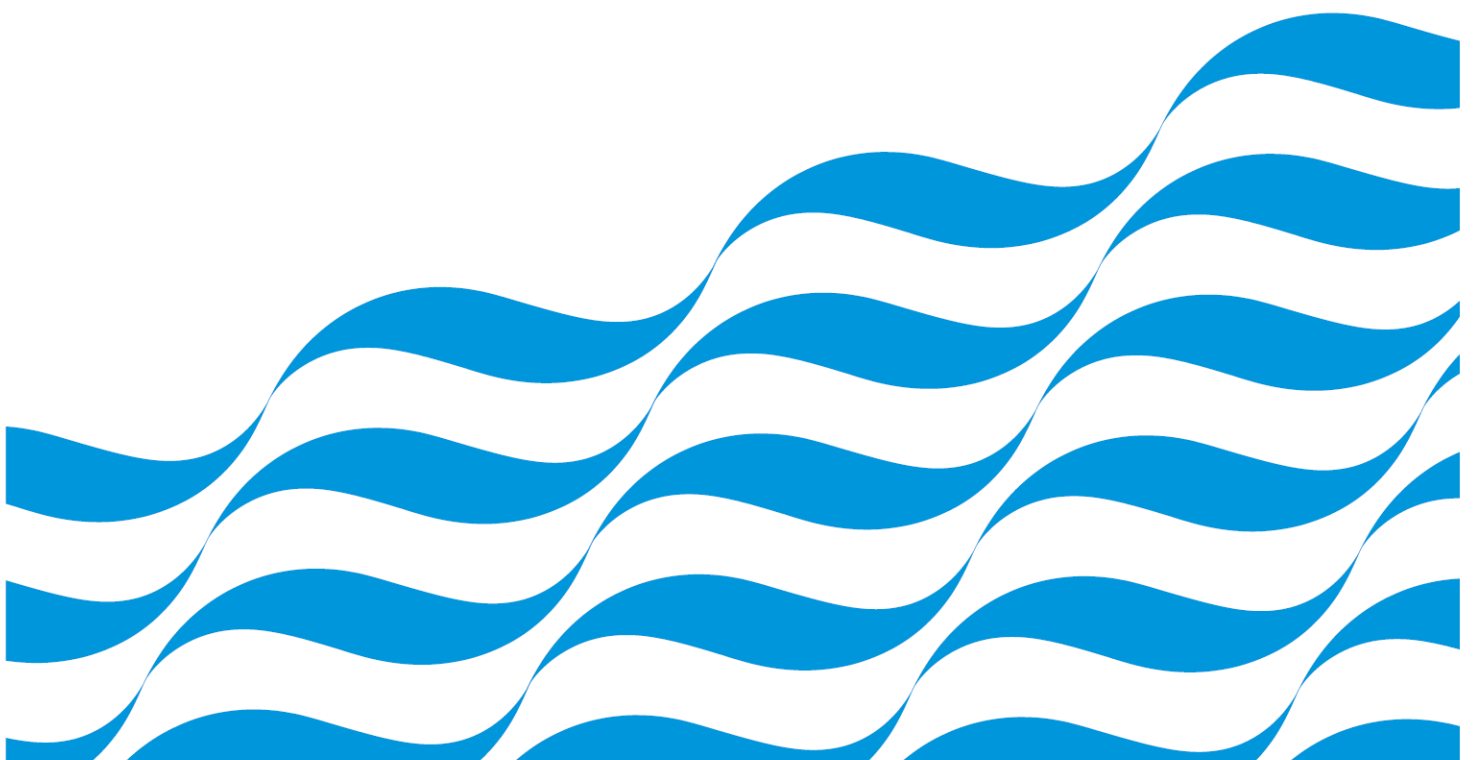




# Annual report and consolidated accounts

For the year ended  
31 March 2020



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**Published Month Year**

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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

I took over as interim Chief Executive of NHS Fife in January 2020, prior to that I was Director of Finance and Deputy Chief Executive, so I write this year's Executive Statement from a unique perspective.

The past 12 months, prior to the Coronavirus global pandemic, were as busy and demanding as ever, with over 100 services, all delivering care in an integrated and compassionate way. This is only possible due to the dedication of staff, partners, volunteers and carers.

The financial year 1 April 2019 – 31 March 2020 has seen many significant achievements and milestones for NHS Fife and the Board has continued in its commitment to deliver person centred health and care for the population of Fife.

In September 2019 NHS Fife has become the first maternity service in Scotland to receive Gold Baby Friendly Accreditation from UNICEF. Baby Friendly was established in 1992 and came to the UK two years later with a programme for maternity services to support and encourage mothers to breastfeed. Since then the programme has been expanded to include neonatal units, children's centres and universities. The prestigious accolade recognises the gold-standard level knowledge and commitment of staff in promoting breastfeeding and bringing mothers and babies closer through the feeding experience.

In early 2020 NHS Fife gained approval from the Scottish Government to proceed with the final business case to secure the development of a state of the art £30 million elective orthopaedic centre, due for completion in March 2022.

Equality and diversity along with embedding our values continues to be an important focus for our Board. We know that creating an environment where everyone's background and life experience is given room to thrive is vital to the achievement of our vision and strategic ambitions. We also reach out to our diverse communities to ensure everyone has equal access to outstanding healthcare and that no segment of our community is left behind.

We are always looking for new and more efficient ways of working, and the past year has been no exception.

In May 2019 we opened our new 'Jack and Jill' ophthalmology theatre at Queen Margaret Hospital in Dunfermline, this new clinical set-up is helping to reduce waiting times and ensures that all patients in Fife requiring cataract surgery can have the procedure carried out locally.

In October 2019 our NHS Fife Labs were awarded Scotland's first 'Flexible Scope' status. Patients in Fife suffering from winter vomiting virus (norovirus) could be discharged from hospital more quickly after NHS Fife became the first microbiology laboratory in Scotland to be recommended for 'flexible scope' by the United Kingdom Accreditation Service (UKAS). NHS Fife successfully applied to upgrade the analyser it uses to test for norovirus. The new analyser enables tests to be taken more often and makes results available more quickly.

In November 2019 we became the first health board in Scotland to perform day knee replacements, for appropriate cases. This procedure reduces the patients' length of hospital stay and improved outcomes.

The end of the 2019/2020 financial year will ultimately be remembered as the start of the national lock-down; as the nation faced the challenges of managing the global Coronavirus pandemic. The 23 March was when all our communities were asked to stay home, save lives and protect the NHS. At this time we found ourselves having to rapidly mobilise our NHS services to a level we had never seen before and adjust to the new normal.

The long term implications of the Coronavirus pandemic remain unclear and we acknowledge that things will never be the same. Whilst there is optimism that there are many positives resulting from this experience and the lessons learned will stand us in good stead for the future, this will likely bring significant financial challenges for the future. Our approach to the remobilisation, recovery and redesign of health and care services across Fife will be key determinants in ensuring we gain most value for our communities from the resources available.

There are always pressures of resource and finance on an NHS Board, however by giving focus to our strategic objectives, putting patients at the heart of everything we do, and working in a joined up and respectful way with colleagues, service users and partners, we will continue to improve and evolve.

### **Purpose and Activities of the Board**

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 that could affect delivery of objectives**

The NHS Board delivered a breakeven position for 2019-20 however there was a continued reliance on non-recurring savings and resources to deliver this. The key challenges include the overspend on Acute Services driven by non delivery of savings and a number of specific cost pressures; the risk share impact of the IJB position (driven by rising social care costs); and the increasing cost pressure associated with non-Fife activity.

The COVID-19 crisis has impacted upon the organisations ability to focus on service transformation, it is anticipated that this will put severe strain on the ability to deliver a balanced position in 2020/21. In addition, the IJB continues to see an increasing demand for services bringing unprecedented pressure across the Health and Social Care Sector as a whole. Increasing numbers of complex patients treated outwith Fife will continue to bring financial pressure to the system, whilst access to Acute services will drive significant increases to activity across all specialties. Work is ongoing in partnership to develop service recovery plans and to assess the impact on the Annual Operational Plan (AOP) including the delivery of elective capacity during 2020/21 and beyond. With large uncertainty surrounding the full impact of the COVID-19 crisis and whether further surges of cases may again impact on available capacity, solutions to delivering a new way of working are being identified and implemented within the expected financial envelope of NHS Fife.

A Remobilisation Oversight Group (ROG) has been established to oversee the restarting of health and care services in Fife during this phase. This governance group has a specific remit to remobilise clinical services paused since the start of the COVID-19 pandemic. This group may eventually be superseded by a strategic planning and transformation group with alignment to the Annual Operational Plan (AOP) including population health and inequalities. The group will oversee the whole system in an integrated way to improve pathways from primary care, community, social care and secondary care adhering to our good governance arrangements with learning from our COVID-19 response.

At this financially challenging time, the additional demands highlighted as well as increasing patient expectation will put real pressures on the service to remain within the funding that has been made available to the Board. The extraordinary scale of the challenge is not only unprecedented locally but is mirrored across the UK as a whole. In addition there is uncertainty around whether the full financial impact of managing the COVID-19 crisis will be fully funded.

The initial response to the COVID 19 pandemic required the organisation to focus all our efforts on mobilising the response plan. The cost incurred for the Health elements response to Covid-19 in the 2019/20 financial year was £3.38m and was fully funded. The current focus is now on remobilising services, the financial impact of COVID 19 will be significant. There is still a requirement to deliver a recurring balanced position over the medium term. It is inevitable that 2020/21 will be a transitional year where we consider and embrace plans for the "new normal" and how that can be delivered in a sustainable and affordable way. Within NHS Fife we will develop a 3-year financial plan which supports investment and disinvestment and which delivers prioritised and impact assessed financial arrangements. We will create financial models to present the tests of change already mobilised. This will take time and engagement to deliver robustly.

## 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 Analysis

### Financial Performance

The Scottish Government Health requires NHS Boards to meet three key financial targets:

- a Revenue resource limit – a resource budget for on-going operations;
- a Capital resource limit – a resource budget for net capital investment; and
- a Cash requirement.

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in Note 2a – the Summary of Resource Outturn on page 52.

The following table highlights the Boards delivery against these targets for 2019-20:

<b>Statutory Financial Targets</b>	<b>Limit as set by SGHSCD £000's</b>	<b>Actual Outturn £000's</b>	<b>Variance Under/(Over) £000's</b>
Core Revenue Resource Limit	752,331	752,271	60
Non-Core Revenue Resource Limit	28,200	28,200	-
<b>Total Revenue Resource Limits</b>	<b>780,531</b>	<b>780,471</b>	<b>60</b>
Core Capital Resource Limit	8,259	8,257	2
Non-Core Capital Resource Limit	0	0	-
<b>Total Capital Resource Limits</b>	<b>8,259</b>	<b>8,257</b>	<b>2</b>
Cash Requirement	811,640	811,640	-

<b>Memorandum for In Year Out-turn</b>	<b>£000</b>
Core Revenue Resource Variance Surplus in 2019/20	60
Financial flexibility : funding banked with Scottish Government	260
<b>Underlying Deficit against Core Revenue Resource Limit</b>	<b>(200)</b>
<b>Percentage of the Core Revenue Resource Limit</b>	<b>(0.03)%</b>

The initial 2019/20 position reflected a £0.2m deficit against core RRL (equivalent to 0.03%). However the underspend in 2018/19 brought forward (and shown as financial flexibility in the above table) to 2019/20 of £0.260m, takes the initial deficit to a surplus position of £0.06m. This surplus/ underspend position is within the 1% annual flexibility afforded within the 3 year financial planning and performance cycle.

A three-year financial plan (Annual Operating Plan (AOP)) was submitted to Scottish Government by NHS Fife in February 2020. The AOP process was paused in March 2020 due to the COVID-19 pandemic and is yet to be approved by the NHS Fife Board and Scottish Government.

Excluding provision of financial flexibility provided by Scottish Government, the Board's outturn would have been an overspend on RRL of £200k (equivalent to 0.03%). The underspend is within the one percent flexibility afforded by the three-year financial planning and performance cycle, and will be managed within an overall breakeven position in the period to 2021-22. The financial flexibility provided is the Boards underspend from 2018-19 carried forward.

For 2019/20, the Board's initial core Revenue Resource Limit (RRL) was £661.383m, increasing to £752.331m 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.

The NHS Fife Board approved the Annual Operational Plan in March 2019 which showed an initial net gap of £17.3m. The plan was approved with a degree of cautious optimism and confidence that the gap would be managed in order to deliver a breakeven position in year 1 of the 3 year planning cycle. This was entirely predicated on a robust and ambitious savings programme across Acute Services and the Health and Social Care Partnership; supported by ongoing effective grip and control on expenditure and existing cost pressures and early identification and control of non recurring financial flexibility.

NHS Fife delivered a balanced financial position (£0.060m underspend) against the statutory revenue resource limit target, it was a challenging year where the forecast financial performance for the Board tracked significantly beyond planned spend for most of 2019/20. A reduction was achieved in the level of prior year savings shortfall carried from 2019/20 into 2020/21, this is positive however there remains a £12.5m shortfall in recurring savings which has been carried forward into 2020/21. This was driven by 3 main areas of challenge:

- the level of uncertainty in relation to the projected HSCP level of overspend and the associated impact of the risk sharing agreement
- a failure to achieve savings in full compounded by a significant and recurring overspend in relation to Acute Services and
- an increasing cost pressure associated with non-Fife activity and a continuing number of high cost, low volume procedures.

The combined impact saw the overspend peak at £7.5m in October, which then reduced to £5.4m in December and £4.8m in January 2020. Whilst the position confirms the Board has operated within its overall resource limit for the year there have been a number of non-recurring adjustments which have supported this including an agreed transfer of capital to revenue of £1m; the identification of qualifying ADEL expenditure of £5.8m and a reduction in the planned insurance premium paid towards NHS Scotland's clinical negligence policy (CNORIS) due to the lower national scheme total costs for 2019/20 reduced the overall overspend position.

Moving into 2020/21, a formal and detailed assessment of resource levels and service costs is underway including a risk assessment of the deliverability of the required level of savings required to balance in 2020/21. This will be all the more challenging given the impact on services and costs of the response required to the COVID 19 pandemic. Of equal importance will be developing robust and consistent forecasting which does not mirror the level of change to forecast seen in 2019/20. This will involve continuing close working with the IJB and also a continuation of the discussion on the current risk sharing agreement terms. It will also require a detailed assessment of the costs associated with delivering our acute services and the transformation required to enable that on a recurring basis within planned resource levels.

The Financial Statements provide further detail on the Board's income and expenditure during the year and its financial position. The statements include the consolidated position of both the IJB and Endowment Fund.



## 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 NHS Scotland has been made.

The total net provision relating to CNORIS at 31 March 2020 is £46.526m, a movement of £5.06m in year. More detail is provided in Note 13.

## Capital Expenditure

During 2019/20 the Board spent £9.4m on a wide range of capital building projects, equipment and technology (Note 7). The element charged to the Capital Resource Limit is £8.257m which is the Capital Expenditure net of receipts. The balance is offset against the Net Book Value (NBV) of equipment disposed of in 2019/20.

Major projects undertaken during the year include £1.0m for the Steam Decentralisation scheme at Queen Margaret Hospital and the Elective Orthopaedic Centre at £1.7m. An additional £2.9m was also spent on a variety of small building projects across the Board's estate.

eHealth Technology investment of £0.95m has also been made during the year and new and replacement Medical Equipment purchases of £2.65m.

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

Additional expenditure of £0.17m 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). This resulted in no significant revaluation movements. The year end indexation factor from the Valuation Office created a large reversal of impairment at the year end across NHS Fife.

As disclosed in Note 1 in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), a material uncertainty has been declared in the valuation report. This is due to market uncertainties caused by Covid-19. The Red Book defines material uncertainty as '*where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted*'.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to NHS Fife as at 31 March 2020 and can be relied upon.

## Public Private Partnerships

The Board has two significant service initiatives under the PPP funding route (Note 18).

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 £3.375m 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 £24.313m per annum.

Under IFRS Accounting Treatment, both the hospital and the healthcare facilities are recognised as a Non Current Asset on the Board's Statement of Financial Position at a value of £26.8m and £181.9m respectively.

## Provisions

As at 31 March 2020, the Board has provisions of £145.671m (2018/19 £131.882m) as detailed in the table below and in Note 13:

	2019/20 £m	2018/19 £m
Clinical and Medical Negligence Cases	90.695	82.251
Boards share of total NHS Scotland CNORIS liability	45.809	40.431
Pension Provisions	2.325	2.560
Injury Benefit Provisions	6.842	6.640
<b>Total</b>	<b>145.671</b>	<b>131.882</b>

These provisions include the element funded through Annually Managed Expenditure (AME) in 2018/19. The Board is also disclosing a contingent liability of £17.123m (2018/19 £22.615m) for other legal cases and a contingent asset of £16.263m (2018/19 £21.430m) 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 £247.364m (2018/19 £245.421m). Of this total, £168.591m relates to future amounts payable on the two PFI contracts (2018/19 £171.545m).

## Integrated Performance and Quality 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 4. 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.

The impact of the COVID-19 pandemic will further challenge the ability to meet existing treatment Standards and a return to the position at the start of March 2020 will take many months, regardless of any additional funding from the Scottish Government. While the impact of the pandemic has become more evident in the first quarter of 2020/21, the suspension of routine services from the second half of March also affected overall 2019/20 performance.

In 2019/20, performance against the Mental Health services managed by the Health & Social Care Partnership (CAMHS and Psychological Therapies) degraded in comparison to 2018/19. On a more positive note, NHS Fife continued to significantly exceed the Standard for patients receiving Drugs or Alcohol treatment within 3 weeks of referral. Prior to the pandemic, we expected to record significantly more successful post-3 month smoking quits than in 2018/19, but the enforced pause of services (including follow-up checking) meant that the final number was 439, only 4 more than in the previous year. Nevertheless, this equated to 92.8% of the target.

In Acute Services, NHS Fife continued to be one of the best performing mainland Health Boards for Outpatients and Diagnostics Waiting Times, while also showing an improvement against the Patient Treatment Time Guarantee. Achieving the Cancer 62-Day RTT Standard continued to prove challenging, while performance against the 4-Hour Emergency Access Standard fell in comparison to 2018/19, but has recently benefited from much lower A&E attendances during the pandemic.

For Infection Control, SAB, C Diff and ECB infection rates are now measured on a split basis, HAI/HCAI and Community, with the former replacing the previous LDP Standards. Health Boards have been set targets to reduce 2018/19 rates by 10%, by the end of 2021/22. Fife is on target to achieve this improvement for SAB, but more work is required for C Diff and ECB.

The following table summarises the position for key LDP Standards at the end of 2019/20. Performance is classed as either 'Achieved' or 'Not Achieved'. A column showing the performance trend in comparison to 2018/19 is also provided.<sup>1</sup>

For the Diagnostics Waiting Time, the assessment is based on how close NHS Fife has been to achieving the 100% level throughout the year and also a reflection on how we compare with all other Mainland Health Boards.

Equally, the assessments for the two Dementia measures (for which there are no official targets) are based on ranking comparisons with all other Mainland Health Boards.

	LDP Standard / Local Target	Status 2019-20	Target / Standard	Data		Direction of Travel
				2018-19	2019-20	
H&SCP	Alcohol Brief Interventions	Not Achieved	80.0%	66.1%	79.2%	↑
	Antenatal Access		80.0%	91.5%		
	CAMHS Waiting Times	Not Achieved	90.0%	76.0%	71.6%	↓
	Delayed Discharge (% Bed Days Lost)		5.0%	6.3%		
	Dementia PDS - Referrals	<sup>1</sup> Achieved	N/A	60.0%	55.3%	↓
	Dementia PDS - Support	<sup>1</sup> Not Achieved	N/A	87.3%	86.8%	↓
	Drugs & Alcohol Waiting Times	Achieved	90.0%	95.6%	95.2%	↓
	Psychological Therapies Waiting Times	Not Achieved	90.0%	68.1%	67.9%	↓
	Smoking Cessation	Not Achieved	100.0%	89.0%	92.8%	↑
	ACUTE SERVICES & CORPORATE	18 Weeks RTT	Not Achieved	90.0%	79.0%	81.4%
4-Hour Emergency Access		Not Achieved	95.0%	95.2%	92.6%	↓
C Diff (HAI/HCAI)		Not Achieved	6.9	7.2	9.2	↓
Cancer 31-Day DTT		Achieved	95.0%	95.6%	95.7%	↑
Cancer 62-Day RTT		Not Achieved	95.0%	85.4%	85.3%	↓
Detect Cancer Early		<sup>2</sup>	29.0%	25.1%		
Diagnostics Waiting Times		Achieved	100.0%	100.0%	97.9%	↓
ECB (HAI/HCAI)		Not Achieved	40.3	44.0	45.3	↓
IVF Waiting Times		Achieved	90.0%	100.0%	100.0%	↔
Outpatient Waiting Times		Achieved	95.0%	97.8%	95.2%	↓
Patient TTG (Patients Treated)		Not Achieved	100.0%	72.5%	81.6%	↑
SAB (HAI/HCAI)		Achieved	20.2	20.9	13.1	↑
Sickness Absence		Not Achieved	4.00%	5.51%	5.49%	↑
<sup>1</sup>		The comparison is between 2016/17 and 2017/18				
<sup>2</sup>		Annual publication cancelled due to COVID-19 pandemic				

During 2019/20, NHS Fife's Integrated Performance Report and Quality Report (IPQR) became one document, providing the Board with one source of information in a consistent and standardised format. The IPQR 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 in the next table which summarises NHS Fife performance against targets in 2019/20. The left-hand block of data is all derived locally, while the right-hand block shows figures based on national publications produced by Public Health Scotland. The period covered by the latter is constrained by publication dates, but the fact that this report has been delayed due to the pandemic has allowed most data to be based on the year-end. It is important to note that whilst local data provides a more up-to-date position,

<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 2019/20.

data validation processes may not have been completed and this information may therefore be subject to change.

### Indicator Summary

Indicator Summary				Performance				Benchmarking			
				meets / exceeds the required Standard / on schedule to meet its annual Target				● Upper Quartile			
				behind (but within 5% of) the Standard / Delivery Trajectory				● Mid Range			
				more than 5% behind the Standard / Delivery Trajectory				● Lower Quartile			
Section	LDP Standard	Standard	Target 2019/20	Reporting Period	Year Previous	Previous	Current	Reporting Period	Fife	Scotland	
Clinical Governance	N/A	Major & Extreme Adverse Events	N/A	Month	Mar-19	47	Feb-20	23	Mar-20	23	↔
	N/A	HSMR	N/A	Year Ending	Dec-18	N/A	Sep-19	1.02	Dec-19	1.02	↔
	N/A	Inpatient Falls	5.97	Month	Mar-19	6.77	Feb-20	7.34	Mar-20	7.98	↓
	N/A	Inpatient Falls with Harm	2.16	Month	Mar-19	1.43	Feb-20	1.23	Mar-20	1.45	↓
	N/A	Pressure Ulcers	0.42	Month	Mar-19	0.85	Feb-20	0.81	Mar-20	1.06	↓
	N/A	Caesarean Section SSI	2.5%	Quarter Ending	Dec-18	1.7%	Sep-19	2.5%	Dec-19	2.3%	↑
	N/A	SAB - HAI/HCAI	20.2	Quarter Ending	Mar-19	14.1	Feb-20	11.9	Mar-20	11.4	↑
	N/A	SAB - Community	N/A	Quarter Ending	Mar-19	14.3	Feb-20	4.3	Mar-20	7.5	↓
	N/A	C Diff - HAI/HCAI	6.9	Quarter Ending	Mar-19	5.4	Feb-20	9.8	Mar-20	10.3	↓
	N/A	C Diff - Community	N/A	Quarter Ending	Mar-19	6.5	Feb-20	2.2	Mar-20	1.1	↑
	N/A	ECB - HAI/HCAI	40.3	Quarter Ending	Mar-19	39.2	Feb-20	44.5	Mar-20	47.9	↓
	N/A	ECB - Community	N/A	Quarter Ending	Mar-19	27.3	Feb-20	34.5	Mar-20	28.0	↑
	N/A	Complaints (Stage 1 Closure Rate)	80%	Quarter Ending	Mar-19	76.5%	Feb-20	75.8%	Mar-20	72.6%	↓
	N/A	Complaints (Stage 2 Closure Rate)	65%	Quarter Ending	Mar-19	56.0%	Feb-20	39.3%	Mar-20	34.7%	↓
Operational Performance	90%	IVF Treatment Waiting Times	90%	Month	Mar-19	100.0%	Feb-20	100.0%	Mar-20	100.0%	↔
	95%	4-Hour Emergency Access	96%	Month	Mar-19	94.5%	Feb-20	90.1%	Mar-20	91.8%	↑
	95%	New Outpatients Waiting Times	95%	Month	Mar-19	96.0%	Feb-20	94.7%	Mar-20	95.2%	↑
	100%	Diagnostics Waiting Times	100%	Month	Mar-19	99.9%	Feb-20	99.5%	Mar-20	97.8%	↓
	100%	Patient TTG (Ongoing Waits)	90.6%	Month	Mar-19	89.0%	Feb-20	85.4%	Mar-20	83.1%	↓
	90%	18 Weeks RTT	84%	Month	Mar-19	76.9%	Feb-20	80.1%	Mar-20	84.3%	↑
	95%	Cancer 31-Day DTT	95%	Month	Mar-19	96.0%	Feb-20	95.3%	Mar-20	97.6%	↑
	95%	Cancer 62-Day RTT	94%	Month	Mar-19	75.6%	Feb-20	79.2%	Mar-20	85.9%	↑
	29%	Detect Cancer Early	27%	Year Ending	Sep-18	26.9%	Jun-19	25.2%	Sep-19	24.8%	↓
	N/A	Delayed Discharge (% Bed Days Lost)	5%	Month	Mar-19	6.7%	Feb-20	7.8%	Mar-20	9.6%	↓
	N/A	Delayed Discharge (Rate per 100,000 Pop)	N/A	Month	Mar-19	21.68	Feb-20	19.01	Mar-20	15.53	↑
	80%	Antenatal Access	80%	Month	Aug-18	87.5%	Jul-19	83.8%	Aug-19	85.5%	↑
	473	Smoking Cessation	473	YTD	Mar-19	88.6%	Feb-20	95.4%	Mar-20	92.8%	↓
	90%	CAMHS Waiting Times	88%	Month	Mar-19	79.8%	Feb-20	74.1%	Mar-20	83.1%	↑
	90%	Psychological Therapies Waiting Times	82%	Month	Mar-19	69.8%	Feb-20	69.0%	Mar-20	78.4%	↑
	80%	Alcohol Brief Interventions (Priority Settings)	80%	YTD	Mar-19	66.1%	Dec-19	75.7%	Mar-20	79.2%	↑
	90%	Drugs & Alcohol Treatment Waiting Times	90%	Month	Mar-19	95.1%	Feb-20	96.1%	Mar-20	93.7%	↓
	N/A	Dementia Post-Diagnostic Support	TBD	Annual	2016/17	87.3%	2017/18	86.8%	2018/19	92.1%	↑
	N/A	Dementia Referrals	TBD	Annual	2016/17	60.0%	2017/18	55.3%	2018/19	60.6%	↑
	N/A	Freedom of Information Requests	85%	Quarter Ending	Mar-19	66.2%	Feb-20	67.4%	Mar-20	72.1%	↑
Finance	N/A	Revenue Expenditure	£0	Month	Mar-19	N/A	Feb-20	£0.730m	Mar-20	-£0.063m	↑
	N/A	Capital Expenditure	£9.393m	Month	Mar-19	N/A	Feb-20	£6.509m	Mar-20	£9.257m	↑
Staff Governance	4.00%	Sickness Absence	4.89%	Month	Mar-19	5.34%	Feb-20	5.28%	Mar-20	5.46%	↓
Benchmarking Data											
N/A											
YE Dec-19	1.02	●	1.00								
N/A											
N/A											
QE Dec-19	2.3%	●	0.9%								
YE Mar-20	13.1	●	16.4								
YE Mar-20	9.1	●	9.4								
YE Mar-20	9.2	●	13.6								
YE Mar-20	2.9	●	4.6								
Mar-20	45.3	●	39.1								
YE Mar-20	36.9	●	42.0								
2018/19	70.7%	●	81.5%								
2018/19	49.1%	●	53.7%								
N/A											
Mar-20	91.8%	●	91.2%								
Mar-20	95.2%	●	74.9%								
Mar-20	97.9%	●	75.8%								
Mar-20	83.2%	●	64.4%								
Mar-20	84.3%	●	80.2%								
QE Mar-20	95.7%	●	96.1%								
QE Mar-20	83.5%	●	84.7%								
2017, 2018	25.1%	●	25.5%								
QE Dec-19	7.2%	●	7.1%								
Mar-20	15.53	●	15.80								
2018/19	91.3%	●	87.6%								
2019/20	92.8%	●	97.2%								
QE Mar-20	76.0%	●	65.1%								
QE Mar-20	70.1%	●	77.6%								
2019/20	79.2%	●	83.2%								
QE Mar-20	92.1%	●	94.7%								
2017/18	86.8%	●	72.5%								
2017/18	55.3%	●	42.3%								
N/A											
YE Mar-20	5.49%	●	5.31%								

## 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.

	2019/20	2018/19
Average Credit Taken	17 days	17 days
Paid within 30 days by Value	93%	94%
Paid within 30 days by Volume	88%	87%
Paid within 10 days by Value	85%	87%
Paid within 10 days by volume	67%	71%

## 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 2019 set outs measures adopted by the Scottish Government to reduce emissions in Scotland by at least 100% by 2045. Interim targets of 56% in 2020 and 75% lower in 2030 and 90% lower in 2040 have also been introduced. 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 (SSN) 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.

Work on improving sustainability across these areas is central to the Board's performance monitoring framework and is assessed continuously, being reported on annually via Scottish government reporting and policies via SSN.

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. PPP sites are utilising ground source heat pumps and Biomass boilers to reduce overall reliance on fossil fuels.

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 during normal times and promotes these via intranet news items, web pages and staff newsletters.

Signature: *Carol Potter* ..... Date: 25 November 2020

Carol Potter  
Chief Executive and Accountable Officer  
NHS Fife

# ACCOUNTABILITY REPORT

## Overview

The purpose of the Accountability Report is to set out how the Board meet key accountability requirements to Parliament. It comprises three key sections:

- Corporate Governance Report

This explains how NHS Fife has been governed during 2019-20, including membership and organisation of our governance structures and how they support the achievement of the objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement. The Corporate Governance Report is set out from page 13.

- Remuneration and Staff Report

This sets out the remuneration policies for Non-Executive Directors and the Executive Directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities. It also provides further detail on remuneration and staff expenditure. The Remuneration and Staff Report is set out from page 25

- Parliamentary Accountability and Audit Report

This brings together key information to support accountability to Parliament, including a summary of losses and special payment, fees and charges and remote contingent liabilities. The Parliamentary Accountability and Audit Report is set out from page 33.

# Corporate Governance Report

## Directors' Report

### Date of Issue

Financial statements were approved by the Board and authorised for issue by the Accountable Officer on 25 November 2020.

### 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, Audit 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 Fife 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 Fife 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 Fife Board who served during the year from 1 April 2019 to 31 March 2020 were as follows:

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

Tricia Marwick	Chairperson
Dr Les Bisset	Non-Executive Board Member / Vice Chairperson
Martin Black	Non-Executive Board Member
Sinead Braiden	Non-Executive Board Member
Eugene Clarke	Non-Executive Board Member
Christina Cooper	Non-Executive Board Member
Rona Laing	Non-Executive Board Member
Katy Miller	Non-Executive Board Member & Whistle blowing Champion (from 01.02.20)
Alistair Morris	Non-Executive Board Member (from 01.08.19)
Margaret Wells	Non-Executive Board Member
Wilma Brown	Stakeholder Member, Employee Director (Co-Chair, Area Partnership Forum)
Janette Owens	Stakeholder Member (Chairperson, Area Clinical Forum)
Councillor David Graham	Stakeholder Member (Fife Councillor)

#### **Executive Members**

Paul Hawkins	Chief Executive (until 27.01.20)
Carol Potter	Director of Finance (until 27.01.20); Chief Executive (from 28.01.20)
Helen Buchanan	Director of Nursing
Margo McGurk	Director of Finance (from 03.02.20)
Dr Chris McKenna	Medical Director
Dona Milne	Director of Public Health

### 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 2020 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHSScotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.



- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

### **Board Members and Senior Managers' Interests**

Details of any interests of Board members, senior managers and other senior staff in contracts, or potential contractors, with the NHS Board, as required by IAS 24, are disclosed in Note 22.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Corporate Services Manager, 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 2019-20.

### **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 (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed 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 thirteen potential personal data related incidents or data protection breaches reported to the Information Commissioner during the financial year ended 31 March 2020.

### **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;
- 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 31 January 2020.

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

The Board meets every two months to progress its business and holds a Development Session in intervening months to discuss topical and strategic issues for NHS Fife. The Code of Corporate Governance, which is revised on an annual basis, 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 & Risk;
- Staff Governance;
- Remuneration; 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 Les 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:*

Martin Black, Non-Executive Board Member

*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 Members of the Board
- Employee Director (as a Stakeholder member of the Board by virtue of holding the Chair of the Area Partnership Forum)
- Chief Executive
- Nurse Director
- Staff Side Chairpersons of the Local Partnership Forums

*Chair:*

Margaret Wells, Non-Executive Board Member

*Frequency of Meetings:*

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

Remuneration Committee

*Principal Function:*

To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, to oversee performance arrangements for designated senior managers, and to direct the appointment process for the Chief Executive and Executive Members of the Board.

*Membership:*

- Fife NHS Board Chairperson
- Two Non-Executive Members of the Board

- Chief Executive
- Employee Director

*Chair:*

Tricia Marwick, Chairperson of Fife NHS Board

*Frequency of Meetings:*

As necessary to fulfil its remit but not less than three 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:*

Rona 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. In April 2020, the Board adopted the new Model Standing Orders for NHS Boards, created to support the implementation of the NHS Blueprint for Good Governance.

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 and assurances thus provided, Best Value, risk management and to demonstrate they have fully fulfilled their roles and remit. The format and content of these reports have been improved in the current year.

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.

Ongoing work to improve Board effectiveness builds on the proposals originally approved by the Board in 2017 and 2018, in relation to the Chair's review of governance arrangements in NHS Fife. It also reflects the requirements of the NHS Scotland Blueprint for Good Governance (<https://learn.nes.nhs.scot/28418/board-development/blueprint-for-good-governance>) that is presently being implemented across all Boards. In mapping the Board's arrangements for governance against the standards given in the 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. In the current year, an internal audit review has been undertaken of NHS Fife's compliance with the Blueprint, with the conclusion that 'comprehensive assurance' can be taken from the implementation work progressed thus far.

During 2019, Board members were each invited to complete a diagnostic self-assessment questionnaire, to identify common themes and areas for improved effectiveness at Board-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 progress update was considered by the Board in November 2019. A summary of the 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>

Each year, Board committees also undertake a detailed self-assessment exercise, via the format of an online questionnaire. Response rates frequently reach 100% of members and attendees. The regular review of Board committee effectiveness is an important tool in identifying areas where improvements can be made, such as in enhancing training opportunities, and is a central part of the internal year-end assurance process.

The Chief Executive is accountable to the NHS Board through the Chair of the Board. The Remuneration 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 established to support new members. This programme, developed originally by NHS Fife, has been used to create national guidance issued to all Boards across Scotland, as an example of best practice. Opportunities for ongoing member support also exist at a national level via the NHSScotland Board Development website (<https://learn.nes.nhs.scot/17367/board-development>) and related resources.

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. An internal audit follow-up review of this process in the current year identified no material issues with its operation. A 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 Whistle blowing policy in place and a dedicated Whistle blowing Champion, Katy Miller, took up position on the Board as a full Non-Executive Member in February 2020. The Board's Staff Governance Committee has undertaken initial review of the draft National Whistle blowing Standards to be rolled out across all NHS Boards in 2020. 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 & Quality Report (IPQR) was presented to each Clinical Governance Committee, Finance, Performance & Resources Committee, Staff Governance Committee and Board meeting. This provides detailed monitoring information on a range of measures covering financial and clinical delivery. The

NHS Board also 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 from its own review of the IPQR.

During 2019-20 the Board, as the Corporate Trustee for the Fife Health Board Endowment Funds, kept under review 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 Chief Internal Auditor and the IJB's Clinical & Care Governance Committee to support the assurance process. The Integrated Performance & Quality 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 2019-20 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 developed during 2020-21 to ensure clarity and consistency of approach.

In February 2020, the Accounts Commission published a Section 102 report on the Fife Integration Joint Board. The report highlighted significant concerns about the financial management and sustainability of the Partnership; the slow rate of progress in embedding good governance and management arrangements; and lack of progress in development of transformation and best value arrangements. Some progress in addressing financial sustainability challenges and the establishment of improved financial planning was noted. Ongoing improvements in these areas will be a high priority for Partners and the IJB in the forthcoming year.

A joint review of the Fife Integration Scheme was scheduled to conclude by 31 March 2020. A number of changes to the current Scheme were agreed by the date; however, a number of areas (including the risk share arrangement) required further consideration. As a result of the Covid-19 pandemic the review was temporarily paused. The key stakeholders, NHS Fife, Fife Council and the IJB recommenced the review in May 2020 and it is expected that this will be concluded across the parties by the end of the calendar year. The IJB Chief Officer has advised the Scottish Government of this revised timeline for completion.

### **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 & 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-Executive 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, Remuneration Committee, Finance, Performance & Resources Committee, and the Clinical Governance Committee (which also embraces Information Governance);

## **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 & Security 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 2019-20, the high level risks identified as having the potential to impact the delivery of NHS Fife's strategic objectives, and related operational high level risks, have been reported as part of the Board Assurance Framework (BAF), bi-monthly to the governance committees and thereafter to the Audit & Risk Committee and the Board.

The scope of the BAF has continued to evolve and now includes eHealth - Delivering Digital and Information Governance & Security. The latter was first reported to the NHS Fife Clinical Governance Committee on 6 November 2019.

As the BAF is the key source of evidence that links strategic objectives to risk and assurance, and the main tool that the Board uses in discharging its overall responsibility for internal control, it is essential that the committees and the Board can take confidence from the assurances provided or, in the absence of such assurances, challenge and seek further information or action.

The December 2018 Audit & Risk Committee meeting received a report on the requirements set out in the Scottish Public Finance Manual (SPFM) Audit Committee Handbook, revised in March 2018. The paper also referred to HM Treasury guidance on frameworks for assurance mapping. In considering the paper, the Committee agreed 'that ongoing work on reviewing the Board's corporate governance arrangements, in line with national proposals for Boards to adopt a 'model blueprint' of good corporate governance, would take cognisance of the guidance in the revised Handbook, particularly as relates to the effective operation of the Audit & Risk Committee in its approach to risk and assurance.'

In order to progress this work locally, it has been agreed that consideration should be given to developing an assurance map for NHS Fife, which would assist in the work to ensure risk management arrangements are sufficiently robust. In 2019-20, the four Boards covered by the FTF Internal Audit Service (Fife, Forth Valley, Lanarkshire and Tayside) set up a small working group involving members from each Board, to agree a proposed process for assurance mapping, together with associated documentation, templates and timescales. The attendees vary from Board Secretaries to Risk Managers. Three meetings have taken place to date thus far, in October and November 2019 and in late February 2020. Topics discussed included relevant guidance on risk mapping; the principles behind various mapping approaches; and the design of a template that could be used to test an exemplar risk from each Board based on the 'three lines of assurance' format. It was agreed that, in Fife, the exemplar risk for review would be the eHealth BAF and that the review would be facilitated by Internal Audit. An assurance mapping exercise commenced on the eHealth BAF in early 2020. This work has been delayed due to the Covid-19 pandemic but it is intended it will restart in the



coming months. It is anticipated that this work and related learning will enhance our local processes and ensure the development of a more efficient and effective assurance framework.

The revised processes relating to the Corporate Risk Register will be approved 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.

The Audit & Risk Committee is responsible for reviewing the effectiveness of the organisational Risk Management framework. During 2019-20, 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.

During 2019-20, the work to develop the Board's risk appetite continued. A Board Risk Appetite Short Life Working Group identified a definition and methodology for classifying risk appetite. This work was further developed through consultation with the governance committees and at Board Development Sessions during 2019. The risk appetite classifications were agreed at the Board meeting on 27 November 2019. These will be reflected in the updated Risk Management Framework and a plan of work to support implementation is presently under development.

Risk Management Key Performance Indicators (KPIs) have been approved; these will be reported to the Audit & Risk Committee and the Clinical Governance Committee from September 2020.

## 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 2019-20, 2595 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. A Waiting Times Improvement Plan is being implemented and progress and improvement actions continues to be monitored through monthly performance reviews within the Acute Services Division.
- An unannounced Healthcare Environment Inspection (HEI) was conducted at Glenrothes Hospital in July 2020, the hospital having last been inspected in March 2019. The inspection reported on areas where NHS Fife was performing well and areas for improvement. During the visit the Board received positive feedback:
  - patients were treated with dignity and respect
  - good compliance with standard infection control precautions
  - cleanliness of environment was very good

Improvement is required:

- care plans should be person-centred and evidence that the patient has been involved in decisions about their care
- equipment should be in a condition that ensures that it can be effectively cleaned.

This inspection resulted in four areas of good practice and five requirements.

An action plan was prepared in response to the areas for improvement identified: work is ongoing to ensure effective, person-centred documentation.

The published report can be accessed by the link below.

[http://www.healthcareimprovementscotland.org/our\\_work/inspecting\\_and\\_regulating\\_care/hosp\\_nhs\\_fife/glenrothes\\_hospital\\_sep\\_20.aspx](http://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/hosp_nhs_fife/glenrothes_hospital_sep_20.aspx)

- There were 13 personal data related incidents or data protection breaches reported to the Information Commissioner's Office (ICO) during 2019/20 (2 breaches were reported in 2018/19). During 2019/20, NHS Fife was also required to record and report personal data breaches within GP Practices, as NHS Fife is now joint data controller of data held within GP Practices and provides Data Protection services to them. Of the 13 reports noted above, 5 related to GP practices; this explains part of the increased level of reported breaches from the previous year.
- Of the 13 reported in total, 8 related to confidentiality data breaches (4 in relation to NHS Fife and 4 in General Practice) and 5 related to the availability of data due to unplanned information system outages (4 in relation to NHS Fife and 1 in relation to General Practices). One of the 5 reported breaches in relation to availability of data for NHS Fife was rejected by the ICO as it pertained to a deceased person. For 11 of the remaining 12 reports submitted, the ICO took no further action but made a series of recommendations. One report remains outstanding at the time of writing.
- None of the reported breaches resulted in any patient harm or financial penalties being imposed. Good progress has been made during 2019/20 in implementing the Information Governance team business improvement plan, which supports the reporting process for this important area of information governance.

### **COVID-19 Pandemic – Governance Arrangements**

In recognition of the challenges caused by the rapid mobilisation of services to address Covid-19, approval to revise governance arrangements across NHS Boards was given by the Scottish Government Director of Health Finance, Corporate Governance & Values in a letter to Board Chairs, dated 25 March 2020. Individual NHS Boards were invited to submit their specific proposals for governance during the pandemic period to the Office of the Chief Executive; NHS Fife returned their own submission on 30 March.

At the April 2020 Board meeting, NHS Fife Board members considered a paper outlining the Board's planned approach to governance whilst NHS Fife continued to deal with the Covid-19 pandemic, based on the principles contained in the submission made to the Scottish Government. The aims were to ensure that NHS Fife could:

- effectively respond to Covid-19, and at the same time appropriately discharge its governance responsibilities;
- maximise the time available for management and operational staff to deal with the significant challenges of addressing Covid-19 demand within clinical services; and
- minimise the need for people to travel to and physically attend meetings, thus mitigating the risk of disregarding government guidance on social distancing and limiting travel outwith one's own home.

Since the outbreak of the pandemic in mid-March, the Board has held (on 8 April and 27 May) two full meetings remotely, utilising both tele- and video-conferencing, with a prioritised agenda in place for each Board meeting. Whilst it has not been possible to meet physically in a public setting due to the ongoing lockdown restrictions and social distancing measures, from the May Board meeting onwards, representatives from the local media were invited to listen in via Teams, and this worked successfully. Board papers continue to be published in advance on the NHS Fife website, as do the Board minutes after each meeting has taken place.

A meeting of the Chair, Vice-Chair and members of the Executive Team has taken place each week since mid-March, with a full minute circulated to Board members for their information. The Chair and Vice-Chair additionally have regular contact with the Chief Executive and other key members of the Executive Team on priority items as and when required. Regular meetings with local elected representatives (MPs/MSPs) also continue to operate.

Whilst the scheduled dates in May for the Board's committees were stood down, a series of Covid-19 related briefing sessions were held for each Committee in June, prior to the resumption of Board committees in July. Agendas for committee meetings reflect the priorities of the Board's ongoing response to Covid-19, in addition to the consideration of business otherwise requiring approval, such as agenda items linked to the approval of the annual accounts. The Chair, Vice-Chair and Committee Chairs liaise with the Executive Team to identify what business must be considered by the Board and its committees and when, if necessary, meetings need to go ahead. Some routine business has been suspended or deferred, and each Committee's workplan has been reviewed to ensure that new items related to Covid-19 are covered appropriately.

NHS Fife has also put in place an organisational Command structure to provide direction, decision-making, escalation and communication functions during the pandemic period. Initially meetings of Gold Command were scheduled daily. By the end of June this was reduced to weekly as a result of the reduction in Covid-related activity and reporting from its supporting Silver and Bronze groups. Routine meetings such as the weekly meeting of the Executive Team, and a formal, monthly Executive Directors' Group (EDG), were resumed in June.

In light of the ongoing impact of Covid-19 on NHS Fife, it is anticipated that the Board's strategic framework will require to be reviewed, in tandem with reassessment of the transformation programme and its relationship to the remobilisation / redesign of key services. As part of that work, the strategies of the IJB will also need to be considered and it is expected that all of the Board's supporting strategies will require review, to appropriately reflect a post-Covid environment.

During the 2019-20 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.

## Directors and Senior Employees Remuneration (Audited Information)

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2019-20.

	Gross Salary (Bands of £5,000)	Benefits in Kind £'000	Total Earnings in Year (Bands of £5,000)	Pension Benefits £'000	Total Remuneration (Bands of £5,000)
<b>Executive Members</b>					
Mr P Hawkins, Chief Executive (to 27 January 2020) <sup>notes 2,3</sup>	115 - 120	-	115 - 120	0	115 - 120
Mrs C Potter, Director of Finance (to 27 January 2020), Interim Chief Executive (from 28 January 2020) <sup>note 6</sup>	100 - 105	-	100 - 105	88	190 - 195
Ms H Buchanan, Director of Nursing	95 - 100	2.5	100 - 105	36	135 - 140
Ms D Milne, Director of Public Health	90 - 95	-	90 - 95	23	115 - 120
Dr C McKenna, Medical Director	150 - 155	-	150 - 155	39	190 - 195
<b>Non Executive Members</b>					
Mrs P Marwick, Chairperson	30 - 35	-	30 - 35		30 - 35
Dr L Bisset, Vice Chairperson	20 - 25	-	20 - 25		20 - 25
Mr M Black	10 - 15	-	10 - 15		10 - 15
Mrs C Cooper	10 - 15	-	10 - 15		10 - 15
Ms C Laing	10 - 15	-	10 - 15		10 - 15
Mr E Clarke	5 - 10	-	5 - 10		5 - 10
Mrs M Wells	10 - 15	-	10 - 15		10 - 15
Ms S Braiden	5 - 10	-	5 - 10		5 - 10
Mr A Morris (from 1 August 2019) <sup>note 3</sup>	5 - 10	-	5 - 10		5 - 10
Ms K Miller (from 1 February 2020) <sup>note 3</sup>	0 - 5	-	0 - 5		0 - 5
<b>Stakeholders</b>					
Mrs W Brown, Employee Director <sup>notes 2, 4</sup>	60 - 65	-	60 - 65	0	60 - 65
Ms J Owens, Chairperson Area Clinical Forum <sup>note 4</sup>	80 - 85	3.9	85 - 90	14	100 - 105
Councillor D Graham <sup>note 5</sup>	5 - 10	-	5 - 10		5 - 10
<b>Other Senior Employees</b>					
Ms B A Nelson, Director of Workforce (until 31 December 2019) <sup>note 3</sup>	65 - 70	-	65 - 70	36	105 - 110
Mrs E Ryabov, Chief Operating Officer	80 - 85	-	80 - 85	13	90 - 95
Mr A Fairgrieve, Director of Estates, Facilities & Capital Services	95 - 100	-	95 - 100	24	115 - 120
Mr S Garden, Director of Pharmacy and Medicines (from 30 July 2019) <sup>note 3</sup>	65 - 70	-	65 - 70	22	90 - 95
Mr J Crichton, Transformation Programme Director (from 11 November 2019) <sup>notes 3, 5</sup>	35 - 40	-	35 - 40		35 - 40
Ms L Douglas, Director of Workforce (from 1 January 2020) <sup>note 3</sup>	20 - 25	-	20 - 25	6	30 - 35
Mrs M Olsen, Interim Chief Operating Officer (from 1 December 2019 to 31 March 2020) <sup>notes 3, 5</sup>	30 - 35	-	30 - 35		30 - 35

### Notes

- There were no Performance related bonuses payable for 2019-20
- In accordance with the guidance issued in Employer Pension Notice (EPN) 380 pensions benefit calculations leading to a negative value have been expressed as zero in the remuneration report.
- The full year equivalent total earnings calculations in bands of £5,000 are as follows:  
Mr P Hawkins, Chief Executive (140 - 145), Mr A Morris (5 - 10), Ms K Miller (5 - 10), Ms B A Nelson, Director of Workforce (90 - 95), Mr S Garden, Director of Pharmacy and Medicines (90 - 95), Mr J Crichton, Transformation Programme Director (100 - 105), Ms L Douglas, Director of Workforce (95 - 100)
- Includes non Board remuneration of £50k - £55k for Mrs Wilma Brown and £70k-£75k for Ms Janette Owens.
- Appear in Remuneration Table only as no Pension Benefits held with NHS Fife
- Mrs C Potter was Interim Chief Executive from 28 January 2020 until 1 October 2020 when she was appointed Chief Executive.
- Mrs Margo McGurk, was appointed (executive) Director of Finance from 1 April 2020 on a secondment basis. Prior to this she provided support during February and March at a cost of £11,787
- Mr M Kellet was Chief Officer for the Fife Integration Joint Board until 31 July 2019; 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 Kellet is employed by NHS Fife with 50% of the costs being charged to Fife Council. NHS Fife is responsible for his pension liabilities.
- Mrs N Connor was appointed as Interim Chief Officer for the Fife Integration Joint Board from 1 August 2019 and then Chief Officer from 23 October 2019; her salary and pension information is disclosed in the remuneration report of the IJB Accounts. In this role, she is also classified as an 'Other Senior Employee' of NHS Fife. Mrs Connor is employed by NHS Fife with 50% of the costs being charged to Fife Council. NHS Fife is responsible for her pension liabilities.

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2018-19.

	Gross Salary (Bands of £5,000)	Benefits in Kind £'000	Total Earnings in Year (Bands of £5,000)	Pension Benefits £'000	Total Remuneration (Bands of £5,000)
<b>Executive Members</b>					
Mr P Hawkins, Chief Executive	140 - 145	-	140 - 145	11	150 - 155
Mrs C Potter, Director of Finance	90 - 95	-	90 - 95	37	125 - 130
Dr F Elliot, Medical Director (to 28 February 2019) <sup>note 3</sup>	145 - 150	-	145 - 150	-	145 - 150
Ms H Buchanan, Director of Nursing	95 - 100	2.1	95 - 100	101	200 - 205
Dr M Hannah, Director of Public Health (to 2 September 2018) <sup>notes 2, 3</sup>	55 - 60	-	55 - 60	-	55 - 60
Ms D Milne, Director of Public Health (from 3 September 2018) <sup>note 3</sup>	50 - 55	-	50 - 55	12	60 - 65
Dr C McKenna, Medical Director (from 1 March 2019) <sup>note 3</sup>	10 - 15	-	10 - 15	45	55 - 60
<b>Non Executive Members</b>					
Mrs P Marwick, Chairperson	30 - 35	-	30 - 35	-	30 - 35
Dr L Bisset, Vice Chairperson	15 - 20	-	15 - 20	-	15 - 20
Mr M Black	5 - 10	-	5 - 10	-	5 - 10
Mrs C Cooper	5 - 10	-	5 - 10	-	5 - 10
Ms C Laing	5 - 10	-	5 - 10	-	5 - 10
Mr S Little (to 24 October 2018) <sup>note 3</sup>	5 - 10	-	5 - 10	-	5 - 10
Mr E Clarke <sup>note 3</sup>	5 - 10	-	5 - 10	-	5 - 10
Mrs M Wells <sup>note 3</sup>	5 - 10	-	5 - 10	-	5 - 10
Ms S Braiden (from 1 August 2018) <sup>note 3</sup>	5 - 10	-	5 - 10	-	5 - 10
<b>Stakeholders</b>					
Mrs W Brown, Employee Director <sup>note 4</sup>	55 - 60	-	55 - 60	60	115 - 120
Ms J Owens, Chairperson Area Clinical Forum <sup>note 4</sup>	80 - 85	3.6	80 - 85	31	115 - 120
Councillor D Graham <sup>note 3</sup>	5 - 10	-	5 - 10	-	5 - 10
<b>Other Senior Employees</b>					
Mrs J Gardner, Chief Operating Officer (Acute Services Division) (from 1 April 2018 to 24 January 2019) <sup>note 5</sup>	75 - 80	-	75 - 80	20	95 - 100
Ms B A Nelson, Director of Workforce <sup>note 5</sup>	85 - 90	-	85 - 90	31	120 - 125
Mrs E Ryabov, Chief Operating Officer, Acute Services Division (from 28 January 2019) <sup>notes 3, 5</sup>	20 - 25	-	20 - 25	4	25 - 30
Prof S McLean, Chief Operating Officer <sup>note 5</sup>	<b>Consent Not Available</b>				
Mr A Fairgrieve, Director of Estates, Facilities & Capital Services	95 - 100	-	95 - 100	25	115 - 120

#### Notes

- There were no Performance related bonuses payable for 2018-19
- In accordance with the guidance issued in Employer Pension Notice (EPN) 380 pensions benefit calculations leading to a negative value have been expressed as zero in the remuneration report.
- The full year equivalent total earnings calculations in bands of £5,000 are as follows:  
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 Gardener, Chief Operating Officer, Acute Services (90 - 95), Mrs E Ryabov, Chief Operating Officer, Acute Services (105 - 110)
- Includes non Board remuneration of £45k - £50k for Mrs W Brown and £70k - £75k for Ms J Owens
- Other Senior Employees (non Board members of the Executive Directors Group) of NHS Fife have been disclosed for the first time in 2018-19.
- Mr M Kellet 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 Kellet is employed by NHS Fife with 50% of the costs being charged to Fife Council. NHS Fife is responsible for his pension liabilities.

## Directors and Senior Employees Pension Benefits (*Audited Information*)

The following table shows the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2019-20.

	Total accrued pension at pension age (bands of £5,000)	Accrued Lump sum at pension age (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	CETV at 31 March 2019 (£'000)	CETV at 31 March 2020 (£'000)	Real Increase in CETV in year (£'000)
<b>Executive Members</b>							
Mr P Hawkins, Chief Executive	50 - 55	155 - 160	-	-	1,157	1,164	7
Mrs C Potter, Interim Chief Executive	35 - 40	80 - 85	2.5 - 5	7.5 - 10	548	636	88
Ms H Buchanan, Director of Nursing	35 - 40	115 - 120	0 - 2.5	5 - 7.5	778	842	51
Ms D Milne, Director of Public Health	0 - 5	-	0 - 2.5	-	11	33	21
Dr C McKenna, Medical Director	10 - 15	-	2.5 - 5.0	-	84	115	31
<b>Stakeholders</b>							
Mrs W Brown, Employee Director	15 - 20	30 - 35	-	-	294	291	0
Ms J Owens, Chairperson Area Clinical Forum	10 - 15	5 - 10	0 - 2.5	-	169	190	21
<b>Other Senior Employees</b>							
Ms B A Nelson, Director of Workforce	45 - 50	135 - 140	0 - 2.5	5 - 7.5	1,014	1,085	62
Mrs E Ryabov, Chief Operating Officer (Acute Services Division)	0 - 5	-	0 - 2.5	-	5	19	14
Mr A Fairgrieve, Director of Estates, Facilities & Capital Services	15 - 20	-	0 - 2.5	-	236	271	34
Mr S Garden, Director of Pharmacy and Medicines	0 - 5	-	0 - 2.5	-	0	17	17
Ms L Douglas, Director of Workforce	0 - 5	-	0 - 2.5	-	0	6	6

The following table shows the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2018-19.

	Total accrued pension at pension age (bands of £5,000)	Accrued Lump sum at pension age (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	CETV at 31 March 2018 (£'000)	CETV at 31 March 2019 (£'000)	Real Increase in CETV in year (£'000)
<b>Executive Members</b>							
Mr P Hawkins, Chief Executive	50 - 55	155 - 160	0 - 2.5	2.5 - 5	1,009	1,138	34
Mrs C Potter, Director of Finance	30 - 35	70 - 75	0 - 2.5	0 - 2.5	441	539	43
Ms H Buchanan, Director of Nursing	35 - 40	105 - 110	2.5 - 5	12.5 - 15	559	765	106
Dr M Hannah, Director of Public Health	50 - 55	-	-	-	842	827	6
Ms D Milne, Director of Public Health	0 - 5	-	0 - 2.5	-	0	11	11
Dr C McKenna, Medical Director	5 - 10	-	2.5 - 5.0	-	0	83	29
<b>Stakeholders</b>							
Mrs W Brown, Employee Director	15 - 20	30 - 35	2.5 - 5	5 - 7.5	218	289	58
Ms J Owens, Chairperson Area Clinical Forum	5 - 10	5 - 10	0 - 2.5	0 - 2.5	108	166	36
<b>Other Senior Employees</b>							
Mrs J Gardner, Chief Operating Officer	5 - 10	-	0 - 2.5	-	0	64	19
Ms B A Nelson, Director of Workforce	40 - 45	130 - 135	0 - 2.5	5 - 7.5	878	997	53
Mrs E Ryabov, Chief Operating Officer	0 - 5	-	0 - 2.5	-	0	5	5
Mr A Fairgrieve, Director of Estates, Facilities & Capital Services	10 - 15	-	0 - 2.5	-	190	233	32

## Fair Pay Disclosure

Reporting bodies are required to disclose the relationship between remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce as set out in the table below.

2019-20		2018-19	
Range of Staff Remuneration (£'000s)	1 – 250	Range of Staff Remuneration (£'000)	1 - 230
Highest Earning Director's Total Earnings (£000s)	150 - 155	Highest Earning Director's Total Earnings (£000s)	160 - 165
Median Total Remuneration (£)	27,282	Median Total Remuneration (£)	26,940
Ratio	5.59:1	Ratio	6.03:1
Commentary The pay award and incremental progression have led to a 1.2% increase in the Median Total Remuneration figure. The positive impact of these events has led to a reduction in the ratio from the 2018-19 level.			

## Staff Report

### Higher Paid Employees' Remuneration (*Audited Information*)

The headcount of senior staff as at the 31 March of each year

	Clinical Staff		Other Staff	
	2020 Number	2019 Number	2020 Number	2019 Number
£ 70,001 to £80,000	42	34	12	9
£ 80,001 to £90,000	33	41	5	5
£ 90,001 to £100,000	41	39	4	3
£100,001 to £110,000	47	28	1	1
£110,001 to £120,000	23	38	0	0
£120,001 to £130,000	34	27	0	0
£130,001 to £140,000	26	17	0	0
£140,001 to £150,000	18	21	2	1
£150,001 to £160,000	10	13	0	0
£160,001 to £170,000	9	12	0	0
£170,001 to £180,000	4	6	0	0
£180,001 to £190,000	3	1	0	0
£190,001 to £200,000	1	0	0	0
£200,001 and above	3	4	1	0



## Staff Numbers and Costs

Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2020 TOTAL	2019 TOTAL
£000	£000	£000	£000	£000	£000	£000	£000

### STAFF COSTS

Salaries and wages	565	136	284,988			(455)	285,234	268,031
Social security costs	73	8	28,061			(67)	28,075	27,097
NHS scheme employers' costs	93	0	51,076			(78)	51,091	35,063
Inward secondees				364			364	830
Agency and other directly engaged staff					14,718		14,718	10,399
<b>Total</b>	<b>731</b>	<b>144</b>	<b>364,124</b>	<b>364</b>	<b>14,718</b>	<b>(600)</b>	<b>379,482</b>	<b>341,420</b>

### STAFF NUMBERS

Whole time equivalent (WTE)	5	13	7,424	7	117	(9)	7,557	7,683
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Included in the total staff numbers above were disabled staff of:

112	127
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### Staff Composition

	2020			2019		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	3	5	2	3	5
Non-Executive Directors and Employee Director	4	9	13	4	7	11
Senior Employees	166	153	319	161	134	295
Other	1,408	8,554	9,962	1,330	8,184	9,514
Total Headcount	1,580	8,719	10,299	1,497	8,328	9,825

### Sickness Absence Data

	2020	2019
Sickness Absence Rate	5.6%	5.4%

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 trade 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 packages – Current Year

Exit Package Cost Band	2020		
	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band
£100,000-£150,000	0	1	1
£150,000-£200,000	0	1	1

#### Exit Packages - Prior Year

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

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data at the following link: [www.nhsfife.org/tradeunionregs](http://www.nhsfife.org/tradeunionregs).

### Relevant Union Officials

Number of employees who were relevant union officials during the period 1 April 2019 to 31 March 2020	Full-time equivalent employee number
60	48

### Percentage of time spent on facility time

Percentage of time	Number of representatives
0%	34
1 – 50%	26
51 – 99%	0
100%	0

### Percentage of pay bill spent on facility time

Total cost of facility time	£65,033
Total pay bill	£345,881,617
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	75%
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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 over £250k 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:

	2020		2019	
	Number of Cases	£'000	Number of Cases	£'000
Losses	795	4,388	868	2,454

In 2019-20, the Board was required to pay out £2.583m in respect of 3 claims individually greater than £250,000 settled under the CNORIS scheme (2018-19: £1.635, 3 claims). Further details on the scheme can be found in Note 1 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. The Board had no commercial trading activity during 2019/20 where the full annual cost exceeded £1 million.

### Remote Contingent Liabilities

Contingent liabilities that meet the disclosure requirements in 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 of the probability of any requirements on the Board to meet future liabilities is considered to be remote.

Signature: *Carol Potter* .....

Date: 25 November 2020

Carol Potter  
Chief Executive and Accountable Officer  
NHS Fife

# INDEPENDENT AUDITORS REPORT TO 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 2020 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 2019/20 Government Financial Reporting Manual (the 2019/20 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 2020 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 2019/20 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 for 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 four 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.

### Emphasis of matter: valuation of land and buildings

I draw attention to section 'Significant Changes in Non Current Assets' of the Performance Report, and Note 1 to the accounts which describe the effects of a material uncertainty, caused by Covid-19, declared in the valuation report for land and buildings. My opinion is not modified in respect of this matter.

### 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, 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

25 November 2020

**NHS FIFE**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE**  
**FOR THE YEAR ENDED 31 MARCH 2020**

<b>2019</b>		<b>Note</b>	<b>2020</b>
<b>£000</b>			<b>£000</b>
342,035	Staff costs	<b>3a</b>	380,082
	Other operating expenditure:	<b>3b</b>	
96,109	Independent Primary Care Services		101,622
128,520	Drugs and medical supplies		130,936
669,073	Other health care expenditure		702,867
1,235,737	Gross expenditure for the year		1,315,507
(467,290)	Less: operating income	<b>4</b>	(493,113)
<b>768,447</b>	<b>Net expenditure for the year</b>		<b>822,394</b>
<b>2019</b>			<b>2020</b>
<b>£000</b>			<b>£000</b>
4,050	Net (gain) / loss on revaluation of property, plant and equipment		(26,845)
(579)	Net (gain) / loss on revaluation of available for sales financial assets		706
3,471	<b>Other comprehensive expenditure</b>		(26,139)
<b>771,918</b>	<b>Comprehensive net expenditure</b>		<b>796,255</b>

**NHS FIFE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

<b>Consolidated 2019 £000</b>	<b>Board 2019 £000</b>		<b>Note</b>	<b>Consolidated 2020 £000</b>	<b>Board 2020 £000</b>
		<b>Non-current assets</b>			
472,233	472,116	Property, plant and equipment	<b>7c</b>	494,232	494,007
486	486	Intangible assets	<b>6a</b>	325	325
		Financial assets:			
12,423	0	Investments	<b>10</b>	10,835	0
55,633	55,633	Trade and other receivables	<b>9</b>	50,251	50,251
<b>540,775</b>	<b>528,235</b>	<b>Total non-current assets</b>		<b>555,643</b>	<b>544,583</b>
		<b>Current Assets:</b>			
5,327	5,327	Inventories	<b>8</b>	5,551	5,551
		Financial assets:			
40,207	39,724	Trade and other receivables	<b>9</b>	56,049	55,525
775	512	Cash and cash equivalents	<b>11</b>	1,585	485
2,198	2,198	Assets classified as held for sale	<b>7b</b>	1,575	1,575
<b>48,507</b>	<b>47,761</b>	<b>Total current assets</b>		<b>64,760</b>	<b>63,136</b>
<b>589,282</b>	<b>575,996</b>	<b>Total assets</b>		<b>620,403</b>	<b>607,719</b>
		<b>Current liabilities</b>			
(34,462)	(34,462)	Provisions	<b>13a</b>	(49,820)	(49,820)
		Financial liabilities:			
(76,868)	(76,830)	Trade and other payables	<b>12</b>	(81,970)	(81,947)
<b>(111,330)</b>	<b>(111,292)</b>	<b>Total current liabilities</b>		<b>(131,790)</b>	<b>(131,767)</b>
<b>477,952</b>	<b>464,704</b>	<b>Non-current assets plus / less net current assets / liabilities</b>		<b>488,613</b>	<b>475,952</b>
		<b>Non-current liabilities</b>			
(97,450)	(97,450)	Provisions	<b>13a</b>	(95,881)	(95,881)
		Financial liabilities:			
(168,591)	(168,591)	Trade and other payables	<b>12</b>	(165,417)	(165,417)
<b>(266,041)</b>	<b>(266,041)</b>	<b>Total non-current liabilities</b>		<b>(261,298)</b>	<b>(261,298)</b>
<b>211,911</b>	<b>198,663</b>	<b>Assets less liabilities</b>		<b>227,315</b>	<b>214,654</b>
		<b>Taxpayers' Equity</b>			
69,084	69,084	General fund	<b>SoCTE</b>	62,155	62,155
129,579	129,579	Revaluation reserve	<b>SoCTE</b>	152,499	152,499
13,248	0	Fund held on Trust	<b>SoCTE</b>	12,661	0
<b>211,911</b>	<b>198,663</b>	<b>Total taxpayers' equity</b>		<b>227,315</b>	<b>214,654</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 25 November 2020 and signed on their behalf by:

*Margo McGurk*

Director of Finance 25 November 2020

*Carol Potter*

Chief Executive 25 November 2020



**NHS FIFE  
CONSOLIDATED STATEMENT OF CASHFLOWS  
AS AT 31 MARCH 2020**

<b>2019</b>			<b>2020</b>	<b>2020</b>
<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
	<b>Cash flows from operating activities</b>			
(768,447)	Net expenditure	<b>SoCTE</b>	(822,394)	
17,993	Adjustments for non-cash transactions	<b>2a</b>	13,880	
13,993	Add back: interest payable recognised in net operating expenditure	<b>2b</b>	14,357	
(478)	Investment income		(421)	
1,185	Movements in working capital	<b>2c</b>	9,168	
<b>(735,754)</b>	<b>Net cash outflow from operating activities</b>	<b>24c</b>		<b>(785,410)</b>
	<b>Cash flows from investing activities</b>			
(8,202)	Purchase of property, plant and equipment		(10,400)	
(277)	Purchase of intangible assets		(11)	
(256)	Investment additions	<b>10</b>	(12,870)	
498	Proceeds of disposal of property, plant and equipment		999	
500	Receipts from sale of investments		13,752	
478	Investment Income		421	
<b>(7,259)</b>	<b>Net cash outflow from investing activities</b>	<b>24c</b>		<b>(8,109)</b>
	<b>Cash flows from financing activities</b>			
759,685	Funding	<b>SoCTE</b>	811,667	
(30)	Movement in general fund working capital	<b>SoCTE</b>	(27)	
759,655	Cash drawn down		811,640	
(2,751)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	<b>2c</b>	(2,954)	
149	Interest paid		(418)	
(14,142)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	<b>2b</b>	(13,939)	
<b>742,911</b>	<b>Net Financing</b>	<b>24c</b>		<b>794,329</b>
(102)	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>		810	
877	<b>Cash and cash equivalents at the beginning of the period</b>		775	
<b>775</b>	<b>Cash and cash equivalents at the end of the period</b>			<b>1,585</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
(102)	Increase / (decrease) in cash in year	<b>11</b>	810	
877	Net debt / cash at 1 April		775	
<b>775</b>	<b>Net debt / cash at 31 March</b>			<b>1,585</b>

**NHS FIFE**  
**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**AS AT 31 MARCH 2020**

	Note	General Fund £000	Revaluation Reserve £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2019</b>		<b>69,084</b>	<b>129,579</b>	<b>13,248</b>	<b>211,911</b>
<b>Changes in taxpayers' equity for 2019-20</b>					
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a	0	26,737	108	26,845
Net gain / (loss) on revaluation of investments	10	0	0	(706)	(706)
Impairment of property, plant and equipment		0	3,505	0	3,505
Revaluation and impairments taken to operating costs	2a	0	(3,505)	0	(3,505)
Transfers between reserves		3,817	(3,817)	0	0
Other non cash costs – Movement in Prescribing Accrual/ Assets		(8)	0	0	(8)
Net operating cost for the year	CFS	(822,405)	0	11	(822,394)
<b>Total recognised income and expense for 2019-20</b>		<b>(818,596)</b>	<b>22,920</b>	<b>(587)</b>	<b>(796,263)</b>
<b>Funding:</b>					
Drawn down	CFS	811,640			811,640
Movement in General Fund (creditor) / debtor	CFS	27			27
<b>Balance at 31 March 2020</b>	SoFP	<b>62,155</b>	<b>152,499</b>	<b>12,661</b>	<b>227,315</b>

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYER'S EQUITY – PRIOR YEAR**

	Note	General Fund £000	Revaluation Reserve £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2018</b>		<b>74,315</b>	<b>129,271</b>	<b>12,498</b>	<b>216,084</b>
<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>		<b>(764,916)</b>	<b>308</b>	<b>750</b>	<b>(763,858)</b>
<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.

## **NOTE 1 ACCOUNTING POLICIES**

### **Authority**

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

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

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

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

#### **(a) Standards, amendments and interpretations effective in 2019-20**

There are no new standards, amendments or interpretations effective in current year

#### **(b) Standards, amendments and interpretation adopted early in 2019-20**

There are no new standards, amendments or interpretations adopted early in 2019-20.

#### **(c) Disclosure of new accounting standards not yet adopted**

### **IFRS 16 - Leases**

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2021. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland has elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS Fife expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future year's new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments. The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

## Impact of the new standard

The Board has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2021 and on the Statement of Financial Position at that date. The figures below represent existing leases as at 31 March 2020.

The standard is expected to increase total expenditure by £44k. Right-of-use assets totalling £7.5 million will be brought onto the Statement of Financial Position, with an associated lease liability of £6.9 million.

## **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 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 24 to the Annual Accounts, details how the consolidated Financial Statements have been calculated.

## **Going Concern**

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

## **Accounting Convention**

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

## **Funding**

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

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

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

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

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

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

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

### **Property, plant and equipment**

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

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

### ***Recognition***

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

All assets falling into the following categories are capitalised:

- Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

### ***Measurement***

#### Valuation

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

With 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 22 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

### **Value Added Tax**

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **PFI Schemes**

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

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

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

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

### **Provisions**

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

### **Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in Note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

### **Corresponding Amounts**

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

## Financial Instruments

### **Financial assets**

#### 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.

The Board commissioned a valuation for 31 March 2020 which was performed in February 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards ('Red Book'), a material

uncertainty has been declared in the valuation report. This is due to market uncertainties caused by Covid-19. The Red Book defines material uncertainty as *'where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted'*.

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to NHS Fife as at 31 March 2020 and can be relied upon.

Of the £139.391m net book value of land and buildings subject to valuation, £65.246m (46.81%) relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to NHS Fife of replacing the service potential of the assets; the uncertainty relates to the estimated costs of, rather than the extent of, service potential to be replaced.

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## NOTE 2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN

	Note	2020 £000	2020 £000
<b>Net expenditure</b>	<b>SoCNE</b>		<b>822,394</b>
Total non core expenditure (see below)			(28,200)
Family Health Services non-discretionary allocation			(41,934)
Donated assets income	<b>2b</b>		0
Endowment net expenditure			11
<b>Total core expenditure</b>			<b>752,271</b>
Core Revenue Resource Limit			752,331
<b>Saving/(excess) against Core Revenue Resource Limit</b>			<b>60</b>

## SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation / amortisation		12,443	
Annually Managed Expenditure - impairments		(3,505)	
Annually Managed Expenditure - creation of provisions		5,138	
Annually Managed Expenditure - depreciation of donated assets	<b>2b</b>	117	
Additional Scottish Government non-core funding		5,800	
IFRS PFI expenditure		8,207	
<b>Total Non Core Expenditure</b>			<b>28,200</b>
Non Core Revenue Resource Limit			28,200
<b>Saving / (excess) against Non Core Revenue Resource Limit</b>			<b>0</b>

SUMMARY RESOURCE OUTTURN	Resource £000	Expenditure £000	Saving / (Excess) £000
Core	752,331	752,271	60
Non Core	28,200	28,200	0
<b>Total</b>	<b>780,531</b>	<b>780,471</b>	<b>60</b>

## NOTE 2b. NOTES TO THE CASH FLOW STATEMENT

## Consolidated adjustments for non-cash transactions

2019 £000		Note	2020 £000
	<b>Expenditure not paid in cash</b>		
17,032	Depreciation	<b>7a</b>	17,104
112	Amortisation	<b>6</b>	172
101	Depreciation of donated assets	<b>7a</b>	117
1,599	Impairments on PPE charged to SoCNE		9
(575)	Reversal of impairments on PPE charged to SoCNE		(3,514)
0	Net revaluation on PPE charged to SoCNE		0
0	Loss on re-measurement of non-current assets held for sale	<b>7b</b>	0
(235)	Funding Of Donated Assets	<b>7a</b>	0
(41)	Movement in prescribing charge/ Assets		(8)
<b>17,993</b>	<b>Total expenditure not paid in cash</b>	<b>CFS</b>	<b>13,880</b>
	<b>Interest payable recognised in operating expenditure</b>		
	<b>Interest payable</b>		
14,142	PFI Finance lease charges allocated in the year	<b>18a</b>	13,939
(149)	Provisions - Unwinding of discount		418
<b>13,993</b>	<b>Net interest payable</b>	<b>CFS</b>	<b>14,357</b>

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## Consolidated movements in working capital

2019 Net movement £000		Note	Opening balances £000	Closing balances £000	2020 Net movement £000
	<b>INVENTORIES</b>				
(667)	Statement of Financial Position	8	5,327	5,551	
<b>(667)</b>	<b>Net decrease / (increase)</b>				<b>(224)</b>
	<b>TRADE AND OTHER RECEIVABLES</b>				
(22,124)	Due within one year	9	40,207	56,049	
14,440	Due after more than one year	9	55,633	50,251	
			95,840	106,300	
<b>(7,684)</b>	<b>Net decrease / (increase)</b>				<b>(10,460)</b>
	<b>TRADE AND OTHER PAYABLES</b>				
3,459	Due within one year	12	76,868	81,970	
(2,954)	Due after more than one year	12	168,591	165,417	
	Less: property, plant & equipment (capital) included in above		(2,650)	(1,496)	
30	Less: General Fund creditor included in above	12	(512)	(485)	
2,751	Less: lease and PFI creditors included in above	12	(171,545)	(168,591)	
			70,752	76,815	
<b>3,286</b>	<b>Net decrease / (increase)</b>				<b>6,063</b>
	<b>PROVISIONS</b>				
6,250	Statement of Financial Position	13a	131,912	145,701	
			131,912	145,701	
<b>6,250</b>	<b>Net decrease / (increase)</b>				<b>13,789</b>
<b>1,185</b>	<b>Net movement (decrease) / increase</b>	<b>CFS</b>			<b>9,168</b>



## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 3. OPERATING EXPENSES

## 3a. Staff costs

2019 Total £000			2020 Board £000	2020 Consolidated £000
74,991	Medical and Dental		80,758	80,758
152,543	Nursing		171,808	171,808
114,501	Other Staff		127,516	127,516
<b>342,035</b>	<b>Total</b>	<b>SoCNE</b>	<b>380,082</b>	<b>380,082</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

2019 Total £000		Note	2020 Board £000	2020 Consolidated £000
<b>Independent Primary Care Services:</b>				
52,783	General Medical Services		55,033	55,033
13,222	Pharmaceutical Services		15,104	15,104
22,975	General Dental Services		24,026	24,026
7,129	General Ophthalmic Services		7,459	7,459
<b>96,109</b>	<b>Total</b>	<b>SoCNE</b>	<b>101,622</b>	<b>101,622</b>
<b>Drugs and medical supplies:</b>				
72,500	Prescribed drugs Primary Care		71,901	71,901
31,216	Prescribed drugs Secondary Care		32,224	32,224
24,804	Medical Supplies		26,811	26,811
<b>128,520</b>	<b>Total</b>	<b>SoCNE</b>	<b>130,936</b>	<b>130,936</b>
<b>Other health care expenditure</b>				
425,380	Contribution to Integration Joint Boards		448,191	448,191
83,258	Goods and services from other NHSScotland bodies		87,390	87,390
832	Goods and services from other UK NHS bodies		445	445
4,345	Goods and services from private providers		4,350	4,350
2,507	Goods and services from voluntary organisations		2,581	2,581
19,238	Resource Transfer		19,261	19,261
22	Loss on disposal of assets		34	34
132,080	Other operating expenses <sup>2</sup>		139,481	139,481
164	External Auditor's remuneration - statutory audit fee		160	160
1,247	Endowment Fund expenditure			974
<b>669,073</b>	<b>Total</b>	<b>SoCNE</b>	<b>701,893</b>	<b>702,867</b>
<b>893,702</b>	<b>Total Other Operating Expenditure</b>		<b>934,451</b>	<b>935,425</b>

<sup>2</sup> Further details of operating expenditure can be found in the NHS Fife 2019-20 Cost Book when published

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 4. OPERATING INCOME

2019			2020	2020
Total		Note	Board	Consolidated
£000			£000	£000
742	Income from Scottish Government		612	612
22,974	Income from other NHS Scotland bodies		25,380	25,380
200	Income from NHS non-Scottish bodies		268	268
418,405	Income for services commissioned by Integration Joint Board		439,810	439,810
4,706	Patient charges for primary care		4,823	4,823
235	Donations			
44	Profit on disposal of assets		154	154
9,678	Contributions in respect of clinical and medical negligence claims		12,414	12,414
			-	
	<b>Non NHS:</b>			
75	Overseas patients (non-reciprocal)		29	29
577	Non-patient care income generation schemes		791	791
1,425	Endowment Fund Income			985
8,229	Other		7,847	7,847
<b>467,290</b>	<b>Total Income</b>	<b>SoCNE</b>	<b>492,128</b>	<b>493,113</b>

## 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.

	Hospital Services	Corporate	Community	FHS	Endowment	2020
	£000	£000	Service Divisions	£000	£000	£000
			£000			
<b>Net operating cost</b>	211,502	204,058	227,608	179,237	(11)	<b>822,394</b>

## PRIOR YEAR

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

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 6. INTANGIBLE ASSETS

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

	Note	Software Licences £000	Total £000
<b>Cost or Valuation:</b>			
At 1 April 2019		1,117	1,117
Additions		11	11
<b>At 31 March 2020</b>		<b>1128</b>	<b>1128</b>
<b>Amortisation</b>			
At 1 April 2019		631	631
Provided during the year		172	172
<b>At 31 March 2020</b>		<b>803</b>	<b>803</b>
<b>Net book value at 1 April 2019</b>		<b>486</b>	<b>486</b>
<b>Net book value at 31 March 2020</b>	SoFP	<b>325</b>	<b>325</b>

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

		Software Licences £000	Total £000
<b>Cost or Valuation:</b>			
At 1 April 2019		1,117	1,117
Additions		11	11
<b>At 31 March 2020</b>		<b>1128</b>	<b>1128</b>
<b>Amortisation</b>			
At 1 April 2019		631	631
Provided during the year		172	172
<b>At 31 March 2020</b>		<b>803</b>	<b>803</b>
<b>Net book value at 1 April 2019</b>		<b>486</b>	<b>486</b>
<b>Net book value at 31 March 2020</b>	SoFP	<b>325</b>	<b>325</b>

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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

	Software Licences £000	Total £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>

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

	Software Licences £000	Total £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>

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

	Notes	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>										
At 1 April 2019		44,770	416,939	4,443	908	60,925	20,430	464	2,667	551,546
Additions - purchased		0	0	0	0	2,686	911	0	5,649	9,246
Additions - donated		0	0	0	0	0	0	0	0	0
Completions		0	3,151	17	0	0	0	0	(3,168)	0
Revaluations		124	20,910	(38)	0	0	0	108	0	21,104
Transfers between asset categories		0	599	0	0	(599)	0	0	0	0
Transfers (to) / from non-current assets held for sale		(108)	(235)	0	0	0	0	0	0	(343)
Impairment charges		0	(13)	0	0	0	0	0	0	(13)
Impairment reversals		0	3,341	0	0	0	0	0	0	3,341
Disposals - purchased		0	0	0	(72)	(1,092)	0	0	0	(1,164)
Disposals – donated		0	0	0	0	(20)	0	0	0	(20)
<b>At 31 March 2020</b>		<b>44,786</b>	<b>444,692</b>	<b>4,422</b>	<b>836</b>	<b>61,900</b>	<b>21,341</b>	<b>572</b>	<b>5,148</b>	<b>583,697</b>
<b>Depreciation</b>										
At 1 April 2019		0	19,227	240	794	44,899	13,806	347	0	79,313
Provided during the year - purchased		0	12,266	203	44	3,058	1,533	0	0	17,104
Provided during the year - donated		0	66	0	0	51	0	0	0	117
Revaluations		0	(5,617)	(124)	0	0	0	0	0	(5,741)
Impairment charges		0	(4)	0	0	0	0	0	0	(4)
Impairment reversals		0	(173)	0	0	0	0	0	0	(173)
Disposals - purchased		0	0	0	(72)	(1,059)	0	0	0	(1,131)
Disposals - donated		0	0	0	0	(20)	0	0	0	(20)
<b>At 31 March 2020</b>		<b>0</b>	<b>25,765</b>	<b>319</b>	<b>766</b>	<b>46,929</b>	<b>15,339</b>	<b>347</b>	<b>0</b>	<b>89,465</b>
<b>Net book value at 1 April 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>Net book value at 31 March 2020</b>	SoFP	<b>44,786</b>	<b>418,927</b>	<b>4,103</b>	<b>70</b>	<b>14,971</b>	<b>6,002</b>	<b>225</b>	<b>5,148</b>	<b>494,232</b>
<b>Asset financing:</b>										
Owned - purchased		44,786	208,460	4,103	70	14,642	6,002	0	5,148	283,211
Owned - donated		0	1,795	0	0	244	0	225	0	2,264
On-balance sheet PFI contracts		0	208,672	0	0	85	0	0	0	208,757
<b>Net book value at 31 March 2020</b>	SoFP	<b>44,786</b>	<b>418,927</b>	<b>4,103</b>	<b>70</b>	<b>14,971</b>	<b>6,002</b>	<b>225</b>	<b>5,148</b>	<b>494,232</b>

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD

	Notes	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>										
At 1 April 2019		44,770	416,939	4,443	908	60,925	20,430	347	2,667	551,429
Additions – purchased		0	0	0	0	2,686	911	0	5,649	9,246
Additions – donated		0	0	0	0	0	0	0	0	0
Completions		0	3,151	17	0	0	0	0	(3,168)	0
Transfers between asset categories		0	599	0	0	(599)	0	0	0	0
Transfers (to) / from non-current assets held for sale		(108)	(235)	0	0	0	0	0	0	(343)
Revaluations		124	20,910	(38)	0	0	0	0	0	20,996
Impairment charges		0	(13)	0	0	0	0	0	0	(13)
Impairment reversals		0	3,341	0	0	0	0	0	0	3,341
Disposals – purchased		0	0	0	(72)	(1,092)	0	0	0	(1,164)
Disposals – donated		0	0	0	0	(20)	0	0	0	(20)
<b>At 31 March 2020</b>		<b>44,786</b>	<b>444,692</b>	<b>4,422</b>	<b>836</b>	<b>61,900</b>	<b>21,341</b>	<b>347</b>	<b>5,148</b>	<b>583,472</b>
<b>Depreciation</b>										
At 1 April 2019		0	19,227	239	795	44,899	13,806	347	0	79,313
Provided during the year – purchased		0	12,266	203	44	3,058	1,533	0	0	17,104
Provided during the year – donated		0	66	0	0	51	0	0	0	117
Revaluations		0	(5,617)	(124)	0	0	0	0	0	(5,741)
Impairment charges		0	(4)	0	0	0	0	0	0	(4)
Impairment reversals		0	(173)	0	0	0	0	0	0	(173)
Disposals – purchased		0	0	0	(72)	(1,059)	0	0	0	(1,131)
Disposals – donated		0	0	0	0	(20)	0	0	0	(20)
<b>At 31 March 2020</b>		<b>0</b>	<b>25,765</b>	<b>318</b>	<b>767</b>	<b>46,929</b>	<b>15,339</b>	<b>347</b>	<b>0</b>	<b>89,465</b>
<b>Net book value at 1 April 2019</b>		<b>44,770</b>	<b>397,712</b>	<b>4,204</b>	<b>113</b>	<b>16,026</b>	<b>6,624</b>	<b>0</b>	<b>2,667</b>	<b>472,116</b>
<b>Net book value at 31 March 2020</b>	SoFP	<b>44,786</b>	<b>418,927</b>	<b>4,104</b>	<b>69</b>	<b>14,971</b>	<b>6,002</b>	<b>0</b>	<b>5,148</b>	<b>494,007</b>
<b>Asset financing:</b>										
Owned - purchased		44,786	208,460	4,104	69	14,642	6,002	0	5,148	283,211
Owned - donated		0	1,795	0	0	244	0	0	0	2,039
On-balance sheet PFI contracts		0	208,672	0	0	85	0	0	0	208,757
<b>Net book value at 31 March 2020</b>	SoFP	<b>44,786</b>	<b>418,927</b>	<b>4,104</b>	<b>69</b>	<b>14,971</b>	<b>6,002</b>	<b>0</b>	<b>5,148</b>	<b>494,007</b>

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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

	Notes	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<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
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>240</b>	<b>794</b>	<b>44,899</b>	<b>13,806</b>	<b>347</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>	SoFP	<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>	SoFP	<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>

NHS FIFE

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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

	Notes	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<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>794</b>	<b>44,899</b>	<b>13,806</b>	<b>347</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>0</b>	<b>3,204</b>	<b>478,101</b>
<b>Net book value at 31 March 2019</b>	SoFP	<b>44,770</b>	<b>397,712</b>	<b>4,204</b>	<b>113</b>	<b>16,026</b>	<b>6,624</b>	<b>0</b>	<b>2,667</b>	<b>472,116</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			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
<b>Net book value at 31 March 2019</b>	SoFP	<b>44,770</b>	<b>397,712</b>	<b>4,204</b>	<b>113</b>	<b>16,026</b>	<b>6,624</b>	<b>0</b>	<b>2,667</b>	<b>472,116</b>

During 2018/19 the Board sold Hayfield Clinic, Hazel Avenue and 10 Acre Field Land at Stratheden 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) provided its revaluation for 2018/19 and 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 had 100% of land and 19.44% of buildings revalued by the VOA.



NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

7b. ASSETS HELD FOR SALE

		<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
<b>ASSETS HELD FOR SALE - CONSOLIDATED</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2019</b>		<b>2,198</b>	<b>2,198</b>
Transfers from property, plant and equipment		343	343
Disposals of non-current assets held for sale		(966)	(966)
<b>At 31 March 2020</b>	<b>SoFP</b>	<b>1,575</b>	<b>1,575</b>

		<b>Property, Plant &amp; Equipment</b>	<b>Total</b>
<b>ASSETS HELD FOR SALE - BOARD</b>		<b>£000</b>	<b>£000</b>
<b>At 1 April 2019</b>		<b>2,198</b>	<b>2,198</b>
Transfers from property, plant and equipment		343	343
Disposals of non-current assets held for sale		(966)	(966)
<b>At 31 March 2020</b>	<b>SoFP</b>	<b>1,575</b>	<b>1,575</b>

		<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 2018</b>		<b>2,383</b>	<b>2,383</b>
Transfers from property, plant and equipment		0	0
Gain or losses recognised on re-measurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		(185)	(185)
<b>At 31 March 2019</b>	<b>SoFP</b>	<b>2,198</b>	<b>2,198</b>

		<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 2018</b>		<b>2,383</b>	<b>2,383</b>
Transfers from property, plant and equipment		0	0
Gain or losses recognised on re-measurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		(185)	(185)
<b>At 31 March 2019</b>	<b>SoFP</b>	<b>2,198</b>	<b>2,198</b>

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**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

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

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
		<b>Net book value of property, plant and equipment at 31 March</b>			
470,111	470,111	Purchased		491,968	491,968
2,122	2,005	Donated		2,264	2,039
<b>472,233</b>	<b>472,116</b>	<b>Total</b>	<b>SoFP</b>	<b>494,232</b>	<b>494,007</b>
0	0	Net book value related to land valued at open market value at 31 March		0	0
<b>1,908</b>	<b>1,908</b>	<b>Net book value related to buildings valued at open market value at 31 March</b>		<b>1,743</b>	<b>1,743</b>
		<b>Total value of assets held under:</b>			
198,391	198,391	PFI and PPP Contracts		208,757	208,757
<b>198,391</b>	<b>198,391</b>			<b>208,757</b>	<b>208,757</b>
		<b>Total depreciation charged in respect of assets held under:</b>			
4,877	4,877	PFI and PPP contracts		4,833	4,833
<b>4,877</b>	<b>4,877</b>			<b>4,833</b>	<b>4,833</b>

All land and 23.04% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2020 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 £26.736m (2018-19: an increase of £4.047m) which was credited to the revaluation reserve. Impairment reversal of £3.505m (2018-19 £1.024m) was credited to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

**7d. ANALYSIS OF CAPITAL EXPENDITURE**

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
		<b>Expenditure</b>			
277	277	Acquisition of intangible assets	<b>6</b>	11	11
8,202	8,202	Acquisition of property, plant and equipment	<b>7a</b>	9,246	9,246
235	235	Donated asset additions	<b>7a</b>	0	0
<b>8,714</b>	<b>8,714</b>	<b>Gross Capital Expenditure</b>		<b>9,257</b>	<b>9,257</b>
		<b>Income</b>			
313	313	Net book value of disposal of property, plant and equipment	<b>7a</b>	33	33
185	185	Value of disposal of non-current assets held for sale	<b>7b</b>	966	966
235	235	Donated asset income		0	0
<b>733</b>	<b>733</b>	<b>Capital Income</b>		<b>999</b>	<b>999</b>
<b>7,981</b>	<b>7,981</b>	<b>Net Capital Expenditure</b>		<b>8,258</b>	<b>8,258</b>

**SUMMARY OF CAPITAL RESOURCE OUTTURN**

7,981	7,981	Core capital expenditure included above		8,257	8,257
7,986	7,986	Core Capital Resource Limit		8,259	8,259
<b>5</b>	<b>5</b>	<b>Saving / (excess) against Core Capital Resource Limit</b>		<b>2</b>	<b>2</b>
7,981	7,981	Total capital expenditure		8,257	8,257
7,986	7,986	Total Capital Resource Limit		8,259	8,259
<b>5</b>	<b>5</b>	<b>Saving / (excess) against Total Capital Resource Limit</b>		<b>2</b>	<b>2</b>

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**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**8. INVENTORIES**

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
5,327	5,327	Raw materials and consumables		5,551	5,551
<b>5,327</b>	<b>5,327</b>	<b>Total inventories</b>	<b>SoFP</b>	<b>5,551</b>	<b>5,551</b>

**9. TRADE AND OTHER RECEIVABLES**

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
<b>Receivables due within one year</b>					
<b>NHSScotland</b>					
Scottish Government Health & Social Care					
692	692	Directorate		2,350	2,350
1,232	1,232	Boards		1,406	1,406
<b>1,924</b>	<b>1,924</b>	<b>Total NHSScotland Receivables</b>		<b>3,756</b>	<b>3,756</b>
62	62	NHS non-Scottish bodies		65	65
1,403	1,403	VAT recoverable		1,337	1,337
7,949	7,949	Prepayments		7,635	7,635
281	281	Accrued income		656	656
1,614	1,131	Other receivables		1,564	1,040
26,633	26,633	Reimbursement of provisions		40,778	40,778
341	341	Other public sector bodies		258	258
<b>40,207</b>	<b>39,724</b>	<b>Total Receivables due within one year</b>	<b>SoFP</b>	<b>56,049</b>	<b>55,525</b>
<b>Receivables due after more than one year</b>					
322	322	Prepayments		330	330
706	706	Accrued income		700	700
22	22	Other receivables		21	21
54,583	54,583	Reimbursement of provisions		49,200	49,200
<b>55,633</b>	<b>55,633</b>	<b>Total Receivables due after more than one year</b>	<b>SoFP</b>	<b>50,251</b>	<b>50,251</b>
<b>95,840</b>	<b>95,357</b>	<b>TOTAL RECEIVABLES</b>		<b>106,300</b>	<b>105,776</b>
317	317	The total receivables figure above includes a provision for impairments of :		325	325
<b>WGA Classification</b>					
1,232	1,232	NHS Scotland		1,406	1,406
2,094	2,094	Central Government bodies		3,687	3,687
341	341	Whole of Government bodies		258	258
62	62	Balances with NHS bodies in England and Wales		65	65
92,111	91,628	Balances with bodies external to Government		100,884	100,360
<b>95,840</b>	<b>95,357</b>	<b>Total</b>		<b>106,300</b>	<b>105,776</b>

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

9. TRADE AND OTHER RECEIVABLES cont.

2019	2019		2020	2020
£000	£000		£000	£000
		Movements on the provision for impairment of receivables are as follows:		
172	172	At 1 April	317	317
189	189	Provision for impairment	23	23
		Receivables written off during the year as uncollectable	(2)	(2)
(40)	(40)			
(4)	(4)	Unused amounts reversed	(13)	(13)
<b>317</b>	<b>317</b>	At 31 March	<b>325</b>	<b>325</b>

As at 31 March 2020, receivables with a carrying value of £0.325m (2019: £0.317m) were impaired and provided for. The ageing of these receivables is as follows:

2019	2019		2020	2020
£000	£000		£000	£000
3	3	3 to 6 months past due	0	0
314	314	Over 6 months past due	325	325
<b>317</b>	<b>317</b>		<b>325</b>	<b>325</b>

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 2020, receivables with a carrying value of £0.521m—(2019: £0.558m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2019	2019		2020	2020
£000	£000		£000	£000
301	301	Up to 3 months past due	123	123
50	50	3 to 6 months past due	241	241
207	207	Over 6 months past due	157	157
<b>558</b>	<b>558</b>		<b>521</b>	<b>521</b>

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:

2019	2019		2020	2020
£000	£000		£000	£000
1,655	1,655	Existing customers with no defaults in the past	1,599	1,599
<b>1,655</b>	<b>1,655</b>	Total neither past due or impaired	<b>1,599</b>	<b>1,599</b>

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.

2019	2019		2020	2020
£000	£000		£000	£000
95,840	95,357	The carrying amount of receivables are denominated in the following currencies:		
		Pounds	106,300	105,776
<b>95,840</b>	<b>95,357</b>		<b>106,300</b>	<b>105,766</b>

All non-current receivables are due within 2 years (2018-19: 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 £0.330m (2018-19: £0.322m).

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**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**10. INVESTMENTS**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2019</b>	<b>2019</b>		<b>2020</b>	<b>2020</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
733	0	Government securities	390	0
11,690	0	Other	10,445	0
<b>12,423</b>	<b>0</b>	<b>TOTAL</b>	<b>10,835</b>	<b>0</b>
12,087	0	<b>At 1 April</b>	12,423	0
256	0	Additions	12,870	0
(500)	0	Disposals	(13,752)	0
		Revaluation surplus / (deficit) transferred to		
580	0	equity	(706)	0
<b>12,423</b>	<b>0</b>	<b>At 31 March</b>	<b>10,835</b>	<b>0</b>
12,423	0	Non-current	10,835	0
<b>12,423</b>	<b>0</b>	At 31 March	<b>10,835</b>	<b>0</b>

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

**11. CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>£000</b>	<b>£000</b>
Balance at 1 April		775	877
Net change in cash and cash equivalent balances	<b>CFS</b>	810	(102)
<b>Balance at 31 March</b>	<b>SoFP</b>	<b>1,585</b>	<b>775</b>
<b>Total Cash - Cash Flow Statement</b>		<b>1,585</b>	<b>775</b>
The following balances at 31 March were held at:			
Government Banking Service		420	412
Commercial banks and cash in hand		65	100
Endowment cash		1,100	263
<b>Balance at 31 March</b>		<b>1,585</b>	<b>775</b>

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

12. TRADE AND OTHER PAYABLES

Consolidated	Board		Consolidated	Board
2019	2019		2020	2020
£000	£000	Note	£000	£000
<b>Payables due within one year</b>				
<b>NHSScotland</b>				
		Scottish Government Health & Social Care Directorate		
214	214		229	229
8,340	8,340	Boards	9,714	9,714
<b>8,554</b>	<b>8,554</b>	<b>Total NHSScotland Payables</b>	<b>9,943</b>	<b>9,943</b>
1,089	1,089	NHS Non-Scottish bodies	852	852
512	512	Amounts payable to General Fund	485	485
17,674	17,674	FHS practitioners	18,915	18,915
4,050	4,012	Trade payables	3,545	3,522
20,440	20,440	Accruals	19,038	19,038
241	241	Deferred income	240	240
1,841	1,841	Payments received on account	2,007	2,007
2,954	2,954	Net obligations under PPP / PFI Contracts	3,174	3,174
6,531	6,531	Income tax and social security	6,913	6,913
4,734	4,734	Superannuation	6,140	6,140
896	896	Holiday pay accrual	1,549	1,549
7,352	7,352	Other public sector bodies	9,169	9,169
<b>76,868</b>	<b>76,830</b>	<b>Total Payables due within one year</b>	<b>81,970</b>	<b>81,947</b>
<b>Payables due after more than one year</b>				
		Net obligations under PPP / PFI contracts due within 2 years		
3,174	3,174		3,412	3,412
		Net obligations under PPP / PFI contracts due after 2 years but within 5 years		
11,030	11,030		11,867	11,867
		Net obligations under PPP / PFI contracts due after 5 years		
154,387	154,387		150,138	150,138
<b>168,591</b>	<b>168,591</b>	<b>Total Payables due after more than one year</b>	<b>165,417</b>	<b>165,417</b>
<b>245,459</b>	<b>245,421</b>	<b>TOTAL PAYABLES</b>	<b>247,387</b>	<b>247,364</b>
<b>WGA Classification</b>				
8,340	8,340	NHS Scotland	9,714	9,714
11,471	11,471	Central Government bodies	13,282	13,282
7,352	7,352	Whole of Government bodies	9,170	9,170
1,089	1,089	Balances with NHS bodies in England and Wales	852	852
217,207	217,169	Balances with bodies external to Government	214,369	214,346
<b>245,459</b>	<b>245,421</b>	<b>Total</b>	<b>247,387</b>	<b>247,364</b>
<b>2019</b>	<b>2019</b>		<b>2020</b>	<b>2020</b>
<b>£000</b>	<b>£000</b>	Borrowings included above comprise:	<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>

12. TRADE AND OTHER PAYABLES cont.

Consolidated	Board		Consolidated	Board
		The carrying amount and fair value of the non-current borrowings are as follows		
<b>2019</b>	<b>2019</b>		<b>2020</b>	<b>2020</b>
<b>£000</b>	<b>£000</b>	<b>Carrying amount</b>	<b>£000</b>	<b>£000</b>
168,591	168,591	PFI contracts	165,417	165,417
<b>168,591</b>	<b>168,591</b>		<b>165,417</b>	<b>165,417</b>
		The carrying amount and fair value of the non-current borrowings are as follows		
<b>2019</b>	<b>2019</b>		<b>2020</b>	<b>2020</b>
<b>Fair value</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>
168,591	168,591	PFI contracts	165,417	165,417
<b>168,591</b>	<b>168,591</b>		<b>165,417</b>	<b>165,417</b>
		The carrying amount of short term payables approximates their fair value.		
<b>2019</b>	<b>2019</b>		<b>2020</b>	<b>2020</b>
<b>£000</b>	<b>£000</b>	The carrying amount of payables are denominated in the following currencies:	<b>£000</b>	<b>£000</b>
245,459	245,421	Pounds	247,446	247,364
		US Dollars	(59)	<b>0</b>
<b>245,459</b>	<b>245,421</b>		<b>247,387</b>	<b>247,364</b>

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**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**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>2020 TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2019	9,200	82,251	40,431	30	131,912
Arising during the year	496	30,423	5,680		36,599
Utilised during the year	(715)	(4,229)	(302)		(5,246)
Unwinding of discount	418				418
Reversed unutilised	(232)	(17,750)			(17,982)
<b>At 31 March 2020</b>	<b>9,167</b>	<b>90,695</b>	<b>45,809</b>	<b>30</b>	<b>145,701</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 2020**

	<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>2020 TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable in one year	712	41,320	7,788		49,820
Payable between 2 - 5 years	2,836	29,987	27,486		60,309
Payable between 6 - 10 years	2,911	3,015	2,290		8,216
Thereafter	2,708	16,373	8,245	30	27,356
<b>At 31 March 2020</b>	<b>9,167</b>	<b>90,695</b>	<b>45,809</b>	<b>30</b>	<b>145,701</b>



## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non- endowment)	2019 TOTAL
	£000	£000	£000	£000	£000
At 1 April 2018	9,989	74,561	41,082	30	125,662
Arising during the year	144	11,345	6,496		17,985
Utilised during the year	(701)	(2,385)	(1,859)		(4,945)
Unwinding of discount	(149)		(86)		(235)
Reversed unutilised	(83)	(1,270)	(5,202)		(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**

	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	701	27,564	6,197		34,462
Payable between 2 - 5 years	2,797	41,020	21,344		65,161
Payable between 6 - 10 years	2,938	1,380	1,778		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>

**Pensions and Similar Obligations**

The Board meet 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 Scottish Public Pension Agency. The Board pays the basic pension over the period between early departure and normal retirement date, then SPPA pay the basic and the Board pay the enhanced element for life. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of -0.05% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 30 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.

## NHS FIFE

### NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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

2019		Note	2020
£000			£000
82,251	Provision recognising individual claims against the NHS Board as at 31 March	13a	90,695
(81,216)	Associated CNORIS receivable at 31 March	9	(89,978)
40,431	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	45,809
<b>41,466</b>	<b>Net Total Provision relating to CNORIS at 31 March 2020</b>		<b>46,526</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>

## NHS FIFE

### NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

#### 14. CONTINGENT LIABILITIES

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

<b>2019</b>		<b>2020</b>
<b>£000</b>	<b>Nature</b>	<b>£000</b>
22,615	Clinical and medical compensation payments	17,123
<b>22,615</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>17,123</b>

#### CONTINGENT ASSETS

21,430	Clinical and medical compensation payments	16,263
<b>21,430</b>		<b>16,263</b>

#### 15. EVENTS AFTER THE END OF THE REPORTING YEAR

There were no Post Balance Sheet date events having a material effect on the accounts

#### 16. COMMITMENTS

<b>2019</b>		<b>Property, plant and equipment</b>	<b>2020</b>
<b>£000</b>			<b>£000</b>
	<b>Contracted</b>		
300	VHK MTHW		1,194
42	VHK Cradle		372
80	Kelty Health Centre		0
54	QMH Lifts		0
<b>476</b>	<b>Total</b>		<b>1,566</b>
	<b>Authorised but not Contracted</b>		
2,126	Equipment		2,126
5,761	Other Projects		2,661
1,041	Information Technology		1,041
<b>8,928</b>	<b>Total</b>		<b>5,828</b>

#### Other Financial Commitments

The Board has no other financial commitments

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 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>2019</b>		<b>2020</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>	
196	Not later than one year	455
147	Later than one year, not later than 2 years	411
431	Later than two year, not later than five years	1,012
577	Later than five years	600
	<b>Other</b>	
2,884	Not later than one year	3,169
2,655	Later than one year, not later than 2 years	2,849
2,541	Later than two year, not later than five years	460
6	Later than five years	10
	<b>Amounts charged to Operating Costs in the year were:</b>	
3,103	Hire of equipment (including vehicles)	3,182
193	Other operating leases	453
<b>3,296</b>	<b>Total</b>	<b>3,635</b>

# NHS FIFE

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

### 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:**

<b>2019 £000</b>	<b>Gross Minimum Lease Payments</b>	<b>St Andrews £000</b>	<b>Victoria £000</b>	<b>2020 £000</b>
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
300,562	Due after 5 years	26,354	257,315	283,669
385,028	<b>Total</b>	35,139	332,996	368,135
<b>Less Interest Element</b>				
(13,939)	Rentals due within 1 year	(901)	(12,818)	(13,719)
(13,719)	Due within 1 to 2 years	(870)	(12,611)	(13,481)
(39,650)	Due within 2 to 5 years	(2,410)	(36,403)	(38,813)
(146,175)	Due after 5 years	(6,352)	(127,179)	(133,531)
(213,483)	<b>Total</b>	(10,533)	(189,011)	(199,544)
<b>Present value of minimum lease payments</b>		<b>Note</b>		
2,954	Rentals due within 1 year	<b>12</b>	856	2,318
3,174	Due within 1 to 2 years	<b>12</b>	887	2,525
11,030	Due within 2 to 5 years	<b>12</b>	2,861	9,006
154,387	Due after 5 years	<b>12</b>	20,002	130,136
171,545	<b>Total</b>		24,606	143,985
				168,591

**NHS FIFE**

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**18a. COMMITMENTS UNDER PFI CONTRACTS - On Balance Sheet cont.**

<b>2019</b>		<b>St Andrews</b>	<b>Victoria</b>	<b>2020</b>
<b>£000</b>	<b>Service elements due in future periods</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
5,668	Rentals due within 1 year	747	5,140	5,887
5,890	Due within 1 to 2 years	814	5,532	6,346
21,747	Due within 2 to 5 years	3,368	20,901	24,269
179,369	Due after 5 years	24,189	146,228	170,417
212,674	<b>Total</b>	29,118	177,801	206,919
<b>384,219</b>	<b>Total commitments</b>	<b>53,724</b>	<b>321,786</b>	<b>375,510</b>
	<b>Amounts charged to the SOCNE</b>			
14,142	Interest charges			13,939
				<b>2b</b>
5,557	Service charges			5,668
4,556	Other charges			5,127
<b>24,255</b>	<b>Total</b>			<b>24,734</b>
4,556	Contingent rents (included in Other Charges)			5,127

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.

**19. PENSION COSTS**

<b>2019 Total</b>		<b>2020 Total</b>
<b>£'000</b>		<b>£'000</b>
35,134	Pension cost charge for the year	51,091
290	Additional costs arising from early retirement	0
2,560	Provisions/liabilities/prepayments included in the Statement of Financial Position	9,167

NHS Fife participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions.

NHS Fife has no liability for other employers obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NHS Fife is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2019 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide yield of 9.6% of pensionable pay. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud(Judiciary scheme)/ Sargeant (Firefighters' scheme) cases that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the NHS Pension Scheme (Scotland) is known and its impact fully assessed in relation to any additional costs to the scheme.

NHS Fife's level of participation in the scheme is 4.4% based on the proportion of employer contributions paid in 2018/19.

**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 2019/20 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

**The existing NHS Superannuation Scheme (Scotland)**

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

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

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at <https://www.pensions.gov.scot>.

**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.

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

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 arm's length from government and is accountable to Parliament through the Department for Work and Pensions.



**NHS FIFE**

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**20. RETROSPECTIVE RESTATEMENTS**

There were no Prior year adjustments

**21. FINANCIAL INSTRUMENTS**

**21a. FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial Assets**

		Financial assets at fair value through OCI £000	Financial assets at fair value through profit/ loss £000	Total £000
<b>CONSOLIDATED</b>				
<b>AS AT 31 MARCH 2020</b>				
<b>Assets per Statement of Financial Position</b>				
Investments	10		10,835	10,835
Trade and other receivables excluding	9	3,264		3,264
Cash and cash equivalents	11	1,585		1,585
		<b>4,849</b>	<b>10,835</b>	<b>15,684</b>
<b>BOARD</b>				
<b>AS AT 31 MARCH 2020</b>				
<b>Assets per Statement of Financial Position</b>				
Trade and other receivables excluding	9	2,740		2,740
Cash and cash equivalents	11	485		485
		<b>3,225</b>	<b>0</b>	<b>3,225</b>
<b>CONSOLIDATED (Prior Year)</b>				
<b>At 31 March 2019</b>				
<b>Assets per Statement of Financial Position</b>				
Investments	10		12,423	12,423
Trade and other receivables excluding	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 (Prior Year)</b>				
<b>At 31 March 2019</b>				
<b>Assets per Statement of Financial Position</b>				
Trade and other receivables excluding prepayments, reimbursements of provisions and	9	2,543		2,543
Cash and cash equivalents	11	512		512
		<b>3,055</b>	<b>0</b>	<b>3,055</b>

**Financial Liabilities**

			Financial liabilities at amortised costs £000	Total £000
<b>CONSOLIDATED</b>				
<b>AS AT 31 MARCH 2020</b>				
<b>Liabilities per Statement of Financial Position</b>				
PFI Liabilities	12		168,591	168,591
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12		55,560	55,560
			<b>224,151</b>	<b>224,151</b>

## NHS FIFE

### NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

#### BOARD

##### AS AT 31 MARCH 2020

##### Liabilities per Statement of Financial Position

PFI Liabilities	12	168,591	168,591
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	55,537	55,537
		<b>224,128</b>	<b>224,128</b>

##### CONSOLIDATED (Prior Year)

##### At 31 March 2019

##### Liabilities per Statement of Financial Position

PFI Liabilities	12	171,545	171,545
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	53,854	53,854
		<b>225,399</b>	<b>225,399</b>

##### BOARD (Prior Year)

##### At 31 March 2019

##### Liabilities per Statement of Financial Position

PFI Liabilities	12	171,545	171,545
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	53,816	53,816
		<b>225,361</b>	<b>225,361</b>

## 21b. FINANCIAL RISK FACTORS

### Exposure to Risk

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

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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

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

#### a) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

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

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

**b) Liquidity Risk**

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AS AT 31 MARCH 2020	£000	£000	£000	£000
PFI Liabilities	16,893	16,893	50,680	283,669
Trade and other payables excluding statutory liabilities	55,560			
<b>Total</b>	<b>72,453</b>	<b>16,893</b>	<b>50,680</b>	<b>283,669</b>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2019	£000	£000	£000	£000
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>

**c) Market Risk**

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

**i) Cash flow and fair value interest rate risk**

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

**ii) Foreign Currency Risk**

The NHS Board is not exposed to foreign currency risk.

**iii) Price risk**

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

**21c. FAIR VALUE ESTIMATION**

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

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

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

**22. RELATED PARTY TRANSACTIONS**

The Board has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with HMRC and Scottish Public Pension Agency. No Board member, key manager or other related party has undertaken any material transactions with the Board during the year.

**Fife Integration Joint Board**

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 the Fife Integration Joint Board was legally established from Saturday 3rd October 2015 with official commencement being 1st April 2016. Consolidation will be applied for the 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 L Bisset
- Mrs W Brown
- Mr M Black
- Mr E Clarke
- Mrs H Buchanan
- Mrs C Cooper
- Mrs M Wells
- Dr C McKenna

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 2019-20:

Income £439.810 million

Expenditure £448.522 million.

**East Central Hub Territory**

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

**NHS Fife Endowment Fund**

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

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

**23. THIRD PARTY ASSETS**

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

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

	<b>2019</b>	<b>Gross Inflows</b>	<b>Gross Outflows</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Monetary amounts such as bank balances and monies on deposit	504	312	(353)	463
Total Monetary Assets	<b>504</b>	<b>312</b>	<b>(353)</b>	<b>463</b>

**NHS FIFE**

**NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020**

**24a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE**

<b>Group</b>			<b>Board</b>	<b>Endowment</b>	<b>Intra Group</b>	<b>Consolidated</b>
<b>2019</b>			<b>2020</b>	<b>2020</b>	<b>adjustment</b>	<b>2020</b>
<b>£000</b>	<b>Note</b>		<b>£000</b>	<b>£000</b>	<b>2020</b>	<b>£000</b>
					<b>£000</b>	
<b>Total income and expenditure</b>						
342,035	Staff costs	<b>3</b>	380,082	-		380,082
	Other operating expenditure	<b>3</b>				
	Independent Primary Care					
96,109	Services		101,622	-		101,622
128,520	Drugs and medical supplies		130,936	-		130,936
669,073	Other health care expenditure		701,893	974		702,867
1,235,737	Gross expenditure for the year		1,314,533	974	0	1,315,507
(467,290)	Less: operating income	<b>4</b>	(492,128)	(985)		(493,113)
<b>768,447</b>	<b>Net Expenditure</b>		<b>822,405</b>	<b>(11)</b>	<b>0</b>	<b>822,394</b>

The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts, however as the IJB outturn position for 2019/20 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated		Board	Endowment	Intra Group	Consolidated
2019		2020	2020	adjustment	2020
£000	Note	£000	£000	£000	£000
<b>Non-current assets:</b>					
472,233	Property, plant and equipment	494,007	225	-	494,232
486	Intangible assets	325	0	-	325
Financial assets:					
12,423	Investments	0	10,835		10,835
55,633	Trade and other receivables	50,251	0		50,251
<b>540,775</b>	<b>Total non-current assets</b>	<b>544,583</b>	<b>11,060</b>	<b>0</b>	<b>555,643</b>
<b>Current Assets:</b>					
5,327	Inventories	5,551	0		5,551
Financial assets:					
40,207	Trade and other receivables	55,525	582	(58)	56,049
775	Cash and cash equivalents	485	1,100		1,585
2,198	Assets classified as held for sale	1,575	0		1,575
<b>48,507</b>	<b>Total current assets</b>	<b>63,136</b>	<b>1,682</b>	<b>(58)</b>	<b>64,760</b>
<b>589,282</b>	<b>Total assets</b>	<b>607,719</b>	<b>12,742</b>	<b>(58)</b>	<b>620,403</b>
<b>Current liabilities</b>					
(34,462)	Provisions	(49,820)	0		(49,820)
Financial liabilities:					
(76,868)	Trade and other payables	(81,947)	(81)	58	(81,970)
<b>(111,330)</b>	<b>Total current liabilities</b>	<b>(131,767)</b>	<b>(81)</b>	<b>58</b>	<b>(131,790)</b>
<b>477,952</b>	<b>Non-current assets plus / less net current assets/liabilities</b>	<b>475,952</b>	<b>12,661</b>	<b>0</b>	<b>488,613</b>
<b>Non-current liabilities</b>					
(97,450)	Provisions	(95,881)	0	-	(95,881)
Financial liabilities:					
(168,591)	Trade and other payables	(165,417)	0	-	(165,417)
<b>(266,041)</b>	<b>Total non-current liabilities</b>	<b>(261,298)</b>	<b>0</b>	<b>0</b>	<b>(261,298)</b>
<b>211,911</b>	<b>Assets less liabilities</b>	<b>214,654</b>	<b>12,661</b>	<b>0</b>	<b>227,315</b>
<b>Taxpayers' Equity</b>					
69,084	General fund	62,155	0	0	62,155
129,579	Revaluation reserve	152,499	0	0	152,499
13,248	Funds Held on Trust	0	12,661	0	12,661
<b>211,911</b>	<b>Total taxpayers' equity</b>	<b>214,654</b>	<b>12,661</b>	<b>0</b>	<b>227,315</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 2019/20 was breakeven, there is no requirement to disclose the Board's share of any surplus or deficit.

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 24b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – PRIOR YEAR

Consolidated		Board	Endowment	Intra Group adjustment	Consolidated
2018		2019	2019	2019	2019
£000	Note	£000	£000	£000	£000
<b>Non-current assets:</b>					
Property, plant and equipment	SoFP	472,116	117		472,233
Intangible assets	SoFP	486	0		486
Financial assets:					
Investments	SoFP	0	12,423		12,423
Trade and other receivables	SoFP	55,633	0		55,633
<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>					
Inventories	SoFP	5,327	0		5,327
Financial assets:					
Trade and other receivables	SoFP	39,724	483		40,207
Cash and cash equivalents	SoFP	512	263		775
Assets classified as held for sale	SoFP	2,198	0		2,198
<b>Total current assets</b>		<b>47,761</b>	<b>746</b>		<b>48,507</b>
<b>Total assets</b>		<b>575,996</b>	<b>13,286</b>		<b>589,282</b>
<b>Current liabilities</b>					
Provisions	SoFP	(34,462)	0	0	(34,462)
Financial liabilities:					
Trade and other payables	SoFP	(76,830)	(38)	0	(76,868)
<b>Total current liabilities</b>		<b>(111,292)</b>	<b>(38)</b>	<b>0</b>	<b>(111,330)</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>					
Provisions	SoFP	(97,450)	0		(97,450)
Financial liabilities:					
Trade and other payables	SoFP	(168,591)	0		(168,591)
<b>Total non-current liabilities</b>		<b>(266,041)</b>	<b>0</b>	<b>0</b>	<b>(266,041)</b>
<b>Assets less liabilities</b>		<b>198,663</b>	<b>13,248</b>	<b>0</b>	<b>211,911</b>
<b>Tax payers' Equity</b>					
General fund	SoFP	69,084	0		69,084
Revaluation reserve	SoFP	129,579	0		129,579
Funds Held on Trust	SoFP	0	12,661		12,661
<b>Total taxpayers' equity</b>		<b>198,663</b>	<b>12,661</b>	<b>0</b>	<b>211,324</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.

## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 24c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Consolidated
2019		2020	2020	2020
£000		£000	£000	£000
<b>Cash flows from operating activities</b>				
(768,447)	Net operating expenditure	(822,405)	11	(822,394)
17,993	Adjustments for non-cash transactions	13,880		13,880
13,993	Add back: interest payable recognised in net operating expenditure	14,357		14,357
(478)	Investment income	0	(421)	(421)
1,185	Movements in working capital	9,224	(56)	9,168
<b>(735,754)</b>	<b>Net cash outflow from operating activities</b>	<b>(784,944)</b>	<b>(466)</b>	<b>(785,410)</b>
<b>Cash flows from investing activities</b>				
(8,202)	Purchase of property, plant and equipment	(10,400)	0	(10,400)
(277)	Purchase of intangible assets	(11)	0	(11)
(256)	Investment additions	0	(12,870)	(12,870)
498	Proceeds of disposal of property, plant and equipment	999	0	999
500	Receipts from sale of investments	0	13,752	13,752
478	Investment Income	0	421	421
<b>(7,259)</b>	<b>Net cash outflow from investing activities</b>	<b>(9,412)</b>	<b>1,303</b>	<b>(8,109)</b>
<b>Cash flows from financing activities</b>				
759,685	Funding	811,667		811,667
(30)	Movement in general fund working capital	(27)		(27)
759,655	Cash drawn down	811,640	0	811,640
(2,751)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,954)		(2,954)
149	Interest paid	(418)		(418)
(14,142)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(13,939)		(13,939)
<b>742,911</b>	<b>Net Financing</b>	<b>794,329</b>	<b>0</b>	<b>794,329</b>
(102)	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	(27)	837	810
877	<b>Cash and cash equivalents at the beginning of the period</b>	512	263	775
<b>775</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>485</b>	<b>1,100</b>	<b>1,585</b>
<b>Reconciliation of net cash flow to movement in net debt / cash</b>				
(102)	Increase / (decrease) in cash in year	(27)	837	810
877	Net debt / cash at 1 April	512	263	775
<b>775</b>	<b>Net debt / cash at 31 March</b>	<b>485</b>	<b>1,100</b>	<b>1,585</b>



## NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

## 24c. CONSOLIDATED STATEMENT OF CASHFLOWS – Prior Year


Consolidated	Board	Endowment	Consolidated
	2019	2019	2019
	£000	£000	£000
<b>Cash flows from operating activities</b>			
Net operating expenditure	(768,616)	169	(768,447)
Adjustments for non-cash transactions	17,993		17,993
Add back: interest payable recognised in net operating expenditure	13,993		13,993
Investment income	0	(478)	(478)
Movements in working capital	1,670	(485)	1,185
<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>			
Purchase of property, plant and equipment	(8,202)	0	(8,202)
Purchase of intangible assets	(277)	0	(277)
Investment additions	(0)	(256)	(256)
Proceeds of disposal of property, plant and equipment	498	0	498
Receipts from sale of investments	0	500	500
Investment Income	0	478	478
<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>			
Funding	759,685		759,685
Movement in general fund working capital	(30)		(30)
Cash drawn down	759,655	0	759,655
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(2,751)		(2,751)
Interest paid	149		149
Interest element of finance leases and on-balance sheet PFI / PPP contracts	(14,142)		(14,142)
<b>Net Financing</b>	<b>742,911</b>	<b>0</b>	<b>742,911</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>(30)</b>	<b>(72)</b>	<b>(102)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>542</b>	<b>335</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>			
Increase / (decrease) in cash in year	(30)	(72)	(102)
Net debt / cash at 1 April	542	335	877
<b>Net debt / cash at 31 March</b>	<b>512</b>	<b>263</b>	<b>775</b>



**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

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