



ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST MARCH 2015

NHS 24

ANNUAL REPORT, ACCOUNTS and NOTES for the year ended 31 MARCH 2015

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NHS 24

ANNUAL REPORT, ACCOUNTS and NOTES for the year ended 31 MARCH 2015

ANNUAL REPORT

A. STRATEGIC REPORT

NHS Health Boards are required to prepare a Strategic Report as per the Financial Reporting Manual (FReM).

1. Strategy, 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:

- provide clinical triage and consultation to ensure that patients are supported with information or referred to the appropriate services for face to face consultation;
- 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 (SAS) and the NHS Board Emergency Departments;
- support the health improvement agenda across Scotland by working in partnership with local NHS Boards to provide added value services where and when required, utilising the IT telephony and infrastructure to benefit patients 24 hours a day;
- improve the diversity of the membership of the NHS 24 Public Partnership Forum, further developing volunteering in NHS 24 to ensure that patients and the public continue to remain involved in key service developments;
- engage routinely with patient representatives through its established public involvement forums;
- continue relationship building with our partners, including territorial NHS Boards and the Scottish Government Health and Social Care Directorates (SGH&SCD); and
- work closely with SAS and territorial NHS Boards in the delivery of unscheduled care services.

Service provision

In 2014/15, NHS 24 continued to deliver a strong performance to the general public. This included responding in-year to the increase in call volumes arising after the launch of the new 111 freephone number in April 2014. Call volumes to the Unscheduled Care Service increased by an average of 20%. Challenges have also been experienced by the wider out of hours system, with territorial NHS Boards having difficulty filling GP rotas, thus reducing their capacity to take pre-prioritised calls for NHS 24. Despite these in-year challenges, performance against Key Performance Indicators (KPIs) was good and the Service continued to deliver a safe and effective service to our patients.

Key achievements to note were:

Unscheduled Care Service

- the successful introduction of the 111 freephone number to access the Unscheduled Care Service;
- growth of multidisciplinary teams within Unscheduled Care, including the integration of pharmacists and physiotherapists;
- expansion of the nursing model in Unscheduled Care, by piloting the role of Band 5 Nurse Practitioners, supporting career development opportunities within NHS 24; and
- continued development of the clinical and operational model for Unscheduled Care;

Scottish Emergency Dental Services

- the continued involvement in the provision of the Scottish Emergency Dental Service. NHS 24 is 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 available to all patients across Scotland;

Scheduled Care Services

- the continued delivery of a telephone based Cognitive Behavioural Therapy (CBT) service, in partnership with five NHS Boards, for people referred by their GP, for help with mild to moderate depression. The service provides talking therapies to patients who may otherwise have difficulty accessing CBT services due to rural location or social deprivation. The service is also undergoing expansion to provide a self-help option; and
- the successful implementation and development of a range of scheduled care services including a Musculoskeletal Advisory Service (MSK), a Blood Transfusion - Donor Response Unit, a Death Certification service, a Cancer Treatment Line and a Fit for Work service.

Breathing Space

- delivery of a confidential phone service for anyone experiencing low mood, depression or anxiety; and
- rebuild and delivery of the Breathing Space website.

Health Information Services

- continuing provision and development of NHS Inform;
- launch of the national Know Who To Turn To (www.knowwhototurnto.org) website;
- progress of the rebuild of the corporate NHS24.scot website;
- delivery of phase 1 of the 'new' self help guide on NHS24.com to streamline and align content with unscheduled care clinical practice and support seasonal initiative;
- delivery of the Glasgow 2014 commonwealth games zone on NHSinform.co.uk;
- development and delivery of the Fit for Work Scotland website;

- the strategic review and implementation of a revised Care Information Scotland service, including a new website;
- progress with the development of the Info For Me personalisation tool;
- an evaluation of the Smokeline service to inform service improvement; and
- the development of a Digital Strategy that maximises the use of social media amongst other channels.

Scottish Centre for Telehealth and Telecare (SCTT)

- the continued delivery of the Scottish Centre for Telehealth and Telecare national programmes including:
- sharing of knowledge, experience and learning relating to Telecare and Telehealth through a range of national projects;
- securing national and European funding for new services, which contributed to over 5,500 patients and service users commencing in telehealthcare services as well as self-help information services accessed by over 14,800 members by the end of March 2015;
- being commissioned in-year to take a lead role in delivering the new national Technology Enabled Care Programme; and
- continuing to lead the development and implementation of partnership working in Europe, including the co-ordination of Scotland's participation in the European Innovation Partnership on Active and Healthy Ageing action groups.

2. Financial performance and position

As with other Health Bodies, the finances of NHS 24 are subject to resource limit controls. SGH&SCD 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 operate 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 SGH&SCD £'000	Actual outturn £'000	Variance (over)/under £'000	%
Revenue Resource Limit (RRL)	69,742	67,943	1,799	2.58
Of which:				
Core Revenue Resource Limit	69,341	67,543	1,798	2.59
Non-Core Revenue Resource Limit	401	400	1	0.25
Capital Resource Limit (CRL)	300	283	17	5.67
Of which:				
Core Capital Resource Limit	300	283	17	5.67

Non-Core Capital resource Limit	0	0	0	0.00
Cash Requirement	65,000	64,530	470	0.72

MEMORANDUM FOR IN-YEAR OUTTURN

	2015
	£'000
Brought forward deficit / (surplus) from previous financial year	<u>(90)</u>
Saving / (excess) against in-year Revenue Resource Limit	<u>1,709</u>

Comments on the RRL

During 2014/15, NHS 24 reported an underspend of £1.799 million against the budgeted RRL of £69.742 million (£69.341 million core and £0.401 million non-core). Of the £69.341 million received in year, a total of £3.931 million related to earmarked recurrent funding.

Of the earmarked funding, significant allocations included funding for European engagement, the Breathing Space service and the Living it Up programme. Although the funding for Breathing Space and is earmarked (non-recurring), the costs incurred by NHS 24 are recurring.

The surplus position reflects the reprofiling of the Future Programme implementation costs across 2014/15 and 2015/16. NHS 24 is anticipating a carry forward of the surplus for 2014/15 non-recurrently into 2015/16.

Comments on the CRL

During 2014/15, the capital expenditure for NHS 24 was £0.283 million. This represents a £0.017 million underspend against the Capital Resource Limit allocation of £0.300 million.

The majority of the capital purchases made by NHS 24 during 2014/15 were on facilities schemes, including the replacement of boilers and air conditioning systems.

Financial brokerage

Following submission of a Full Business Case, it was agreed that NHS 24 would receive financial brokerage to support the implementation phase of the new contracts for the Strategic Frontline Applications (SFLA) programme, now renamed Future Programme. The brokerage received in 2011/12 was £0.320 million, £16.577 million was received in 2012/13 and a further £3.859 million in 2013/14, taking the total to £20.756 million. NHS 24 repaid £0.400 million of brokerage in 2014/15 and will repay the remaining amount over a three year period from 2016/17 to 2018/19.

Provision for bad and doubtful debts

A provision of £2k has been made in relation to debtors where it is deemed unlikely that NHS 24 will be able to recover these costs.

Prior year adjustments

NHS 24 holds a provision which relates to the recognition of the Board's share of the total liability for the Clinical Negligence and Other Risks Scheme (CNORIS) scheme in NHSScotland. Adjustments have been made to the prior year accounts in relation to the opening general fund balance for 2013/14, which has been reduced by £0.306 million to take account of the creation of the provision for the NHS 24 share as at 31 March 2013.

A retrospective restatement of £0.282 million has also been recognised in the 2013/14 financial year, which takes account of the impact of the NHS 24 share of the scheme up to 31 March 2014.

Post balance sheet events

Following a process of mediation on 3rd and 4th June 2015, NHS 24 has resolved a contractual dispute with a third party supplier. The remaining obligations on NHS 24 following this resolution have now been reflected in the annual report and accounts.

3. Performance against key non-financial targets

NHS 24 continues to achieve its service standards through high levels of productivity. During 2014/15, focus has remained on maximising efficiency and effectiveness in order to improve performance across all areas of frontline operations.

NHS 24 achieved all clinical Key Performance Indicators (KPIs) during 2014/15.

In line with SGH&SCD guidance, the Board developed a Local Delivery Plan for 2014/15 and received reports at each meeting on progress against the targets. Comments on each of the targets for 2014/15 are provided below:

HEAT	SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
<i>Health</i>	Convert at least 45% of patients called by NHS 24 to KeepWell appointments during 2014/15	45.00%	63.90%
<i>Health</i>	Increase the number of referrals (of potential quits) to Boards against the number of calls to service	5.00%	7.00%
<i>Efficiency</i>	Operate within Revenue Resource Limit; operate within Capital Resource Limit; meet cash requirement	Meet financial targets	Target met
<i>Efficiency</i>	Achieve a 1% reduction in energy consumption (measured in kW/h) by implementing the Carbon Management Plan	1.00%	1.30%
<i>Efficiency</i>	Achieve a 5% reduction in carbon emissions by developing and implementing a Carbon Management Plan	5.00%	5.70%
<i>Access</i>	For those Boards participating in the "Living Life Service reduce mood / depression rates by 60% for patients completing the treatment. (annual average of at least a 50% decrease in (CBT) PHQ-9 scoring).	60.00%	64.10%
<i>Access</i>	For those Boards participating in the "Living Life Service Reduce anxiety / worry rates by 60% for patients completing the treatment. (annual average of at least a 50% decrease in GAD-7 scoring).	60.00%	66.70%

<i>Access</i>	Annual average of 90% Calls to be answered within 30 seconds	90.00%	93.18%
<i>Access</i>	Annual average of 90% GP priority calls responded to within 20mins	90.00%	99.92%
<i>Access</i>	Annual average of 90% GP routine calls responded to within 60mins	90.00%	99.91%
<i>Access</i>	Commence 98% calls prioritised as P1 within 60 minutes	98.00%	100.00%
<i>Access</i>	Commence 90% of calls prioritised as P2 within 120 minutes	90.00%	100.00%
<i>Access</i>	Annual average of 80% calls to the Health Information Service answered within 60 seconds	80.00%	91.35%
<i>Access</i>	Maintain 95% of D1 calls responded to within 45 minutes	95.00%	100.00%
<i>Access</i>	Maintain 90% of D3 calls responded to within 180 minutes	90.00%	100.00%
<i>Treatment</i>	Provide at least 30% of patients with self care advice.	30.00%	35.83%
<i>Treatment</i>	Convert at least 75% of Category C calls transferred from the SAS to primary care or home care outcomes	75.00%	80.43%
<i>Efficiency</i>	Maintain staff attendance at an average of 94.75% throughout 2014/15.	94.75%	94.77%

4. Environmental and sustainability reporting

In accordance with the Scottish Government's sustainable development strategy, NHS 24's sustainability and environmental performance in 2014/15 is outlined as follows.

Sustainable Development Action Plan (SDAP)

The SDAP was developed in line with guidance outlined in CEL 15 (2009) Sustainable Development Strategy for NHS Scotland and CEL 14 (2010) Good Corporate Citizenship Assessment Model, and incorporated the implementation of the Environmental Management policy and strategy. Working from a baseline established in 2011/12, NHS 24 has so far achieved 70% of its target of a 20% reduction in CO2 emissions by 2016.

Other Progress made in 2014/15

In 2014/15, there was continued progress in improving environmental performance. This has been achieved by the following:

- Projects were completed assisting in the achievement of an annual reduction in CO2 emissions of 78 tonnes (3.3%) and energy consumption by 82,000 kWhr (1.3%);

- Full replacement of the boilers in Caledonia House to bring about further reductions in energy consumption and costs in 2014/15 and in future years;
- A sustainable procurement policy has been implemented;
- Increased recycling across all main centres including the introduction of organic waster recycling (food waste) in Norseman House and Caledonia House to meet the new food waste guidance implemented in January 2015; and
- Nearly 40% of suppliers on the contract register operate from a Scottish base; and
- Managing properties in accordance with the NHS Scotland environmental management system, Corporate Greencode, to achieve compliance with relevant legislation in relation to the environmental performance of its properties.

Future developments

The main focus for NHS 24 going forward is to build upon the progress made in 2014/15 by continuing to identify opportunities to reduce carbon emissions and energy usage, particularly in Caledonia House and Norseman House which account for about 80% of the annual energy consumption. The utilisation of recently installed energy monitoring systems will also assist in detecting activities to help NHS 24 achieve its 2016 target of 20% CO2 emissions.

5. Social community and human rights

The Strategic Statement on Equality, Diversity and Human Rights sets out NHS 24's commitment to continue to positively contribute to a more equal society through advancing equality and good relations for patients, carers, patient representatives, other members of the public, partner organisations, staff and job applicants.

NHS 24 engages routinely with patient representatives through its established public involvement forums. Further engagement takes place with third sector organisations representing people from diverse communities and through community involvement activities, including delivering presentations to the public on the services that NHS 24 provides.

NHS 24 has developed a NHS 24 PFPI Group, which ensures that patients and the public are involved in key service developments within the organisation.

The table below shows the number of persons of each gender for directors and other employees of NHS 24 at the end of the 2014/15 financial year.

Classification	Female	Male	Total
Directors	4	2	6
Other employees	1,299	306	1,605
Total	1,303	308	1,611

6. Accounting convention

The Annual Accounts 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 has been included as an annex to the accounts.

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

Under these accounting arrangements Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the SGH&SCD. This has resulted in net liabilities on the Balance Sheet. The balance sheet reflects liabilities falling due in future years that are

expected to be met by the receipt of funding from the Scottish Government. Accordingly the accounts have been prepared on the going concern basis.

Signed
John Turner, Chief Executive

Date

B. DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

7. Date of issue

The financial statements were approved by the Board on 25 June 2015.

8. 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 Scott-Moncrieff 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 were appointed as NHS 24's internal auditor for a further 3 years, from 1 April 2014 to 31 March 2017, as approved by the Board at its meeting on 29 May 2014.

9. 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 NHS Boards are appointed 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 meets on a monthly basis, excluding December. The meetings are held in public.

The **Members of the Board** during the year ended 31 March 2015 were as follows:

Chairman Mr Allan Watson (to 31 March 2015)

The Chairman's second term of office came to an end on 31 March 2015. Mrs Esther Robertson was appointed to the position of Chair of the NHS 24 Board with effect from 1 April 2015.

Non-Executive Members Ms Madeline Smith, Vice Chair (from 1 November 2014)
Mr Alexander Smith, Vice Chair (to 31 October 2014)
Mrs Kay Blair (to 31 March 2015)
Mrs Susan Dunn
Mr John Glennie
Mr Martin Hill
Miss Anne Jarvie
Mr John Rae
Mr Graham Revie, Employee Director
Mr Albert Tait

Following a period of ill-health, Mrs Kay Blair resigned from her position as a Non-Executive Member of the Board, for personal reasons, on 31 March 2015.

Mr Alex Smith's second term of office came to an end on 31 October 2014.

Ms Madeline Smith was appointed as Vice-Chair to the Board with effect from 1 November 2014.

Executive Directors appointed by the Minister as Board Members were:

Mr John Turner	Chief Executive
Professor George Crooks	Medical Director
Mrs Margo McGurk	Director of Finance (from 1 September 2014)
Mrs Sheena Wright	Director of Nursing & Care

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

At the Board meeting on 29 January 2015, the Board approved the proposal that the attendance of Executive Directors at Governance Committees would be on the basis of their being attendees at the meetings rather than members of the Committee.

10. Board members' and senior managers' interests

The Board maintains a Register of Interests for all board members and senior managers. The Register is held at the NHS 24 Headquarters in Caledonia House, Fifty Pitches Road, Cardonald Park, Glasgow, G51 4EB and is available on the NHS 24 website.

All interests are updated throughout the year.

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

11. 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.

12. Remuneration for non-audit work

There was no remuneration for non-audit work carried out by either Scott-Moncrieff or PricewaterhouseCoopers during 2014/15.

13. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose 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/AboutUs/Expenditure>

14. Sickness absence data

The staff attendance rate for 2014/15 was 94.77%.

There have been no personal data related incidents in NHS 24 during 2014/15.

15. Payment Policy

The Scottish Government is committed to supporting the economy and business by paying bills 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 Board 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 2014/15, NHS 24's average credit taken was 29 days (2013/14 - 28 days).
- In 2014/15, NHS 24 paid 45.9% of invoices by value (2013/14 – 61.0%) and 34.5% by volume (2013/14 – 30.2%) within 10 days.
- In 2014/15, NHS 24 paid 75% of invoices by value (2013/14 – 85.5%) and 74.5% by volume (2013/14 – 75.4%) within 30 days.

The figures relate only to non-NHS suppliers.

16. Corporate Governance

The Board meets regularly throughout the year to progress the business of NHS 24. During 2014/15, the Board met on a monthly basis, excluding December.

Board meetings are open to the public and include scrutiny of performance and patient experience issues (including service and corporate performance); finance; 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 NHS 24 Strategy, annual Corporate Plan, Local Delivery Plan and Workforce Plan), financial and capital plans, and the Annual Report and Statutory Financial 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 Chair, 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 and Non-Executive Members, and appointments to the Board are made by the Scottish Government in accordance with an open process.

Board members refresh their knowledge through participation in workshop sessions on relevant topics and attendance at appropriate external seminars and events. 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 governance committees:

- Audit & Risk Committee
- Finance & Performance Committee
- Clinical Governance Committee

- Staff Governance Committee
- Remuneration Committee
- Equality, Diversity & Involvement of Patients & the Public (EQIPP) Committee

The purpose and membership of each of the Committees in place during the year is as outlined below.

16.1 Audit & Risk Committee

The Committee provides assurance to the Board that appropriate audit, risk management and governance structures are in place, and that NHS 24 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 five occasions during 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Mrs Kay Blair, Chair (to 30 June 2014)	5	2
Mr Martin Hill, Chair (from 1 July 2014)	5	4
Mr John Glennie	5	5
Miss Anne Jarvie (to 31 August 2014)	1	1
Mr Graham Revie	5	5
Mr Albert Tait	5	5

16.2 Finance & Performance Committee

The Finance & Performance Committee was established in August 2014 to provide assurance to the NHS 24 Board that systems and procedures are in place to monitor, manage and improve overall financial and non-financial performance and to ensure that best value is achieved from NHS 24's resource allocation.

The Committee met on four occasions during 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Mrs Susan Dunn, Chair	4	4
Mrs Kay Blair	4	0
Mr Graham Revie	4	3
Ms Madeline Smith	4	4
Mr Albert Tait	4	4

16.3 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 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Mrs Kay Blair, Chair (from 1 March 2014)	4	2
Mr Martin Hill	4	3

Mr John Glennie	4	3
Miss Anne Jarvie	4	4
Mr Graham Revie	4	1
Mr Albert Tait	4	2
Professor George Crooks (to 29 January 2015)	4	4
Mr John McAnaw	4	3
Mr John Turner (to 29 January 2015)	4	3
Mrs Sheena Wright (to 29 January 2015)	4	3

16.4 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 on four occasions during 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Miss Anne Jarvie, Chair	4	4
Mrs Susan Dunn	4	3
Mr John Rae	4	2
Mr Graham Revie	4	3
Ms Madeline Smith	4	3
Mrs Christine Malcolm, Partnership Forum Nominated Staff Representative (from 1 December 2014)	2	2
Mr Fred McCosh, Partnership Forum Nominated Staff Representative	4	3
Ms Cathy Sharp, Partnership Forum Nominated Staff Representative (to 30 November 2014)	2	2
Mr John Turner (to 29 January 2015)	3	1
Mrs Sheena Wright (to 29 January 2015)	3	2

16.5 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 Chief Executive and Executive Directors.

The Committee is responsible for determining and regularly reviewing the Health Board's pay policy, subject to constraints imposed by national conditions and guidance. The Committee also agrees the individual in-year objectives of the Board's Executive Directors. The Remuneration Committee is required to approve the annual performance assessment of Executive Directors each year.

Meetings of the Committee are arranged as required and the Committee met on five occasions during 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Mr Allan Watson, Chair (to 31 March 2015)	5	5
Mrs Kay Blair (to 31 March 2015)	5	3
Mrs Susan Dunn (from August 2014)	4	4
Mr Martin Hill	5	5
Miss Anne Jarvie	5	5
Mr Alexander Smith (to 31 October 2014)	3	3
Ms Madeline Smith	5	4

16.6 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 on three occasions during 2014/15. The Members of the Committee were:

	Number of Attendances	
	Possible	Actual
Ms Madeline Smith, Chair	3	3
Mrs Susan Dunn	3	2
Miss Anne Jarvie	3	3
Mr John Rae	3	3
Mr Graham Revie	3	2
Mr Albert Tait	3	3
Mr Gordon Guthrie, Public Partnership Forum Representative	3	3
Ms Mareth Irvine, Public Partnership Forum Representative	3	1
Mr Joseph Markey, Partnership Forum Nominated Staff Representative	3	1
Mr John Turner (to 29 January 2014)	3	1
Mrs Sheena Wright (to 29 January 2014)	3	2

16.7 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.

16.8 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 on four occasions during 2014/15.

A Dental Advisory Group has also been established to act as a reference group in relation to dental services. The Dental Advisory Group met on four occasions during 2014/15.

A Public Partnership Forum has been established to ensure that NHS 24's service is developed through public involvement.

16.9 The NHS 24 Area Partnership Forum ensures there is a regular opportunity for consultation and dialogue between staffside representatives and managers on key organisational issues. Meetings are held bi-monthly and are co-chaired by the Chief Executive and the Employee Director, with attendance from staff side representatives, trade union officials, Executive Directors, senior managers and the Chair of the Staff Governance Committee.

17. 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.

18. Human resources

As an equal opportunities employer, NHS 24 welcomes applications for employment from people with the protected characteristics of age, disability, gender, gender reassignment, race, religion or belief, sexual orientation, marriage and civil partnership and pregnancy and maternity. NHS 24 actively seeks to provide an environment where people with these protected characteristics can continue to contribute to the work of the organisation.

NHS 24 provides employees with information on matters of concern to them as employees through the in-house magazine, Insight, regular bulletins by email, articles on the NHS 24 intranet and the cascading of information by line managers.

NHS 24 consults employees or their representatives, so their views are taken into account in decisions affecting their interests, primarily through staff meetings and more formal discussions in groups such as the Area Partnership Forum, Regional Partnership Fora, the Employee relations group and a range of focus groups on specific topics.

19. Events after the end of the reporting period

Following a process of mediation on 3rd and 4th June 2015, NHS 24 has resolved a contractual dispute with a third party supplier. The remaining obligations on NHS 24 following this resolution have now been reflected in the annual report and accounts.

20. Financial instruments

Information in respect of the financial risk management objectives and policies of NHS 24 and the exposure of NHS 24 to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 27.

21. Approval and signing of the directors' report

The Accounting Officer authorised these financial statements for issue on 25 June 2015.

Signed

John Turner, Chief Executive

Date

C. REMUNERATION REPORT

The terms of reference of the Remuneration Committee state its purpose is 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 Committee meets as required, with at least three meetings per year.

Remuneration

Remuneration of board members and senior employees is determined in line with directions issued by the Scottish Government. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by the SGH&SCD has been appropriately applied and agreed by the Remuneration Committee.

Performance Appraisal

Performance appraisals for executive members are carried out in line with the guidance from the Scottish Government and overseen by the Remuneration Committee. Annual pay rises for executive directors are dependent on achieving specified levels of performance.

Signed

John Turner, Chief Executive

Date

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BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – REMUNERATION TABLE FOR THE YEAR ENDED 31st MARCH 2015

Name	Directors gross salary (Bands of £5,000)	Performance related payments (Bands of £5,000)	Benefits in kind	Total earnings in year (Bands of £5,000)	Pension benefits	Total Remuneration (Bands of £5,000)
	£'000	£'000	£'000	£'000	£'000	£'000
EXECUTIVE DIRECTORS						
Mr John Turner, Chief Executive	110 - 115	-	4.3	115 – 120	-	115 – 120
Professor George Crooks O.B.E., Medical Director	170 - 175	-	4.9	175 – 180	1.4	175 – 180
Mrs Margo McGurk, Director of Finance (from 1 Sept 2014)	75 - 80	-	4.2	80 – 85	13.2	95 – 100
Mrs Sheena Wright, Director of Nursing & Care	80 – 85	-	3.2	80 – 85	2.7	85 – 90
DIRECTORS						
Mrs Jane McCartney, Director of Human Resources	80 – 85	-	2.6	80 – 85	-	80 – 85
Mrs Gillian Stillie, Chief Operating Officer	85 - 90	-	5.9	90 – 95	15.3	110 – 115
NON EXECUTIVE DIRECTORS						
Mr Allan Watson, Chairman (to 31 March 2015)	25 - 30	-	-	25 – 30	-	25 – 30
Mr Alexander Smith, Vice Chair (to 31 October 2014)	0 - 5	-	-	0 - 5	-	0 - 5
Ms Madeline Smith, Vice Chair (from 1 November 2014)	5 – 10	-	-	5 – 10	-	5 – 10
Mrs Kay Blair (to 31 March 2015)	5 – 10	-	-	5 – 10	-	5 – 10
Mrs Susan Dunn	5 – 10	-	-	5 – 10	-	5 – 10
Mr John Glennie	5 – 10	-	-	5 – 10	-	5 – 10
Mr Martin Hill	5 – 10	-	-	5 – 10	-	5 – 10
Miss Anne Jarvie	5 – 10	-	-	5 – 10	-	5 – 10
Mr John Rae	5 – 10	-	-	5 – 10	-	5 – 10
Mr Graham Revie, Employee Director (Note 1)	60 - 65	-	-	60 - 65	10.4	70 – 75
Mr Albert Tait O.B.E.	5 - 10	-	-	5 – 10	-	5 – 10
Total			25.1		43.0	

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PENSION VALUES FOR THE YEAR ENDED 31ST MARCH 2015

Name	Accrued pension at age 60 as at 31 March 2014 (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2014 (Note 2) £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2015 £'000	Real increase in CETV in year £'000
EXECUTIVE DIRECTORS					
Mr John Turner, Chief Executive	35 – 40 Plus 115 – 120 lump sum	0 – 2.5 Plus 0 – 2.5 lump sum	665	690	9
Professor George Crooks O.B.E., Medical Director	75 – 80 Plus 235 – 240 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	1,839	1,834	(30)
Mrs Margo McGurk, Director of Finance (from 1 Sept 2014)	15 – 20 Plus 45 – 50 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	278	304	16
Mrs Sheena Wright, Director of Nursing & Care	30 – 35 Plus 95 – 100 lump sum	0 – 2.5 Plus 0 – 2.5 lump sum	601	630	19
DIRECTORS					
Mrs Jane McCartney, Director of Human Resources	30 – 35 Plus 95 – 100 lump sum	0 – 2.5 Plus 0 – 2.5 lump sum	702	728	16
Mrs Gillian Stillie, Chief Operating Officer	20 – 25 Plus 60 – 65 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	307	334	15
NON EXECUTIVE DIRECTORS					
Mr Allan Watson, Chairman (to 31 March 2015)	-	-	-	-	-
Mr Alexander Smith, Vice Chair (to 31 October 2014)	-	-	-	-	-
Ms Madeline Smith, Vice Chair (from 1 November 2014)	-	-	-	-	-
Mrs Kay Blair	-	-	-	-	-
Mrs Susan Dunn	-	-	-	-	-
Mr John Glennie	-	-	-	-	-
Mr Martin Hill	-	-	-	-	-
Miss Anne Jarvie	-	-	-	-	-
Mr John Rae	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 1)	15 – 20 Plus 45 – 50 lump sum	0 – 2.5 Plus 0 – 2.5 lump sum	253	273	14
Mr Albert Tait O.B.E.	-	-	-	-	-
Total					59

Note 1 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.

Note 2 There may be some differences between the closing prior year CETV figure and the opening current year CETV figure. The figures used were those advised by the SPPA.

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – REMUNERATION TABLE FOR THE YEAR ENDED 31ST MARCH 2014

Name	Directors gross salary (Bands of £5,000) £'000	Performance related payments (Bands of £5,000) £'000	Benefits in kind £'000	Total earnings in year (Bands of £5,000) £'000	Pension benefits £'000	Total Remuneration (Bands of £5,000) £'000
EXECUTIVE DIRECTORS						
Mr John Turner, Chief Executive	115 - 120	-	3.8	115 - 120	26.2	145 – 150
Professor George Crooks O.B.E., Medical Director	170 - 175	-	2.7	170 - 175	11.8	185 – 190
Mr Robert Stewart, Director of Finance and Technology (to 30 June 2013)	20 - 25	-	1.2	25 – 30	-	25 – 30
Mrs Sheena Wright, Director of Nursing & Care	80 - 85	-	3.0	80 - 85	28.6	110 – 115
DIRECTORS						
Mrs Jane McCartney, Director of Human Resources	80 - 85	-	2.3	80 - 85	32.0	115 – 120
Mrs Gillian Stillie, Chief Operating Officer	85 - 90	-	3.0	90 - 95	20.6	115 – 120
Mrs Margo McGurk, Director of Finance (from 1 July 2013)	55 - 60	-	2.5	55 - 60	42.1	100 – 105
NON EXECUTIVE DIRECTORS						
Mr Allan Watson, Chairman	20 - 25	-	-	20 - 25	-	20 - 25
Mr Alexander Smith, Vice Chairman	5 – 10	-	-	5 – 10	-	5 – 10
Mrs Kay Blair	5 – 10	-	-	5 – 10	-	5 – 10
Mrs Susan Dunn (from 1 September 2013)	0 - 5	-	-	0 - 5	-	0 - 5
Mr Martin Hill	5 - 10	-	-	5 - 10	-	5 - 10
Miss Anne Jarvie	5 - 10	-	-	5 - 10	-	5 - 10
Mr Graham Revie, Employee Director (Note 1)	60 - 65	-	-	60 - 65	14.5	75 – 80
Mr John Rogerson (to 28 February 2014)	5 - 10	-	-	5 - 10	-	5 - 10
Ms Madeline Smith (from 1 September 2013)	0 - 5	-	-	0 - 5	-	0 - 5
Mr Stuart Smith (to 28 February 2014)	5 - 10	-	-	5 - 10	-	5 - 10
Mr Albert Tait O.B.E. (from 1 September 2013)	0 - 5	-	-	0 - 5	-	0 - 5
Total			20.3		175.8	

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PENSION VALUES FOR THE YEAR ENDED 31ST MARCH 2014

Name	Accrued pension at age 60 as at 31 March 2014 (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2013	Cash Equivalent Transfer Value (CETV) at 31 March 2014	Real increase in CETV in year (Note 2)
	£'000	£'000	£'000	£'000	£'000
EXECUTIVE DIRECTORS					
Mr John Turner, Chief Executive	35 – 40 Plus 115 – 120 lump sum	0 – 2.5 Plus 5 – 7.5 lump sum	598	657	15
Professor George Crooks O.B.E., Medical Director	75 – 80 Plus 230 – 235 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	1,742	1,817	12
Mr Robert Stewart, Director of Finance and Technology (to 30 June 2013)	-	-	643	-	(643)
Mrs Sheena Wright, Director of Nursing & Care (from 1 July 2012)	30 – 35 Plus 90 – 95 lump sum	0 – 2.5 Plus 5 – 7.5 lump sum	536	594	22
DIRECTORS					
Mrs Margo McGurk, Director of Finance (from 1 July 2013)	15 – 20 Plus 45 – 50 lump sum	0 – 2.5 Plus 5 – 7.5 lump sum	225	274	29
Mrs Jane McCartney, Director of Human Resources	30 – 35 Plus 90 – 95 lump sum	0 – 2.5 Plus 5 – 7.5 lump sum	622	693	30
Mrs Gillian Stillie, Chief Operating Officer	15 – 20 Plus 55 – 60 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	270	303	10
NON EXECUTIVE DIRECTORS					
Mr Allan Watson, Chairman	-	-	-	-	-
Mr Alexander Smith, Vice Chairman	-	-	-	-	-
Mrs Kay Blair	-	-	-	-	-
Mrs Susan Dunn (from 1 September 2013)	-	-	-	-	-
Mr Martin Hill	-	-	-	-	-
Miss Anne Jarvie	-	-	-	-	-
Mr Graham Revie, Employee Director (Note 1)	10 – 15 Plus 40 – 45 lump sum	0 – 2.5 Plus 2.5 – 5 lump sum	223	250	10
Mr John Rogerson	-	-	-	-	-
Ms Madeline Smith (from 1 September 2013)	-	-	-	-	-
Mr Stuart Smith	-	-	-	-	-
Mr Albert Tait O.B.E. (from 1 September 2013)	-	-	-	-	-
Total					(515)

Note 1 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.

Note 2 This Real increase in CETV figures in the prior year have been restated to include the impact of employee pension contributions.

2014-15		2013-14	
Highest Earning Director's Total Remuneration (£000s)	175 - 180	Highest Earning Director's Total Remuneration (£000s)	175 - 180
Median Total Remuneration	25,243	Median Total Remuneration	25,870
Ratio	7.00	Ratio	6.77

Commentary

The highest earning director's pay is calculated in a different manner for the purposes of this ratio than is included in the remuneration report. This is due to the exclusion of pension costs.

Taking this into account, it should be noted that the highest earning director's pay has remained broadly similar from 2013/14 to 2014/15. A slight decrease in the median remuneration has therefore resulted in a marginal increase to the ratio for the organisation.

Signed
John Turner, Chief Executive

Date

NHS 24

ANNUAL ACCOUNTS 2014/15

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 (FReM) 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; and
- prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. 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
25th June 2015

NHS 24

ANNUAL ACCOUNTS 2014/15

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 31st March 2015 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 (FrM) 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

..... Chair

25th June 2015

ANNUAL ACCOUNTS 2014/15

GOVERNANCE STATEMENT

Scope of Responsibility

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

Purpose of Internal Control

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

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

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

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

Governance Framework

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

The NHS 24 Corporate Governance Manual defines and documents the roles and responsibilities of the Board through detailed guidance on standing orders, standing financial instructions, scheme of delegation, contract/procurement regulations and a code of conduct. The Corporate Governance Manual is reviewed every two years and amendments are subject to approval by the NHS 24 Board.

The Board of NHS 24 is supported in its responsibilities by a number of standing governance committees. These are:-

Clinical Governance Committee;

Audit & Risk Committee;

Equality, Diversity and Involvement of Patients and the Public Committee;

Finance & Performance Committee;

Staff Governance Committee; and

Remuneration Committee.

The purpose and membership of each of the Committees is outlined in full in the Directors' Report section of this Annual Report. The Board approves the terms of reference for all its committees and appoints all Committee members.

The adequacy and effectiveness of the system of internal control is assessed by the standing committees each providing a formal report to the NHS 24 Audit & Risk Committee on their work on an annual basis.

Board Effectiveness

The Board examines its own effectiveness in line with current best practice and ensures compliance with current legislation. The Board, through defining the roles and responsibilities of members, sets out clear areas of responsibility and levels of delegated authority. The Board has set out its vision of how the service will be delivered in the future through its Strategy '*NHS 24 20:20 Vision*' and has consulted widely with stakeholders including the public, other Health Boards and Scottish Government both in the preparation of this document and also in the progress made with the strategy.

The Board, in conjunction with the Scottish Government Health & Social Care Directorates, sets a series of performance targets that enable the Board to report to the public on the quality of services provided and how year on year these are improving.

The Board has a whistle-blowing policy and makes it clear that staff will be supported when they raise genuine areas of concern in respect of patient safety and quality of service. During 2012/13, the Scottish Government also launched the whistle-blowing helpline to assist NHS Scotland staff in raising appropriate concerns. This allows staff to pass on their concerns about practices in hospitals using a hotline number. A call-handler notes the concerns of staff and ensures that these are raised appropriately with management. If a member of the public has a complaint about the quality of the NHS 24 service, they can submit feedback by phone, email or in writing and this will be investigated by a designated individual within the organisation.

Every year, the Chairman undertakes a performance appraisal of each of the Non-Executive Members. Similarly, each of the Executive Directors have key objectives to deliver each year and they are formally appraised by the Chief Executive, and the Chief Executive is appraised by the Chairman. From these appraisals, Personal Development Plans are prepared and acted upon. There is also, through the Board development sessions, opportunity for the Board to develop as a collective.

A workshop for the full NHS 24 Board was held in February 2015 which tested how the Board receives assurance on the adequacy of current risk management arrangements and how this links to the wider governance framework. A further session is planned for Autumn 2015.

Various channels of communication exist to communicate effectively with all stakeholders. These channels involve dialogue with internal stakeholders, meetings with key external stakeholders including Scottish Government Directorates. Internal communication channels are supported by a staff magazine, an intranet system, which includes procedures and policy documentation, and an organisation website which displays Board meeting minutes for the public, staff and other stakeholders.

The Board has endeavoured to ensure compliance with the SPFM and is assured that it complies with all relevant areas of this code that impact on NHS public bodies. In addition, the Board is aware of its responsibilities in respect of the Bribery act.

The standing governance committees of the NHS 24 Board ensure compliance with new and existing guidance. The terms of reference of the committees include the requirement to consider documents and papers in relation to laws and regulations, policies and procedures within their remit.

Fraud Prevention

NHS 24 works in partnership with Counter Fraud Services and the Audit & Risk Committee in the proactive management of the risk of fraud.

It was agreed with the outgoing Chairman that an effectiveness review of the Board would be considered following the appointment of the new Chair on 1 April 2015. Initial discussions have taken place with the new Chair as to the format and timescale for an effectiveness review and Board development, but this has still to be finalised. Although no formal effectiveness review for the Board

was undertaken in 2014/15, a number of strategy sessions, workshops and development days did take place.

Review of Adequacy and Effectiveness

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

- the executive and senior managers who are responsible for developing implementing and maintaining internal controls across their areas;
- the work of the internal auditors, who submit to the Audit & Risk Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with their recommendations for improvement;
- comments made by the external auditors in their management letters and other reports;
- establishment of key performance and risk indicators, including the requirement for all projects to be managed in line with accredited project management methodology;
- maintenance of an organisation-wide risk register formally reviewed by the Executive Team, the Audit & Risk Committee and the full Board; and
- a performance appraisal system for all staff with personal objectives and development plans designed to support the Board in the attainment of the corporate objectives set out in the Health Plan and Delivery Plan. In addition, Personal Development Plans for all staff are being developed in line with the NHS Agenda for Change Knowledge and Skills Framework.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit & Risk Committee, Clinical Governance Committee, Staff Governance Committee, EQIPP Committee and Finance & Performance Committee. Appropriate action is in place to address weaknesses identified and to ensure the continuous improvement of the system.

Best Value

In accordance with the principals of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, Directors and Managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the SPFM. The arrangements were strengthened during the year with the creation of a Finance & Performance Committee in August 2014. This new Committee provides assurance to the Board that best value is achieved from resource allocation.

NHS 24 has made significant progress in delivering a range of "Once for Scotland" services including: the Cancer Treatment Helpline which provides symptomatic cancer patients appropriate access to prompt assessment, and a Musculoskeletal Service, which supports an increase in patients accessing appropriate "self care" resources. Both have undergone evaluation in partnership with the Scottish Government and are progressing well towards national roll out with coverage of all territorial boards in 2015/16.

In addition, NHS 24 has expanded its services to include the Scottish National Blood Transfusion, Fit for Work and Death Certification Services.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, during the year to 31 March and up to the signing of the accounts, the organisation has introduced a Finance & Performance Committee which was created to provide assurance to the NHS 24 Board that systems and procedures are in place to monitor, manage and improve overall performance and ensure best value is achieved from resource allocation.

Risk Assessment

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

The Risk Management Strategy for 2014/15 was approved by the Board in June 2014. NHS 24 aims to control, eliminate or reduce significant risk to an acceptable level by creating a culture founded upon assessment and prevention rather than reaction and remedy.

NHS 24's Operational Risk Management Group (ORMG) seeks to provide assurance to the Executive Team that the organisation's policies, procedures, processes and relating systems are in place and operational for the appropriate management of risks facing the organisation. The ORMG ensures that systems are in place to identify, evaluate and control the risks that could adversely affect the achievement of NHS 24's objectives.

The objectives of risk management are to:

- minimise risks to the quality and delivery of the services provided by NHS 24;
- protect the services, reputation and finances of NHS 24;
- optimise the resources available for patient care by managing risk;
- develop a partnership culture that secures the participation of all staff in risk assessment and incident reporting;
- integrate our risk management arrangements with our partners, where appropriate;
- ensure that routine and systematic identification, assessment and control of significant risk is an integral part of all work activities;
- ensure that an effective reporting process is in place to facilitate the systematic identification of adverse events and near misses;
- secure the commitment of management to promote risk management and provide the necessary leadership and direction to support this;
- adopt agreed standards of risk management throughout the organisation, monitor compliance and ensure that corrective action is taken where necessary; and
- have in place effective systems of communication to ensure that everyone in the organisation is appropriately informed about risk management.

On a quarterly basis, the Board reviews the high scoring strategic risks.

The major strategic risk for NHS 24 is in relation to the delivery of the Future Programme and this has been subject to regular review by the Board.

Management of Significant Adverse Events and Continuous Quality Improvement

NHS 24 is committed to continuous development and is working to achieve this in several ways including:

- Continuous review of the Management of Adverse Events and implementation of the recommendations arising from the NHS Healthcare Improvement Scotland report and the provision of regular updates to the NHS 24 Board and Clinical Governance Committee;
- Implementing the Scottish Patient Safety Programme through monthly patient safety walk-rounds with Executive and Non-Executive Members, frontline staff and service managers; and
- A review of the management of complaints and patient feedback function, in conjunction with the Scottish Health Council and NHS Healthcare Improvement Scotland, to improve and support continuous quality improvement.

Disclosures

Future Service Programme Implementation

During 2014/15, the Board has continued to progress the implementation of the Future Programme. This is a significant programme of change, which will see the replacement of the organisation's technology infrastructure and applications, which support the delivery of the core unscheduled care service and a range of additional services. Although the programme was originally scheduled to deliver this change in 2013/14, this is now planned to be delivered in 2015/16.

There has been a material impact on the financial plan caused by the delay to the implementation of the new system, and as a result NHS 24 has prepared a Financial Plan for 2015/16 and the following four years, which describes the consequent financial challenges which NHS 24 must meet. In addition, NHS 24 will prepare a Benefits Realisation Strategy, to ensure that maximum benefit for patients and the NHS in Scotland can be delivered from this new technology asset.

The NHS 24 Board continues to be regularly informed and actively engaged in ongoing developments, particularly the service delivery, contractual, financial and procurement implications arising from the delay. This involves consideration of: various costs and risks, evaluation of the investment to date and consideration of the impact on the existing brokerage arrangements with SGH&SCD.

In October 2014, Audit Scotland published a Section 22 report titled: NHS 24 – Management of an IT contract. It is almost certain that a similar report will be prepared by Audit Scotland in the coming months in respect of current progress in relation to the Future Programme.

The Head of Internal Audit Opinion for 2014/15 is that improvement is required in certain areas to enhance the adequacy and effectiveness of governance, risk management and control. These areas related to:

- i) the Scottish Centre for Telehealth and Telecare, where internal audit in January 2015 raised important issues in relation to NHS 24's governance over the direction, performance and approval process for SCTT. As a result an action plan was put in place to respond to these issues; and
- ii) Information Governance, where internal audit raised important issues in relation to governance overview, and access and security for corporate folders. These issues were reported to the NHS 24 Audit & Risk Committee in June 2015, and actions will be prepared to address the issues identified.

Signed

.....

Date: 25 June 2015

John Turner, Chief Executive

Independent Auditor's Report

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

We have audited the financial statements of NHS 24 for the year ended 31 March 2015 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, the Balance Sheet, the Statement of Cash Flow, 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 2014/15 Government Financial Reporting Manual (the 2014/15 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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we 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, 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 income. Our 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 us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the board 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. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our 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 as at 31 March 2015 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 2014/15 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 our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In our 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our 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
- We have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Nick Bennett, (for and on behalf of Scott-Moncrieff)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:

NHS 24

STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31st MARCH 2015

Restated 2014 £'000		Note	£'000	£'000
	Clinical Services Costs			
38,391	Hospital and Community	4	40,468	
2,513	Less: Hospital and Community Income	8	3,335	
<u>35,878</u>				<u>37,133</u>
35,878	Total Clinical Services Costs			37,133
37,954	Administration Costs	6	30,844	
43	Less: Administration Income	8	167	
<u>37,911</u>				<u>30,677</u>
303	Other Non Clinical Services	7	85	
177	Less: Other Operating Income	8	(48)	
<u>126</u>				<u>133</u>
<u>73,915</u>	Net Operating Costs			<u>67,943</u>
<u>73,915</u>	Total Comprehensive Expenditure			<u>67,943</u>

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 31st MARCH 2015

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	£'000
Net Operating Costs	67,943
Total Non Core Expenditure (see below)	(400)
FHS Non Discretionary Allocation	0
Total Core Expenditure	67,543
Core Revenue Resource Limit	69,341
Saving/(excess) against Core Revenue Resource Limit	<u>1,798</u>

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Capital Grants to / (from) Other Bodies	0
Depreciation/Amortisation	3 1,048
Annually Managed Expenditure - Impairments	3 6
Annually Managed Expenditure – Creation of Provisions	3 (654)
Additional SGH&SCD non-core funding	3 <u>0</u>
Total Non Core Expenditure	400
Non Core Revenue Resource Limit	401
Saving/(excess) against Non Core Revenue Resource Limit	<u>1</u>

SUMMARY RESOURCE OUTTURN

	Resource	Expenditure	Saving/ (Excess)
	£'000	£'000	£'000
Core	69,341	67,543	1,798
Non Core	401	400	1
Total	<u>69,742</u>	<u>67,943</u>	<u>1,799</u>

NHS 24

BALANCE SHEET

AS AT 31st MARCH 2015

Restated 2013 £'000	Restated 2014 £'000		Note	£'000	£'000
		Non-current assets:			
4,264	2,877	Property, plant & equipment	11		2,307
708	505	Intangible assets	10		304
		Financial assets:			
0	0	Trade and other receivables	13		0
<u>4,972</u>	<u>3,382</u>	Total non-current assets			<u>2,611</u>
		Current Assets:			
0	0	Inventories	12		0
		Financial Assets:			
4,570	2,714	Trade and other receivables	13		2,648
526	1,271	Cash and cash equivalents	15		656
<u>5,096</u>	<u>3,985</u>	Total current assets			<u>3,304</u>
<u>10,068</u>	<u>7,367</u>	Total assets			<u>5,915</u>
		Current liabilities:			
(786)	(1,892)	Provisions	17		(1,077)
		Financial Liabilities:			
(7,333)	(9,823)	Trade and other payables	16		(11,877)
<u>(8,119)</u>	<u>(11,715)</u>	Total current liabilities			<u>(12,954)</u>
<u>1,949</u>	<u>(4,348)</u>	Non-current assets plus/less net current assets/liabilities			<u>(7,039)</u>
		Non-current liabilities:			
(414)	(608)	Provisions	17		(522)
		Financial liabilities:			
0	0	Trade and other payables	16		0
<u>(414)</u>	<u>(608)</u>	Total non-current liabilities			<u>(522)</u>
<u>1,535</u>	<u>(4,956)</u>	Assets less liabilities			<u>(7,561)</u>
		Taxpayers' Equity			
1,534	(4,957)	General Fund	SOCTE		(7,562)
1	1	Revaluation reserve	SOCTE		1
0	0	Donated asset reserve	SOCTE		0
<u>1,535</u>	<u>(4,956)</u>	Total taxpayers' equity			<u>(7,561)</u>

Adopted by the Board on 25th June 2015

..... 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 31st MARCH 2015

Restated 2014 £'000		Note	£'000	£'000
	Cash flows from operating activities			
(73,915)	Net operating cost	SOCNE		(67,943)
1,818	Adjustments for non-cash transactions	3		1,054
5	Add back: interest payable recognised in net operating cost	3		3
1,856	(Increase) / decrease in trade and other receivables	18		66
1,532	Increase / (decrease) in trade and other payables	18		2,766
1,300	Increase / (decrease) in provisions	18		(901)
(67,404)	Net cash outflow from operating activities			(64,955)
	Cash flows from investing activities			
(182)	Purchase of property, plant and equipment			(187)
(26)	Purchase of intangible assets			0
(208)	Net cash outflow from investing activities			(187)
	Cash flows from financing activities			
67,424	Funding		65,338	
938	Movement in general fund working capital	SOCTE	(808)	
68,362	Cash drawn down	SOCTE	64,530	
(5)	Interest paid	3	(3)	
68,357	Net Financing			64,527
745	Net Increase / (decrease) in cash and cash equivalents in the period	15		(615)
526	Cash and cash equivalents at the beginning of the period	15		1,271
1,271	Cash & cash equivalents at end of the period			656
	Reconciliation of net cash flow to movement in net debt/cash			
745	Increase / (decrease) in cash in year	15		(615)
526	Net debt/cash at 1 April	15		1,271
1,271	Net debt/cash at 31 March	15		656

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 31st MARCH 2015

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
Balance as at 1 April 2014		(4,675)	1	(4,674)
Prior Year Adjustment for change in accounting policy or material errors		(282)	0	(282)
Restated Balance as at 1 April 2014		(4,957)	1	(4,956)
Changes in taxpayers' equity for 2014/15				
Impairment of property, plant and equipment	11	0	(6)	(6)
Revaluation and impairments taken to operating costs	3	0	6	6
Net operating cost for the year		(67,943)	0	(67,943)
Total recognised income and expense for 2014/15		(67,943)	0	(67,943)
Funding:				
Drawn down		64,530	0	64,530
Movement in General Fund (Creditor) / Debtor		808	0	808
Balance at 31 March 2015		(7,562)	1	(7,561)

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 31st MARCH 2014

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
Balance as at 1 April 2013		1,840	1	1,841
Prior Year Adjustment for change in accounting policy or material errors		(306)	0	(306)
Restated Balance as at 1 April 2014		<u>1,534</u>	<u>1</u>	<u>1,535</u>
Changes in taxpayers' equity for 2013/14				
Impairment of property, plant and equipment	11	0	(210)	(210)
Revaluation and impairments taken to operating costs	3	0	210	210
Net operating cost for the year		(73,633)	0	(73,633)
Total recognised income and expense for 2013/14		<u>(73,633)</u>	<u>0</u>	<u>(73,633)</u>
Funding:				
Drawn down		68,362	0	68,362
Movement in General Fund (Creditor) / Debtor		(938)	0	(938)
Balance at 31 March 2014		<u>(4,675)</u>	<u>1</u>	<u>(4,674)</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 31ST MARCH 2015

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.

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

(a) Standards, amendments and interpretations effective in current year

There are no new standards, amendments or interpretations effective for the first time this year.

(b) Standards, amendments and interpretation early adopted this year

There are no new standards, amendments or interpretations early adopted this year.

(c) Standards, amendments and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

IFRS 13 *Fair Value Measurement*

Management do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Board in future periods.

2. Basis of Consolidation

NHS 24 does not hold any endowment funds and therefore does not have to consolidate its financial statements in accordance with International Accounting Standard (IAS) 27.

3. Prior Year Adjustment CNORIS Provision

The prior year comparative figures have been restated to reflect NHS 24's share of the total liability for the Clinical Negligence and Other Risks Scheme (CNORIS) scheme in NHSScotland. Adjustments have been made to the prior year accounts totalling £0.588 million.

4. 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.

5. 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.

6. 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.

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.

7. 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.

7.1 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.

7.2 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.

7.3 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) 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.

4) Equipment is depreciated over the estimated life of the asset.

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

8. Intangible Assets

8.1 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.

8.2 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'.

8.3 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.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software	5 years
Software Licences	5 years

9. Leasing

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.

10. 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.

11. 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 SGH&SCD. 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 SGH&SCD.

12. 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.

13. 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 four 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 2012, 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.

14. 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.

15. 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.

16. Value Added Tax (VAT)

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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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 31st March 2015 for Clinical and Medical negligence costs and dilapidations.

Clinical and Medical Negligence Claims

The method for calculating the Clinical and Medical negligence costs provision is outlined in accounting policy number 14.

Dilapidations

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.

Equal Pay claims

Based on information provided by SGH&SCD, it is judged that it is not possible to provide any financial quantification for claims received under the Equal Pay Act 1970, therefore this is disclosed, at Note 19, as an unquantifiable contingent liability.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

STAFF NUMBERS AND COSTS

Note 2a

STAFF COSTS

2014 £'000		Exec Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other £'000	Outward Secondees £'000	Total £'000
34,648	Salaries and Wages	439	103	34,702	0	53	(277)	35,020
2,668	Social Security Costs	52	3	2,523	0	0	(20)	2,558
3,964	NHS scheme employers' costs	59	0	4,053	0	0	(32)	4,080
0	Other employers' pension costs	0	0	0	0	0	0	0
426	Inward secondees	0	0	0	246	0	0	246
1,126	Agency Staff	0	0	0	584	0	0	584
<u>42,832</u>		<u>550</u>	<u>106</u>	<u>41,278</u>	<u>830</u>	<u>53</u>	<u>(329)</u>	<u>42,488</u>
21	Compensation for the loss of office	0	0	0	0	0	0	0
0	Pensions to former staff members	0	0	0	0	0	0	0
<u>42,853</u>	Total	<u>550</u>	<u>106</u>	<u>41,278</u>	<u>830</u>	<u>53</u>	<u>(329)</u>	<u>42,488</u>

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 (2013/14 £NIL). Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the Scheme are shown in Note 24.

2014 ANNUAL MEAN WTE	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN WTE
168.30	Administration	161.80
833.73	Hospital and Community Services	864.50
5.7	Inward secondees	2.9
18.1	Agency staff	25.8
(4.6)	Outward secondees	(5.8)
<u>1,021.1</u>	Total Average Staff	<u>1,049.2</u>
<u>214.7</u>	Disabled Staff	<u>193.0</u>

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 31ST MARCH 2015

HIGHER PAID EMPLOYEES' REMUNERATION

Note 2b

2014 Number	Other employees whose remuneration fell within the following ranges	2015 Number
	Clinicians	
64	£ 50,000 to £ 60,000	56
6	£ 60,001 to £ 70,000	5
0	£ 70,001 to £ 80,000	2
1	£ 80,001 to £ 90,000	1
2	£ 90,001 to £100,000	2
1	£110,001 to £120,000	1
1	£170,001 to £180,000	1

2014 Number	Others	2015 Number
	16	
9	£ 60,001 to £ 70,000	9
1	£ 70,001 to £ 80,000	4
3	£ 80,001 to £ 90,000	4
1	£ 90,001 to £100,000	1
1	£110,001 to £120,000	1

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2015

OTHER OPERATING COSTS

Note 3

2014 £'000		Note	£'000	£'000
	Expenditure not paid in cash			
1,280	Depreciation	11	847	
328	Amortisation	10	201	
210	Impairments on property, plant & equipment charged to SOCNE	11	6	
1,818	Total Expenditure not paid in cash	CFS		1,054
	Interest Payable			
5	Bank and other interest payable		3	
5	Total			3
	Statutory Audit			
57	External Auditor's remuneration and expenses			38
	During the year the Board purchased the following non-audit services from its external and internal auditors:			
136	PricewaterhouseCoopers – programme management for Future Programme			0
136				0

HOSPITAL AND COMMUNITY HEALTH SERVICES

Note 4

2014 £'000	BY PROVIDER		£'000
32,864	Treatment in Board area of NHSScotland Patients		33,990
5,527	Other NHS Scotland Bodies		6,478
38,391	Total of NHSScotland Patients		40,468
38,391	Total Hospital and Community Health Services	SOCNE	40,468

FAMILY HEALTH SERVICE EXPENDITURE

Note 5

NHS 24 has no Family Health Service Expenditure.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

ADMINISTRATION COSTS

Note 6

2014 £'000		£'000
663	Board Members' Remuneration*	656
154	Administration of Board Meetings and Committees	162
134	Corporate Governance and Statutory Reporting	114
747	Public Relations**	881
36,256	Other***	29,031
37,954	Total administration costs	SOCNE 30,844

*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 NI contributions as appropriate.

**The majority of the spend categorised as Public Relations relates to national advertising campaigns managed by NHS 24 covering the Winter and Easter periods.

*** Others comprise the following:-

£'000		£'000
1,683	Earmarked SGH&SCD-funded projects	1,668
6,914	Software Developments, Licences and Maintenance	4,875
6,064	Directorate Staff costs	6,479
1,791	Telecommunications	2,278
211	Training and Recruitment	243
1,818	Depreciation and Impairment charges	1,054
3,247	Property Running Costs	3,118
0	Marketing, Advertising and Media Buying**	0
13,169	Future Programme	8,233
278	External Administration Services	292
1,081	Miscellaneous	791
36,256	Total Other	29,031

NHS 24 has a unique position 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. During the 2014/15 financial year there was significant also expenditure incurred on the Future Programme.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

OTHER NON-CLINICAL SERVICES

Note 7

2014 £'000		£'000
292	Compensation payments – Clinical	89
(10)	Compensation payments – Other	(4)
21	Pension enhancement and redundancy	0
303	Total Other Non Clinical Services	85
		SOCNE

OPERATING INCOME

Note 8

2014 £'000		£'000
	HCH Income	
20	SGH&SCD	14
1,330	NHS Scotland Bodies	2,137
	Non-NHS	
1,163	Other HCH Income	1,184
2,513	Total HCH Income	3,335
	Administration Income	167
	Other Operating Income	
125	Contributions in respect of Clinical / Medical Negligence Claims	(95)
52	Other Income	47
177	Total Other Operating Income	(48)
2,733	Total Income	3,454
1,330	Of the above, the amount derived from NHS bodies is	2,137

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

ANALYSIS OF CAPITAL EXPENDITURE

Note 9

2014 £'000		Note	£'000
	EXPENDITURE		
26	Acquisition of Intangible Assets	10	0
<u>202</u>	Acquisition of Property, plant and equipment	11	<u>283</u>
<u>228</u>	Gross Capital Expenditure		<u>283</u>
	INCOME		
<u>0</u>	Capital income		<u>0</u>
<u>228</u>	Net Capital Expenditure		<u>283</u>
	SUMMARY OF CAPITAL RESOURCE OUTTURN		
	Core capital expenditure included above		283
	Core Capital Resource Limit		<u>300</u>
	Saving / (excess) against Core Capital Resource Limit		<u>17</u>
228	Total capital expenditure		283
<u>300</u>	Total Capital Resource Limit		<u>300</u>
<u>72</u>	Saving / (excess) against Total Capital Resource Limit		<u>17</u>

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INTANGIBLE ASSETS

Note 10

FOR THE YEAR ENDED 31ST MARCH 2015

	Software Licences £'000	Information Technology Software £'000	Total £'000
Cost or valuation – at 1 April 2014	734	1,746	2,480
Transfers	(434)	434	0
As at 31 March 2015	300	2,180	2,480
Amortisation			
As at 1 April 2014	289	1,686	1,975
Provided during the year	10	191	201
As at 31 March 2015	299	1,877	2,176
Net Book Value at 1st April 2014	445	60	505
Net Book Value at 31st March 2015	1	303	304

PRIOR YEAR

	Software Licences £'000	Information Technology Software £'000	Total £'000
Cost or valuation – at 1 April 2013	734	1,621	2,355
Additions	0	26	26
Transfers	0	99	99
As at 31 March 2014	734	1,746	2,480
Amortisation			
As at 1 April 2013	249	1,398	1,647
Provided during the year	40	288	328
As at 31 March 2014	289	1,686	1,975
Net Book Value at 1st April 2013	485	223	708
Net Book Value at 31st March 2014	445	60	505

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2015

PROPERTY, PLANT & EQUIPMENT (PURCHASED ASSETS)

Note 11a

Note	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation – at 1 April 2014	139	10,325	4,120	147	14,731
Additions	29	0	0	254	283
Transfers	137	0	0	(137)	0
Impairment Charge	0	(1,914)	(43)	0	(1,957)
As at 31 March 2015	305	8,411	4,077	264	13,057
Depreciation					
As at 1 April 2014	5	8,252	3,597	0	11,854
Provided during the year	28	675	144	0	847
Impairment Charge	0	(1,908)	(43)	0	(1,951)
As at 31 March 2015	33	7,019	3,698	0	10,750
Net Book Value at 1st April 2014	134	2,073	523	147	2,877
Net Book Value at 31st March 2015	272	1,392	379	264	2,307
Asset Financing:					
Owned	272	1,392	379	264	2,307
Net Book Value at 31st March 2015	272	1,392	379	264	2,307

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 or Transport Equipment.

PRIOR YEAR

Note	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation – at 1 April 2013	0	9,988	4,120	730	14,838
Addition	65	0	0	137	202
Transfers	74	337	0	(510)	(99)
Impairment Charge	0	0	0	(210)	(210)
As at 31 March 2014	139	10,325	4,120	147	14,731
Depreciation					
As at 1 April 2013	0	7,267	3,307	0	10,574
Provided during the year	5	985	290	0	1,280
As at 31 March 2014	5	8,252	3,597	0	11,854
Net Book Value at 1st April 2013	0	2,721	813	730	4,264
Net Book Value at 31st March 2014	134	2,073	523	147	2,877
Asset Financing:					
Owned	134	2,073	523	147	2,877
Net Book Value at 31st March 2014	134	2,073	523	147	2,877

PROPERTY, PLANT & EQUIPMENT (DONATED ASSETS)**Note 11b**

NHS 24 holds no Donated Assets.

ASSETS HELD FOR SALE**Note 11c**

NHS 24 does not have any assets held for sale as at 31st March 2015

PROPERTY, PLANT & EQUIPMENT DISCLOSURES**Note 11d**

2014 £'000		Note	£'000
	Net book value of tangible fixed assets at 31 March		
2,877	Purchased	11a	2,307
<u>0</u>	Donated	11b	<u>0</u>
<u>2,877</u>	Total	BS	<u>2,307</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.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2015

INVENTORIES

Note 12

FOR THE YEAR ENDED 31st MARCH 2015

NHS 24 has no inventory at 31st March 2015 (2014 - £NIL).

TRADE AND OTHER RECEIVABLES

Note 13

2014 £'000		Note	£'000
	Receivables due within one year		
	NHS Scotland		
0	- SGH&SCD		42
118	- Boards		380
<u>118</u>	Total NHS Scotland Receivables		<u>422</u>
1,157	VAT Recoverable		974
524	Prepayments		567
0	Accrued Income		80
265	Other Receivables		50
650	Reimbursement of Provisions		555
<u>2,714</u>	Total Receivables due within one year	BS	<u>2,648</u>
<u>2,714</u>	TOTAL RECEIVABLES		<u>2,648</u>
2	The total receivables figure above includes a provision for bad debts of :		2
	WGA Classification		
118	NHSScotland		380
1,157	Central Government Bodies		1,016
1,439	Balances with bodies external to Government		1,252
<u>2,714</u>	Total		<u>2,648</u>

2014 £'000		£'000
	Movements on the provision for impairment of receivables are as follows:	
3	At 1 April	2
1	Provision for debtors impairment	0
(2)	Receivables written off during the year as uncollectable	0
0	Unused amounts reversed	0
<u>2</u>	At 31 March	<u>2</u>

As of 31 March 2015, receivables with a carrying value of £2k (2014: £2k) were impaired and provided for. The amount of the provision was £2k (2014:£2k). The ageing of these receivables is as follows:

2014 £'000		£'000
0	3 to 6 months past due	0
2	Over 6 months past due	2
<u>2</u>		<u>2</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 2015, receivables of carrying value of £448k (2014: £14k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

2014		£'000
2	Up to 3 months past due	436
0	3 to 6 months past due	0
<u>12</u>	Over 6 months past due	<u>12</u>
<u>14</u>		<u>448</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;

2014		£'000
156	Counterparties with external credit ratings	0
<u>156</u>	Existing customers with no defaults in the past	<u>0</u>
	Total neither past due or impaired	<u>0</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.

2014		£'000
2,714	The carrying amount of receivables are denominated in the following currencies:	2,648
<u>2,714</u>	Pounds	<u>2,648</u>

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

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

AVAILABLE FOR SALE FINANCIAL ASSETS

Note 14

NHS 24 holds no available for sale financial assets.

CASH AND CASH EQUIVALENTS

Note 15

	Note	At 01/04/14 £'000	Cash Flow £'000	At 31/03/15 £'000
Government Banking Service Account Balance		1,241	(614)	627
Cash at Bank and in Hand		30	(1)	29
Total Cash and Cash Equivalents – Balance Sheet	BS	1,271	(615)	656
Overdrafts	16	0	0	0
Total Cash – Cash Flow Statement		1,271	(615)	656

	Note	At 01/04/13 £'000	Cash Flow £'000	At 31/03/14 £'000
Government Banking Service Account Balance		511	730	1,241
Cash at Bank and in Hand		15	15	30
Total Cash and Cash Equivalents – Balance Sheet	BS	526	745	1,271
Overdrafts	16	0	0	0
Total Cash – Cash Flow Statement		526	745	1,271

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

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2015

TRADE AND OTHER PAYABLES

Note 16

2014 £'000		Note	£'000
	Payables due within one year		
	NHSScotland		
682	Boards		618
<u>682</u>	Total NHSScotland Payables		<u>618</u>
1,464	General Fund Payable		656
5,780	Accruals		8,335
439	Deferred income		728
721	Income tax and social security		762
558	Superannuation		588
152	Holiday Pay Accrual		163
27	Other payables		27
<u>9,823</u>	Total Payables due within one year	BS	<u>11,877</u>
<u>9,823</u>	TOTAL PAYABLES		<u>11,877</u>
	WGA Classification		
682	NHSScotland		618
1,279	Central Government Bodies		1,350
7,862	Balances with bodies external to Government		9,909
<u>9,823</u>	Total		<u>11,877</u>
	The carrying amount of payables are denominated in the following currencies		
2014 £'000			£'000
9,823	Pounds		11,877
<u>9,823</u>	Total		<u>11,877</u>

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

PROVISIONS

Note 17

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
At 1 April 2014	0	745	588	1,167	2,500
Arising during the year	0	120	85	31	236
Utilised during the year	0	0	0	(152)	(152)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	(185)	0	(800)	(985)
At 31 March 2015	0	680	673	246	1,599

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	Participation in CNORIS £'000	Other £'000	Total £'000
Payable in one year	0	680	397	0	1,077
Payable between 2 – 5 years	0	0	276	246	522
Payable between 6 – 10 years	0	0	0	0	0
Thereafter	0	0	0	0	0
At 31 March 2015	0	680	673	246	1,599

Provisions – Prior Year

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
At 1 April 2013	0	605	306	289	1,200
Arising during the year	0	145	282	878	1,305
Utilised during the year	0	(5)	0	0	(5)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	0	0	0	0
At 31 March 2014	0	745	588	1,167	2,500

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	Participation in CNORIS £'000	Other £'000	Total £'000
Payable in one year	0	745	347	800	1,892
Payable between 2 – 5 years	0	0	241	367	608
Payable between 6 – 10 years	0	0	0	0	0
Thereafter	0	0	0	0	0
At 31 March 2014	0	745	588	1,167	2,500

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 2.8% in real terms. NHS 24 currently has no such cases.

Clinical & Medical

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

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.

Participation in CNORIS

CNORIS is a risk transfer and financing scheme for NHSScotland. NHS 24 now holds a provision which relates to the recognition of the Board's respective share of the total liability of NHSScotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office.

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 31ST MARCH 2015

CLINICAL NEGLIGENCE AND OTHER RISKS IDEMNITY SCHEME (CNORIS) Note 17b

2014 £'000		Note	2015 £'000
745	Provision recognising individual claims against the NHS Board as at 31 March	17	680
(650)	Associated CNORIS receivable at 31 March	13	(555)
588	Provision recognising NHS Board's liability from participating in the scheme as at 31 March	17	673
683 Net Total Provision relating to CNORIS At 31 March 2015			798

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

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

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

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

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

MOVEMENT ON WORKING CAPITAL BALANCES

Note 18

2014 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	Net Movement £'000
TRADE AND OTHER RECEIVABLES					
1,856	Due within one year	13	2,714	2,648	
0	Due after more than one year	13	0	0	
			2,714	2,648	
			2,714	2,648	
1,856	Net Decrease/(Increase)				66
TRADE AND OTHER PAYABLES					
2,490	Due within one year	16	9,823	11,877	
(20)	Less: Capital included in above		(95)	(191)	
(938)	Less: General Fund Creditor included in above	16	(1,464)	(656)	
			8,264	11,030	
1,532	Net (Decrease)/Increase				2,766
PROVISIONS					
1,300	Balance Sheet	17	2,500	1,599	
1,300	Net (Decrease)/Increase				(901)
4,688	NET MOVEMENT (Decrease)/Increase				1,931

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

CONTINGENT LIABILITIES

Note 19

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

2014 £'000		Value £'000
900	Clinical and medical compensation payments	1,610
900	TOTAL CONTINGENT LIABILITIES	1,610

CONTINGENT ASSETS

2014 £'000		Value £'000
725	Clinical and medical compensation payments	1,390
725	TOTAL CONTINGENT ASSETS	1,390

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 £1,610,000 has been recognised in respect of these claims.

A contingent asset of £1,390,000 has also been recognised representing the monies that are recoverable from CNORIS in respect of the claims.

Equal Pay

NHS 24 currently has 4 claims that have been lodged with the Employment Tribunal under the Equal Pay Act 1970 mainly from women seeking compensation for past inequalities with male colleagues, under their pay arrangements. In the past year no claims have been withdrawn by claimants.

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.

The current position and recent developments are summarised below.

Claimant Information

Work is ongoing to ensure that there is consistency in relation to the data that is held on the CLO data, and that held by the claimants' representatives, and the Employment Tribunal. Until this exercise is concluded it is not possible to accurately advise of the number of live claims.

Comparator Information

Named comparators have still not been identified. Work is still ongoing by both claimants and respondents in this regard. In a significant number of cases the term/terms that is/are said to breach the equality clause has/have not been identified. Work is however being planned in order to capture the information necessary to progress claims once the terms have been identified.

Summary

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 is not possible to quantify.

POST BALANCE SHEET EVENTS

Note 20

Following a process of mediation on 3rd and 4th June 2015, NHS 24 has resolved a contractual dispute with a third party supplier. The remaining obligations on NHS 24 following this resolution have now been reflected in the annual report and accounts.

COMMITMENTS

Note 21

		Property, plant and equipment £'000	Total £'000
2014	Capital Commitments		
£'000	The Board has the following Capital Commitments which have not been provided for in the accounts		
	Authorised but not Contracted		
0	Energy Reduction schemes	10	10
0	Accommodation Review	113	113
0	Air Conditioning replacement	100	100
0	Gas Detection system	25	25
0	Total	248	248

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2015

COMMITMENTS UNDER LEASES

Note 22

2014 £'000	Operating Leases	£'000
	Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	
	Obligations under operating leases comprise:	
	Buildings	
1,964	Not later than one year	1,659
1,964	Later than one year, not later than two years	1,659
4,492	Later than two years, not later than five years	3,756
4,627	Later than five years	3,630
	Other	
67	Not later than one year	74
48	Later than one year, not later than two years	37
15	Later than two years, not later than five years	17
	Amounts charged to Operating Costs in the year were:	
119	Hire of equipment (including vehicles)	107
<u>1,398</u>	Other operating leases	<u>1,279</u>
<u>1,517</u>	Total	<u>1,386</u>

COMMITMENTS UNDER PFI CONTRACTS

Note 23

NHS 24 has no commitments under PFI Contracts.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2014

PENSION COSTS

Note 24

NHS 24 participates in the NHS Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

NHS 24 has no liability for other employers obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NHS 24 is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2015 will be 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay. At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate.

The total employer contributions received for the NHS Scotland scheme in the year to 31 March 2014 were £640.5 million. NHS 24's level of participation in the scheme is 0.6% based on the proportion of employer contributions paid in 2013-14.

For the current year, normal employer contributions of £3.996m were payable to the SPPA (prior year £3.932m) at the rate of 13.5% (prior year: 13.5%) of total pensionable salaries.

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.

	2014/15	2013/14
	£'000	£'000
Pension cost charge for the year	3,996	3,932
Additional costs arising from early retirement	0	0
Provisions/ Pre-payments included in the Balance Sheet	0	0

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2015

EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Note 25

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

Adj Ref	Narrative	Dr £000	Cr £000
Adj 1	General Fund - SOCTE (Op balance 13/14 with position at 31/3/13)	306	
Adj 1	Provisions - note 17 (op 13/14 with position at 31/3/13)		306

The opening general fund balance for 2013/14 has been reduced by £306k. This amount represents the Board's share of the total liability of NHSScotland as at 31 March 2013 as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. This amount is also recognised at note 17.

Adj Ref	Narrative	Dr £000	Cr £000
Adj 2	Compensation payments – clinical – note 7	292	
Adj 2	Compensation payments – non clinical – note 7		10
Adj 2	Provisions – note 17		282

Retrospective Restatement

A retrospective restatement has been recognised in these Accounts arising from the changes to the accounting treatment for CNORIS as set out at Notes 1, section 3, and 17b.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

RESTATED SOCNE

Note 26a

	Previous Accounts £'000	Adjustment 1 £'000	Adjustment 2 £'000	These Accounts £'000
Clinical Services Costs				
Hospital and Community	38,391	0	0	38,391
Less: Hospital and Community Income	2,513	0	0	2,513
Total Clinical Services Costs	35,878	0	0	35,878
Administration Costs	37,954	0	0	37,954
Less: Administration Income	43	0	0	43
Other Non Clinical Services	21	0	282	303
Less: Other Operating Income	177	0	0	177
Net Operating Costs	73,633	0	282	73,915

RESTATED BALANCE SHEET

Note 26b

	Previous Accounts £'000	Adjustment 1 £'000	Adjustment 2 £'000	These Accounts £'000
Non-current assets				
Property, plant and equipment	2,877	0	0	2,877
Intangible assets	505	0	0	505
	3,382	0	0	3,382
CURRENT ASSETS				
Trade and other receivables	2,714	0	0	2,714
Cash and cash equivalents	1,271	0	0	1,271
	3,985	0	0	3,985
TOTAL ASSETS	7,367	0	0	7,367
CURRENT LIABILITIES				
Provisions	(1,545)	(306)	(282)	(2,133)
Trade and other payables	(9,823)	0	0	(9,823)
TOTAL CURRENT LIABILITIES	(11,368)	(306)	(282)	(11,956)
NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES	(4,001)	(306)	(282)	(4,589)
Non-current liabilities				
Provisions	(367)	0	0	(367)
Total non-current liabilities	(367)	0	0	(367)
Assets less liabilities	(4,368)	(306)	(282)	(4,956)
TAXPAYERS' EQUITY				
General Fund	(4,369)	(306)	(282)	(4,957)
Revaluation Reserve	1	0	0	1
Total taxpayers' equity	(4,368)	(306)	(282)	(4,956)

RESTATED CASH FLOW STATEMENT

Note 26c

	Previous Accounts £'000	Adjustment 1 £'000	Adjustment 2 £'000	These Accounts £'000
Cash flows from operating activities				
Net operating cost	(73,633)	0	(282)	(73,915)
Adjustments for non-cash transactions	1,818	0	0	1,818
Add back: interest payable recognised in net operating cost	5			5
(Increase) / decrease in trade and other receivables	1,856			1,856
Increase / (decrease) in trade and other payables	1,532			1,532
Increase / (decrease) in provisions	1,018	0	282	1,300
Net cash outflow from operating activities	(67,404)	0	0	(67,404)
Cash flows from investing activities				
Purchase of property, plant and equipment	(182)	0	0	(182)
Purchase of intangible assets	(26)	0	0	(26)
Net cash outflow from investing activities	(208)	0	0	(208)
Cash flows from financing activities				
Funding	67,424	0	0	67,424
Movement in general fund working capital	938	0	0	938
Interest paid	(5)	0	0	(5)
Net Financing	68,357	0	0	68,357
Net Increase / (decrease) in cash and cash equivalents in the period	745	0	0	745
Cash and cash equivalents at the beginning of the period	526	0	0	526
Cash and cash equivalents at the end of the period	1,271	0	0	1,271
Reconciliation of net cash flow to movement in net debt/cash				
Increase/(decrease) in cash in year	745	0	0	745
Net debt/cash at 1 April	526	0	0	526
Net debt/cash at 31 March	1,271	0	0	1,271

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

FINANCIAL INSTRUMENTS

Note 27

27a Financial Instruments by Category

Financial Assets			2015
2014			Loans and
Loans and			Receivables
Receivables	At 31 March	Note	£'000
£'000	Assets per balance sheet		
265	Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	13	172
1,271	Cash and cash equivalents	15	656
<u>1,536</u>	Total		<u>828</u>
Financial Liabilities			2015
2014			Other
Other			Financial
Financial			Liabilities
Liabilities	At 31 March	Note	£'000
£'000	Liabilities per balance sheet		
7,423	Trade and other payables excluding statutory liabilities and superannuation	16	9,181
<u>7,423</u>	Total		<u>9,181</u>

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 a minimum rating of 'A' are accepted.

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

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

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

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2015				
Trade and other payables excluding statutory liabilities	10,497	0	0	0
	10,497	0	0	0

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 March 2014				
Trade and other payables excluding statutory liabilities	8,420	0	0	0
	8,420	0	0	0

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

As at 31st March 2015, NHS 24 has minimal exposure to foreign currency risk.

iii) Price risk

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

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2015

DERIVATIVE FINANCIAL INSTRUMENTS

Note 28

NHS 24 had no derivative financial instruments in 2013/14 and 2014/15.

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.

SEGMENTAL INFORMATION

Note 30

	Clinical £'000	Corporate £'000	2015 £'000
Net operating cost	41,981	25,962	67,943

PRIOR YEAR

	Clinical £'000	Corporate £'000	2014 £'000
Net operating cost	40,802	33,113	73,915

THIRD PARTY ASSETS

Note 31

NHS 24 does not have any third party assets.

EXIT PACKAGES

Note 32

NHS 24 had no exit packages during 2014/15. There was one case of voluntary redundancy during 2013/14 at a cost of £21,000.



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 (FReM) which is in force for the year for which the statement of accounts are prepared.**
- 3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.**
- 4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.**
- 5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.**

Signed by the authority of the Scottish Ministers

Dated: 10/02/06