



# **ANNUAL ACCOUNTS**

**FOR THE YEAR ENDED**

**31<sup>ST</sup> MARCH 2011**

# NHS 24

## ANNUAL ACCOUNTS and NOTES for the year ended 31 MARCH 2011

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# NHS 24

## ANNUAL ACCOUNTS and NOTES for the year ended 31 MARCH 2011

### DIRECTORS' REPORT

#### A. DIRECTORS' REPORT

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

##### 1. Naming Convention

NHS 24 is the common name for NHS 24 Special Health Board.

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

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

##### 3. Date of Issue

Financial statements were approved and authorised for issue by the Board on 30 June 2011.

##### 4. Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss. The Accounts have been prepared under a direction issued by Scottish Ministers which should be included as an annex to the accounts.

The statement of the accounting policies, which have been adopted for 2010/11, is shown at Note 1.

##### 5. Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Gillian Woolman, Assistant Director of Audit, Audit Scotland to undertake the audit of NHS 24. 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.

Following a tendering exercise, PricewaterhouseCoopers became NHS 24's internal auditors on 1<sup>st</sup> July 2010 following the expiration of Deloitte's contract. This appointment was approved at a Board meeting in March 2010.

## 6. Board Membership

Under the terms of the Scottish Health Plan, NHS 24 is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision-making process at strategic level.

The Board of NHS 24 has a collective responsibility for the performance of NHS 24.

The Board meet on a monthly basis, excluding July and December. The Meetings are held in public.

The **Members of the Board** during the year ended 31 March 2011 were as follows:

<b>Chairman</b>	Mr Allan Watson
<b>Non-Executives</b>	Mr Alexander Smith, Vice Chairman Mrs Emma Bell Mrs Kay Blair Mr Martin Hill Miss Anne Jarvie Mr Graham Revie, Employee Director Mr John Rogerson Mr Stuart Smith

### **Executive Directors appointed by the Minister as Board Members were:**

Mr John Turner	Chief Executive
Dr George Crooks	Medical Director
Mr Robert Stewart	Director of Finance & Technology
Mrs Eunice Muir	Nurse Director

The responsibilities of the Members of the Board in relation to the Accounts are set out in a Statement following this Report.

## 7. Board members' and senior managers' interests

The Board holds a Register of Interests for Executive Directors, Non-Executive Members and Senior Managers. This Register is held at the NHS 24 Headquarters in Caledonia House, Fifty Pitches Road, Cardonald Park, Glasgow G51 4EB.

All interests are updated on a regular basis throughout the year, to ensure that an up to date register is available at the 31<sup>st</sup> of March.

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with NHS 24 as required by IAS 24 are disclosed in note 29.

## 8. Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown in Note 24 and in the Remuneration Report.

## **9. Remuneration for non audit work**

During 2010/11, PricewaterhouseCoopers were paid a total of £9,675 relating to the provision of procurement assistance and expertise for the NHS 24 Board. Audit Scotland did not receive any remuneration for non-audit work for NHS 24 during 2010/11.

## **10. Related Party Transactions**

Board members and Senior Staff are required to disclose any interests that they have in any organisations which may have material transactions with the Board. This is done through review of the annual Register of Interest returns. During 2010/11, NHS 24 did not carry out any transactions with any related parties.

## **11. Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year.

Information on public relations, overseas travel, hospitality and entertainment, external consultancy, payments with a value in excess of £25,000, members or employees who received remuneration in excess of £150,000, sustainable economic growth, and efficiency, effectiveness and economy can be found on the NHS 24 website at <http://www.nhs24.com/content/default.asp?page=s92>

## **12. 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 by settling them in a timely manner.

- In 2010/11, average credit taken was 29 days (2009/10 - 32 days).
- In 2010/11, NHS 24 paid 59.4% of invoices by value (2009/10 – 67.5%) and 74.0% by volume (2009/10 – 50.5%) within 30 days.
- In 2010/11, NHS 24 paid 11.7% of invoices by value (2009/10 – 6.3%) and 12.6% by volume (2009/10 – 10.4%) within 10 days.

The figures relate only to non-NHS suppliers.

## **13. Corporate Governance**

The Board meets regularly throughout the year to progress the business of NHS 24. During 2010/11, the Board met on a monthly basis, excluding July and December.

Board meetings are open to the public and include scrutiny of performance and patient experience issues (including service and corporate performance); finance and technology; strategy and corporate projects; clinical governance, patient safety and quality; and staff governance and human resources.

The Board has in place a Schedule of Retained Decisions encompassing such matters as approval of key corporate documents (including the Strategic Framework, Annual Corporate Plan, Local Delivery Plan and Workforce Plan), financial and capital plans, and the annual report and accounts. All powers not retained by the Board are delegated to the Chief Executive, who exercises these powers with the support of the NHS 24 Executive Team and in accordance with a Scheme of Delegation which has been approved by the Board.

The respective roles of the Chairman, to lead the Board, and of the Chief Executive, to lead the management of the organisation, are separate and are defined in the Board's Standing Orders that are included within the NHS 24 Corporate Governance Manual. The Board includes an appropriate balance of Executive Directors and Non Executive Board Members, and appointments to the Board are made by the Scottish Government in accordance with an open process.

An induction programme is in place for new Board members, tailored to individual requirements. Board members refresh their knowledge through participation in workshop sessions on relevant topics. The Board takes steps on an ongoing basis to ensure that its performance, and that of its Committees, remains effective.

## **Committees**

The Board meets during the year to progress the business of NHS 24. The Board is supported by the following standing committees that exist at NHS Board level:

- Audit
- Clinical Governance
- eHealth
- Equality, Diversity and Involvement of Patients and the Public (EQIPP)
- Remuneration
- Staff Governance.

The purpose and membership of each is as outlined below.

### **13.1 The Clinical Governance Committee**

The Committee provides assurance to the Board that appropriate clinical governance mechanisms are in place and are effective throughout the organisation. It also ensures that the principles and standards of clinical governance are applied to the health improvement and health protection activities of the Board, and that appropriate mechanisms are in place for the effective engagement of representatives of patients and clinical staff.

The Committee met on four occasions during 2010/11. The Members of the Clinical Governance Committee during the year were: Mr Stuart Smith (Chairman); Mr Alexander Smith (as Chairman of the Audit Committee); Miss Anne Jarvie; Mr John Rogerson; Mr Graham Revie; Dr George Crooks; Mrs Eunice Muir; and Professor Lewis Ritchie (Clinical Advisory Group representative) (to 8 December 2010).

### **13.2 The Audit Committee**

The Committee provides assurance to the Board that appropriate audit and risk governance structures are in place, and that NHS 24's activities comply with the regulatory framework applicable to the NHS. The Committee seeks to ensure that an effective system of internal control is maintained, and provides oversight of financial systems and procedures. The Committee considers audit reports received regularly from the Internal Auditor and the External Auditor on

audit work relating to the systems of internal control and corporate governance, as directed by the agreed annual audit plans.

The Committee met on four occasions during 2010/11. The Members of the Audit Committee during the year were: Mr Alexander Smith (Chairman); Mr Stuart Smith (as Chairman of the Clinical Governance Committee); Mrs Kay Blair; Mr Martin Hill (from 1 July 2010); Mr John Rogerson (to 1 July 2010); and Mr Graham Revie.

### **13.3 The Staff Governance Committee**

The Committee provides assurance to the Board on the delivery of the highest possible standard of staff management built upon partnership and collaboration. The Committee seeks to ensure that robust arrangements are in place in relation to the implementation of the Staff Governance Standard so that staff are well informed, appropriately trained, involved in decisions which affect them, treated fairly and consistently and provided with an improved and safe working environment.

The Committee met four times during the year. The Members of the Committee during the year were: Miss Anne Jarvie (Chairman); Mrs Kay Blair (as Chairman of the EQIPP Committee); Mrs Emma Bell; Mr Martin Hill; Mr Graham Revie; Mr John Turner; Mrs Eunice Muir; Ms Gaynor Carey and Mrs Mary Trivasse (as Partnership Forum Nominated Staff Representatives).

### **13.4 The Equality, Diversity and Involvement of Patients and the Public (EQIPP) Committee**

The Committee provides assurance to the Board that appropriate structures and processes are in place to address issues of diversity and equality, human rights and the governance requirements of Patient Focus Public Involvement. It seeks to ensure that the NHS 24 service, the cultural capacity of its staff, and its continuous development, better understands and meets the particular needs of individuals and diverse communities across Scotland and is responsive to their views.

The Committee met four times during the year. The Members of the Committee during the year were: Mrs Kay Blair (Chairman); Miss Anne Jarvie (as Chairman of the Staff Governance Committee); Mrs Emma Bell; Mr Martin Hill (to 1 July 2010); Mr Graham Revie; Mr John Turner; Mrs Eunice Muir; Mr Jim Alexander (as Partnership Forum Nominated Staff Representative); and Ms Margaret Donaldson, Mr Gordon Guthrie (from 29 April 2010) and Mrs Pat Wells (to 29 April 2010) (as Public Partnership Forum Representatives).

### **13.5 The eHealth Committee**

The Committee provides assurance to the Board on the effective governance of NHS 24's technology and eHealth activities, providing oversight of the application of best practice and the achievement of best value in the development, procurement and operation of NHS 24's technology systems. The Committee also seeks to ensure that NHS 24 builds awareness and takes advantage of innovation in IT and telephony.

The Committee met four times during the year. The Members of the Committee during the year were: Mr John Rogerson (Chairman); Mrs Emma Bell (from 1 July 2010); Mr Martin Hill; Mr Alexander Smith; Mr Graham Revie; Mr John Turner; Mr Robert Stewart; Dr Chris Stewart (to 31 March 2011); Mr Kenny Woods (as nominated Partnership Forum Representative); and Dr Gareth Davies (to 30 April 2010) and Dr Stella Clark (from 1 September 2010) (as external Clinical eHealth Leads).

### **13.6 The Remuneration Committee**

The Committee provides assurance to the Board that appropriate arrangements are in place for NHS 24 to meet the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of the Executive Directors and Directors.

Meetings of the Committee are arranged as required and there were four meetings during the year. The members of the Committee during 2010/11 were: Mr Allan Watson (Board and Committee Chairman); Mr Alexander Smith (as Vice Chairman and Chairman of the Audit Committee); Mr

Stuart Smith (as Chairman of the Clinical Governance Committee); Miss Anne Jarvie (as Chairman of the Staff Governance Committee); Mrs Kay Blair (as Chairman of the EQIPP Committee); and Mr John Rogerson (as Chairman of the eHealth Committee).

### **13.7 The Ethics Committee**

NHS 24 has not established an Ethics Committee but, appropriate advice is sought from other NHS organisations, including the Medical Research and Ethics Committee (MREC) as required.

The above Committees were supported by Executive Directors as required.

### **13.8 Other Advisory Forums**

In addition to the Committees noted above, the Board has a Clinical Advisory Group which operates as a reference group and includes representatives from clinicians and professional bodies from across the NHS in Scotland. The Clinical Advisory Group, which reports to the Clinical Governance Committee, met four times during 2010/11.

A Dental Advisory Group was also established during the year to act as a reference group in relation to dental services. The Dental Advisory Group met on two occasions during 2010/11.

**13.9 A Partnership Forum** was established in September 2003 to ensure there is a regular opportunity for consultation and dialogue between staff and managers on key issues arising in the workplace. Meetings are generally held each month and are co-chaired by the Chief Executive and the Employee Director, with attendance from various staff representatives, senior managers and Executive Directors and Non-Executive Board Members.

## **14. Disclosure of Information to Auditors**

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

## **15. Human Resources**

As an equal opportunities employer, the NHS 24 welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the board.

## **16. Events after the end of the reporting period**

No significant events affecting the Board have occurred since the year end.

## **17. Financial Instruments**

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 27.



**18. Approval and signing of the directors' report**

The Accounting Officer authorised these financial statements for issue on 30<sup>th</sup> June 2011.

Signed .....  
John Turner, Chief Executive

Date .....

## **B. OPERATING AND FINANCIAL REVIEW**

NHS Health Boards are required to prepare an Operating and Financial Review as per the Financial Reporting Manual (FRoM).

### **1. Principal Activities and review of the year**

NHS 24 was established in April 2001, under the National Health Service (Scotland) Act 1974, and is responsible for the delivery of clinical assessment and triage, health advice and information by telephone and online services to the population of Scotland 24 hours a day, 365 days a year. NHS 24 is also Scotland's provider of a national telehealth service. Specifically, the role of NHS 24 is to:

- triage calls, assess patients' symptoms and refer patients to the most appropriate healthcare professional within an appropriate timescale based on clinical need;
- work in partnership with local health services provided by NHS Boards, NHS staff organisations and local communities through integration with other parts of the NHS - in particular, the Primary Care Out-of-Hours Services provided by NHS Boards throughout Scotland, the Scottish Ambulance Service and the Acute Hospitals' Accident and Emergency Departments;
- support the health improvement agenda across Scotland by working in partnership with local Boards to provide added value services where and when required, utilising the IT telephony and infrastructure to benefit patients 24 hours a day;
- provide other telephone-based and on line Health Information and Advice Services e.g.:
  - NHS inform, a national health information service;
  - the Breathing Space Service, which provides support for people suffering low mood and depression.
  - Taking Measures, a Brief Intervention for Alcohol telephony service
  - Care Information Scotland, a service providing community care information for older people.

2010/11 was a year of strong performance by NHS 24 both in terms of the unscheduled care service, which met all clinical service targets, despite the significant increase in calls answered over the Festive Period, and the range of other services provided by the organisation. Key points to note are:

- the updating of our three year Strategic Framework, "Delivering and Moving Forward", and the development of the supporting Corporate Plan;
- the launch and ongoing management of NHS inform;
- the development of the Strategic Frontline Application (SFLA) programme which will replace the applications used by the frontline services, and the supporting infrastructure and telephony for the organisation;
- the continued involvement in the provision of the Scottish Emergency Dental Service, with NHS 24 being the first point of contact for patients requiring emergency dental services in the out of hours period, providing assessment of symptoms and arranging face to face clinical treatment if needed. The service is now available in all Health Board areas within Scotland;
- the continued delivery of a pilot telephone based Cognitive Behavioural Therapy service, in partnership with five Health Boards, for people referred by their GP for help with mild to moderate depression, which provides talking therapies to patients who may otherwise have difficulty accessing CBT services due to rural location or social deprivation;

- the continued expansion of our local presence in all Health Board areas with the launch a remote centre in NHS Orkney in 2010, and the development of remote centres in NHS Shetland, which is now live, and NHS Western Isles which will go live later in 2011;
- the continued relationship building with our partners, including territorial Health Boards, the Scottish Government Health Directorates, and NHS Direct;
- the continued close working with the Scottish Ambulance Service in the delivery of unscheduled care services, through the establishment of a joint working group to further promote means of joint working between the organisations. Work undertaken during 2010/11 included the progression of the project to develop a Common Triage Tool to be used by both organisations;
- the national roll out of the Life Begins @ 40 Healthcheck service
- ongoing management of the Taking Measure Service (a brief interventions alcohol telephony service, supported by information on [www.nhs24.com](http://www.nhs24.com));
- ongoing management of the Care Information Scotland service;
- the Scottish Centre for Telehealth (SCT) formally joined NHS 24 on 1<sup>st</sup> April 2010. The development of the SCT Strategic Framework established four national programmes, with two supporting programmes. This Framework has been adopted by the Scottish Government as the National Strategic Framework for Telehealth. Following this, NHS 24 worked with the Scottish Government to transfer the National Telecare Programme into NHS 24;
- the continuation of a stable workforce, with an improved recorded attendance management figure achieved during the year; and met the eKSF HEAT target for March 2011;
- the development of our PFPI group, ensuring that patients and the public are involved in key service developments within the organisation; completed our first Participation Standard Self Assessment ;
- the implementation of the Healthcare Support Workers regulations and year one of the Protecting Vulnerable Groups (PVG) Scheme;
- a review of Non Frontline Services with agreement to implement the recommendations;
- achievement of a positive response rate and results in the 2010 Staff Survey.

## 2 Financial Performance and Position

As with other Health Bodies, the finances of NHS 24 are subject to resource limit controls. The SGHD sets three annual budget limits. These limits are:

- a) Revenue Resource Limit - a resource budget for ongoing operations;
- b) Capital Resource Limit - a resource budget for net capital investment; and
- c) Cash Requirement - a financing requirement to fund the cash consequences of the ongoing operations and the net capital investment.

NHS 24 is expected to stay within these limits and report on any variations from the limits as set.

The performance against the targets is as follows:

	Limit as set by SGHD £'000	Actual outturn £'000	Variance (over)/under £'000	%
Revenue Resource Limit (RRL)	63,755	62,681	1,074	1.68
<i>Of which:</i>				
<i>Core Revenue Resource Limit</i>	<i>60,909</i>	<i>59,835</i>	<i>1,074</i>	<i>1.76</i>
<i>Non-Core Revenue Resource Limit</i>	<i>2,846</i>	<i>2,846</i>	<i>0</i>	<i>0.00</i>
Capital Resource Limit (CRL)	1,010	1,010	0	0.00
<i>Of which:</i>				
<i>Core Capital Resource Limit</i>	<i>1,010</i>	<i>1,010</i>	<i>0</i>	<i>0.00</i>
<i>Non-Core Capital resource Limit</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.00</i>
Cash Requirement	61,700	61,616	84	0.14

#### MEMORANDUM FOR IN-YEAR OUTTURN \*

	<b>2011</b>
	<b>£'000</b>
Brought forward deficit / (surplus) from previous financial year	<u>(19)</u>
Saving / (excess) against in-year Revenue Resource Limit	<u><b>( 1,055)</b></u>

#### Comment on the RRL

During 2010/11, NHS 24 reported an underspend of £1.074 million against the budgeted RRL of £63.755 million (£60.909m core and £2.846m non-core). Of the £63.755 million received in year, a total of £5.065 million related to earmarked funding, of which £1.675 million was recurrent and £3.390 million non-recurrent.

Of the £5.065 million earmarked funding, significant allocations included funding for the Scottish Centre for Telehealth, and other earmarked projects such as NHS Inform, Life Begins at 40, NHS Living Life and Care Information Scotland.

NHS 24 wrote off £0.288 million of assets that were deemed to be impaired. SGHD provided an increase to the NHS 24's Annually Managed Expenditure from its central budget for impairments to cover this.

NHS 24 is anticipating a carry forward of the surplus for 2010/11 non-recurrently into 2011/12. This surplus will contribute towards the procurement and programme costs associated with NHS 24's SFLA procurement.

Management accounting information comparing actual expenditure against original budget is reported to the Board at each meeting by Directorate and by major type of expenditure. These reports include, from the third month of the year and after discussion with each Director, revised forecasts of the year-end position against the resources provided and the budget set at the start of the year. Any forecast slippage in revenue or capital expenditure through the year is reported to the SGHD in monthly returns.

It should be noted that expenditure has decreased from 2009/10, when NHS 24 received an additional allocation to support the Pandemic Flu response. In addition, rental costs, facilities and utilities expenditure associated with NHS 24's Regional centres have now been reclassified as Administration costs, as these costs are now managed by a central facilities function.

The prior year figures have been restated to take account of a prior year adjustment associated with the abolition of the cost of capital charge. The value of this adjustment is £258,000.

## Comment on the CRL

During 2010/11, the capital expenditure for NHS 24 was £1.010 million. This matches the final Capital Resource Limit allocation given to NHS 24 for 2010/11 by SGHD.

The largest area of expenditure incurred during 2010/11 was in relation to a Voice upgrade with multimedia functionality totalling £0.542 million. There was also spend on the second phase of the Wide Area Network (WAN), £0.265 million, an upgrade to the NHS 24 website, £0.075 million, and an upgrade to the Patient Records Management (PRM) system infrastructure, £0.057 million.

### Provision for bad and doubtful debts

A provision of £23k has been made in relation to debtors where it is deemed unlikely that NHS 24 will be able to recover these costs.

## 3. Performance against Key Non Financial Targets

The year ended 31<sup>st</sup> March 2011 was the sixth full financial year in which NHS 24 provided a fully national service to the population of Scotland.

NHS 24 continues to achieve its service standards through high levels of productivity. During 2010/11, focus has remained on maximising efficiency and effectiveness in order to improve performance across all areas of frontline operation.

During peak periods performance levels remain high over the majority of the day. NHS 24 met all clinical Key Performance Indicators (KPIs) during 2010/11.

The sickness absence rate for 2010/11 fell to 4.8% from 5.1% in 2009/10.

There have been no personal data related incidents in NHS 24 during 2010/11.

In line with SGHD guidance, the Board developed a Local Delivery Plan for 2010/11 and received reports at each meeting on progress against the targets. Comments on each of the targets for 2010/11 are provided below:

HEAT	SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
<i>Health</i>	Quarterly Average of 90% of Breathing Space calls to be answered within 30 seconds	Achieve quarterly average of 90%	83% Target not met due to substantial increase in call volumes. Workforce plan agreed and is being implemented
<i>Efficiency</i>	Operate within Revenue Resource Limit; operate within Capital Resource Limit; meet cash requirement	Meet financial targets	Target met
<i>Efficiency</i>	Meet cash efficiency target of 2% saving	Meet efficiency target	Target met
<i>Efficiency</i>	Increase use of teleconferencing and videoconferencing by 10% by March 2011	10%	15%
<i>Efficiency</i>	Ensure at least 80% of staff covered by Agenda for Change have an annual PDP development review completed on eKSF by March 2011	80%	88%

<i>Access</i>	Annual average of 90% Calls to be answered within 30 seconds	90%	94%
<i>Access</i>	Annual average of 90% GP priority calls responded to within 20mins	90%	100%
<i>Access</i>	Annual average of 90% GP routine calls responded to within 60mins	90%	100%
<i>Access</i>	Increase number of hits on the self care area of the NHS 24.com web site	Increase hits by 20% by year-end.	Hits increased by 77%
<i>Access</i>	Patients identified with stroke transferred to SAS within 10 minutes	Quarterly average of 90%	90%
<i>Access</i>	Commence 100% calls prioritised as P1 within 60 minutes	100%	100%
<i>Access</i>	Commence 90% of calls prioritised as P2 within 120 minutes	90%	100%
<i>Treatment</i>	65% of patients referred to NHS 24 for CBT Living Life service who commence the programme complete the programme	65%	42% Not met, however a number of patients leave the programme before completion as their condition has improved sufficiently
<i>Treatment</i>	Provide at least 30% of patients with self care advice	30%	34%
<i>Treatment</i>	Maintain or reduce the current A&E referral rate	<=5%	5% in Quarter 4
<i>Treatment</i>	Convert at least 70% of Category C calls transferred from SAS to primary care or home care outcomes	70%	Achieved in all quarters – 80% in Quarter 4

#### 4. Environmental and Sustainability Reporting

As part of its sustainable development strategy the Government encourages both companies and public bodies to disclose their sustainability and environmental performance via their annual reports and accounts.

NHS 24 reviewed the content of CEL 14 (2010) which notified Chief Executives of the launch of the Good Corporate Citizenship Assessment Model (GCCAM) for NHSScotland. The purpose of the model is to develop sustainable practices through greater awareness and activity around sustainability issues, both amongst staff and with partner organisations.

The Sustainable Development Commission Scotland facilitated a Good Corporate Citizen workshop during August 2010. This workshop was attended by NHS 24 personnel involved in the six key areas of GCCAM, including the Director of Finance & Technology in the role of Sustainable Development Champion. An action plan, capturing the outputs from the workshop, was developed and is being taken forward by key NHS 24 personnel.

In addition, in association with work forming part of the annual Procurement Capability Assessment, NHS 24 reviewed its governance processes for sustainable procurement. The guidance that is now being followed by NHS 24 in this regard is captured in the NHS 24 Procurement Strategy and NHS 24 Procurement Handbook.

NHS 24 has also continued to manage the level of business mileage travelled by its staff. This information is considered on a regular basis by the Best Value Group, and, linked to increased

usage of telephone and video conferencing equipment, has resulted in a marked decrease in the level of business miles being travelled.

NHS 24 also continues to work closely with its Health Board partners to ensure that the NHS estate is used in an efficient and effective manner. This frequently takes the form of the co-location of premises with other out of hours and emergency services partners and Health Boards in order to achieve economies of scale for the NHS.

In relation to the wider health economy, the continued development of NHS 24 services also allows health care advice and information to be provided via the telephone and internet without the need for travel.

NHS 24 is continuing to develop the range and accessibility of its services through new multimedia technology during 2011/12, making it easier for patients to contact NHS 24 without the need for travel.

## C. REMUNERATION REPORT

The terms of reference of the Remuneration Committee states its purpose as to provide assurance to the Board that appropriate arrangements are in place to ensure that NHS 24 meets the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of the Executive Directors (and any other staff employed under Executive or Senior Manager pay arrangements).

The Remuneration Committee membership comprises:

- the Board Chair (Committee Chair)
- the Chairman of the Audit Committee
- the Chairman of the Clinical Governance Committee
- the Chairman of the Staff Governance Committee
- the Chairman of the Equality and Diversity Committee
- the Chairman of the eHealth Committee.

The committee meets as required, with at least three meetings per year.

The specific duties of the committee are to:

- review and approve all of the Terms and Conditions of Employment of the Executive Board Directors and Executive Directors, including job descriptions, terms of employment, basic pay, performance pay (if applicable) and all benefits associated with each post (including superannuation arrangements and the provision of leased cars);
- review and approve annually the performance objectives for each Executive Board Director and Executive Director on a financial year basis and ensure that performance is regularly assessed against the objectives which may be revised during the course of the year, depending on circumstances and with the agreement of the individual;
- consider the assessment of performance of the Executive Board Directors and Executive Directors, and any changes to the remuneration or the terms and conditions of employment for the Executive Directors and Directors, arising from this assessment of performance during the review period;
- approve Executive performance ratings, following the process set down by NHS Scotland, which is subject to annual CEL and NPMC approval; and
- comply with any Scottish Government Health Directorates' directions and take into consideration any relevant guidance supplied by NHSScotland on remuneration or terms and conditions of employment.

The duration, notice and termination of Executive Board Directors and Executive Directors contracts are as per the national contracts.

The remuneration arrangements and performance appraisal of Senior Managers is governed by the decisions of the Remuneration Committee. Such decisions have been made strictly in accordance with the provisions of HDL directives issued by the SGHD.

All performance methods and arrangements for remuneration matters within NHS 24 are consistent with guidance received from SGHD via national HDLs and CELs.

The Medical Director and all Medical staff are paid in accordance with Consultants' Conditions of Service, with eligibility for a further allowance as approved by Scottish Ministers.



**Directors' Remuneration**

Disclosure of Directors' Remuneration is provided separately for each individual Director, in bands of £5,000. The figures relate to all those individuals who hold or have held office as a Director of NHS 24 during the reporting year and are shown in the pro forma tables following this Section of the Report. These following pro forma tables have been subject to audit.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – CURRENT YEAR FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

Name	Remuneration (Bands of £5,000)  (Note 1)	Performance related bonus (Bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Total accrued pension at pensionable age at 31 March 2011 (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2011 £'000	Real increase in CETV in year  £'000	Benefits in kind  £'000
<b>BOARD EXECUTIVE DIRECTORS</b>								
Mr John Turner, Chief Executive	135 to 140	-	2.5 – 5 Plus 12.5 – 15 lump sum	30 – 35 Plus 100 – 105 lump sum	461	478	16	3.2
Dr George Crooks, Medical Director (Note 2)	210 to 215	-	12.5 – 15 Plus 40 – 42.5 lump sum	60 – 65 plus 185 – 190 lump sum	1,121	1,386	265	7.0
Mr Robert Stewart, Director of Finance and Technology (Note 3)	115 to 120	-	2.5 – 5 Plus 12.5 – 15 lump sum	25 – 30 Plus 85 – 90 lump sum	607	705	99	4.1
Mrs Eunice Muir, Nurse Director	90 to 95	-	2.5 – 5 Plus 7.5 – 10 lump sum	35 – 40 Plus 105 – 110 lump sum	681	711	29	-
<b>EXECUTIVE DIRECTORS</b>								
Dr Chris Stewart, Director of Clinical Development (Note 4)	55 to 60	-	-	20 – 25 Plus 65 – 70 lump sum	410	342	(68)	-
Mrs Jane McCartney, Director of Human Resources & Corporate Affairs	90 to 95	-	0 – 2.5 Plus 0 – 2.5 lump sum	25 – 30 Plus 80 – 85 lump sum	566	550	(16)	4.9
Mrs Gillian Stillie, Director of Service Delivery	95 to 100	-	0 – 2.5 Plus 0 – 2.5 lump sum	10 – 15 Plus 40 – 45 lump sum	188	170	(17)	2.8
<b>NON EXECUTIVE DIRECTORS</b>								
Mr Allan Watson, Chairman	20 to 25	-	-	-	-	-	-	-
Mr Alexander Smith, Vice Chairman	5 to 10	-	-	-	-	-	-	-
Mrs Emma Bell	5 to 10	-	-	-	-	-	-	-
Mrs Kay Blair	5 to 10	-	-	-	-	-	-	-
Mr Martin Hill	5 to 10	-	-	-	-	-	-	-
Miss Anne Jarvie	5 to 10	-	-	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 5)	60 to 65	-	-	-	-	-	-	-
Mr John Rogerson	5 to 10	-	-	-	-	-	-	-
Mr Stuart Smith	5 to 10	-	-	-	-	-	-	-
<b>Total</b>					<b>4,034</b>	<b>4,342</b>	<b>308</b>	<b>22.0</b>

**Note 1** Remuneration is that earned in the year to 31<sup>st</sup> March 2011, including employer's pension contributions at 13.5%. Directors' remuneration takes account of salary adjustments approved by the Remuneration Committee where appropriate.

- Note 2** Dr George Crooks provides a service to the Scottish Ambulance Service as their Medical Director one and a half days per week.
- Note 3** Mr Robert Stewart was seconded from NHS Forth Valley until 30<sup>th</sup> September 2010. From 1<sup>st</sup> October 2010, he became an employee of NHS 24.
- Note 4** Dr Chris Stewart resigned as Director of Clinical Development and left NHS 24's employment as at 31<sup>st</sup> March 2011.
- Note 5** The disclosure for Graham Revie includes his role as Employee Director and his substantive post as a Team Leader. His remuneration as Employee Director only was in the band £5k - £10k.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PRIOR YEAR FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

Name	Remuneration (Bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000)	Cash Equivalent Transfer Value (CETV) at 31 March 2009 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2010 £'000	Real increase in CETV in year £'000	Benefits in kind £'000
<b>BOARD EXECUTIVE DIRECTORS</b>							
Mr John Turner, Chief Executive	135 to 140	- -	25-30 Plus 85-90 Lump sum	464	471	(22)	3.5
Dr George Crooks, Medical Director (Note 2)	200 to 205	0 – 2.5 Plus 2.5-5 Lump sum	45-50 Plus 140-145 Lump sum	1,022	1,093	19	6.5
Mr Robert Stewart, Director of Finance and Technology	100 to 105	-	-	-	-	-	-
Mrs Eunice Muir, Nurse Director	80 to 85	0 – 2.5 Plus 2.5-5 Lump sum	30-35 Plus 95-100 Lump sum	603	664	26	-
<b>EXECUTIVE DIRECTORS</b>							
Dr Chris Stewart, Director of Clinical Development	145 to 150	0 – 2.5 Plus 2.5-5.0 Lump sum	20-25 Plus 70-75 Lump sum	360	399	20	-
Mrs Jane McCartney, Director of Human Resources & Corporate Affairs	85 to 90	- -	25 -30 Plus 75-80 Lump sum	534	552	(14)	4.0
Mrs Gillian Stillie, Director of Service Delivery	95 to 100	- -	10-15 Plus 35-40 Lump sum	175	183	(3)	4.9
<b>NON EXECUTIVE DIRECTORS</b>							
Mr Allan Watson, Chairman	25 to 30	-	-	-	-	-	-
Mr Alexander Smith, Vice Chairman	5 to 10	-	-	-	-	-	-
Mrs Emma Bell	5 to 10	-	-	-	-	-	-
Mrs Cheryl Black	5 to 10	-	-	-	-	-	-
Mrs Kay Blair	5 to 10	-	-	-	-	-	-
Mr Martin Hill	5 to 10	-	-	-	-	-	-
Miss Anne Jarvie	5 to 10	-	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 3)	60 to 65	-	-	-	-	-	-
Mr John Rogerson	5 to 10	-	-	-	-	-	-
Mr Stuart Smith	5 to 10	-	-	-	-	-	-
<b>Total</b>				<b>3,158</b>	<b>3,362</b>	<b>26</b>	<b>18.9</b>

**Note 1** Remuneration is that earned in the year to 31<sup>st</sup> March 2010, including employer's pension contributions at 13.5%.

**Note 2** Dr George Crooks provides a service to the Scottish Ambulance Service as their Medical Director one and a half days per week.

**Note 3** The disclosure for Graham Revie includes his role as Employee Director and his substantive post as a Team Leader. His remuneration as Employee Director only was in the band £5k - £10k.

**Further Board and Senior Employees' Remuneration Information (2009/10)**

- Mrs Cheryl Black ended her term of appointment on 28th February 2010.

Signed .....  
John Turner, Chief Executive

Date .....

# NHS 24

## ANNUAL ACCOUNTS 2010/11

### STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF NHS 24

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 NHS 24.

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;
- 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 Financial Reporting Manual have been followed and disclose and explain any material departures
- prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of 4th September 2008.

Signed .....  
John Turner, Chief Executive  
30<sup>th</sup> June 2011

# NHS 24

## ANNUAL ACCOUNTS 2010/11

### STATEMENT OF NHS 24 BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Under the National Health Service (Scotland) Act 1978, NHS 24 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 NHS 24 as at 31<sup>st</sup> March 2011 and of its operating costs for the year then ended. In preparing these accounts, the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers;
- Make judgements and estimates that are reasonable and prudent;
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that NHS 24 will continue to operate.

The NHS 24 Board Members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of NHS 24 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 NHS 24 and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

..... Director of Finance

..... Chairman

30<sup>th</sup> June 2011

# ANNUAL ACCOUNTS 2010/11

## STATEMENT ON INTERNAL CONTROL

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

In order to ensure that sufficient assurance is provided in pursuit of the above, the following accountability arrangements are in place:

- the NHS 24 Board meets regularly in public to consider the performance, plans and strategic direction of the organisation (the Board is comprised of four Executive Board Directors, eight external independent Members and the Employee Director);
- there are periodic reports to the Board from the Chairman of the Clinical Governance Committee, regarding standards of care;
- there are periodic reports to the Board from the Chairman of the Audit Committee, regarding the governance arrangements in place to ensure an effective system of internal control is in place;
- there are periodic reports to the Board from the Chairman of the Staff Governance Committee, regarding terms and conditions of employment;
- as appropriate, the Committees consider reports prepared by the Internal Auditor, which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement;
- following discussion with Executive Directors, the Internal Auditor constructed an organisation wide assurance map to document the differing sources, level and focus of assurance being provided to NHS 24. The production of this assurance map showed a wide coverage of assurance needs and sources of assurance across NHS 24's operations. The review also highlighted areas where control activities could be strengthened, redesigned or re-focused;
- an organisation-wide risk register is maintained;
- there are regular reports from managers on the action they are taking to manage the risks in their areas of responsibility, including progress reports on key projects;
- there are regular Reports to the Board on the management and mitigation of the key strategic risks;
- key performance and risk indicators are in place.

### 1. PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. This process has been in place for the year up to the date of approval of the Annual Report and Accounts and accords with guidance from Scottish Government.



## **2. RISK AND CONTROL FRAMEWORK**

All 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 the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS 24's Risk Management Strategy for 2011/12 was approved by the Board at its meeting in March 2011, the previous Risk Management Strategy having been approved by the Board in March 2010. It is now part of the risk strategy to have the document reviewed annually to ensure continued relevance and development. Before the updated strategy was presented to the Board, it has also been presented at the Operational Risk Management Group (ORMG), the Risk Management Steering Group (RMSG), the Executive Management Team, and the Audit Committee all of whom had recommended the Strategy to the Board.

The latest strategy was enhanced to include references to issues NHS 24 identified through the application of Audit Scotland's Risk Management Best Value Toolkit, as well as the organisation's use of Audit Scotland's Priorities & Risk Framework. In addition, five new operational risk objectives were added.

NHS 24's Risk Management Steering Group meets on a quarterly basis. This Group is chaired by the Director of Finance and Technology, and is attended by Executive Directors and the Head of Risk & Business Continuity. The Head of Risk & Business Continuity progresses work on regular risk assessments and reporting; provides training in risk awareness and risk management and embeds the process of risk management throughout NHS 24. Overall responsibility for implementation of the Risk Management Strategy lies with myself, as the Chief Executive Officer.

NHS 24 has an Information Governance department which is part of the Medical Directorate. Any risks that are identified relating to information governance will be brought to the attention of the Information Governance Manager and then the Medical Directorate risk lead, who will verify them, add them to the database and hence to the Information Governance risk register which was created in the last year, where they will be managed in accordance with our standard processes and procedures. If regarded as a more serious risk, a mechanism exists to escalate such a risk to the Corporate Risk Register where it is then managed at the most senior management level in the organisation.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. These changes are reflected in the aforementioned Strategy.

## **3. REVIEW OF EFFECTIVENESS**

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

My review of the effectiveness of the system of internal control is informed by:-

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

I have received Certificates of Assurance from the Executive Directors which confirm that they have considered the standard of internal control in their Directorates and that those internal

controls have been and are working adequately. There has not been any significant matter raised in the Certificates of Assurance which has not previously been raised. The Board has also received Annual Reports from the Audit Committee, the Clinical Governance Committee, the eHealth Committee, the Staff Governance Committee, EQIPP Committee and the Remuneration Committee.

In response to recommendations from the Internal and External Auditors in their reports, management has developed appropriate detailed action plans with agreed timescales. Implementation of the recommendations is monitored by Executive Directors and overseen by the Audit Committee and the process of progress monitoring forms an integral part of our commitment to the continual review and strengthening of our internal control environment.

In relation to Best Value, a best value group was established during 2008/09, and this continued to meet throughout the 2010/11 financial year.

Internal Audit undertook a review of Best Value during the year. This set out how NHS 24 performed against each of the characteristics of best value and examples of good practice. Against the nine characteristics, Internal Audit concluded that NHS 24 Best Value arrangements were well developed in six areas and under development in the remaining three.

The findings and recommendations from Internal Audit are consistent with new Best Value Guidance for Accountable Officers issued by Scottish Government Health Directorates in March 2011. NHS 24 will be putting in place processes to ensure that they implement the recommendations of Internal Audit and this new guidance. Full implementation of the guidance, due to the timing of issue, will be during 2011/12.

One issue raised by Internal Audit that required further development was the clear reporting lines through the organisation with regard to accountability for best value. These are required to ensure that I, as Accountable Officer, have an overview of the performance of each mechanism of best value. This framework is now in place, and has been achieved by members of the Best Value group evaluating the activities of the organisation against the nine characteristics of Best Value. This evaluation was also considered at a meeting of NHS 24's Executive Team which I chaired.

As part of the review process, NHS 24 has undertaken the following key elements of work during the last financial year:-

### **Corporate Governance Manual**

The NHS 24 Corporate Governance Manual was reviewed during the course of this financial year. The review was led by the Assistant Director of Finance and the Board Secretary, with detailed input from Internal Audit, who confirmed that, based on their review of current guidance, the content of the Manual is fundamentally sound and remains appropriate.

A page-by-page review of the Manual was undertaken, taking into account examples from other Health Boards, Scottish Government Health Directorates and other guidance, and appropriate best practice standards as set out in the UK Corporate Governance Code.

The recommended amendments were reviewed by the Audit Committee at its meeting on 9 September 2010. The Audit Committee recommended their approval by the Board. The Board approved the amendments at their meeting on 30 September.

### **Financial Operating Procedures**

Financial Operating Procedures were finalised during the year to provide assistance on the processes to be followed by staff to ensure that information is recorded accurately and timeously on the Cedar eFinancials Finance System.

These procedures set out key processes and principles, and should be read in conjunction with NHS 24's Standing Financial Instructions (SFIs), which form part of the Corporate Governance Manual, and other desktop procedure notes.

The procedures take account of the specific financial processes that are carried out on behalf of NHS 24 by National Services Scotland (NSS) through a Service Level Agreement (SLA).

The procedures cover 20 different areas and were produced using the existing procedures from another NHS Board as a baseline. The procedures have also been reviewed by Internal Audit to ensure that all guidance is current and that there are no conflicts with other procedure notes.

### **Fixed Assets**

NHS 24 had previously undertaken a very detailed inventory exercise of the furniture and fittings assets that it held on the asset register. Recognising that the majority of NHS 24's assets are IT, a full verification review of all these assets was undertaken during the 2010/11 financial year. This took the form of a line by line review of all IT assets on the register by the Technology department. This allowed assets that are no longer in use to be identified and subsequently removed from the asset register.

### **Review of Purchase Ledger - Transaction Analysts Scotland Ltd**

NHS 24 invited Transaction Analysts Scotland Ltd to carry out a forensic review of the purchase ledger going back to 2007. This is an exercise that a number of Boards have carried out in order to identify duplicate payments to suppliers, which can then be reclaimed. Transaction Analysts review of the NHS 24 purchase ledger identified a sum of £3,000 relating to duplicate payments which NHS 24 has been able to reclaim. This review has provided comfort to NHS 24 that the purchase ledger function is working to a very high degree of accuracy.

### **Customer Care Group meetings with National Services Scotland (NSS)**

NHS 24 continue to meet with NSS, who provide financial and payroll services to NHS 24, on a monthly basis to discuss performance issues.

The work of this group continues to be very important, and it has been recognised that the number of payroll issues has continued to decline during the 2010/11 financial year.

### **Procurement Capability Assessment**

The annual Procurement Capability Assessment took place in NHS 24 on 3rd November 2010. Following an Intensive Improvement Activity review by National Procurement in September, NHS 24, supported by Internal Audit, developed a number of governance documents, including a Procurement Strategy and a Procurement Handbook.

The Procurement Strategy and Procurement Handbook were recognised by National Procurement as high quality documents, and they asked that these were embedded throughout the organisation. NHS 24 improved its Procurement Capability Assessment score and is now classified as conformant. The new Procurement Strategy has been approved by the NHS 24 Board, and the Procurement Handbook is available to staff.

### **Information Commissioner's Office report**

The Information Commissioner's Office (ICO) carried out a proactive audit in NHS 24 during August 2010.

On the basis of the work performed at NHS 24 the ICO consider that the current arrangements in place with regard to overall Data Protection controls provide a limited assurance that adequate processes and procedures are in place and being adhered to.

Arising from the agreed audit report, a Management Action Plan was developed and approved by the Executive Team in November 2010.

Work on this action plan is continuing and has been subject to review by Internal Audit as part of their 2010/11 annual audit plan, and work will be progressed during 2011/12.

**National Fraud Initiative**

The 2011/12 National Fraud Initiative Upload became available during February. Following the process that has worked successfully in previous years, the NHS 24 Fraud Liaison Officer and Internal Audit reviewed the data matches on the upload during March.

NHS 24 lowered the standard filter level and looked at cases at a lower monetary value than is normally required.

A review of cases with other organisations that participate in the National Fraud Initiative is already underway.

**4 Disclosures**

There are no significant control issues or failure affecting the organisation which has had any material internal control implications.

Signed ..... Date 30<sup>th</sup> June 2011  
John Turner, Chief Executive Officer

# Independent Auditor's Report

## Independent auditor's report to the members of NHS 24 Special Health Board, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of NHS 24 Special Health Board for the year ended 31 March 2011 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FReM).

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

### Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board set out on page 21, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and receipts.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In my opinion the financial statements:

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

### **Opinion on regularity**

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

### **Opinion on other prescribed matters**

In my opinion:

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

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA  
Assistant Director  
Audit Scotland  
Osborne House  
1/5 Osborne Terrace  
EDINBURGH  
EH12 5HG

30 June 2011

# NHS 24

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

2010 £'000 Restated		Note	£'000	£'000
	<b>Clinical Services Costs</b>			
42,232	Hospital and Community	4	37,881	
240	Less: Hospital and Community Income	8	<u>222</u>	
<b>41,992</b>				<b>37,659</b>
0	Family Health	5	0	
0	Less: Family Health Income	8	<u>0</u>	
<b>0</b>				<b>0</b>
<b>41,992</b>	<b>Total Clinical Services Costs</b>			<b>37,659</b>
22,169	Administration Costs	6	25,139	
173	Less: Administration Income	8	<u>481</u>	
<b>21,996</b>				<b>24,658</b>
26	Other Non Clinical Services	7	504	
47	Less: Other Operating Income	8	<u>140</u>	
<b>(21)</b>				<b>364</b>
<b>63,967</b>	<b>Net Operating Costs</b>			<b>62,681</b>

### OTHER COMPREHENSIVE NET EXPENDITURE

2010 £'000		£'000
0	Net (gain)/loss on revaluation of Property Plant and Equipment	0
0	Net (gain)/loss on revaluation of Intangibles	0
0	Net (gain)/loss on revaluation of available for sale financial assets	0
<u>0</u>	Other Comprehensive Expenditure	<u>0</u>
<b>63,967</b>	<b>Total Comprehensive Expenditure</b>	<b>62,681</b>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN (Cont.)

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>		<b>£'000</b>
<b>Net Operating Costs</b>		<b>62,681</b>
Total Non Core Expenditure (see below)		(2,846)
FHS Non Discretionary Allocation		0
<b>Total Core Expenditure</b>		<b>59,835</b>
Core Revenue Resource Limit		60,909
<b>Saving/(excess) against Core Revenue Resource Limit</b>		<b><u>1,074</u></b>

### SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Capital Grants to / (from) Other Bodies		0
Depreciation/Amortisation	3	2,483
Annually Managed Expenditure - Impairments	3	288
Annually Managed Expenditure – Creation of Provisions		75
IFRS PFI Expenditure		<u>0</u>
<b>Total Non Core Expenditure</b>		<b>2,846</b>
Non Core Revenue Resource Limit		<u>2,846</u>
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>		<b><u>0</u></b>

### SUMMARY RESOURCE OUTTURN

	<b>Resource</b>	<b>Expenditure</b>	<b>Saving/ (Excess)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Core	60,909	59,835	1,074
Non Core	2,846	2,846	0
<b>Total</b>	<b><u>63,755</u></b>	<b><u>62,681</u></b>	<b><u>1,074</u></b>



# NHS 24

## BALANCE SHEET

AS AT 31<sup>st</sup> MARCH 2011

2009 £'000	2010 £'000		Note	£'000	£'000
	<b>Restated</b>	<b>Non-current assets:</b>			
10,568	9,794	Property, plant & equipment	11	8,283	
1,323	1,322	Intangible assets	10	1,072	
		Financial assets:			
147	0	Trade and other receivables	13	0	
<b>12,038</b>	<b>11,116</b>	<b>Total non-current assets</b>			<b>9,355</b>
		<b>Current Assets:</b>			
0	0	Inventories	12	0	
		Financial Assets:			
2,071	1,180	Trade and other receivables	13	1,264	
484	494	Cash and cash equivalents	15	755	
<b>2,555</b>	<b>1,674</b>	<b>Total current assets</b>			<b>2,019</b>
<b>14,593</b>	<b>12,790</b>	<b>Total assets</b>			<b>11,374</b>
		<b>Current liabilities:</b>			
(264)	(179)	Provisions	17	(255)	
		Financial Liabilities:			
(6,507)	(5,652)	Trade and other payables	16	(5,460)	
<b>(6,771)</b>	<b>(5,831)</b>	<b>Total current liabilities</b>			<b>(5,715)</b>
<b>7,822</b>	<b>6,959</b>	<b>Non-current assets plus/less net current assets/liabilities</b>			<b>5,659</b>
		<b>Non-current liabilities:</b>			
(40)	(191)	Provisions	17	(216)	
		Financial liabilities:			
0	0	Trade and other payables	16	0	
<b>(40)</b>	<b>(191)</b>	<b>Total non-current liabilities</b>			<b>(216)</b>
<b>7,782</b>	<b>6,768</b>	<b>Assets less liabilities</b>			<b>5,443</b>
		<b>Taxpayers' Equity</b>			
7,755	6,746	General Fund	SOCTE	5,429	
27	22	Revaluation reserve	SOCTE	14	
0	0	Donated asset reserve	SOCTE	0	
<b>7,782</b>	<b>6,768</b>	<b>Total taxpayers' equity</b>			<b>5,443</b>

Adopted by the Board on 30<sup>th</sup> June 2011

..... Director of Finance

..... Chief Executive

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

# NHS 24

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

2010 £'000		Note	£'000	£'000
<b>Restated</b>	<b>Cash flows from operating activities</b>			
(63,967)	Net operating cost	SOCNE	(62,681)	
3,202	Adjustments for non-cash transactions	3	2,771	
4	Add back: interest payable recognised in net operating cost	3	4	
1,038	(Increase) / decrease in trade and other receivables	18	(84)	
0	(Increase) / decrease in inventories	18	0	
(516)	Increase / (decrease) in trade and other payables	18	(267)	
66	Increase / (decrease) in provisions	18	101	
<b>(60,173)</b>	<b>Net cash outflow from operating activities</b>			<b>(60,156)</b>
	<b>Cash flows from investing activities</b>			
(2,563)	Purchase of property, plant and equipment		(1,120)	
(213)	Purchase of intangible assets		(75)	
0	Proceeds of disposal of property, plant and equipment		0	
0	Proceeds of disposal of intangible assets		0	
0	Interest received		0	
<b>(2,776)</b>	<b>Net cash outflow from investing activities</b>			<b>(1,195)</b>
	<b>Cash flows from financing activities</b>			
62,953	Funding		61,356	
10	Movement in general fund working capital	SOCTE	260	
62,963	Cash drawn down	SOCTE	61,616	
0	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		0	
(4)	Interest paid	3	(4)	
0	Interest element of finance leases and on-balance sheet PFI/PPP contracts		0	
<b>62,959</b>	<b>Net Financing</b>			<b>61,612</b>
10	Net Increase / (decrease) in cash and cash equivalents in the period	15		261
484	Cash and cash equivalents at the beginning of the period	15		494
<b>494</b>	<b>Cash &amp; cash equivalents at end of the period</b>			<b>755</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
10	Increase / (decrease) in cash in year	15		261
484	Net debt/cash at 1 April	15		494
<b>494</b>	<b>Net debt/cash at 31 March</b>	15		<b>755</b>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 31 March 2010</b>		6,746	22	<b>6,768</b>
Prior Year adjustments for changes in accounting policy and material errors		0	0	0
<b>Restated balance at 1 April 2010</b>		<b>6,746</b>	<b>22</b>	<b>6,768</b>
<b>Changes in taxpayers' equity for 2010/11</b>				
Net gain/(loss) on revaln/indexn of property, plant and equipment	11	0	0	0
Net gain/(loss) on revaln/indexn of intangible assets	10	0	0	0
Net gain/(loss) on revaln of available for sale financial assets	14	0	0	0
Impairment of property, plant and equipment	11	(288)	0	(288)
Impairment of intangible assets	10	0	0	0
Receipt of donated assets	11b	0	0	0
Revaluation and impairments taken to operating costs	3	288	0	288
Release of reserves to the statement of comprehensive net expenditure	11b	0	0	0
Transfers between reserves		8	(8)	0
Transfer of Fixed Assets from other bodies		0	0	0
Pension reserve movements		0	0	0
Other adjustments		0	0	0
Net operating cost for the year		(62,681)	0	(62,681)
<b>Total recognised income and expense for 2010/11</b>		<b>(62,673)</b>	<b>(8)</b>	<b>(62,681)</b>
<b>Funding:</b>				
Drawn down		61,616	0	61,616
Movement in General Fund (Creditor) / Debtor		(260)	0	(260)
<b>Balance at 31 March 2011</b>		<b>5,429</b>	<b>14</b>	<b>5,443</b>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – RESTATED PRIOR YEAR

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2010

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 31 March 2009</b>		7,886	27	<b>7,913</b>
Prior Year adjustments for changes in accounting policy and material errors		(131)	0	<b>(131)</b>
<b>Restated balance at 1 April 2009</b>		<u>7,755</u>	<u>27</u>	<u><b>7,782</b></u>
<b>Changes in taxpayers' equity for 2009/10</b>				
Net gain/(loss) on revaln/indexn of property, plant and equipment	11	0	0	0
Net gain/(loss) on revaln/indexn of intangible assets	10	0	0	0
Net gain/(loss) on revaln of available for sale financial assets	14	0	0	0
Impairment of property, plant and equipment	11	0	(748)	(748)
Impairment of intangible assets	10	0	0	0
Receipt of donated assets		0	0	0
Revaluation & impairments taken to operating costs	3	0	748	748
Release of reserves to the statement of comprehensive net expenditure		0	0	0
Transfers between reserves		5	(5)	0
Transfer of Fixed Assets from other bodies		0	0	0
Pension reserve movements		0	0	0
Other adjustments		0	0	0
Net operating cost for the year		<u>(63,967)</u>	<u>0</u>	<u>(63,967)</u>
<b>Total recognised income and expense for 2009/10</b>		<u>(63,962)</u>	<u>(5)</u>	<u>(63,967)</u>
<b>Funding:</b>				
Drawn down		62,963	0	62,963
Movement in General Fund (Creditor) / Debtor		(10)	0	(10)
<b>Balance at 31 March 2010</b>		<u><b>6,746</b></u>	<u><b>22</b></u>	<u><b>6,768</b></u>

The Notes to the Accounts, numbered 1 to 32, form an integral part of these Accounts.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### ACCOUNTING POLICIES

Note 1

#### 1. Authority

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 27 below.

#### 2. Prior Year Adjustments

As indicated in Chapter 11 of the 2010/11 FReM the financial regime of health bodies has been amended to remove the Cost of Capital from 1<sup>st</sup> April 2010. This is considered to be a voluntary change in accounting policy.

A prior year adjustment has been made to properly reflect the revised costs under the new financial regime. The cost of capital charge of £258,000 for 2009/10 has been removed from the comparative figures in the Statement of Comprehensive Net Expenditure, Balance Sheet, Cash Flow Statement (see Note 26) and Statement of Changes in Taxpayers Equity together with Notes 3, 6, and 30.

#### 3. 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.

#### 4. 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 (including derivative instruments) at fair value.

#### 5. Funding

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

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

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

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

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

Funding for the acquisition of fixed 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.

## **6. Property, plant and equipment**

The treatment of fixed assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with NHS Capital Accounting Manual. Title to properties included in the accounts is held by Scottish Ministers.

### **6.1 Recognition**

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

All assets falling into the following categories are capitalised:

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

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

### **6.2 Measurement**

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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

Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices

since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government .

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

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

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse 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.

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

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

### **6.3 Depreciation**

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

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

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.

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

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Computer Equipment	5 years
Telecommunications Equipment	10 years
Fit out costs	10 years
Consultancy (professional fees that result in a realisable project)	5 years

## 7. Intangible Assets

### 7.1 Recognition

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

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

The main classes of intangible assets recognised are:

#### Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

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

#### Software:

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

#### Software licences:

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



### Carbon Emissions (Intangible Assets):

A cap and trade scheme gives rise to an asset for allowances held, a government grant and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as EU Greenhouse Gas Emission Allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value.

When allowances are issued for less than their fair value, the difference between the amount paid and fair value is revaluation and charged to the government grant reserve. The government grant reserve is charged with the same proportion of the amount of the revaluation, which the amount of the grant bears to the acquisition cost of the asset.

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. This will usually be the present market price of the number of allowances required to cover emissions made up to the balance sheet date.

### Websites

Websites are capitalised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Board; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

## **7.2 Measurement**

Valuation:

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

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

Revaluation and impairment:

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

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

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

## **7.3 Amortisation**

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

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

- 1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life.
- 3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which have been reclassified as 'Held for Sale' cease to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software	5 years
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## **8. 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.

## **9. 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.

## **10. Leasing**

### **Finance leases**

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

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Statement of comprehensive net expenditure.

### **Operating leases**

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

### **Leases of land and buildings**

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

## **11. 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 SOCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

## **12. General Fund Receivables and Payables**

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

## **13. 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.

## **14. Employee Benefits**

### **Short-term Employee Benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the statement of comprehensive net expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2008, details of which are published by the Scottish Public Pensions Agency.

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

## **15. 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 24 provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

## **16. Related Party Transactions**

Material related party transactions are disclosed in the note 29 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

## **17. 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.

## **18. PFI Schemes**

NHS 24 has not initiated any schemes under PFI.

## 19. Provisions

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

## 20. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

## 21. 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.

## 22. Financial Instruments

### Financial assets

#### Classification

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

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

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

#### (b) Loans and receivables

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

#### (c) Available-for-sale financial assets

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

### Recognition and measurement

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

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

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

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

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

#### (b) Loans and receivables

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

#### (c) Available-for-sale financial assets

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

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

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

## **Financial Liabilities**

### Classification

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

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

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

#### (b) Other financial liabilities

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

### Recognition and measurement

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

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

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

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

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

#### (b) Other financial liabilities

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

## **23. 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. Within NHS 24 it has been determined that the internal reporting mechanisms provided to the chief operating decision makers are clinical/frontline and corporate/non frontline.

## **24. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## **25. Foreign exchange**

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

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

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

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

## **26. Third party assets**

Assets belonging to third parties are not recognised in the accounts since the Board has no beneficial interest in them.

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

## **27. 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 material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

The Board includes a provision in its annual accounts for the year ended 31<sup>st</sup> March 2011 for Clinical and Medical negligence costs, and dilapidations.

The method for calculating the Clinical and Medical negligence costs provision is outlined in accounting policy number 15.

The dilapidations provision is calculated on the basis that NHS 24 will have to return buildings that it leases from third parties to their original condition at the end of the lease period. NHS 24 has used the services of a valuer to calculate the cost of carrying out this work, and will create a provision for this value on a straight line basis for each year of the lease. NHS 24 will continue to monitor this area to ensure that the value, and in turn the amount provided to date, remain reasonable based on the latest valuation advice received.



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### STAFF NUMBERS AND COSTS

Note 2a

STAFF COSTS		Exec Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other	Outward Secondees	Total
2010		£'000	£'000	£'000	£'000	£'000	£'000	£'000
33,440	Salaries and Wages	745	89	31,473	0	0	(143)	32,164
2,472	Social Security Costs	78	5	2,367	0	0	(11)	2,439
3,584	NHS scheme employers' costs	52	0	3,542	0	0	(9)	3,585
0	Other employers' pension costs	0	0	0	0	0	0	0
3,471	Inward secondees	0	0	0	3,385	0	0	3,385
820	Agency Staff	0	0	0	0	462	0	462
<b>43,787</b>		<b>875</b>	<b>94</b>	<b>37,382</b>	<b>3,385</b>	<b>462</b>	<b>(163)</b>	<b>42,035</b>
62	Compensation for the loss of office	0	0	433	0	0	0	433
0	Pensions to former staff members	0	0	0	0	0	0	0
<b>43,849</b>	<b>Total</b>	<b>875</b>	<b>94</b>	<b>37,815</b>	<b>3,385</b>	<b>462</b>	<b>(163)</b>	<b>42,468</b>

Included in the total staff costs above were costs of staff directly engaged on capital projects, charged to capital expenditure of: £NIL.

NHS Scheme employers' costs include £NIL provision in respect of early retirement (2009/10 £NIL).

Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the Scheme are shown in Note 24.

<b>2010</b>	<b>STAFF NUMBERS</b>	<b>ANNUAL</b>
<b>ANNUAL</b>	<b>(EMPLOYEES BY WHOLE TIME EQUIVALENT)</b>	<b>MEAN</b>
<b>MEAN</b>		<b>WTE</b>
<b>WTE</b>		
147.9	Administration	109.9
802.9	Hospital and Community Services	791.9
0	Non Clinical Services	0
0	Local Health Councils	0
0	Other, including recharge Trading Accounts	0
58.4	Inward secondees	58.4
14.9	Agency staff	9.8
(4.2)	Outward secondees	(4.0)
<b>1,019.9</b>	<b>Total Average Staff</b>	<b>966.0</b>
<b>125.5</b>	<b>Disabled Staff</b>	<b>170.1</b>

The total number of staff engaged directly on capital projects, included in staff numbers above and charged to capital expenditure was: 0.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### HIGHER PAID EMPLOYEES' REMUNERATION

Note 2b

2010 Number	Other employees whose remuneration fell within the following ranges	2011 Number
	Clinicians	
86	£ 50,000 to £ 60,000	69
13	£ 60,001 to £ 70,000	23
2	£ 70,001 to £ 80,000	0
5	£ 80,001 to £ 90,000	2
0	£ 90,001 to £100,000	5
0	£100,001 to £110,000	1
0	£110,001 to £120,000	0
1	£120,001 to £130,000	2
0	£130,001 to £140,000	0
2	£140,001 to £150,000	0
0	£150,001 to £160,000	0
0	£160,001 to £170,000	0
0	£170,001 to £180,000	0
0	£180,001 to £190,000	0
0	£190,001 to £200,000	0
1	£200,001 and above	1

2010 Number	Others	2011 Number
14	£ 50,000 to £ 60,000	11
9	£ 60,001 to £ 70,000	9
2	£ 70,001 to £ 80,000	6
2	£ 80,001 to £ 90,000	2
1	£ 90,001 to £100,000	3
1	£100,001 to £110,000	0
0	£110,001 to £120,000	1
0	£120,001 to £130,000	0
1	£130,001 to £140,000	1
0	£140,001 to £150,000	0
0	£150,001 to £160,000	0
0	£160,001 to £170,000	0
0	£170,001 to £180,000	0
0	£180,001 to £190,000	0
0	£190,001 to £200,000	0
0	£200,001 and above	0

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### OTHER OPERATING COSTS

Note 3

2010 £'000		Note	£'000	£'000
<b>Restated</b>	<b>Expenditure not paid in cash</b>			
2,147	Depreciation	11	2,115	
307	Amortisation	10	368	
748	Impairments on property, plant & equipment charged to SOCNE	11	288	
0	Reversal of impairments on property, plant & equipment and on intangible assets charged to SOCNE	11	0	
0	Revaluation gains/loss on property, plant & equipment charged to SOCNE	11	0	
0	Impairments on intangible assets charged to SOCNE	10	0	
0	Revaluation gain/loss on intangible assets charged to SOCNE	10	0	
0	Loss of remeasurement of non-current assets held for sale	14	0	
0	Revaluation EC Carbon Emissions taken to Govt Grant	10	0	
0	Loss / (Profit) on disposal of intangible assets		0	
0	Loss / (Profit) on disposal of purchased fixed assets		0	
0	Impairment on available for sale financial assets charged to SOCNE		0	
0	Gain on remeasurement of non-current assets held for sale		0	
<b>3,202</b>	<b>Total Expenditure not paid in cash</b>	CFS		<b>2,771</b>
	<b>Interest Payable</b>			
0	Interest on late payment of commercial debt		0	
4	Bank and other interest payable		4	
0	Other finance lease charges allocated in the year		0	
0	Provisions – Unwinding of discount		0	
0	Other Interest		0	
<b>4</b>	<b>Total</b>			<b>4</b>
	<b>Statutory Audit</b>			
62	External Auditor's remuneration and expenses			59
	<b>During the year the Board purchased the following non-audit services from its internal auditor:</b>			
5	Deloitte LLP – Risk Management workshop			0
0	PricewaterhouseCoopers – Procurement function support			10
5				10

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### HOSPITAL AND COMMUNITY HEALTH SERVICES

Note 4

2010 £'000	BY PROVIDER	£'000
38,116	Treatment in Board area of NHSScotland Patients	32,586
4,116	Other NHS Scotland Bodies	5,295
0	Health Bodies outside Scotland	0
0	Primary Care Bodies	0
0	Private Sector	0
0	Support Finance	0
0	Resource Transfer	0
0	Contributions to Voluntary Bodies and Charities	0
<b>42,232</b>	<b>Total of NHSScotland Patients</b>	<b>37,881</b>
0	Treatment of UK residents based outside Scotland	0
<b>42,232</b>	<b>Total Hospital and Community Health Services</b>	<b>SOCNE 37,881</b>

Expenditure within Board has decreased significantly from prior year. This is because in 2009/10 NHS 24 received additional funding to support the Pandemic Flu response. Additionally rental costs, facilities and utilities expenditure associated with NHS 24's Regional centres is now categorised under "Administration costs" (Note 6), as these costs are now managed by a central facilities function.

The expenditure within "Other NHS Scotland Bodies" has increased due to the transition of the Scottish Centre for Telehealth into NHS 24 as at 1<sup>st</sup> April 2010.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### FAMILY HEALTH SERVICE EXPENDITURE

Note 5

2010 £'000		Note	Unified Budget £'000	Non Disc £'000	TOTAL £'000
0	Primary Medical Services		0	0	0
0	Pharmaceutical Services		0	0	0
0	General Dental Services		0	0	0
0	General Ophthalmic Services		0	0	0
<u>0</u>			<u>0</u>	<u>0</u>	<u>0</u>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### ADMINISTRATION COSTS

Note 6

2010 £'000		£'000
<b>Restated</b>		
1,011	Board Members' Remuneration*	969
145	Administration of Board Meetings and Committees	134
166	Corporate Governance and Statutory Reporting	145
0	Health Planning, Commissioning and Performance Reporting	0
0	Treasury Management and Financial Planning	0
105	Public Relations**	588
20,742	Other***	23,303
<b>22,169</b>	<b>Total administration costs</b>	<b>25,139</b>

SOCNE

\*Board Members' Remuneration includes salaries and other remuneration for all Executive and Non-Executive Directors as noted in the Remuneration Report in the Directors' Report, along with the employer's pension and NIC contributions as appropriate.

\*\* For consistency with the Public Sector Reform Act, Marketing/Advertising and Media Buying has been re-classified under "Public Relations" as per the broader definition within the act. For comparable data for prior year, total public relations expenditure was £765k for 2009/10 (£105k Public Relations plus £660k Marketing/Advertising and Media Buying)

\*\*\* Others comprise the following:-

£'000		£'000
523	Earmarked SGHD-funded projects	1,406
6,706	Software Developments, Licences and Maintenance	7,128
5,394	Directorate Staff costs	4,926
1,642	Telecommunications	1,851
282	Training and Recruitment	173
3,202	Depreciation and Impairment charges	2,771
1,125	Property Running Costs	2,961
660	Marketing, Advertising and Media Buying**	0
0	Strategic Frontline Application Development	1,013
415	External Administration Services	288
793	Miscellaneous	786
<b>20,742</b>	<b>Total Other</b>	<b>23,303</b>

NHS 24 has a unique set up in NHS Board terms, in that it is a highly technological organisation. The classification of technology costs as an administration expense makes the organisation appear to be largely administrative in nature, however it should be noted that the vast majority of the technology costs are incurred supporting front line patient care.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### OTHER NON-CLINICAL SERVICES

Note 7

2010 £'000		£'000
0	Nurse Teaching	0
0	Occupational Health	0
0	Closed hospital charges	0
0	Compensation payments – Clinical	35
0	Compensation payments – Other	10
0	Pension enhancement and redundancy	433
0	Patients' Travel Attending Hospitals	0
0	Patients' Travel Highlands and Islands scheme	0
0	Health Promotion	0
0	Public Health	0
0	Public Health Medicine Trainees	0
0	Emergency Planning	0
0	Post Graduate Medical Education	0
0	Shared Services	0
0	Loss on disposal of fixed assets	0
26	Other	26
26	<b>Total Other Non Clinical Services</b>	504

SOCNE

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### OPERATING INCOME

Note 8

2010 £'000		£'000
	<b>HCH Income</b>	
32	SGHD	0
204	NHS Scotland Bodies	187
0	NHS Non-Scottish Bodies	0
	<b>Non-NHS</b>	
0	Private Patients	0
0	Compensation Income	0
4	Other HCH Income	35
<u>240</u>	<b>Total HCH Income</b>	<u>SOCNE 222</u>
<u>173</u>	<b>Administration Income</b>	<u>SOCNE 481</u>
	<b>Other Operating Income</b>	
0	NHSScotland Bodies	0
0	NHS Non-Scottish Bodies	0
0	SGHD	0
0	Contributions in respect of Clinical / Medical Negligence Claims	85
0	Profit on disposal of non current assets	0
0	Transfer from Donated Asset Reserve in respect of Depreciation	0
0	Transfer from Donated Asset Reserve in respect of Disposals	0
0	Transfer from Donated Asset Reserve in respect of Impairment	0
0	Interest Received	0
0	Shared Services	0
47	Other Income	55
<u>47</u>	<b>Total Other Operating Income</b>	<u>SOCNE 140</u>
<u>460</u>	<b>Total Income</b>	<u>843</u>
<u>183</u>	<b>Of the above, the amount derived from NHS bodies is</b>	<u>511</u>



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### ANALYSIS OF CAPITAL EXPENDITURE

Note 9

2010 £'000		Note	£'000
	<b>EXPENDITURE</b>		
213	Acquisition of Intangible Assets	10	75
2,214	Acquisition of Property, plant and equipment	11	935
0	Donated Asset Additions	11b	0
0	Release from donated asset reserve	SOCTE	0
0	Capital Grants to / (from) Other Bodies		0
0	(Profit) / Loss on disposal of non-current assets		0
2,427	<b>Gross Capital Expenditure</b>		1,010
	<b>INCOME</b>		
0	Net book value of disposal of Intangible Assets	10	0
0	Net book value of disposal of Property, plant and equipment	11a	0
0	<b>Capital income</b>		0
2,427	<b>Net Capital Expenditure</b>		1,010
	<b>SUMMARY OF CAPITAL RESOURCE OUTTURN</b>		
	Core capital expenditure included above		1,010
	Core Capital Resource Limit		1,010
	<b>Saving / (excess) against Core Capital Resource Limit</b>		0
	Non Core capital expenditure included above		0
	Non Core Capital Resource Limit		0
	<b>Saving / (excess) against Non Core Capital Resource Limit</b>		0
2,427	Total capital expenditure		1,010
2,508	Total Capital Resource Limit		1,010
81	<b>Saving / (excess) against Total Capital Resource Limit</b>		0

# NHS 24

## INTANGIBLE ASSETS

Note 10

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

	Note	Software Licences £'000	Information Technology Software £'000	Other Intangible £'000	Total £'000
<b>Cost or valuation – at 1 April 2010</b>		294	1,495	0	1,789
Additions		8	67	0	75
Completions		0	0	0	0
Transfers		0	43	0	43
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2011</b>		<b>302</b>	<b>1,605</b>	<b>0</b>	<b>1,907</b>
<b>Amortisation</b>					
As at 1 April 2010		70	397	0	467
Provided during the year		59	309	0	368
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2011</b>		<b>129</b>	<b>706</b>	<b>0</b>	<b>835</b>
Net Book Value at 1st April 2010		224	1,098	0	1,322
Net Book Value at 31st March 2011		173	899	0	1,072

### Classification of Assets under Development

	Net Book Value
Information Technology Software	0
Website	0
	<u>0</u>

**INTANGIBLE ASSETS, cont. - PRIOR YEAR**

	Note	Software Licences £'000	Information Technology Software £'000	Other Intangible £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		213	1,270	0	1,483
Additions		81	132	0	213
Completions		0	93	0	93
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2010</b>		<b>294</b>	<b>1,495</b>	<b>0</b>	<b>1,789</b>
<b>Amortisation</b>					
As at 1 April 2009		19	141	0	160
Provided during the year		51	256	0	307
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>70</b>	<b>397</b>	<b>0</b>	<b>467</b>
<b>Net Book Value at 1st April 2009</b>		194	1,129	0	1,323
<b>Net Book Value at 31st March 2010</b>		<b>224</b>	<b>1,098</b>	<b>0</b>	<b>1,322</b>

**Classification of Assets under Development**  
Information Technology Software  
Website

Net Book Value

Information Technology Software	0
Website	0
	<u>0</u>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### PROPERTY, PLANT & EQUIPMENT (PURCHASED ASSETS)

Note 11a

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2010</b>		13,445	4,473	1,807	19,725
Addition		0	12	923	935
Completions		0	0	0	0
Transfers		1,713	0	(1,756)	(43)
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(2,594)	(348)	0	(2,942)
Impairment Reversal		0	0	0	0
<b>As at 31 March 2011</b>		<b>12,564</b>	<b>4,137</b>	<b>974</b>	<b>17,675</b>
<b>Depreciation</b>					
As at 1 April 2010		7,559	2,372	0	9,931
Provided during the year		1,700	415	0	2,115
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(2,414)	(240)	0	(2,654)
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2011</b>		<b>6,845</b>	<b>2,547</b>	<b>0</b>	<b>9,392</b>
<b>Net Book Value at 1st April 2010</b>		<b>5,886</b>	<b>2,101</b>	<b>1,807</b>	<b>9,794</b>
<b>Net Book Value at 31st March 2011</b>		<b>5,719</b>	<b>1,590</b>	<b>974</b>	<b>8,283</b>
<b>Asset Financing:</b>					
Owned		5,719	1,590	974	8,283
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2011</b>		<b>5,719</b>	<b>1,590</b>	<b>974</b>	<b>8,283</b>

NHS 24 has no land and dwelling assets held at open market value.

NHS 24 has no assets held under finance leases, hire purchase or PFI/PPP contracts. NHS 24 has no assets which fall into the category of Land and Buildings (excluding dwellings), Dwellings, Transport Equipment or Plant and Machinery.

**PROPERTY, PLANT AND EQUIPMENT  
(Purchased Assets) - PRIOR YEAR**

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		13,710	4,420	1,195	19,325
Addition		1,280	53	881	2,214
Completions		176	0	(269)	(93)
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(1,721)	0	0	(1,721)
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>13,445</b>	<b>4,473</b>	<b>1,807</b>	<b>19,725</b>
<b>Depreciation</b>					
As at 1 April 2009		6,806	1,951	0	8,757
Provided during the year		1,726	421	0	2,147
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		(973)	0	0	(973)
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>7,559</b>	<b>2,372</b>	<b>0</b>	<b>9,931</b>
<b>Net Book Value at 1st April 2009</b>		<b>6,904</b>	<b>2,469</b>	<b>1,195</b>	<b>10,568</b>
<b>Net Book Value at 31st March 2010</b>		<b>5,886</b>	<b>2,101</b>	<b>1,807</b>	<b>9,794</b>
<b>Asset Financing:</b>					
Owned		5,886	2,101	1,807	9,794
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2010</b>		<b>5,886</b>	<b>2,101</b>	<b>1,807</b>	<b>9,794</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### PROPERTY, PLANT & EQUIPMENT (DONATED ASSETS)

Note 11b

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2010</b>		0	0	0	0
Addition		0	0	0	0
Completions		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>					
As at 1 April 2010		0	0	0	0
Provided during the year		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 1st April 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31st March 2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned		0	0	0	0
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2011</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**PROPERTY, PLANT AND EQUIPMENT  
(Donated Assets) - PRIOR YEAR**

	Note	Information Technology £'000	Furniture & Fittings £'000	Assets Under Constructn £'000	Total £'000
<b>Cost or valuation – at 1 April 2009</b>		0	0	0	0
Addition		0	0	0	0
Completions		0	0	0	0
Transfers		0	0	0	0
Disposals		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
<b>As at 31 March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>					
As at 1 April 2009		0	0	0	0
Provided during the year		0	0	0	0
Transfers		0	0	0	0
Revaluation		0	0	0	0
Transfers (to)/from non-current assets held for sale	11c	0	0	0	0
Impairment Charge		0	0	0	0
Impairment Reversal		0	0	0	0
Disposals		0	0	0	0
<b>As at 31 March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 1st April 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Book Value at 31st March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Financing:</b>					
Owned		0	0	0	0
Finance Leased		0	0	0	0
On Balance Sheet PFI contracts		0	0	0	0
<b>Net Book Value at 31<sup>st</sup> March 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### ASSETS HELD FOR SALE

Note 11c

NHS 24 does not have any assets held for sale as at 31<sup>st</sup> March 2011.

		Property, Plant & Equipment	Intangible Assets	Total
	Note	£'000	£'000	£'000
<b>At 1<sup>st</sup> April 2010</b>		<b>0</b>	<b>0</b>	<b>0</b>
Transfers (to)/from Property, Plant & Equipment	11a	0	0	0
Transfers (to)/from Intangible Assets	10	0	0	0
Gains or losses recognised on remeasurement of non-current assets held for sale		0	0	0
Disposals of non-current assets held for sale		0	0	0
<b>As at 31<sup>st</sup> March 2011</b>	<b>BS</b>	<b>0</b>	<b>0</b>	<b>0</b>

		Property, Plant & Equipment	Intangible Assets	Total
	Note	£'000	£'000	£'000
<b>At 1<sup>st</sup> April 2009</b>		<b>0</b>	<b>0</b>	<b>0</b>
Transfers (to)/from Property, Plant & Equipment	11a	0	0	0
Transfers (to)/from Intangible Assets	10	0	0	0
Gains or losses recognised on remeasurement of non-current assets held for sale		0	0	0
Disposals of non-current assets held for sale		0	0	0
<b>As at 31<sup>st</sup> March 2010</b>	<b>BS</b>	<b>0</b>	<b>0</b>	<b>0</b>



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### PROPERTY, PLANT & EQUIPMENT DISCLOSURES

Note 11d

2010 £'000		Note	£'000
	<b>Net book value of tangible fixed assets at 31 March</b>		
9,794	Purchased	11a	8,283
0	Donated	11b	0
<u>9,794</u>	<b>Total</b>	BS	<u>8,283</u>
0	Net book value related to land valued at open market value at 31 March		0
<u>0</u>	Net book value related to buildings valued at open market value at 31 March		<u>0</u>
	<b>Total value of assets held under:</b>		
0	Finance Leases and Hire Purchase Contracts		0
<u>0</u>	PFI / PPP contracts		<u>0</u>
<u>0</u>			<u>0</u>
	<b>Total depreciation charged in respect of assets held under:</b>		
0	Finance Leases and hire purchase contracts		0
<u>0</u>	PFI and PPP contracts		<u>0</u>
<u>0</u>			<u>0</u>

NHS 24 has no assets held under finance leases, hire purchase or PFI/PPP contracts. NHS 24 has no assets which fall in to the category of Land and Buildings.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### INVENTORIES

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

Note 12

NHS 24 has no inventory at 31<sup>st</sup> March 2011 (2010 - £NIL).

### TRADE AND OTHER RECEIVABLES

Note 13

2009 £'000	2010 £'000		Note	£'000
		<b>Receivables due within one year</b>		
		<b>NHS Scotland</b>		
59	13	- SGHD		23
698	552	- Boards		114
<b>757</b>	<b>565</b>	<b>Total NHS Scotland Receivables</b>		<b>137</b>
0	0	NHS Non-Scottish Bodies		1
0	0	General Fund Receivable		0
614	268	VAT Recoverable		547
548	205	Prepayments		305
145	42	Other Receivables		89
0	100	Reimbursement of Provisions		185
7	0	Other Public Sector Bodies		0
0	0	Other Significant Receivables		0
<b>2,071</b>	<b>1,180</b>	<b>Total Receivables due within one year</b>	BS	<b>1,264</b>
		<b>Receivables due after more than one year</b>		
		<b>NHS Scotland</b>		
0	0	- SGHD		0
0	0	- Boards		0
0	0	Other Public Sector Bodies		0
147	0	Prepayments		0
0	0	Other Receivables		0
0	0	Reimbursement of Provisions		0
<b>147</b>	<b>0</b>	<b>Total Receivables due after more than one year</b>	BS	<b>0</b>
<b>2,218</b>	<b>1,180</b>	<b>TOTAL RECEIVABLES</b>		<b>1,264</b>
8	10	The total receivables figure above includes a provision for bad debts of :		23
		<b>WGA Classification</b>		
698	552	NHSScotland		114
680	281	Central Government Bodies		570
0	0	Whole of Government Bodies		0
0	0	Balances with NHS bodies in England and Wales		1
840	347	Balances with bodies external to Government		579
<b>2,218</b>	<b>1,180</b>	<b>Total</b>		<b>1,264</b>

<b>2010</b>		<b>£'000</b>
<b>£'000</b>	Movements on the provision for impairment of receivables are as follows:	<b>£'000</b>
8	At 1 April	10
10	Provision for debtors impairment	14
(5)	Receivables written off during the year as uncollectible	0
(3)	Unused amounts reversed	(1)
<u>10</u>	<b>At 31 March</b>	<u>23</u>

As of 31 March 2011, receivables with a carrying value of £23k (2010: £10k) were impaired and provided for. The amount of the provision was £23k (2010:£10k). The aging of these receivables is as follows:

<b>2010</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
0	3 to 6 months past due	0
10	Over 6 months past due	23
<u>10</u>		<u>23</u>

The receivables assessed as individually impaired were mainly staff who have left the organisation owing money.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2011, receivables of carrying value of £13k (2010:£9k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

<b>2010</b>		<b>£'000</b>
<b>£'000</b>		<b>£'000</b>
8	Up to 3 months past due	13
1	3 to 6 months past due	0
0	Over 6 months past due	0
<u>9</u>		<u>13</u>

The receivables assessed as past due but not impaired were mainly Health Boards and there is no history of default from these customers recently.

Concentration of credit risk is limited due to NHS 24's receivables mainly being Health Boards and Government bodies.

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;

<b>2010</b>		<b>£'000</b>
<b>£'000</b>	Counterparties with external credit ratings	<b>£'000</b>
0	A	0
0	BB	0
0	BBB	0
	Counterparties with no external credit rating:	
0	New customers	0
556	Existing customers with no defaults in the past	43
0	Existing customers with some defaults in the past	0
<u>556</u>	<b>Total neither past due or impaired</b>	<u>43</u>

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

<b>2010</b>		<b>£'000</b>
<b>£'000</b>	The carrying amount of receivables are denominated in the following currencies:	<b>£'000</b>
1,180	Pounds	1,264
0	Euros	0
0	US Dollars	0
<u>1,180</u>		<u>1,264</u>

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

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### AVAILABLE FOR SALE FINANCIAL ASSETS

Note 14

2009 £'000	2010 £'000			£'000
0	0	Government Securities		0
0	0	Other		0
0	0	<b>Total</b>	BS	0
£'000	£'000			£'000
		<b>At 1 April 2010</b>		
0	0	Additions		0
0	0	Disposals		0
0	0	Impairment recognised in SOCNE		0
0	0	Revaluation surplus / (deficit) transfer to equity		0
0	0	<b>At 31 March 2011</b>		0
0	0	Current	BS	0
0	0	Non-current	BS	0
0	0	<b>At 31 March 2011</b>		0

### CASH AND CASH EQUIVALENTS

Note 15

	Note	At 01/04/10 £'000	Cash Flow £'000	At 31/03/11 £'000
Government Banking Service Account Balance		481	245	726
Cash at Bank and in Hand		13	16	29
<b>Total Cash and Cash Equivalents – Balance Sheet</b>	BS	<b>494</b>	<b>261</b>	<b>755</b>
Overdrafts	16	0	0	0
<b>Total Cash – Cash Flow Statement</b>		<b>494</b>	<b>261</b>	<b>755</b>
	Note	At 01/04/09 £'000	Cash Flow £'000	At 31/03/10 £'000
PGO Account Balance		466	15	481
Cash at Bank and in Hand		18	(5)	13
<b>Total Cash and Cash Equivalents – Balance Sheet</b>	BS	<b>484</b>	<b>10</b>	<b>494</b>
Overdrafts	16	0	0	0
<b>Total Cash – Cash Flow Statement</b>		<b>484</b>	<b>10</b>	<b>494</b>

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

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

### TRADE AND OTHER PAYABLES

Note 16

2009 £'000	2010 £'000		Note	£'000
		<b>Payables due within one year</b>		
		<b>NHSScotland</b>		
0	0	SGHD		0
1,989	655	Boards		921
<b>1,989</b>	<b>655</b>	<b>Total NHSScotland Payables</b>		<b>921</b>
0	0	NHS Non-Scottish Bodies		0
484	494	General Fund Payable		754
0	0	FHS Practitioners		0
0	0	Trade Payables		0
2,838	3,299	Accruals		2,383
0	0	Deferred income		0
0	0	Payments received on account		0
0	0	Interest payable		0
0	0	Net obligations under Finance Leases	22	0
0	0	Net obligations under PPP/PFI Contracts	23	0
0	0	Bank overdrafts	15	0
750	770	Income tax and social security		795
438	434	Superannuation		440
0	0	Clinical/Medical negligence claims		0
0	0	VAT		0
0	0	Other Public Sector Bodies		0
0	0	EC Carbon Emissions Grant		0
8	0	Other payables		167
<b>6,507</b>	<b>5,652</b>	<b>Total Payables due within one year</b>	BS	<b>5,460</b>
		<b>Payables due after more than one year</b>		
		<b>NHSScotland</b>		
0	0	- SGHD		0
0	0	- Boards		0
0	0	Other Public Sector Bodies		0
0	0	Net obligations under Finance Leases due within 5 years	22	0
0	0	Net obligations under Finance Leases due after 5 years	22	0
0	0	Net obligations under PPP/PFI Contracts due within 5 years	23	0
0	0	Net obligations under PPP/PFI Contracts due after 5 years	23	0
0	0	EC Carbon Emissions Grant		0
0	0	Accruals		0
0	0	Other		0
<b>0</b>	<b>0</b>	<b>Total Payables due after more than one year</b>	BS	<b>0</b>
<b>6,507</b>	<b>5,652</b>	<b>TOTAL PAYABLES</b>		<b>5,460</b>
		<b>WGA Classification</b>		
1,989	655	NHSScotland		921
1,188	1,204	Central Government Bodies		1,235
0	0	Whole of Government Bodies		0
0	0	Balances with NHS Bodies in England and Wales		0
3,330	3,793	Balances with bodies external to Government		3,304
<b>6,507</b>	<b>5,652</b>	<b>Total</b>		<b>5,460</b>

**TRADE AND OTHER PAYABLES, cont.**

<b>2010</b>		
<b>£'000</b>	Borrowings included above comprise:	<b>£'000</b>
0	Bank overdrafts	0
0	Finance Leases	0
0	PFI Contracts	0
<u>0</u>	<b>Total</b>	<u>0</u>

	The carrying amount and fair value of the non-current borrowings are as follows	
<b>2010</b>	<b>Carrying amount</b>	<b>£'000</b>
<b>£'000</b>	Finance Leases	0
0	PFI Contracts	0
<u>0</u>	<b>Total</b>	<u>0</u>

	The carrying amount and fair value of the non-current borrowings are as follows	
<b>2010</b>	<b>Fair value</b>	<b>Fair Value</b>
<b>Fair Value</b>	Finance Leases	<b>£'000</b>
<b>£'000</b>	PFI Contracts	0
0	<b>Total</b>	<u>0</u>
<u>0</u>		<u>0</u>

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

	The carrying amount of payables are denominated in the following currencies	
<b>2010</b>		<b>£'000</b>
<b>£'000</b>	Pounds	5,460
5,652	Euros	0
0	US Dollars	0
<u>0</u>	<b>Total</b>	<u>5,460</u>
<b>5,652</b>		

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### PROVISIONS

Note 17

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
<b>At 1 April 2010</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>211</b>	<b>370</b>
Arising during the year	0	125	0	25	150
Utilised during the year	0	(29)	0	(20)	(49)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	0	0	0	0
<b>At 31 March 2011</b>	<b>0</b>	<b>255</b>	<b>0</b>	<b>216</b>	<b>471</b>

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

#### Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
Current	0	255	0	0	255
Non-current	0	0	0	216	216
<b>At 31 March 2011</b>	<b>0</b>	<b>255</b>	<b>0</b>	<b>216</b>	<b>471</b>

#### Provisions – Prior Year

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
<b>At 1 April 2009</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>60</b>	<b>304</b>
Arising during the year	0	0	0	161	161
Utilised during the year	0	0	0	(5)	(5)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	(85)	0	(5)	(90)
<b>At 31 March 2010</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>211</b>	<b>370</b>

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

#### Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	EC Carbon Emissions £'000	Other £'000	Total £'000
Current	0	159	0	20	179
Non-current	0	0	0	191	191
<b>At 31 March 2010</b>	<b>0</b>	<b>159</b>	<b>0</b>	<b>211</b>	<b>370</b>

	<b>Pensions &amp; Similar obligations</b>	<b>Clinical &amp; Medical</b>	<b>EC Carbon Emissions</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current	0	244	0	20	264
Non-current	0	0	0	40	40
<b>At 31 March 2009</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>60</b>	<b>304</b>

### **Pensions and similar obligations**

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.9% in real terms. NHS 24 currently has no such cases.

### **Clinical & Medical**

The Clinical and Medical provision is based on a review of all outstanding and potential claims for which NHS 24 may be liable. Provision is made for all claims assessed by CLO as "Category 3" plus a view on the likely outcome of "Category 2" claims. All Category 2 and 3 claims that are not provided for are disclosed as contingent liabilities in Note 19.

### **EC Carbon Emissions**

NHS 24 does not participate in the EC Carbon Emissions scheme.

### **Other**

Dilapidations - This is a provision to re-instate the properties that NHS 24 leases to their original condition in line with the terms of the lease agreements. NHS 24 has contacted the local valuer for both sites to calculate the level of investment that would be required. The provision will increase equally in each year of the lease to reach the level of investment required at the end of the lease agreement.



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### MOVEMENT ON WORKING CAPITAL BALANCES

Note 18

2010 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
<b>INVENTORIES</b>					
0	Balance Sheet	12	0	0	
<b>0</b>	<b>Net Decrease/(Increase)</b>				<b>0</b>
<b>TRADE AND OTHER RECEIVABLES</b>					
891	Due within one year	13	1,180	1,264	
147	Due after more than one year	13	0	0	
0	Less: Capital included in above		0	0	
0	Less: General Fund Debtor included in above		0	0	
			<u>1,180</u>	<u>1,264</u>	
<b>1,038</b>	<b>Net Decrease/(Increase)</b>				<b>(84)</b>
<b>TRADE AND OTHER PAYABLES</b>					
(855)	Due within one year	16	5,652	5,460	
0	Due after more than one year	16	0	0	
349	Less: Capital included in above		(307)	(122)	
0	Less: Bank Overdraft	16	0	0	
(10)	Less: General Fund Creditor included in above	16	(494)	(754)	
0	Less: Lease and PFI Creditors included in above	16	0	0	
0	Less: Interest payable included in above	16	0	0	
			<u>4,851</u>	<u>4,584</u>	
<b>(516)</b>	<b>Net (Decrease)/Increase</b>				<b>(267)</b>
<b>PROVISIONS</b>					
66	Balance Sheet	17	370	471	
0	Transfer from Provision to General Fund		0	0	
<b>66</b>	<b>Net (Decrease)/Increase</b>				<b>101</b>
<b>588</b>	<b>NET MOVEMENT (Decrease)/Increase</b>				<b>(250)</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### CONTINGENT LIABILITIES

Note 19

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

2010 £'000		Value £'000
220	Clinical and medical compensation payments	271
0	Employer's liability	0
0	Third party liability	0
0	Doubtful debts	0
0	Legal Claims for Equal Pay Disputes	0
0	Other	0
<u>220</u>	<b>TOTAL CONTINGENT LIABILITIES</b>	<u>271</u>

### CONTINGENT ASSETS

2010 £'000		Value £'000
150	Clinical and medical compensation payments	250
0	Employer's liability	0
<u>150</u>	<b>TOTAL CONTINGENT ASSETS</b>	<u>250</u>

#### Clinical and medical compensation payments

In the normal course of business, incidents which result in claims have occurred that cannot be quantified with a sufficient degree of certainty to allow an assessment to be made on whether a provision is required.

As a consequence, a contingent liability for £271,000 has been recognised in respect of these claims.

A contingent asset of £250,000 has also been recognised representing the monies that are recoverable from CNORIS in respect of the claims.

#### Equal Pay

NHS 24 has received 4 claims under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements.

The basis of claims is as follows:

- The Claimant's job has been rated as being of equivalent to that of their comparator using a valid Job Evaluation Study and/or is of equal value to that of their comparator.
- Their comparator is currently paid or has been paid more than them.
- They claim equal pay, back pay and interest (back pay is claimed for the statutory maximum of five years.)

Claims still do not provide sufficient detail about the comparator jobs to allow an estimate to be made of the likelihood of the success of the claims or of any financial impact that they may have. The NHS Scotland Central Legal Office and Equal Pay Unit are continuing to monitor the progress of all equal pay claims in NHS Scotland as well as developments relating to NHS equal pay claims elsewhere that may further inform the position. They continue to advise that it is not possible to provide any financial quantification at this stage because of the lack of information available. On the basis of their view the appropriate accounting treatment is to disclose the claims as a contingent liability that it is not possible to quantify.

# NHS 24

## **NOTES TO THE ACCOUNTS** FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### **POST BALANCE SHEET EVENTS**

**Note 20**

Mrs Emma Bell served as a Non Executive member of the Board throughout the 2010/11 year and stepped down from that position with effect from 30 April 2011.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### COMMITMENTS

Note 21

2010 £'000	Capital Commitments The Board has the following Capital Commitments which have not been provided for in the accounts	Property, plant and equipment £'000	Intangible assets £'000	Total £'000
	<b>Contracted</b>			
299	WAN Programme	0	0	0
0	Voice upgrade	61	0	61
<b>299</b>	<b>Total</b>	<b>61</b>	<b>0</b>	<b>61</b>
	<b>Authorised but not Contracted</b>			
0	None	0	0	0
<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Other financial commitments

The Board has entered into no other non-cancellable contracts (which are not leases or PFI contracts).

2010 £'000	The payments to which the Board is committed during 2010/11, analysed by the period during which the commitments expire are as follows:	£'000		
0	Expiry within 1 year	0	0	0
0	Expiry within 2 to 5 years	0	0	0
0	Expiry after 5 years	0	0	0
<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Financial Guarantees, Indemnities and Letter of Comfort

The Board has entered into the following quantifiable guarantees, indemnities or provided letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

Managing public money requires that the full potential costs of such contracts be reported. These costs are reproduced in the table below.

2010 £'000		At 1 April 2010 £'000	Increase in year £'000	Liabilities crystallised in year £'000	Obligation expired in year £'000	At 31 March 2011 £'000
	Guarantees					
0	None	0	0	0	0	0
	Indemnities					
0	None	0	0	0	0	0
	Letter of comfort					
0	None	0	0	0	0	0
<b>0</b>	<b>Amount reported to Parliament by departmental Minute</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### COMMITMENTS UNDER LEASES

Note 22

<b>2010</b> <b>£'000</b>	<b>Operating Leases</b>	<b>£'000</b>
	Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	
	<b>Obligations under operating leases comprise:</b>	
	<b>Land</b>	
0	Not later than one year	0
0	Later than one year, not later than five years	0
0	Later than five years	0
	<b>Buildings</b>	
22	Not later than one year	1,325
0	Later than one year, not later than five years	5,192
1,284	Later than five years	4,492
	<b>Other</b>	
20	Not later than one year	90
62	Later than one year, not later than five years	88
0	Later than five years	0
<hr/>		
	<b>Amounts charged to Operating Costs in the year were:</b>	
0	Hire of equipment (including vehicles)	172
0	Other operating leases	1,331
<u>0</u>	<b>Total</b>	<u>1,503</u>
	<b>Contingent rents recognised as an expense in the period were:</b>	
0	Contingent rents	0
<b>2010</b> <b>£'000</b>	<b>Finance Leases</b>	<b>£'000</b>
	Total future minimum lease payments under finance leases are given in the table below for each of the following periods.	
	<b>Obligations under Finance leases comprise:</b>	
	<b>Buildings</b>	
0	Rentals due within one year	0
0	Rentals due between two and five years (inclusive)	0
<u>0</u>	Rentals due after five years	<u>0</u>
0	Less interest element	<u>0</u>
<u>0</u>		<u>0</u>
	<b>Other</b>	
0	Rentals due within one year	0
0	Rentals due between two and five years (inclusive)	0
<u>0</u>	Rentals due after five years	<u>0</u>
0	Less interest element	<u>0</u>
<u>0</u>		<u>0</u>
	This total net obligation under finance leases is analysed in Note 16 (Creditors)	
	<b>Aggregate Rentals Receivable in the year</b>	
<u>0</u>	Total of finance & operating leases	<u>0</u>

**COMMITMENTS UNDER PFI CONTRACTS**

**Note 23**

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

NHS 24 has no commitments under PFI Contracts.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### PENSION COSTS

### Note 24

NHS 24 participates in the National Health Service Superannuation Scheme for Scotland which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary; details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The NHS Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. NHS 24 will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19.

For 2010/11, normal employer contributions of £3,594k were payable to SPPA (2009/10 - £3,607k) at the rate of 13.5% (2009/10: 13.5%) of total pensionable salaries. In addition, during the accounting period, NHS 24 incurred additional costs of £NIL (2009/10 - £NIL) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £370 million to be met by future contributions from employing authorities (in NHS Scotland).

Provisions / Liabilities / Pre-payments amounting to £NIL are included in the Balance Sheet and reflect the difference between the amounts charged to the SOCNE and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but will be given the choice to transfer to the new scheme.

#### Existing Scheme

The Scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on  $1/80^{\text{th}}$  of the best of the last three years' pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 8.5% of pensionable earnings. Pensions are increased in line with the Consumer Prices Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the Scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a Scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than two years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this, the member will be able to retire on the full pension and lump sum they have earned.

#### New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pensions will have an accrual rate of  $1/60^{\text{th}}$  and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates from 5% to 8.5% of pensionable earnings. Pension and allowances are index linked to protect their value.

Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
Pension cost charge for the year	3,594	3,607
Additional costs arising from early retirement	0	0
Provisions/ Pre-payments included in the Balance Sheet	0	0



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Note 25

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

Adj Ref	Narrative	2009/10	2009/10
		DR £'000	CR £'000
Adj 1	Cost of Capital 2009/10 - SOCNE	0	258
Adj 1	Cost of Capital 2009/10 – Balance Sheet	258	0
	Total	258	258

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### RESTATED SOCNE

Note 26

	Previous Accounts £'000	Adjust 1 £'000	Adjust 2 £'000	Adjust 3 £'000	These Accounts £'000
<b>Clinical Services Costs</b>					
Hospital and Community	42,232	0	0	0	42,232
Less: Hospital and Community Income	240	0	0	0	240
	<b>41,992</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,992</b>
Family Health Services	0	0	0	0	0
Less: Family Health Services Income	0	0	0	0	0
<b>Total Clinical Services Costs</b>	<b>41,992</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,992</b>
Administration Costs	22,427	(258)	0	0	22,169
Less: Administration Income	173	0	0	0	173
	<b>22,254</b>	<b>(258)</b>	<b>0</b>	<b>0</b>	<b>21,996</b>
Other Non Clinical Services	26	0	0	0	26
Less: Other Operating Income	47	0	0	0	47
	(21)	<b>0</b>	<b>0</b>	<b>0</b>	(21)
<b>Net Operating Costs</b>	<b>64,225</b>	<b>(258)</b>	<b>0</b>	<b>0</b>	<b>63,967</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### RESTATED BALANCE SHEET

Note 26

	Previous Accounts £'000	Adjust 1 £'000	Adjust 2 £'000	Adjust 3 £'000	These Accounts £'000
<b>Non-current assets:</b>					
Property, plant & equipment	9,794	0	0	0	9,794
Intangible assets	1,322	0	0	0	1,322
Financial assets:					
Trade and other receivables	0	0	0	0	0
<b>Total non-current assets</b>	<b>11,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,116</b>
<b>Current Assets:</b>					
Inventories	0	0	0	0	0
Trade and other receivables	1,180	0	0	0	1,180
Cash and cash equivalents	494	0	0	0	494
<b>Total current assets</b>	<b>1,674</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,674</b>
<b>Total assets</b>	<b>12,790</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,790</b>
<b>Current liabilities</b>					
Provisions	(179)	0	0	0	(179)
Trade and other payables	(5,652)	0	0	0	(5,652)
<b>Total current liabilities</b>	<b>(5,831)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,831)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>	<b>6,959</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,959</b>
<b>Non-current liabilities</b>					
Provisions	(191)	0	0	0	(191)
Financial liabilities:					
Trade and other payables	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>(191)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(191)</b>
<b>Assets less liabilities</b>	<b>6,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,768</b>
<b>Taxpayers' Equity</b>					
General Fund	6,746	0	0	0	6,746
Revaluation Reserve	22	0	0	0	22
Donated Asset Reserve	0	0	0	0	0
Other Reserves	0	0	0	0	0
Government Grant	0	0	0	0	0
<b>Total Taxpayers' Equity</b>	<b>6,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,768</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### RESTATED CASH FLOW STATEMENT

Note 26

	Previous Accounts £'000	Adjust 1 £'000	Adjust 2 £'000	Adjust 3 £'000	These Accounts £'000
<b>Cash flows from operating activities:</b>					
Net operating cost	(64,225)	258	0	0	(63,967)
Adjustments for non-cash transactions	3,460	(258)	0	0	3,202
Add back: interest payable recognised in net operating cost	4	0	0	0	4
(Increase) / decrease in trade and other receivables	1,038	0	0	0	1,038
(Increase) / decrease in inventories	0	0	0	0	0
Increase / (decrease) in trade and other payables	(516)	0	0	0	(516)
Increase / (decrease) in provisions	66	0	0	0	66
<b>Net cash outflow from operating activities</b>	<b>(60,173)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(60,173)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(2,563)	0	0	0	(2,563)
Purchase of intangible assets	(213)	0	0	0	(213)
Proceeds of disposal of property, plant and equipment	0	0	0	0	0
Proceeds of disposal of intangible assets	0	0	0	0	0
Interest received	0	0	0	0	0
<b>Net cash outflow from investing activities</b>	<b>(2,776)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,776)</b>
<b>Cash flows from financing activities</b>					
Funding	62,953	0	0	0	62,953
Movement in general fund working capital	10	0	0	0	10
Cash drawn down	0	0	0	0	0
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	0	0	0	0	0
Interest paid	(4)	0	0	0	(4)
Interest element of finance leases and on-balance sheet PFI/PPP contracts	0	0	0	0	0
<b>Net Financing</b>	<b>62,959</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,959</b>
Net Increase / (decrease) in cash and cash equivalents in the period	10	0	0	0	10
Cash and cash equivalents at the beginning of the period	484	0	0	0	484
<b>Cash &amp; cash equivalents at end of the period</b>	<b>494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>494</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>					
Increase / (decrease) in cash in year	10	0	0	0	10
Net debt/cash at 1 April	484	0	0	0	484
<b>Net debt/cash at 31 March</b>	<b>494</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>494</b>

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### FINANCIAL INSTRUMENTS

Note 27

#### 27a Financial Instruments by Category

##### Financial Assets

	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
<b>At 31 March 2011</b>					
<b>Assets per balance sheet</b>					
Investments	14	0	0	0	0
Derivative financial instruments	28	0	0	0	0
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	13	90	0	0	90
Cash and cash equivalents	15	755	0	0	755
		<u>845</u>	<u>0</u>	<u>0</u>	<u>845</u>

	Note	Loans and Receivables £'000	Assets at Fair Value through profit and loss £'000	Available for sale £'000	Total £'000
<b>At 31 March 2010</b>					
<b>Assets per balance sheet</b>					
Investments	14	0	0	0	0
Derivative financial instruments	28	0	0	0	0
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	13	42	0	0	42
Cash and cash equivalents	15	494	0	0	494
		<u>536</u>	<u>0</u>	<u>0</u>	<u>536</u>

##### Financial Liabilities

	Note	Liabilities at Fair Value through profit and loss £'000	Other Financial Liabilities £'000	Total £'000
<b>At 31 March 2011</b>				
<b>Liabilities per balance sheet</b>				
Finance lease liabilities	16	0	0	0
PFI Liabilities	16	0	0	0
Derivative financial instruments	28	0	0	0
Trade and other payables excluding statutory liabilities and superannuation	16	0	3,304	3,304
		<u>0</u>	<u>3,304</u>	<u>3,304</u>

<b>At 31 March 2010</b>	<b>Note</b>	<b>Liabilities at Fair Value through profit and loss £'000</b>	<b>Other Financial Liabilities £'000</b>	<b>Total £'000</b>
<b>Liabilities per balance sheet</b>				
Finance lease liabilities	16	0	0	0
PFI Liabilities	16	0	0	0
Derivative financial instruments	28	0	0	0
Trade and other payables excluding statutory liabilities and superannuation	16	0	3,793	3,793
		0	3,793	3,793

## 27b 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.

The Board provides written principles for overall risk management, as well as written policies such as Standing Financial Instructions covering good practice in financial management.

#### a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

#### b) Liquidity Risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2011</b>				
PFI Liabilities	0	0	0	0
Finance lease liabilities	0	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables excluding statutory liabilities	2,383	0	0	0
	<u>2,383</u>	<u>0</u>	<u>0</u>	<u>0</u>

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 March 2010</b>				
PFI Liabilities	0	0	0	0
Finance lease liabilities	0	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables excluding statutory liabilities	3,299	0	0	0
	<u>3,299</u>	<u>0</u>	<u>0</u>	<u>0</u>

### c) Market Risk

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

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

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

#### ii) Foreign Currency Risk

The NHS Board is not exposed to foreign exchange rates.

#### iii) Price risk

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

### 27c FAIR VALUE ESTIMATION

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

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

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

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### DERIVATIVE FINANCIAL INSTRUMENTS

Note 28

2009	2010		
£'000	£'000		£'000
		<b>Assets</b>	
		Forward foreign currency contract	
0	0	Balance at 1 April	0
0	0	Additions	0
0	0	Repayments and disposals	0
0	0	Revaluation	0
<b>0</b>	<b>0</b>	<b>Balance at 31 March</b>	<b>0</b>
		<b>Liabilities</b>	
		Forward foreign currency contract	
0	0	Balance at 1 April	0
0	0	Additions	0
0	0	Repayments and disposals	0
0	0	Revaluation	0
<b>0</b>	<b>0</b>	<b>Balance at 31 March</b>	<b>0</b>
<b>0</b>	<b>0</b>	Gain / loss recognised in SOCNE	<b>0</b>
<b>0</b>	<b>0</b>	The notional principal amounts of the outstanding forward exchange contracts at 31 March were:	<b>0</b>



# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### RELATED PARTY TRANSACTIONS

### Note 29

The Board had a small number of transactions with other government departments and other central government bodies.

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

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### SEGMENTAL INFORMATION

	Note 30		
	Segment 1 Clinical £'000	Segment 2 Corporate £'000	2011 £'000
Net operating cost	40,921	21,760	62,681

### SEGMENTAL INFORMATION – RESTATED PRIOR YEAR

	Segment 1 Clinical £'000	Segment 2 Corporate £'000	2010 £'000
Net operating cost	45,057	18,910	63,967

# NHS 24

## **NOTES TO THE ACCOUNTS** FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### **THIRD PARTY ASSETS**

**Note 31**

NHS 24 does not have any third party assets.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

### EXIT PACKAGES

**Note 32**

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	0	2	2
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	4	4
£50,000 - £100,000	0	3	3
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
> £200,000	0	0	0
<b>Total cost of exit packages by type</b>		<b>10</b>	<b>10</b>
<b>Total resource cost</b>	<b>0</b>	<b>433,719</b>	<b>433,719</b>

£433,719 represents the cost of 10 departures, 9 cases of voluntary redundancy and 1 compromise agreement, which occurred in NHS 24 during 2010/11. These costs are disclosed in Note 7 to the accounts.

### EXIT PACKAGES – PRIOR YEAR

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	0	0	0
£10,000 - £25,000	0	0	0
£25,000 - £50,000	0	0	0
£50,000 - £100,000	0	1	1
£100,000 - £150,000	0	0	0
£150,000 - £200,000	0	0	0
> £200,000	0	0	0
<b>Total cost of exit packages by type</b>		<b>1</b>	<b>1</b>
<b>Total resource cost</b>	<b>0</b>	<b>66,410</b>	<b>66,410</b>



**NHS 24**

**DIRECTION BY THE SCOTTISH MINISTERS**

- 1. The Scottish Ministers, in exercise of the powers conferred by sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as read with article 5(1) of and the Schedule to the NHS 24 (Scotland) Order 2001, (S.S.I. 2001/137), and all powers enabling them in that behalf, 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: 10/02/06