22,974
299	Income from NHS non-Scottish bodies		200	200
409,869	Income for services commissioned by Integration Joint Board		418,405	418,405
4,564	Patient charges for primary care		4,706	4,706
19	Donations		235	235
171	Profit on disposal of assets		44	44
2,118	Contributions in respect of clinical and medical negligence claims		9,678	9,678
	<b>Non NHS:</b>			
21	Overseas patients (non-reciprocal)		75	75
491	Non-patient care income generation schemes		577	577
976	Endowment Fund Income		0	1,425
8,186	Other		8,229	8,229
<b>448,703</b>	<b>Total Income</b>	<b>SoCNE</b>	<b>465,865</b>	<b>467,290</b>

**NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**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.

	<b>Acute Services</b>	<b>Corporate</b>	<b>Community Service Divisions</b>	<b>FHS</b>	<b>Endowment</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net operating cost</b>	191,235	191,855	212,038	173,488	(169)	<b>768,447</b>

**PRIOR YEAR**

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



**NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**6. INTANGIBLE ASSETS**

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

	Software Licences	Total
Note	£000	£000
<b>Cost or Valuation:</b>		
At 1 April 2018	840	840
Additions	277	277
<b>At 31 March 2019</b>	<b>1,117</b>	<b>1,117</b>
<b>Amortisation</b>		
At 1 April 2018	519	519
Provided during the year	112	112
<b>At 31 March 2019</b>	<b>631</b>	<b>631</b>
<b>Net book value at 1 April 2018</b>	<b>321</b>	<b>321</b>
<b>Net book value at 31 March 2019</b>	<b>486</b>	<b>486</b>
	SoFP	

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

	Software Licences	Total
	£000	£000
<b>Cost or Valuation:</b>		
At 1 April 2018	840	840
Additions	277	277
<b>At 31 March 2019</b>	<b>1,117</b>	<b>1,117</b>
<b>Amortisation</b>		
At 1 April 2018	519	519
Provided during the year	112	112
<b>At 31 March 2019</b>	<b>631</b>	<b>631</b>
<b>Net book value at 1 April 2018</b>	<b>321</b>	<b>321</b>
<b>Net book value at 31 March 2019</b>	<b>486</b>	<b>486</b>
	SoFP	

**NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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

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

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

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

NHS FIFE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2019

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
<b>Cost or valuation</b>									
At 1 April 2018	44,717	417,832	4,976	1,011	57,926	19,715	462	3,204	549,843
Additions - purchased	0	0	0	60	3,735	715	0	3,692	8,202
Additions - donated	0	0	0	0	235	0	0	0	235
Completions	0	4,229	0	0	0	0	0	(4,229)	0
Revaluations	143	(3,361)	(335)	0	0	0	2	0	(3,551)
Impairment charges	0	(2,304)	0	0	0	0	0	0	(2,304)
Impairment reversals	0	543	0	0	0	0	0	0	543
Disposals - purchased	(90)	0	(198)	(163)	(943)	0	0	0	(1,394)
Disposals - donated	0	0	0	0	(28)	0	0	0	(28)
<b>At 31 March 2019</b>	<b>44,770</b>	<b>416,939</b>	<b>4,443</b>	<b>908</b>	<b>60,925</b>	<b>20,430</b>	<b>464</b>	<b>2,667</b>	<b>551,546</b>
<b>Depreciation</b>									
At 1 April 2018	0	14,866	581	905	42,817	12,111	347	0	71,627
Provided during the year - purchased	0	12,089	204	52	2,992	1,695	0	0	17,032
Provided during the year - donated	0	65	0	0	36	0	0	0	101

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

Revaluations	0	(7,056)	(545)	0	0	0	0	0	0	0	0	(7,601)
Impairment charges	0	(705)	0	0	0	0	0	0	0	0	0	(705)
Impairment reversals	0	(32)	0	0	0	0	0	0	0	0	0	(32)
Disposals - purchased	0	0	0	(163)	(918)	0	0	0	0	0	0	(1,081)
Disposals - donated	0	0	0	0	(28)	0	0	0	0	0	0	(28)
<b>At 31 March 2019</b>	<b>0</b>	<b>19,227</b>	<b>240</b>	<b>794</b>	<b>44,899</b>	<b>13,806</b>	<b>347</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>79,313</b>
<b>Net book value at 1 April 2018</b>	<b>44,717</b>	<b>402,966</b>	<b>4,395</b>	<b>106</b>	<b>15,109</b>	<b>7,604</b>	<b>115</b>	<b>3,204</b>	<b>478,216</b>			
<b>Net book value at 31 March 2019</b>	<b>44,770</b>	<b>397,712</b>	<b>4,203</b>	<b>114</b>	<b>16,026</b>	<b>6,624</b>	<b>117</b>	<b>2,667</b>	<b>472,233</b>			
<b>Asset financing:</b>												
Owned - purchased	44,770	197,745	4,203	114	15,597	6,624	0	2,667	271,720			
Owned - donated	0	1,710	0	0	295	0	117	0	2,122			
On-balance sheet PFI contracts	0	198,257	0	0	134	0	0	0	198,391			
<b>Net book value at 31 March 2019</b>	<b>44,770</b>	<b>397,712</b>	<b>4,203</b>	<b>114</b>	<b>16,026</b>	<b>6,624</b>	<b>117</b>	<b>2,667</b>	<b>472,233</b>			

**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
<b>Cost or valuation</b>									
At 1 April 2018	44,717	417,832	4,976	1,011	57,926	19,715	347	3,204	549,728
Additions - purchased	0	0	0	60	3,735	715	0	3,692	8,202
Additions - donated	0	0	0	0	235	0	0	0	235
Completions	0	4,229	0	0	0	0	0	(4,229)	0
Revaluations	143	(3,361)	(335)	0	0	0	0	0	(3,553)
Impairment charges	0	(2,304)	0	0	0	0	0	0	(2,304)
Impairment reversals	0	543	0	0	0	0	0	0	543
Disposals - purchased	(90)	0	(198)	(163)	(943)	0	0	0	(1,394)
Disposals - donated	0	0	0	0	(28)	0	0	0	(28)
<b>At 31 March 2019</b>	<b>44,770</b>	<b>416,939</b>	<b>4,443</b>	<b>908</b>	<b>60,925</b>	<b>20,430</b>	<b>347</b>	<b>2,667</b>	<b>551,429</b>
<b>Depreciation</b>									
At 1 April 2018	0	14,866	581	905	42,817	12,111	347	0	71,627
Provided during the year - purchased	0	12,089	203	53	2,992	1,695	0	0	17,032
Provided during the year - donated	0	65	0	0	36	0	0	0	101
Revaluations	0	(7,056)	(545)	0	0	0	0	0	(7,601)
Impairment charges	0	(705)	0	0	0	0	0	0	(705)
Impairment reversals	0	(32)	0	0	0	0	0	0	(32)
Disposals - purchased	0	0	0	(163)	(918)	0	0	0	(1,081)
Disposals - donated	0	0	0	0	(28)	0	0	0	(28)
<b>At 31 March 2019</b>	<b>0</b>	<b>19,227</b>	<b>239</b>	<b>795</b>	<b>44,899</b>	<b>13,806</b>	<b>347</b>	<b>0</b>	<b>79,313</b>

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

Net book value at 1 April 2018	44,717	402,966	4,395	106	15,109	7,604	0	3,204	478,101
Net book value at 31 March 2019	44,770	397,712	4,204	113	16,026	6,624	0	2,667	472,116
	<b>SoFP</b>								
<b>Asset financing:</b>									
Owned - purchased	44,770	197,745	4,204	113	15,597	6,624	0	2,667	271,720
Owned - donated	0	1,710	0	0	295	0	0	0	2,005
On-balance sheet PFI contracts	0	198,257	0	0	134	0	0	0	198,391
Net book value at 31 March 2019	44,770	397,712	4,204	113	16,026	6,624	0	2,667	472,116
	<b>SoFP</b>								

**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
<b>Cost or valuation</b>									
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)
<b>At 31 March 2018</b>	<b>44,717</b>	<b>417,832</b>	<b>4,976</b>	<b>1,011</b>	<b>57,926</b>	<b>19,715</b>	<b>462</b>	<b>3,204</b>	<b>549,843</b>
<b>Depreciation</b>									
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
Transfers (to) / from non-current assets held for sale	0	0	0	0	0	0	0	0	0
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

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

Disposals - purchased	0	0	0	(99)	(1,328)	0	0	0	0	(1,427)
Disposals - donated	0	0	0	0	(12)	0	0	0	0	(12)
<b>At 31 March 2018</b>	<b>0</b>	<b>14,866</b>	<b>581</b>	<b>905</b>	<b>42,817</b>	<b>12,111</b>	<b>347</b>	<b>0</b>	<b>0</b>	<b>71,627</b>
<b>Net book value at 1 April 2017</b>	<b>43,687</b>	<b>430,360</b>	<b>4,707</b>	<b>165</b>	<b>15,616</b>	<b>5,340</b>	<b>112</b>	<b>5,775</b>	<b>505,762</b>	
<b>Net book value at 31 March 2018</b>	<b>44,717</b>	<b>402,966</b>	<b>4,395</b>	<b>106</b>	<b>15,109</b>	<b>7,604</b>	<b>115</b>	<b>3,204</b>	<b>478,216</b>	
<b>SoFP</b>										
<b>Asset financing:</b>										
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	
<b>Net book value at 31 March 2018</b>	<b>44,717</b>	<b>402,966</b>	<b>4,395</b>	<b>106</b>	<b>15,109</b>	<b>7,604</b>	<b>115</b>	<b>3,204</b>	<b>478,216</b>	
<b>SoFP</b>										



**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
<b>Cost or valuation</b>									
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)
<b>At 31 March 2018</b>	<b>44,717</b>	<b>417,832</b>	<b>4,976</b>	<b>1,011</b>	<b>57,926</b>	<b>19,715</b>	<b>347</b>	<b>3,204</b>	<b>549,728</b>
<b>Depreciation</b>									
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)
<b>At 31 March 2018</b>	<b>0</b>	<b>14,866</b>	<b>581</b>	<b>905</b>	<b>42,817</b>	<b>12,111</b>	<b>347</b>	<b>0</b>	<b>71,627</b>

**7a. PROPERTY, PLANT AND EQUIPMENT - BOARD PRIOR YEAR (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	44,717	402,966	4,395	106	15,109	7,604	0	3,204	478,101
	<b>SoFP</b>								
<b>Asset financing:</b>									
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
<b>Net book value at 31 March 2018</b>	<b>44,717</b>	<b>402,966</b>	<b>4,395</b>	<b>106</b>	<b>15,109</b>	<b>7,604</b>	<b>0</b>	<b>3,204</b>	<b>478,101</b>
	<b>SoFP</b>								

During 2018/19 the Board sold Hayfield Clinic, Hazel Avenue and 10 Acre Field Land at Strattheden Hospital. At 31 March 2019, the Board held Forth Park Maternity Hospital, Lynebank Land (North Plot) and Fair Isle Clinic 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 2018/19 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 2018/19, the Board has had 100% of land and 19.44% of buildings revalued by the VOA.

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**7b. ASSETS HELD FOR SALE**

<b>ASSETS HELD FOR SALE - CONSOLIDATED</b>	<b>Note</b>	<b>Property, Plant &amp; Equipment £000</b>	<b>Total £000</b>
<b>At 1 April 2018</b>		<b>2,383</b>	<b>2,383</b>
<b>Disposals of non-current assets held for sale</b>		<b>(185)</b>	<b>(185)</b>
<b>At 31 March 2019</b>	<b>SoFP</b>	<b>2,198</b>	<b>2,198</b>

<b>ASSETS HELD FOR SALE - BOARD</b>		<b>Property, Plant &amp; Equipment £000</b>	<b>Total £000</b>
<b>At 1 April 2018</b>		<b>2,383</b>	<b>2,383</b>
<b>Disposals of non-current assets held for sale</b>		<b>(185)</b>	<b>(185)</b>
<b>At 31 March 2019</b>	<b>SoFP</b>	<b>2,198</b>	<b>2,198</b>

**7b. ASSETS HELD FOR SALE**

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
<b>ASSETS HELD FOR SALE – CONSOLIDATED (PRIOR YEAR)</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2017</b>	<b>4,531</b>	<b>4,531</b>
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)
<b>At 31 March 2018</b>	<b>2,383</b>	<b>2,383</b>

SoFP

	<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
<b>ASSETS HELD FOR SALE – BOARD (PRIOR YEAR)</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2017</b>	<b>4,531</b>	<b>4,531</b>
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)
<b>At 31 March 2018</b>	<b>2,383</b>	<b>2,383</b>

SoFP

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**7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2018</b>	<b>2018</b>		<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
			<b>Note</b>	
		<b>Net book value of property, plant and equipment at 31 March</b>		
476,246	476,246	Purchased		470,111
1,970	1,855	Donated		2,122
<b>478,216</b>	<b>478,101</b>	<b>Total</b>	<b>SoFP</b>	<b>472,233</b>
		<b>Net book value related to land valued at open market value at 31 March</b>		
0	0			0
		<b>Net book value related to buildings valued at open market value at 31 March</b>		
<b>2,145</b>	<b>2,145</b>			<b>1,908</b>
		<b>Total value of assets held under:</b>		
202,012	202,012	PFI and PPP Contracts		198,391
<b>202,012</b>	<b>202,012</b>			<b>198,391</b>
		<b>Total depreciation charged in respect of assets held under:</b>		
5,117	5,117	PFI and PPP contracts		4,877
<b>5,117</b>	<b>5,117</b>			<b>4,877</b>

All land and 19.44% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2019 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 £4.047m (2017-18: an increase of £8.389m) which was credited to the revaluation reserve. Impairment of £1.024m (2017-18: £8.563m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

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**7d. ANALYSIS OF CAPITAL EXPENDITURE**

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Expenditure</b>			
94	94	Acquisition of intangible assets	6	277	277
7,848	7,848	Acquisition of property, plant and equipment	7a	8,202	8,202
19	19	Donated asset additions	7a	235	235
<b>7,961</b>	<b>7,961</b>	<b>Gross Capital Expenditure</b>		<b>8,714</b>	<b>8,714</b>
		<b>Income</b>			
10	10	Net book value of disposal of property, plant and equipment	7a	313	313
2,430	2,430	Value of disposal of non-current assets held for sale	7b	185	185
19	19	Donated asset income		235	235
<b>2,459</b>	<b>2,459</b>	<b>Capital Income</b>		<b>733</b>	<b>733</b>
<b>5,502</b>	<b>5,502</b>	<b>Net Capital Expenditure</b>		<b>7,981</b>	<b>7,981</b>
		<b>SUMMARY OF CAPITAL RESOURCE OUTTURN</b>			
5,502	5,502	Core capital expenditure included above		7,981	7,981
5,504	5,504	Core Capital Resource Limit		7,986	7,986
<b>2</b>	<b>2</b>	<b>Saving / (excess) against Core Capital Resource Limit</b>		<b>5</b>	<b>5</b>
5,502	5,502	Total capital expenditure		7,981	7,981
5,504	5,504	Total Capital Resource Limit		7,986	7,986
<b>2</b>	<b>2</b>	<b>Saving / (excess) against Total Capital Resource Limit</b>		<b>5</b>	<b>5</b>

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**8. INVENTORIES**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2018</b>	<b>2018</b>		<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
4,660	4,660	Raw materials and consumables	5,327	5,327
<b>4,660</b>	<b>4,660</b>	<b>Total inventories</b>	<b>5,327</b>	<b>5,327</b>

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**9. TRADE AND OTHER RECEIVABLES**

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
<b>Receivables due within one year</b>					
<b>NHSScotland</b>					
431	431	Scottish Government Health & Social Care Directorate		692	692
1,248	1,248	Boards		1,232	1,232
<b>1,679</b>	<b>1,679</b>	<b>Total NHSScotland Receivables</b>		<b>1,924</b>	<b>1,924</b>
79	79	NHS non-Scottish bodies		62	62
1,259	1,259	VAT recoverable		1,403	1,403
7,784	7,784	Prepayments		7,949	7,949
1,772	1,772	Accrued income		281	281
794	813	Other receivables		1,614	1,131
3,980	3,980	Reimbursement of provisions		26,633	26,633
736	736	Other public sector bodies		341	341
<b>18,083</b>	<b>18,102</b>	<b>Total Receivables due within one year</b>	<b>SoFP</b>	<b>40,207</b>	<b>39,724</b>
<b>Receivables due after more than one year</b>					
335	335	Prepayments		322	322
703	703	Accrued income		706	706
21	21	Other receivables		22	22
69,014	69,014	Reimbursement of provisions		54,583	54,583
<b>70,073</b>	<b>70,073</b>	<b>Total Receivables due after more than one year</b>	<b>SoFP</b>	<b>55,633</b>	<b>55,633</b>
<b>88,156</b>	<b>88,175</b>	<b>TOTAL RECEIVABLES</b>		<b>95,840</b>	<b>95,357</b>
172	172	The total receivables figure above includes a provision for impairments of :		317	317
<b>WGA Classification</b>					
1,248	1,248	NHS Scotland		1,232	1,232
1,706	1,706	Central Government bodies		2,094	2,094
720	720	Whole of Government bodies		341	341
79	79	Balances with NHS bodies in England and Wales		62	62
84,403	84,422	Balances with bodies external to Government		92,111	91,628
<b>88,156</b>	<b>88,175</b>	<b>Total</b>		<b>95,840</b>	<b>95,357</b>



2018	2018		2019	2019
£000	£000	Movements on the provision for impairment of receivables are as follows:	£000	£000
15	15	At 1 April	172	172
172	172	Provision for impairment	189	189
(10)	(10)	Receivables written off during the year as uncollectable	(40)	(40)
(5)	(5)	Unused amounts reversed	(4)	(4)
172	172	At 31 March	317	317

As of 31 March 2019, receivables with a carrying value of £317k (2018: £172k) were impaired and provided for. The ageing of these receivables is as follows:

2018	2018		2019	2019
£000	£000		£000	£000
0	0	3 to 6 months past due	3	3
172	172	Over 6 months past due	314	314
172	172		317	317

The receivables assessed as individually impaired were mainly overseas patients, CRU income 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 2019, receivables with a carrying value of £0.558m (2018: £0.755m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2018	2018		2019	2019
£000	£000		£000	£000
357	357	Up to 3 months past due	301	301
173	173	3 to 6 months past due	50	50
225	225	Over 6 months past due	207	207
755	755		558	558

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:

2018	2018		2019	2019
£000	£000		£000	£000
1,532	1,532	Existing customers with no defaults in the past	1,655	1,655
1,532	1,532	Total neither past due or impaired	1,655	1,655

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.

<b>2018</b>	<b>2018</b>		<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>	The carrying amount of receivables are denominated in the following currencies:	<b>£000</b>	<b>£000</b>
88,156	88,175	Pounds	95,840	95,357
<b>88,156</b>	<b>88,175</b>		<b>95,840</b>	<b>95,357</b>

All non-current receivables are due within 2 years (2017-18: 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 £322k (2017-18: £335k).

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**10. INVESTMENTS**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2018</b>	<b>2018</b>		<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
729	0	Government securities	733	0
11,358	0	Other	11,690	0
<b>12,087</b>	<b>0</b>	<b>TOTAL</b>	<b>12,423</b>	<b>0</b>
				<b>SoFP</b>
12,153	0	<b>At 1 April</b>	12,087	0
1,141	0	Additions	256	0
(962)	0	Disposals	(500)	0
(245)	0	Revaluation surplus / (deficit) transferred to equity	580	0
<b>12,087</b>	<b>0</b>	<b>At 31 March</b>	<b>12,423</b>	<b>0</b>
				<b>SoCTE</b>
12,087	0	Non-current	12,423	0
<b>12,087</b>	<b>0</b>	<b>At 31 March</b>	<b>12,423</b>	<b>0</b>
				<b>SoFP</b>

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

**NHS FIFE  
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**11. CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
Balance at 1 April		877	482
Net change in cash and cash equivalent balances	CFS	(102)	395
<b>Balance at 31 March</b>	<b>SoFP</b>	<b>775</b>	<b>877</b>
<b>Total Cash - Cash Flow Statement</b>		<b>775</b>	<b>877</b>
The following balances at 31 March were held at:			
Government Banking Service		412	414
Commercial banks and cash in hand		100	128
Endowment cash		263	335
<b>Balance at 31 March</b>		<b>775</b>	<b>877</b>

**NHS FIFE  
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**12. TRADE AND OTHER PAYABLES**

Consolidated 2018 £000	Board 2018 £000		Note	Consolidated 2019 £000	Board 2019 £000
		<b>Payables due within one year</b>			
		<b>NHSScotland</b>			
403	403	Scottish Government Health & Social Care Directorate		214	214
12,431	12,431	Boards		8,340	8,340
<b>12,834</b>	<b>12,834</b>	<b>Total NHSScotland Payables</b>		<b>8,554</b>	<b>8,554</b>
1,372	1,372	NHS Non-Scottish bodies		1,089	1,089
542	542	Amounts payable to General Fund		512	512
17,673	17,673	FHS practitioners		17,674	17,674
1,496	1,476	Trade payables		4,050	4,012
20,546	20,546	Accruals		20,440	20,440
1,143	1,143	Deferred income		241	241
1,602	1,602	Payments received on account		1,841	1,841
2,751	2,751	Net obligations under PPP / PFI Contracts	18a	2,954	2,954
6,637	6,637	Income tax and social security		6,531	6,531
4,718	4,718	Superannuation		4,734	4,734
1,313	1,313	Holiday pay accrual		896	896
782	782	Other public sector bodies		7,352	7,352
<b>73,409</b>	<b>73,389</b>	<b>Total Payables due within one year</b>	SoFP	<b>76,868</b>	<b>76,830</b>
		<b>Payables due after more than one year</b>			
2,954	2,954	Net obligations under PPP / PFI contracts due within 2 years	18a	3,174	3,174
10,256	10,256	Net obligations under PPP / PFI contracts due after 2 years but within 5 years	18a	11,030	11,030
158,335	158,335	Net obligations under PPP / PFI contracts due after 5 years	18a	154,387	154,387
<b>171,545</b>	<b>171,545</b>	<b>Total Payables due after more than one year</b>	SoFP	<b>168,591</b>	<b>168,591</b>
<b>244,954</b>	<b>244,934</b>	<b>TOTAL PAYABLES</b>		<b>245,459</b>	<b>245,421</b>
		<b>WGA Classification</b>			
12,431	12,431	NHS Scotland		8,340	8,340
11,745	11,745	Central Government bodies		11,471	11,471
782	782	Whole of Government bodies		7,352	7,352
1,372	1,372	Balances with NHS bodies in England and Wales		1,089	1,089
218,624	218,604	Balances with bodies external to Government		217,207	217,169
<b>244,954</b>	<b>244,934</b>	<b>Total</b>		<b>245,459</b>	<b>245,421</b>

<b>2018</b>	<b>2018</b>	Borrowings included above comprise:	<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
174,296	174,296		171,545	171,545
<b>174,296</b>	<b>174,296</b>		<b>171,545</b>	<b>171,545</b>
<b>2018</b>	<b>2018</b>	The carrying amount and fair value of the non-current borrowings are as follows	<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>	<b>Carrying amount</b>	<b>£000</b>	<b>£000</b>
171,545	171,545	PFI contracts	168,591	168,591
<b>171,545</b>	<b>171,545</b>		<b>168,591</b>	<b>168,591</b>
<b>2018</b>	<b>2018</b>	The carrying amount and fair value of the non-current borrowings are as follows	<b>2019</b>	<b>2019</b>
<b>Fair value</b>	<b>Fair value</b>		<b>Fair value</b>	<b>Fair value</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
171,545	171,545	PFI contracts	168,591	168,591
<b>171,545</b>	<b>171,545</b>		<b>168,591</b>	<b>168,591</b>
<b>2018</b>	<b>2018</b>	The carrying amount of short term payables approximates their fair value.	<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>£000</b>	The carrying amount of payables are denominated in the following currencies:	<b>£000</b>	<b>£000</b>
244,954	244,934	Pounds	245,459	245,421
<b>244,954</b>	<b>244,934</b>		<b>245,459</b>	<b>245,421</b>

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**13a. PROVISIONS - CONSOLIDATED AND BOARD**

	<b>Pensions and similar obligations</b>	<b>Clinical &amp; Medical Legal Claims against NHS Board</b>	<b>Participation in CNORIS</b>	<b>Other (non-endowment)</b>	<b>2019 TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2018	9,989	74,561	41,082	30	125,662
Arising during the year	144	11,345	6,496	0	17,985
Utilised during the year	(701)	(2,385)	(1,859)	0	(4,945)
Unwinding of discount	(149)	0	(86)	0	(235)
Reversed unutilised	(83)	(1,270)	(5,202)	0	(6,555)
<b>At 31 March 2019</b>	<b>9,200</b>	<b>82,251</b>	<b>40,431</b>	<b>30</b>	<b>131,912</b>

The amounts shown in relation to Clinical & Medical Legal Claims against NHS Fife are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

**Analysis of expected timing of discounted flows to 31 March 2019**

	<b>Pensions and similar obligations</b>	<b>Clinical &amp; Medical Legal Claims against NHS Board</b>	<b>Participation in CNORIS</b>	<b>Other (non-endowment)</b>	<b>2019 TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable in one year	701	27,564	6,197	0	34,462
Payable between 2 - 5 years	2,797	41,020	21,344	0	65,161
Payable between 6 - 10 years	2,938	1,380	1,778	0	6,096
Thereafter	2,764	12,287	11,112	30	26,193
<b>At 31 March 2019</b>	<b>9,200</b>	<b>82,251</b>	<b>40,431</b>	<b>30</b>	<b>131,912</b>

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

	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)
<b>At 31 March 2018</b>	<b>9,989</b>	<b>74,561</b>	<b>41,082</b>	<b>30</b>	<b>125,662</b>

The amounts shown in relation to Clinical & Medical Legal Claims against NHS Fife are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

#### 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
<b>At 31 March 2018</b>	<b>9,989</b>	<b>74,561</b>	<b>41,082</b>	<b>30</b>	<b>125,662</b>

#### 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 0.29% 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. However, where cases are settled with structured payments, these are likely to be for a longer period of time. 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.

#### 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.



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

<b>2018</b>		<b>Note</b>	<b>2019</b>
<b>£000</b>			<b>£000</b>
74,561	Provision recognising individual claims against the NHS Board as at 31 March	13a	82,251
(72,994)	Associated CNORIS receivable at 31 March	9	(81,216)
41,082	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	40,431
<b>42,649</b>	<b>Net Total Provision relating to CNORIS at 31 March 2019</b>		<b>41,466</b>

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>

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**14. CONTINGENT LIABILITIES**

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

<b>2018</b>		<b>2019</b>
<b>£000</b>	<b>Nature</b>	<b>£000</b>
18,980	Clinical and medical compensation payments	22,615
<b>18,980</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>22,615</b>
	 <b>CONTINGENT ASSETS</b>	
17,953	Clinical and medical compensation payments	21,430
<b>17,953</b>		<b>21,430</b>

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**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

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**16. COMMITMENTS**

<b>2018</b>		<b>Property, plant and equipment 2019</b>
<b>£000</b>		<b>£000</b>
	<b>Contracted</b>	
0	VHK MTHW	300
0	VHK Lifts	42
0	Kelty Health Centre	80
159	QMH Lifts	54
25	Staff Club VHK	0
46	Catering VHK	0
72	Lynebank Tayview Ward	0
14	Orthodontic Works VHK	0
25	Wards 5 & 6 QMH	0
<b>341</b>	<b>Total</b>	<b>476</b>
	<b>Authorised but not Contracted</b>	
2,126	Equipment	2,126
3,896	Other Projects	5,761
1,041	Information Technology	1,041
	Vehicles	
<b>7,063</b>	<b>Total</b>	<b>8,928</b>

**Other Financial Commitments**

The Board has no other financial commitments

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**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:

<b>2018</b>		<b>2019</b>
<b>£000</b>		<b>£000</b>
	<b>Land</b>	
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
5	Later than five years	5
	<b>Buildings</b>	
42	Not later than one year	196
4	Later than one year, not later than 2 years	147
0	Later than two year, not later than five years	431
0	Later than five years	577
	<b>Other</b>	
2,765	Not later than one year	2,884
2,429	Later than one year, not later than 2 years	2,655
4,432	Later than two year, not later than five years	2,541
0	Later than five years	6
	<b>Amounts charged to Operating Costs in the year were:</b>	
2,950	Hire of equipment (including vehicles)	3,103
50	Other operating leases	193
<b>3,000</b>	<b>Total</b>	<b>3,296</b>

**NHS FIFE  
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**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:

2018 £000	Gross Minimum Lease Payments	St Andrews £000	Victoria £000	2019 TOTAL £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
317,455	Due after 5 years	28,111	272,451	300,562
401,921	<b>Total</b>	<b>36,896</b>	<b>348,132</b>	<b>385,028</b>
	<b>Less Interest Element</b>			
(14,142)	Rentals due within 1 year	(932)	(13,007)	(13,939)
(13,939)	Due within 1 to 2 years	(901)	(12,818)	(13,719)
(40,424)	Due within 2 to 5 years	(2,511)	(37,139)	(39,650)
(159,120)	Due after 5 years	(7,121)	(139,054)	(146,175)
(227,625)	<b>Total</b>	<b>(11,465)</b>	<b>(202,018)</b>	<b>(213,483)</b>
	<b>Present value of minimum lease payments</b>			
		<b>Note</b>		
2,751	Rentals due within 1 year	<b>12</b>	825	2,129
2,954	Due within 1 to 2 years	<b>12</b>	856	3,174
10,256	Due within 2 to 5 years	<b>12</b>	2,760	11,030
158,335	Due after 5 years	<b>12</b>	20,990	154,387
174,296	<b>Total</b>		<b>25,431</b>	<b>171,545</b>

2018	Service elements due in future periods	St Andrews	Victoria	2019 TOTAL
£000		£000	£000	£000
5,556	Rentals due within 1 year	756	4,912	5,668
5,670	Due within 1 to 2 years	748	5,142	5,890
19,473	Due within 2 to 5 years	3,068	18,679	21,747
167,610	Due after 5 years	25,314	154,055	179,369
198,309	<b>Total</b>	29,886	182,788	212,674
<b>372,605</b>	<b>Total commitments</b>	<b>55,317</b>	<b>328,902</b>	<b>384,219</b>
	<b>Amounts charged to the SOCNE</b>			
14,330	Interest charges			14,142
				2
5,184	Service charges			5,557
3,985	Other charges			4,556
<b>23,499</b>	<b>Total</b>			<b>24,255</b>
3,985	Contingent rents (included in Other Charges)			4,556

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.

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**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 2018-19 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](http://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%	
			<b>2019</b>	<b>2018</b>
			£'000	£'000
Pension cost charge for the year			35,134	34,787
Additional costs arising from early retirement			290	329
Provisions / liabilities / prepayments included in the Statement of Financial Position			2,560	3,012

Pension members can chose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

NEST Pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally members can transfer their NEST retirement fund to another scheme.

NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions



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**20. FINANCIAL INSTRUMENTS**

**20a. FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial Assets**

		Financial assets at fair value through OCI	Financial assets at fair value through profit/ loss	Total
	Note	£000	£000	£000
<b>CONSOLIDATED</b>				
<b>AS AT 31 MARCH 2019</b>				
<b>Assets per Statement of Financial Position</b>				
Investments	10		12,423	12,423
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,026		3,026
Cash and cash equivalents	11	775		775
		<b>3,801</b>	<b>12,423</b>	<b>16,224</b>
<b>BOARD</b>				
<b>AS AT 31 MARCH 2019</b>				
<b>Assets per Statement of Financial Position</b>				
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	2,543		2,543
Cash and cash equivalents	11	512		512
		<b>3,055</b>	<b>0</b>	<b>3,055</b>
		Financial assets at fair value through OCI	Financial assets at fair value through profit/ loss	Total
		£000	£000	£000
<b>CONSOLIDATED (Prior Year)</b>				
<b>At 31 March 2018</b>				
<b>Assets per Statement of Financial Position</b>				
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	11	877		877
		<b>4,982</b>	<b>12,087</b>	<b>17,069</b>
<b>BOARD (Prior Year)</b>				
<b>At 31 March 2018</b>				
<b>Assets per Statement of Financial Position</b>				
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	4,124		4,124
Cash and cash equivalents	11	542		542
		<b>4,666</b>	<b>0</b>	<b>4,666</b>

**20a. FINANCIAL INSTRUMENTS (CONT.)**

**Financial Liabilities**

		<b>Financial liabilities at amortised costs</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>
<b>CONSOLIDATED</b>			
<b>AS AT 31 MARCH 2019</b>			
<b>Liabilities per Statement of Financial Position</b>			
PFI Liabilities	<b>12</b>	171,545	171,545
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<b>12</b>	53,854	53,854
		<b>225,399</b>	<b>225,399</b>
<b>BOARD</b>			
<b>AS AT 31 MARCH 2019</b>			
<b>Liabilities per Statement of Financial Position</b>			
PFI Liabilities	<b>12</b>	171,545	171,545
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<b>12</b>	53,816	53,816
		<b>225,361</b>	<b>225,361</b>
<b>CONSOLIDATED (Prior Year)</b>			
<b>At 31 March 2018</b>			
<b>Liabilities per Statement of Financial Position</b>			
PFI Liabilities	<b>12</b>	174,296	174,296
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<b>12</b>	45,326	45,326
		<b>219,622</b>	<b>219,622</b>
<b>BOARD (Prior Year)</b>			
<b>At 31 March 2018</b>			
<b>Liabilities per Statement of Financial Position</b>			
PFI Liabilities	<b>12</b>	174,296	174,296
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	<b>12</b>	45,306	45,306
		<b>219,602</b>	<b>219,602</b>

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**20. FINANCIAL INSTRUMENTS, cont.**

**20b. 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 an 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
<b>AS AT 31 MARCH 2019</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PFI Liabilities	16,893	16,893	50,680	300,562
Trade and other payables excluding statutory liabilities	53,854			
<b>Total</b>	<b>70,747</b>	<b>16,893</b>	<b>50,680</b>	<b>300,562</b>
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 March 2018</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PFI Liabilities	16,893	16,893	50,680	317,455
Trade and other payables excluding statutory liabilities	45,326			
<b>Total</b>	<b>62,219</b>	<b>16,893</b>	<b>50,680</b>	<b>317,455</b>

## **20b. 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.

## **20c. 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.

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**21. 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 2018-19 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 (until 24.10.18)
- Mr L Bisset (from 01.11.18)
- Mrs W Brown
- Mr M Black
- Mr E Clarke
- Dr F Elliot (until 28.02.19)
- Mrs H Wright
- Mrs C Cooper
- Mrs M Wells
- Dr C McKenna (from 01.03.19)

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 2018-19:

Income £418.405 million

Expenditure £425.380 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 23.

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**22. 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.

	<b>2018</b>	<b>Gross Inflows</b>	<b>Gross Outflows</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Monetary amounts such as bank balances and monies on deposit	398	416	(310)	504
<b>Total Monetary Assets</b>	<b>398</b>	<b>416</b>	<b>(310)</b>	<b>504</b>

**NHS FIFE  
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**23a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE**

Group		Board	Endowment	Intra Group adjustment	Consolidated
2018		2019	2019	2019	2019
£000	Note	£000	£000	£000	£000
<b>Total income and expenditure</b>					
329,904	Staff costs	3	342,035		342,035
	Other operating expenditure	3			
91,032	Independent Primary Care Services		96,109		96,109
129,952	Drugs and medical supplies		128,520		128,520
658,804	Other health care expenditure		667,817	1,256	669,073
1,209,692	Gross expenditure for the year		1,234,481	1,256	1,235,737
(448,703)	Less: operating income	4	(465,865)	(1,425)	(467,290)
<b>760,989</b>	<b>Net Expenditure</b>		<b>768,616</b>	<b>(169)</b>	<b>768,447</b>

The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2018/19 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

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**23b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>Consolidated</b>			<b>Board</b>	<b>Endowment</b>	<b>Intra Group</b>	<b>Consolidated</b>
<b>2018</b>			<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
<b>£000</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Non-current assets:</b>					
478,216	Property, plant and equipment	SoFP	472,116	117		472,233
321	Intangible assets	SoFP	486	0		486
	Financial assets:					
12,087	Investments	SoFP	0	12,423		12,423
70,073	Trade and other receivables	SoFP	55,633	0		55,633
<b>560,697</b>	<b>Total non-current assets</b>		<b>528,235</b>	<b>12,540</b>	<b>0</b>	<b>540,775</b>
	<b>Current Assets:</b>					
4,660	Inventories	SoFP	5,327	0		5,327
	Financial assets:					
18,083	Trade and other receivables	SoFP	39,724	532	(49)	40,207
877	Cash and cash equivalents	SoFP	512	263		775
2,383	Assets classified as held for sale	SoFP	2,198	0		2,198
<b>26,003</b>	<b>Total current assets</b>		<b>47,761</b>	<b>795</b>	<b>(49)</b>	<b>48,507</b>
<b>586,700</b>	<b>Total assets</b>		<b>575,996</b>	<b>13,335</b>	<b>(49)</b>	<b>589,282</b>
	<b>Current liabilities</b>					
(11,044)	Provisions	SoFP	(34,462)	0	0	(34,462)
	Financial liabilities:					
(73,409)	Trade and other payables	SoFP	(76,830)	(87)	49	(76,868)
<b>(84,453)</b>	<b>Total current liabilities</b>		<b>(111,292)</b>	<b>(87)</b>	<b>49</b>	<b>(111,330)</b>
<b>502,247</b>	<b>Non-current assets plus / less net current assets/liabilities</b>		<b>464,704</b>	<b>13,248</b>	<b>0</b>	<b>477,952</b>
	<b>Non-current liabilities</b>					
(114,618)	Provisions	SoFP	(97,450)	0		(97,450)
	Financial liabilities:					
(171,545)	Trade and other payables	SoFP	(168,591)	0		(168,591)
<b>(286,163)</b>	<b>Total non-current liabilities</b>		<b>(266,041)</b>	<b>0</b>	<b>0</b>	<b>(266,041)</b>
<b>216,084</b>	<b>Assets less liabilities</b>		<b>198,663</b>	<b>13,248</b>	<b>0</b>	<b>211,911</b>



<b>Taxpayers' Equity</b>					
74,315	General fund	SoFP	69,084	0	69,084
129,271	Revaluation reserve	SoFP	129,579	0	129,579
12,498	Funds Held on Trust	SoFP	0	13,248	13,248
<b>216,084</b>	<b>Total taxpayers' equity</b>		<b>198,663</b>	<b>13,248</b>	<b>0</b>
					<b>211,911</b>

On consolidating the Board and Endowment Fund accounts adjustments have been required to remove the balances held with each other to ensure accurate representation of the Consolidated Statement of Financial Position. The Board accounts include a £49k debtor with the Endowment Fund. The corresponding entries on the Endowment Fund incorporate a £49k creditor to the Board.

The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2018/19 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

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23b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – PRIOR YEAR

		Board 2018 £000	Endowment 2018 £000	Intra Group adjustment 2018 £000	Consolidated 2018 £000
<b>Non-current assets:</b>					
Property, plant and equipment	SoFP	478,101	115		478,216
Intangible assets	SoFP	321	0		321
<b>Financial assets:</b>					
Investments	SoFP	0	12,087		12,087
Trade and other receivables	SoFP	70,073	0		70,073
<b>Total non-current assets</b>		<b>548,495</b>	<b>12,202</b>	<b>0</b>	<b>560,697</b>
<b>Current Assets:</b>					
Inventories	SoFP	4,660	0		4,660
<b>Financial assets:</b>					
Trade and other receivables	SoFP	18,102	15	(34)	18,083
Cash and cash equivalents	SoFP	542	335		877
Assets classified as held for sale	SoFP	2,383	0		2,383
<b>Total current assets</b>		<b>25,687</b>	<b>350</b>	<b>(34)</b>	<b>26,003</b>
<b>Total assets</b>		<b>574,182</b>	<b>12,552</b>	<b>(34)</b>	<b>586,700</b>
<b>Current liabilities</b>					
Provisions	SoFP	(11,044)	0	0	(11,044)
<b>Financial liabilities:</b>					
Trade and other payables	SoFP	(73,389)	(54)	34	(73,409)
<b>Total current liabilities</b>		<b>(84,433)</b>	<b>(54)</b>	<b>34</b>	<b>(84,453)</b>
<b>Non-current assets plus / less net current assets/liabilities</b>		<b>489,749</b>	<b>12,498</b>	<b>0</b>	<b>502,247</b>
<b>Non-current liabilities</b>					
Provisions	SoFP	(114,618)	0		(114,618)
<b>Financial liabilities:</b>					
Trade and other payables	SoFP	(171,545)	0		(171,545)
<b>Total non-current liabilities</b>		<b>(286,163)</b>	<b>0</b>	<b>0</b>	<b>(286,163)</b>
<b>Assets less liabilities</b>		<b>203,586</b>	<b>12,498</b>	<b>0</b>	<b>216,084</b>

**Tax payers' Equity**

General fund	SoFP	74,315	0		74,315
Revaluation reserve	SoFP	129,271	0		129,271
Funds Held on Trust	SoFP	0	12,498		12,498
<b>Total taxpayers' equity</b>		<b>203,586</b>	<b>12,498</b>	<b>0</b>	<b>216,084</b>

The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2018/19 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

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23c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Consolidated
2018		2019	2019	2019
£000		£000	£000	£000
	<b>Cash flows from operating activities</b>			
(760,989)	Net operating expenditure	(768,616)	169	(768,447)
26,841	Adjustments for non-cash transactions	17,993		17,993
14,295	Add back: interest payable recognised in net operating expenditure	13,993		13,993
(463)	Investment income	0	(478)	(478)
17,215	Movements in working capital	1,670	(485)	1,185
<b>(703,101)</b>	<b>Net cash outflow from operating activities</b>	<b>(734,960)</b>	<b>(794)</b>	<b>(735,754)</b>
	<b>Cash flows from investing activities</b>			
(7,848)	Purchase of property, plant and equipment	(8,202)	0	(8,202)
(94)	Purchase of intangible assets	(277)	0	(277)
(1,141)	Investment additions	(0)	(256)	(256)
2,440	Proceeds of disposal of property, plant and equipment	498	0	498
962	Receipts from sale of investments	0	500	500
463	Investment Income	0	478	478
<b>(5,218)</b>	<b>Net cash outflow from investing activities</b>	<b>(7,981)</b>	<b>722</b>	<b>(7,259)</b>
	<b>Cash flows from financing activities</b>			
725,254	Funding	759,685		759,685
318	Movement in general fund working capital	(30)		(30)
725,572	Cash drawn down	759,655	0	759,655
(2,563)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,751)		(2,751)
35	Interest paid	149		149
(14,330)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(14,142)		(14,142)
<b>708,714</b>	<b>Net Financing</b>	<b>742,911</b>	<b>0</b>	<b>742,911</b>
395	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>(30)</b>	<b>(72)</b>	<b>(102)</b>
482	<b>Cash and cash equivalents at the beginning of the period</b>	<b>542</b>	<b>335</b>	<b>877</b>
<b>877</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>512</b>	<b>263</b>	<b>775</b>
	<b>Reconciliation of net cash flow to movement in net debt / cash</b>			
395	Increase / (decrease) in cash in year	(30)	(72)	(102)
482	Net debt / cash at 1 April	542	335	877
<b>877</b>	<b>Net debt / cash at 31 March</b>	<b>512</b>	<b>263</b>	<b>775</b>

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

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**24. IMPACT OF NEWLY ADOPTED IFRS ON THE FINANCIAL STATEMENTS**

**24a. Adoption of IFRS 9**

The Board has adopted IFRS 9 Financial Instruments for the first time in 2018-19. As such, the Board has assessed the business models for managing financial assets and analysed their cash flow characteristics.

To consider the impact of adopting IFRS 9, the Board conducted a review of all Trade Receivables by relevant category – other NHS Bodies, Governments Departments, Dental/ Medical Practices, Universities and Overseas Patients. From the review of debt under 90 days, the Board concluded that there was no indication that credit losses would arise from these. Following the review of debt over 90 days old, a bad debt provision has been made. The review concluded that no provision would be required for other NHS Bodies or Government Departments and other than those provided for, the remainder of outstanding debt and any future credit loss would be immaterial.

**24b. Adoption of IFRS 15**

The Board has adopted IFRS 15 Revenue from Contracts with Customers for the first time in 2018-19. In assessing the impact of adopting the standard, the Board concluded that transactions recognised are unaffected as performance obligations were met in order for recognition to take place.



**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 (FRM) 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

