



ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2018

NHS 24

ANNUAL REPORT, ACCOUNTS and NOTES for the year ended 31 MARCH 2018

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NHS 24

ANNUAL REPORT, ACCOUNTS and NOTES for the year ended 31 MARCH 2018

ANNUAL REPORT

A. THE PERFORMANCE REPORT

This Performance Report, which is part of the Annual Report and Accounts is designed to provide information on NHS 24, particularly its main objectives, strategies and principal risks. The purpose of the Overview section is to provide the reader with a short summary of sufficient information to understand NHS 24, our purpose, the key risks to the achievement of our objectives and our main performance during the year. The Performance Report has been prepared in accordance with the government Financial Reporting Manual and complies with best practice.

Statement from the Chief Executive

Although this was a challenging year for NHS 24, a significant milestone was achieved with the full implementation of the new technology infrastructure and applications in October 2017. Despite the expected technical and operational challenges from this national implementation, patient safety and organisational delivery were maintained throughout the year.

Service access levels were challenging particularly during the last 6 months of 2017/18, however NHS 24 achieved or exceeded 15 of the 19 key performance measures during 2017/18.

NHS 24 successfully met all its statutory financial targets for the year and a further £1.074 million of brokerage was repaid in the 2017/18 financial year.

The Board also approved a new strategy for the organisation in June 2017, which was supported by the approval of the NHS 24 Strategic Development Programme Business Case. The aim of the strategy and the underpinning business case is to propose enhanced, co-designed capacity and capability within NHS 24 to support the delivery National Health and Social Care Delivery Plan.

1. Overview

In 2017/18, NHS 24 delivered a range of person centred, safe and effective services to the people of Scotland.

NHS 24 was established in April 2001, under the National Health Service (Scotland) Act 1978, and is responsible for the delivery of clinical assessment and triage, health advice and information by telephone and online services to the population of Scotland 24 hours a day, 365 days a year.

NHS 24 is also Scotland's provider of a national telehealth service. Specifically, the role of NHS 24 is to:

- triage calls, assess patients' symptoms and refer patients to the most appropriate healthcare professional within an appropriate timescale based on clinical need;
- work in partnership with local health services provided by NHS Boards, NHS staff organisations and local communities through integration with other parts of the NHS - in particular, the Primary Care Out-of-Hours Services provided by NHS Boards throughout

Scotland, the Scottish Ambulance Service and the Acute Hospitals' Accident and Emergency Departments;

- support the prevention and health improvement agenda across Scotland by working in partnership with local NHS Boards and Integration Joint Boards to provide added value services where and, when required, utilising the IT telephony and infrastructure to benefit patients 24 hours a day.

NHS 24 services are delivered across a range of channels including telephone, online, web chat, text, email and social media, on a "Once for Scotland" basis to complement the face to face delivering of NHS Scotland's health and care services.

NHS 24 works collaboratively with NHS Scotland, Social Care, Voluntary and Independent sectors to ensure that organisational capability is appropriately focussed on supporting and delivering high quality and person centred services. NHS 24 also routinely engages with patient and public representatives through a range of forums to monitor service performance and to ensure patient and public views are reflected in all that we do.

The organisation also consistently supports the NHS Scotland 2020 Workforce Vision and promotes the NHS Scotland Values in all our work.

Key Risks and Issues in 2017/18

The increasing demand for services experienced nationally during 2017/18 challenged services across NHS Scotland particularly during the winter period. This was also particularly acute during the severe weather incident in February 2018. Whilst this was a challenging period, NHS 24 worked collaboratively with partners to minimise the impact across the service and continued to deliver a safe and effective service to patients across the year. This issue impacted elements of service performance, specifically in relation to speed of access to the service however all of the clinical KPIs were met consistently throughout the year.

To further develop and support the future sustainability of our services, a full review of workforce planning assumptions commenced in 2017/18 and a significant investment in front line staffing across both 2017/18 and 2018/19 has been approved. A broader exercise has also commenced to review the current shift patterns and staffing levels, this review will continue into 2018/19 and make recommendations in that year. Thereafter we will continue to work in partnership with Staff Side and our people to determine an appropriate implementation plan to deliver any changes agreed.

There were significant operational and financial challenges arising from the revised, phased implementation of the new technology infrastructure and applications. A robust re-planning exercise was completed in partnership with our partners, our people and Staff Side and in September 2016, NHS 24 delivered the first phase of the new telephony solution to scheduled care services. In May 2017, NHS 24 progressed the implementation to deliver the full SAP solution, within a Model Office environment, with NHS Ayrshire and Arran. The final phase of the implementation was successful and completed in full in October 2017. We are continuing to work through some technical and operational issues to fully embed and further refine the system and our processes. Despite the challenges which are to be expected with an implementation of this scale, patient safety and organisational delivery were maintained throughout the year. The staff of NHS 24 have been instrumental in ensuring the successful delivery of this change.

Significant progress has also been made in developing new direct contracts with both our key suppliers for the technology infrastructure and applications. The Board anticipate these contracts will be finalised by the end of May 2018.

Strategy and Collaboration

The Board approved a new strategy in June 2017. This was supported, also in June 2017, with the Board approval of the NHS 24 Strategic Development Programme Business case. The overarching

aim of the strategy is to create capacity and capability within NHS 24 to support NHS Scotland in managing the ever increasing demands for healthcare services by offering a number of additional routes to access services. This offer from NHS 24 will broaden the choices and channels for service access for the public and patients in a cost effective way.

The organisation has also been working with the other National Boards during 2017/18 to develop a Collaborative Proposal to support the delivery of the National Health and Social Care Delivery Plan aims. This will integrate with and support the Regional Plans being developed across the territorial NHS Boards.

The NHS Scotland national boards provide services where improved quality, value and efficiency is best achieved through a national approach. Working more closely together and with our key partners in the Scottish Government, territorial boards, regions and integration joint boards (IJBs) will support the transformational change required to improve services and strengthen leadership to protect and improve Scotland's health and reduce demand on services.

The NHS 24 contribution to the collaborative proposal is fully in line with the NHS 24 Strategy aims and objectives.

Service Transformation Programme

NHS 24 worked collaboratively with East Lothian Health & Social Care Partnership and NHS Lanarkshire during 2017/18 and introduced an In-hours GP Triage service model for a number of GP practices. This test of change reduces pressure on local GP time and also helps to signpost people calling their GP Practice for a GP appointment to information on self-care and pharmacy support where that is more appropriate for their specific needs. A Service Improvement Plan is being developed to support the sustainability and scalability of this service model. A formal evaluation of the effectiveness of the service will be completed by May 2018.

During 2017/18 NHS 24 began to implement an advanced clinical support model which includes sessional support from GPs and the introduction of Advanced Nurse Practitioner roles within the 111 service. The purpose of this initiative is to determine the effectiveness of a senior clinician operating within the 111 service to help reduce referrals to local urgent care services. A formal evaluation of the effectiveness of this initiative will be completed in 2018/19.

NHS 24 commenced a redesign of its current mental health service provision in order to determine how best to support both the needs of those who use our services, and our partners, as well as aligning with the commitments of the Mental Health Strategy. This work is in the early stages and will make recommendations during 2018/19.

During 2017/18 NHS 24 completed a Digital Transformation Service review which recommended the integration of our Health Information Service and the Scottish Centre for Telehealth and Telecare to create a single digital function. This integration will complete during 2018/19. Work has also progressed during 2017/18 to develop a Digital Strategy for NHS 24. The integration of the two services will support the effective delivery of the aims and objectives agreed in the Digital Strategy.

2. Performance Analysis

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)	72,434	72,404	30	0.04
Of which:				
Core Revenue Resource Limit	71,707	71,677	30	0.04
Non-Core Revenue Resource Limit	727	727	0	0.00
Capital Resource Limit (CRL)	384	383	1	0.26
Of which:				
Core Capital Resource Limit	384	383	1	0.26
Cash Requirement	72,680	72,680	0	0

The first two limits have been split between core and non-core elements. This has been done to recognise how the Board is funded. In simple terms, the Board's day-to-day running costs are covered by 'core' funding. The Board also has to recognise other expenditure in its accounts which is determined by applying accounting standards, and the Scottish Government provides 'non-core' funding for this expenditure. Examples of 'non-core' expenditure are depreciation, other provisions, and impairment charges (where the value of an asset has been written down).

MEMORANDUM FOR IN-YEAR OUTTURN

	2017 £'000
Brought forward deficit / (surplus) from previous financial year	<u>(76)</u>
Saving / (excess) against in-year Revenue Resource Limit	<u>(46)</u>

The Board delivered an underspend of £0.076 million against its RRL in 2016/17. There was an underspend of £0.030 million against RRL in 2017/18. The £0.076 million underspend from 2016/17 was carried forward and added to the NHS 24 RRL for 2017/18, which means there was an excess against the in-year RRL in 2017/18 of £0.046 million.

Comments on the RRL

During 2017/18, NHS 24 reported an underspend of £0.030 million against the budgeted RRL of £72.434 million (£71.707 million core and £0.727 million non-core). Of the £72.434 million received in year, a total of £1.015 million related to earmarked recurrent funding.

Of the earmarked funding, significant allocations were provided for European Engagement, eHealth and the Winter & Easter campaigns.

Comments on the CRL

During 2017/18, the capital expenditure for NHS 24 was £0.383 million. This represents a £0.001 million underspend against the Capital Resource Limit allocation of £0.384 million.

Following discussion with SGH&SCD, specific funding was allocated for a new Air Conditioning system at Norseman House and for an IT Exchange Upgrade. The remainder of the capital purchases made by NHS 24 during 2017/18 were on facilities schemes to improve the working environment within NHS 24.

NHS 24 was able to recognise capital income associated with the disposal of items of property, plant and equipment, which effectively reduced the level of capital expenditure.

Financial brokerage

Following submission of a Full Business Case in December 2011, it was agreed that NHS 24 would receive financial brokerage to support the implementation phase of the Strategic Frontline Applications (SFLA) programme, now referred to as the NHS 24 Organisational Improvement 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, £1.050 million in 2016/17 and a further £1.074 million in the 2017/18 financial year.

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.

Statement on Regularity

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.

Performance against key non-financial targets

During 2017/18, focus has remained on maximising efficiency and effectiveness in order to improve performance across all areas of frontline operations.

NHS 24 achieved or exceeded 15 of the 19 key performance measures during 2017/18, including the financial targets.

Service access levels were challenging particularly during the last 6 months of 2017/18, however clinical performance remained strong. NHS 24 also continuously improved the range of services for citizens accessing our core 111 through improvements to information services and self-care advice to better support the wider health and care system and improve the patient experience.

In line with SGH&SCD guidance, the Board developed a Local Delivery Plan for 2017/18 and received reports at each meeting on progress against the targets. Performance against each of the targets for 2017/18 is noted in the table, below.

The key performance measures are developed to support delivery of the NHS 24 strategy and LDP key performance indicators. Effective monitoring of performance ensures robust governance and decision-making in line with corporate objectives. NHS 24 monitors performance on a monthly basis and reports this on an ongoing basis to the Board within a Corporate Performance Report.

SMART OBJECTIVE	PLANNED PERFORMANCE	ACTUAL PERFORMANCE
Commence 98% calls prioritised as P1 within 60 minutes	98.00%	99.8%
Commence 90% of calls prioritised as P2 within 120 minutes	90.00%	99.7%
Respond to an average of 80% of P3 calls within 180 minutes	80.0%	89.7%
NHS 24 will commit to supporting successful Smokeline quits through a 5% referral rate to local Boards.	5.00%	23.2%
Provide at least 30% of patients with self-care advice.	30.00%	34.1%
Convert at least 75% of Category C calls transferred from the SAS to primary care or home care outcomes	75.00%	83.5%
Measured an average of at least a 60% decrease in CBT PHQ-9 scoring	60.00%	61.7%
Measure an annual average of at least a 60% decrease in GAD-7 scoring	60.00%	65.6%
Annual average of 90% Calls to be answered within 30 seconds	90.00%	50.9%
Annual average of 90% GP priority calls responded to within 20 minutes	90.00%	95.9%
Annual average of 90% GP routine calls responded to within 60 minutes	90.00%	92.3%
Maintain 95% of D1 calls responded to within 45 minutes	95.00%	98.3%
Maintain 90% of D3 calls responded to within 180 minutes	90.00%	94.2%
Average of 80% of NHS inform calls answered within 60 seconds	80.00%	91.0%
Answer 90% of Breathing Space Calls in 30 seconds	90.0%	72.3%
Less than 5% of call demand abandoned after threshold	5%	9.2%
90% of complaints are responded to within 20 working days	90%	97%
Operate within Revenue Resource Limit; operate within Capital Resource Limit; meet cash requirement	Meet financial targets	Targets met

Maintain staff attendance at an average of 94.75% throughout 2016/17	94.75%	92.0%
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Performance for the full year 2017/18 remained strong in relation to clinical performance indicators. In addition to the strong performance against the clinical indicators, a further increase in the percentage of patients provided with self-care, up to 34.1% against a target of 30% was achieved. Additionally, 83.5% of cat C calls transferred from SAS were routed effectively to primary care or home care outcomes. This reflects the continued trend towards increased self-management of care and wider system benefits in NHS 24 effectively routing patients to care appropriate to their needs.

Access performance to the core 111 service was below the target of 90% for the year. This was within the context of significant increases in demand felt across the whole of the NHS in Scotland during the winter period and the operational impact, the implementation of the new technology and the significant staff training programme involved. Work continues to further develop and enhance the technology and operational processes following the initial bedding in period. Whilst service access levels are not currently reaching the target there are signs of improvement which will be continuously reviewed and further developed during 2018/19.

Access to Breathing Space was also below the target of 90% for the year. There were specific issues with staffing this service in-year which contributed to the drop in performance which are now resolved and performance is beginning to improve during 2018/19.

Attendance rates also fell below target for the year at 92% against 94.75%. The organisation continued to develop support for staff and managers managing attendance throughout the year. The risk register also records that there is a regular review of absence within the service delivery directorate and monitoring and reporting arrangements are in place.

Environmental and sustainability reporting

The Scottish Government states that sustainable development is integral to its overall purpose and identifies sustainability as one of the high-level targets relating to the Government's purpose. The transformation to a low carbon economy is central to delivering sustainable development in Scotland.

The NHS 24 Sustainable Development Action Plan (SDAP) sets out a clear roadmap for NHS 24's contribution towards the Government's sustainability targets.

The SDAP was submitted to the Scottish Government Health & Social Care Directorates (SGH&SCD) as required by 31 October 2017. The 2017/18 SDAP action, which delivers activity relating to the Boards Sustainability Policy, continues to make good progress in a number of areas.

Carbon Reduction

The replacement of the Air Conditioning plant in Norseman House is estimated to provide £50,000 savings per annum and a reduction of 26% in energy consumption (kWh) and CO2 emissions for Norseman House.

The annual electricity usage for 2017/18 (kWh) has reduced by 9.84% resulting in a 23% CO2 emissions reduction from 2016/17 and costs have reduced by 16.38%.

The gains from this project plus the NHS 24 sites' waste recycling activity means we have achieved our energy consumption (3%) and carbon reduction (1%) targets for 2017/18.

Travel

There has been a significant drop in travel by car over the last 3 years leading to a reduction in CO2 emissions of 15% since 2014/15. The SDAP target to reduce car mileage in 2017/18 to 310,000 miles has been achieved.

Sustainability Development

The focus for NHS 24 during 2018/19 will be to build upon the progress made in previous years by continuing to identify opportunities to reduce carbon emissions and energy usage particularly in Caledonia House and Norseman House. As further opportunities become increasingly challenging, the utilisation of energy monitoring systems will assist in identifying activities to help NHS 24 achieve its annual targets.

The National Sustainability Steering Group have appointed and commissioned Green Business UK to deliver the new Sustainability Assessment Tool. As part of their commission, they are carrying out baseline audits of each Board. NHS 24 will complete an assessment in May 2018.

NHS 24 continues to maintain compliance with relevant environmental legislation through the management of properties in accordance with the NHS Scotland environmental management system, Corporate Green code.

Social community, human rights, anti-corruption and anti-bribery

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

During 2017/18, the Audit & Risk Committee held a bribery and corruption briefing session to ensure that NHS 24's policies are up to date and effective in relation to bribery and corruption.

Approval and signing of the Performance report

The Accounting Officer authorised these financial statements for issue on 21 June 2018.

Signed
Angiolina Foster, Chief Executive

Date

B. THE ACCOUNTABILITY REPORT

1. CORPORATE GOVERNANCE REPORT

a) The Directors' Report

Date of issue

The financial statements were approved by the Board on 21 June 2018.

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed 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 3 years, from 1 April 2014 to 31 March 2017. The contract was extended for a further year to 31 March 2018.

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 **Members of the Board** during the year ended 31 March 2018 were as follows:

Chair	Ms Esther Robertson
Non-Executive Members	Ms Madeline Smith, Vice Chair Dr Juliana Butler Mrs Susan Dunn (to 31 March 2018) Mr John Glennie Mr Michael McCormick Mr John Rae (to 31 March 2018) Mr Graham Revie, Employee Director Mr Albert Tait

Executive Directors appointed by the Minister as Board Members were:

Mrs Angiolina Foster	Chief Executive
Professor George Crooks	Medical Director (to 14 July 2017)
Mrs Margo McGurk	Director of Finance & Performance
Dr Laura Ryan	Interim Medical Director (from 1 September 2017)
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.

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 25 as required by IAS 24.

Pension liabilities

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

Remuneration for non-audit work

There was no remuneration for non-audit work carried out by either Scott-Moncrieff or PricewaterhouseCoopers during 2017/18.

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>

Personal data related incidents reported to the Information Commissioner

There have been no personal data related incidents in NHS 24 reported to the Information Commissioner during 2017/18.

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 2017/18, NHS 24's average credit taken was 27 days (2016/17 - 24 days).
- In 2017/18, NHS 24 paid 49.0% of invoices by value (2016/17 – 44.8%) and 34.2% by volume (2016/17 – 47.6%) within 10 days.
- In 2017/18, NHS 24 paid 76.1% of invoices by value (2016/17 – 80.4%) and 75.0% by volume (2016/17 – 81.2%) within 30 days.

The figures relate only to non-NHS suppliers.

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.

Financial instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 23.

Subject to Audit Opinion

The following elements of the Accountability Report are subject to Scott-Moncrieff's audit opinion:-

- a) Single total figure of remuneration for each minister and director;
- b) CETV disclosures for each minister and director;
- c) Payments to past directors, if relevant;
- d) Payments for loss of office, if relevant;
- e) Fair pay disclosures;
- e) Exit packages, if relevant; and
- f) Analysis of staff costs and numbers.

b) Statement of the Chief Executive's Responsibilities as the Accountable Officer

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 2 March 2016.

c) The Statement of Board Members' responsibilities

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 2018 and of its operating costs for the year then ended. In preparing these accounts, the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for 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 (FRoM) 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.

d) The 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 of the Board

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

The NHS 24 Corporate Governance Framework 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 Framework is reviewed on an ongoing basis with amendments being considered by the Audit and Risk Committee and approved by the NHS 24 Board.

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

Statutory Committees

Clinical Governance Committee;
Audit and Risk Committee;
Staff Governance Committee; and
Remuneration Committee.

Standing Committee

Finance and Performance Committee.

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 Board on their work on an annual basis, which is first reviewed by the Audit and Risk Committee.

Board Effectiveness

The Board examines its own effectiveness in line with current 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. Throughout 2017/18 the Board and the governance committees considered their effectiveness. For the committees this will be referenced in their annual reports to the Audit Committee and the Board.

Every year, the Chair 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 Chair. From these appraisals, Personal Development Plans are prepared and performance against delivery is assessed and monitored.

Some specific activities throughout the year in this area included:

Board consideration in April 2017 of the outputs for the 2016 iMatter report and of areas for action within the plan for 2017/18.

A Board development session on Organisational Development was held in September 2017. The key themes considered by the Board were: Strategy and Culture, Leadership and Management, Workforce including Team Development, Change and Change Management, Communications and Engagement and Learning and Development. The Board also agreed a programme of future work in this area on the Vision and Mission of the organisation, Workforce Design, Staff Engagement and Stakeholder Management. To complement this, the Executive Management Team and Senior Managers across the organisation initiated a Leadership Programme which will support the delivery of a range of improvements associated with this work.

A Board development session in March 2018 focussed on the NHS 24 approach to Quality Improvement across the organisation. The aim of the session was to explore the approaches available to NHS 24 to ensure the delivery of continuously improving high quality services and focuses on utilising the outputs from this work to measure improvements over time.

The Board has ensured 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 which is included in the NHS 24 Financial Crime Action Plan.

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.

The composition and operation of the Board is considered in more detail within the Directors' report, page 9, and the Statement of Board Members' responsibilities on page 13.

Key Areas of Organisational Improvement

A number of important improvement activities were delivered during 2017/18 which reflect the ongoing commitment to continuously improving effectiveness across the whole organisation.

Strengthening Organisational Arrangements and the Executive Management Team

Over the course of 2017/18 NHS 24 had significant focus on preparing for and successfully implementing the final phase of the new technology platform. To this end, there have been a number of interim organisational arrangements put in place to support existing service delivery, and the Organisational Improvement Programme of which the technology project was a key part.

In the last quarter of 2017/18 there has been an investment in time to consider what organisational arrangements are needed going forward to support the development of current services and the implementation of our Strategy.

We have concluded that our senior leadership arrangements need to be stabilised and this requirement has been agreed with the Executive Management Team, the NHS 24 Board and the Scottish Government Sponsor Team. We will deliver this in the context of supporting our values, and developing empowered and accountable leaders at all levels who are able to make decisions on the way our resources are deployed, ensure effective performance and deliver safe and responsive services for patients. We have set out a recruitment programme to ensure that the Executive Team Director posts are all confirmed and in place by the end of June 2018. I expect these revised arrangements will facilitate improved performance internally as well as improvements in our outward focused working with patients and partner bodies. It will be important also to ensure that through this process and in the context of the new arrangements that staff feel valued in an organisation which has clear arrangements for supervision and management that allow staff to be deployed in a way which reflects service demand but allows sufficient flexibility to meet work life balance needs.

NHS 24 Strategy and Strategic Development Programme

The Board approved a new strategy in June 2017. This was supported, also in June 2017, with the Board approval of the NHS 24 Strategic Development Programme Business case. The overarching aim of the strategy is to create capacity and capability within NHS 24 to support NHS Scotland in managing the ever increasing demands for healthcare services by offering a number of additional routes to access services. This offer from NHS 24 will broaden the choices and channels for service access for the public and patients in a cost effective way.

The strategic direction of NHS 24 is outlined in greater detail on page 3 of the Performance Report.

Information Governance

Significant progress was made during 2017/18 in relation to enhancing Information Governance and Security arrangements. A number of key improvements included; preparation for the forthcoming implementation of the EU General Data Protection Regulation (GDPR); the agreement by the Keeper of the Records of Scotland of the Records Management Plan and completion of several areas of policy development.

Internal Audit

The 2017/18 Internal Audit Plan, approved by the Audit & Risk Committee, included a range of reviews on NHS 24's operations. A review of Staff Performance Management included a high risk finding in relation to the NHS 24 performance management arrangements. Progress has been made in relation to this including the introduction of the new Scotland-wide performance management system, Turas Appraisal.

Fraud Prevention

NHS 24 has worked in partnership with Counter Fraud Services during 2017/18 in the proactive management of the risk of fraud. NHS 24 participated in the bi-annual National Fraud Initiative (NFI) data matching exercise to help prevent and detect fraud, overpayments and errors.

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 directors and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas which is supported by an annual statement of assurance from executive directors;
- the views of the Audit & Risk Committee on the effectiveness of the organisation's internal controls arrangements;
- the work of the internal auditors, who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, internal controls and governance processes, together with their recommendations for improvement;
- the work of the external auditors through their annual report;

- the review of performance against key performance and risk indicators;
- the maintenance of an organisation-wide risk register formally reviewed by the Executive Management Team, the Audit and Risk Committee and the full Board; and
- the 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 Local Delivery Plan.

I have taken assurance from the annual statements provided to me by my executive directors and the additional sources noted above. I conclude that appropriate arrangements are in place to address weaknesses identified and to ensure the continuous improvement of the system.

Best Value

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, executive directors and senior managers are encouraged to review, identify and improve the efficiency and effectiveness of resource allocation. Additionally the Finance and Performance Committee provides assurance to the Board that best value is achieved from resource allocation across the organisation including for new service development and investment.

Risk Management

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. NHS 24 aims to manage risk to an acceptable level, in line with the organisation's risk appetite. A 'Risk Management Improvement Plan' was approved in March 2017 which has facilitated significant progress in this area:

- The Board has developed and formally approved a Risk Appetite statement;
- The Executive Management Team has established a Risk and Opportunities Group, which meets quarterly and provides dedicated Executive Management Team time to enhance and promote the appetite for risk in the organisation as a whole. It also allows the Executive Management Team to review an aggregation of risk across NHS 24 on a regular basis and manage risk to an acceptable level, defined by the organisation's risk appetite. The Audit & Risk Committee will provide the monitoring of progress in this area;
- The NHS 24 Operational Risk Management Group (ORMG) continues to provide assurance to the Executive Management Team that the organisation's policies, procedures, processes and related systems are in place and operational for the appropriate management of risks facing the organisation. A workshop has taken place with this group to re-affirm the purpose of the group and to provide challenge and support to the risk management process rather than being responsible for it. The Terms of Reference have also been reviewed and the group has considered areas for development. These included the review of the risk management eLearning package and further development of the reputational and stakeholder engagement risks through a workshop planned for early 2018/19;
- The Risk Leads have engaged within their Directorates in the Strategic Planning Resource Allocation (SPRA) process to ensure that risks in relation to directorate planning are appropriately articulated and managed through an appropriate framework; and
- The Board formally approved the NHS 24 Risk Management Strategy in November 2017. A key focus of the implementation of the strategy will be to engage with staff on the principles of risk management and the mechanisms available to staff to identify a risk. In addition, the NHS 24 values will be linked to the principles of risk management, with the aim to create a risk aware culture.

There is one very high risk on the NHS 24 corporate risk register. This relates to enhancements and changes intended to improve aspects of the new technology. The organisation is working closely with suppliers to prioritise key developments. Some significant improvements have now been delivered and a number of further planned changes are in the process of being implemented. The Board is regularly advised on progress against this importance system development activity.

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:

- Learning from adverse events and sharing the learning across the organisation. A review of the Adverse Event process is underway to ensure that NHS 24 is fully and meaningfully engaging with staff, families and patients and that the legislative implications of the Duty of Candour Act are integrated into the process;
- Implementing the Scottish Patient Safety Programme (SPSP) through monthly patient safety leadership walk-rounds. These are led by the Director of Nursing and Care and include non-executive directors, executive directors, frontline staff and service managers. In addition, NHS 24 is linking with the SPSP arrangements in Primary Care to explore opportunities, which may lead to the development and measurement of additional patient safety measures;
- A review of the management of complaints and patient feedback function was completed and improvements made. There is ongoing activity to integrate patient groups and the Equality and Diversity function into this area of work. NHS 24 has implemented the changes associated with the NHS Scotland Model Complaints Handling procedure, a nationally driven policy change, which commenced on 1 April 2017. This included engagement with management and frontline staff and ensuring operational processes were updated to reflect the new process changes, the new policy is now embedded as business as usual and the focus is now upon greater service user and stakeholder engagement;
- The NHS 24 Clinical Governance and Quality Improvement strategy 2017-2019, which was approved by the Board, is now live. This ensures the current Clinical Governance process remains fit for purpose, assists in the delivery of safe patient care and has a predominant focus on quality improvement. The associated action plan has nine current work streams all of which are assisting in the delivery of the strategy aims and the progress of these are visible through NHS 24 Clinical Governance structures;
- NHS 24 has focused upon continuous quality improvement work and has established work streams to ensure the delivery of consistent quality focused services. Work includes the development of Quality Improvement \ Assurance \ Capability & Capacity groups which ensure NHS 24 applies consistent methodology to improvement and can evidence that identified learning is being completed and that NHS 24 has both the capacity and capability to deliver Quality Improvement now and in the future. Furthermore an organisational Quality Improvement engagement and communication programme is in place to ensure full organisational awareness and application of improvement theory and NHS 24 have commenced internal rapid intervention workshops to deliver improvements to highlighted areas; and
- NHS 24 have been working closely with Healthcare Improvement Scotland with regards to developing a better understanding, from the Board's perspective, on measuring and monitoring of safety within NHS 24 and developing a Resource Escalatory Action Plan (REAP) model to support NHS 24 in describing the service status in a consistent way which allows all key players to understand their roles and responsibilities in delivering safe, effective and person centred care.

Whistle blowing Arrangements

The NHS 24 Board operates a whistle blowing policy which supports staff when they wish to raise an issue or concern. Improvements were made to the arrangements during 2016/17 which included the appointment of a non-executive Board member as the whistle blowing champion with a key role in overseeing this important area of staff engagement.

Disclosures

New Technology Platform Implementation

During 2017/18, regular updates were provided to the NHS 24 Board on the technical and contractual issues and consequent financial implications in relation to the implementation of the new technology platform. The new technology was fully implemented as planned in October 2017. This facilitated the termination of the legacy contracts in January 2018, which provides significantly greater certainty around the NHS 24 financial position both in 2017/18 and going forward.

Significant progress has also been made in developing new direct contracts with both our key suppliers for the technology infrastructure and applications. The Board anticipate these contracts will be finalised by the end of June 2018.

2. REMUNERATION REPORT AND STAFF REPORT

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 Remuneration Committee membership comprises a Non-Executive Director Chair and five Non-Executive Director members (including the Board Chair).

The Committee meets as required, with at least two 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.

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – REMUNERATION TABLE FOR THE YEAR ENDED 31st MARCH 2018

Name	Gross salary (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					
Mrs Angiolina Foster CBE, Chief Executive	135 - 140	-	135 - 140	32.2	165 - 170
Professor George Crooks OBE, Medical Director (Note 1) <i>Full year equivalent</i>	50 – 55 170 - 175	0.0	50 – 55	-	50 – 55
Mrs Margo McGurk, Director of Finance and Performance	105 - 110	8.0	110 – 115	79.7	190 – 195
Dr Laura Ryan, Interim Medical Director (Note 1) <i>Full year equivalent</i>	65 – 70 160 - 165	-	65 - 70	21.2	85 - 90
Mrs Sheena Wright, Director of Nursing & Care	95 – 100	6.4	100 – 105	68.4	170 – 175
NON EXECUTIVE DIRECTORS					
Ms Esther Roberton, Chair	25 - 30	-	25 – 30	-	25 – 30
Ms Madeline Smith, Vice Chair	5 – 10	-	5 – 10	-	5 – 10
Dr Juliana Butler	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 Michael McCormick	5 – 10	-	5 – 10	-	5 – 10
Mr John Rae	5 – 10	-	5 – 10	-	5 – 10
Mr Graham Revie, Employee Director (Note 2)	65 - 70	-	65 - 70	-	65 – 70
Mr Albert Tait OBE	5 - 10	-	5 – 10	-	5 – 10
Total		14.4		201.5	

Note 1 Professor George Crooks left the post of Medical Director on 14 July 2017. Dr Laura Ryan took up the post of Medical Director on an interim basis on 1 September 2017.

Note 2 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. His pensionable earnings in 2017/18 are broadly similar to prior year, which has resulted in minimal movement on his pension benefit in 2017/18.

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – REMUNERATION TABLE FOR THE YEAR ENDED 31ST MARCH 2017

Name	Gross salary (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
EXECUTIVE DIRECTORS					
Mrs Angiolina Foster CBE, Chief Executive (Note 1)	130 - 135	-	130 - 135	33.6	165 - 170
Professor George Crooks OBE, Medical Director	170 - 175	6.2	175 - 180	6.3	180 - 185
Mrs Margo McGurk, Director of Finance and Performance	90 - 95	7.4	95 - 100	45.9	140 - 145
Mrs Sheena Wright, Director of Nursing & Care	90 - 95	5.8	95 - 100	48.6	140 - 145
DIRECTORS					
Mrs Jane McCartney, Director of Human Resources (Note 2) <i>Full year equivalent</i>	45 - 50 75 - 80	1.0	45 - 50	-	45 - 50
NON EXECUTIVE DIRECTORS					
Ms Esther Robertson, Chair	25 - 30	-	25 - 30	-	25 - 30
Ms Madeline Smith, Vice Chair	5 - 10	-	5 - 10	-	5 - 10
Dr Juliana Butler	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 Michael McCormick	5 - 10	-	5 - 10	-	5 - 10
Mr John Rae	5 - 10	-	5 - 10	-	5 - 10
Mr Graham Revie, Employee Director (Note 3)	60 - 65	-	65 - 70	8.4	70 - 75
Mr Albert Tait OBE	5 - 10	-	5 - 10	-	5 - 10
Total		20.4		142.8	

Note 1 For the period of April to November, 80% of the cost of Angiolina Foster was charged to NHS 24 from Healthcare Improvement Scotland for her secondment. On 1st December 2016, Angiolina Foster took up the post of Chief Executive full time on a permanent basis.

Note 2 During the year to 31st March 2017, Mrs Jane McCartney left the post of Director of Human Resources.

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

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PENSION VALUES FOR THE YEAR ENDED 31st MARCH 2018

Name	Accrued pension at age 60 as at 31 March 2018 (bands of £5,000) £'000	Accrued lump sum at age 65 as at 31 March 2018 (bands of £5,000) £'000	Real increase in pension at age 60 (bands of £2,500) £'000	Real increase in lump sum at age 65 at 31 March 2018 (bands of £2,500) £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2017 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2018 £'000	Real increase in CETV in year (Note 1) £'000
EXECUTIVE DIRECTORS							
Mrs Angiolina Foster CBE, Chief Executive	10 – 15	-	2.5 – 5	-	158	206	48
Professor George Crooks OBE, Medical Director (Note 2)	-	-	-	-	1,929	1,873	(64)
Mrs Margo McGurk, Director of Finance and Performance	25 – 30	75 – 80	2.5 – 5.0	10 – 12.5	439	535	82
Dr Laura Ryan, Interim Medical Director (Note 2)	20 – 25	50 – 55	0 – 2.5	0 – 2.5	313	343	30
Mrs Sheena Wright, Director of Nursing & Care	40 – 45	125 – 130	2.5 – 5	10 – 12.5	821	922	87
NON EXECUTIVE DIRECTORS (Note 3)							
Mr Graham Revie, Employee Director	15 – 20	50 – 55	0 – 2.5	0 – 2.5	338	353	8
Total							191

Note 1 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.

Note 2 Professor George Crooks left the post of Medical Director on 14 July 2017. Dr Laura Ryan took up the post of Medical Director on an interim basis on 1 September 2017.

Note 3 Unless also subject to an employment contract with the Board, non-executive members have no deferred pension rights under the NHS superannuation scheme for Scotland. Such members are therefore not included in the schedule of CETV transfer values above.

NHS 24

BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PENSION VALUES FOR THE YEAR ENDED 31st MARCH 2017

Name	Accrued pension at age 60 as at 31 March 2018 (bands of £5,000) £'000	Accrued lump sum at age 65 as at 31 March 2018 (bands of £5,000) £'000	Real increase in pension at age 60 (bands of £2,500) £'000	Real increase in lump sum at age 65 at 31 March 2018 (bands of £2,500) £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2017 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2018 £'000	Real increase in CETV in year (Note 1) £'000
EXECUTIVE DIRECTORS							
Mrs Angiolina Foster CBE, Chief Executive	5 – 10	-	2.5 – 5	-	67	114	47
Professor George Crooks OBE, Medical Director (Note 2)	80 – 85	250 – 255	0 – 2.5	2.5 – 5	1,878	1,873	(31)
Mrs Margo McGurk, Director of Finance and Performance	20 – 25	60 – 65	2.5 – 5.0	7.5 – 10	366	426	48
Mrs Sheena Wright, Director of Nursing & Care	35 – 40	110 – 115	2.5 – 5	7.5 – 10	723	798	63
DIRECTORS							
Mrs Jane McCartney, Director of Human Resources (Note 2)	-	-	-	-	786	776	(20)
NON EXECUTIVE DIRECTORS (Note 3)							
Mr Graham Revie, Employee Director	15 – 20	50 – 55	0 – 2.5	0 – 2.5	307	328	14
Total							121

Note 1 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.

Note 2 During the year to 31st March 2017, Mrs Jane McCartney left the post of Director of Human Resources.

Note 3 Unless also subject to an employment contract with the Board, non-executive members have no deferred pension rights under the NHS superannuation scheme for Scotland. Such members are therefore not included in the schedule of CETV transfer values above.

2017-18		2016-17	
Range of staff remuneration	4 -136	Range of staff remuneration	4 -178
Highest Earning Director's Total Remuneration (£000s)	135 – 140	Highest Earning Director's Total Remuneration (£000s)	175 – 180
Median Total Remuneration	26,639	Median Total Remuneration	26,551
Ratio	5.16	Ratio	6.70

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 fallen from 2016/17 to 2017/18, as the previous highest earning director has left the organisation. The ratio for the organisation is lower as a result.

STAFF REPORT

a) Higher paid employees remuneration

2017 Number	Other employees whose remuneration fell within the following ranges	2018 Number
	Clinicians	
3	£ 70,001 to £ 80,000	6
3	£ 90,001 to £100,000	2
0	£ 100,001 to £110,000	1
1	£120,001 to £130,000	0
0	£130,001 to £140,000	1
1	£170,001 to £180,000	0

2017 Number	Others	2018 Number
	£ 70,001 to £ 80,000	
£ 80,001 to £ 90,000	2	
£ 90,001 to £100,000	0	
£110,001 to £120,000	1	
£130,001 to £140,000	1	

b) Staff Costs and Numbers

	Exec Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other £'000	Outward Secondees £'000	2018 Total £'000	2017 Total £'000
Staff Costs								
Salaries and Wages	458	92	37,869	0	0	(195)	38,224	35,181
Social Security Costs	59	2	3,495	0	0	(25)	3,531	3,227
NHS scheme employers' costs	68	0	4,648	0	0	(30)	4,686	4,405
Inward secondees	0	0	0	227	0	0	227	304
Agency Staff	0	0	0	1,129	0	0	1,129	927
Total	585	94	46,012	1,356	0	(250)	47,797	44,044

NIL NIL

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

Staff Numbers

Whole time equivalent (WTE)	4	9	1,083	12	0	(4)	1,104	1,024
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Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:

NIL NIL

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

167.11 169.91

Included in the total staff numbers above were Special Advisers of:

NIL NIL

c) Staff Composition

	2018				2017			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	0	4	0	4	1	3	0	4
Non-Executive Directors and Employee Director	5	4	0	9	5	4	0	9
Senior Employees	30	51	0	81	28	61	0	89
Other	264	1,154	0	1,418	257	1,140	0	1,397
Total Headcount	299	1,213	0	1,512	291	1,208	0	1,499

d) Sickness absence data

	2018	2017
Sickness Absence Rate	8.00%	7.06%

e) Staff policies applied during the financial year relating to the employment of disabled persons

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.

f) Exit Packages

There have been no exit packages during the current financial year.

Prior Year			
Exit Package cost band	Number of Compulsory	Number of other departures agreed	Total number of exit packages by cost band
< £10,000	0	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	2	2
£50,000 - £100,000	0	1	1
£150,000 - £200,000	0	0	0
>£200,000	0	0	0

Total number of exit Packages by type	0	4	4
Total Resource Cost (£'000)	0	130	130

g) Trade Union Regulations 2017

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

<https://www.nhs24.scot/about-nhs-24/reports/corporate-reports/annual-expenditure/>

Requirements for the data to be disclosed within the annual report and accounts was unclear at the time of issue. The Cabinet Office published supporting guidance on 2 June 2018 which has clarified the data should be disclosed. Due to the timing of this confirmation, we were unable to collate reliable data to publish within the 2017/18 annual report and accounts therefore we will publish from 2018/19 onwards.

3. PARLIAMENTARY ACCOUNTABILITY REPORT

The Parliamentary Accountability report collates the key Parliamentary accountability documents into the annual report and accounts.

Losses and Special Payments

In the year to 31 March 2018, the following balances in excess of £250,000 were written off:

Reference	Description	2018 £000
CNORIS	Total claims paid under the CNORIS scheme	NIL

In 2017/18, the Board was required to pay out £NIL in respect of claims greater than £250,000 settled under the CNORIS scheme (2016/17: £550,000, 1). Further details on the scheme can be found in note 1 (accounting policies) of the annual accounts.

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

Approval and signing of the Accountability report

The Accounting Officer authorised these financial statements for issue on 21 June 2018.

Signed

Angiolina Foster, Chief Executive

Date

4. AUDIT REPORT

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

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of NHS 24 for the year ended 31 March 2018 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our independent auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit
- 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

FOR THE YEAR ENDED 31st MARCH 2018

2017 £'000		Note	2018 £'000
44,456	Staff costs	3a	48,047
	Other operating expenditure	3b	
22,514	Major Programmes & Technology		20,041
5,096	Property & Administration		5,207
935	Other health care expenditure		950
<u>73,001</u>	Gross expenditure for the year		<u>74,245</u>
(208)	Less operating income	4	(1,841)
<u>72,793</u>	Net Expenditure for the year		<u>72,404</u>
<u>72,793</u>	Comprehensive Net Expenditure		<u>72,404</u>

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

The presentation of the Consolidated Statement of Comprehensive Net Expenditure has been changed following a review of our financial statements in order to provide information which better reflects the activities of NHS 24. The comparative information in respect of 2016/17 has been presented above in the new format.

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

The increase in the CNORIS debtor is recognised in Note 3b and Note 4. The Operating Income recognises the increase in Note 4.

NHS 24

SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31st MARCH 2018

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	2018 £'000	2018 £'000
Net Expenditure	SoCNE		72,404
Total Non Core Expenditure (see below)			(727)
Total Core Expenditure			71,677
Core Revenue Resource Limit			71,707
Saving/(excess) against Core Revenue Resource Limit			30

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation		545	
Annually Managed Expenditure – Creation of Provisions		182	
Total Non Core Expenditure			727
Non Core Revenue Resource Limit			727
Saving/(excess) against Non Core Revenue Resource Limit			0

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving/ (Excess) £'000
Core	71,707	71,677	30
Non Core	727	727	0
Total	72,434	72,404	30

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS 24

STATEMENT OF FINANCIAL POSITION

AS AT 31st MARCH 2018

2017 £'000		Note	2018 £'000
	Non-current assets:		
1,620	Property, plant & equipment	7a	1,496
60	Intangible assets	6a	7
<u>1,680</u>	Total non-current assets		<u>1,503</u>
	Current Assets:		
2,498	Trade and other receivables	8	2,201
2,952	Cash and cash equivalents	9	3,879
<u>5,450</u>	Total current assets		<u>6,080</u>
<u>7,130</u>	Total assets		<u>7,583</u>
	Current liabilities:		
(1,108)	Provisions	11a	(1,348)
	Financial Liabilities:		
(9,165)	Trade and other payables	10	(9,631)
<u>(10,273)</u>	Total current liabilities		<u>(10,979)</u>
<u>(3,143)</u>	Non-current assets less net current liabilities		<u>(3,396)</u>
	Non-current liabilities:		
(1,159)	Provisions	11a	(1,557)
<u>(1,159)</u>	Total non-current liabilities		<u>(1,557)</u>
<u>(4,302)</u>	Assets less liabilities		<u>(4,953)</u>
	Taxpayers' Equity		
(4,303)	General Fund	SoCTE	(4,954)
1	Revaluation reserve	SoCTE	1
<u>(4,302)</u>	Total taxpayers' equity		<u>(4,953)</u>

Adopted by the Board on 21st June 2018

..... Director of Finance

..... Chief Executive

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS 24

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st MARCH 2018

2017 £'000		Note	2018 £'000	2018 £'000
	Cash flows from operating activities			
(72,793)	Net expenditure	SoCTE	(72,404)	
693	Adjustments for non-cash transactions	2a	560	
3	Add back: interest payable recognised in net operating cost	2b	3	
461	Movement in working capital	2c	438	
<u>(71,636)</u>	Net cash outflow from operating activities			<u>(71,403)</u>
	Cash flows from investing activities			
(418)	Purchase of property, plant and equipment		(609)	
0	Proceeds of disposal of property, plant & equipment		260	
0	Proceeds of disposal of intangible assets		2	
<u>(418)</u>	Net cash outflow from investing activities			<u>(347)</u>
	Cash flows from financing activities			
72,057	Funding		71,753	
1,610	Movement in general fund working capital	SoCTE	927	
73,667	Cash drawn down	SoCTE	72,680	
(3)	Interest paid		(3)	
<u>73,664</u>	Net Financing			<u>72,677</u>
1,610	Net Increase / (decrease) in cash and cash equivalents in the period			927
1,342	Cash and cash equivalents at the beginning of the period			2,952
<u>2,952</u>	Cash & cash equivalents at end of the period			<u>3,879</u>
	Reconciliation of net cash flow to movement in net debt/cash			
1,610	Increase / (decrease) in cash in year	9		927
1,342	Net debt/cash at 1 April			2,952
<u>2,952</u>	Net (debt)/cash at 31 March			<u>3,879</u>

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS 24

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31st MARCH 2018

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
Balance as at 1 April 2017		(4,303)	1	(4,302)
Changes in taxpayers' equity for 2017/18				
Net operating cost for the year	CFS	(72,404)	0	(72,404)
Total recognised income and expense for 2016/17		(72,404)	0	(72,404)
Funding:				
Drawn down		72,680	0	72,680
Movement in General Fund working capital		(927)	0	(927)
Balance at 31 March 2018		(4,954)	1	(4,953)

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS 24

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31st MARCH 2017

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
Balance as at 1 April 2016		(3,567)	1	(3,566)
Changes in taxpayers' equity for 2016/17				
Net operating cost for the year	CFS	(72,793)	0	(72,793)
Total recognised income and expense for 2016/17		(72,793)	0	(72,793)
Funding:				
Drawn down		73,667	0	73,667
Movement in General Fund working capital		(1,610)	0	(1,610)
Balance at 31 March 2017		(4,303)	1	(4,302)

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

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 24 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 is one new standard effective for the first time this year.

IFRS 13 Fair Value Measurement

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

(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, there were three new standards, amendments or interpretations issued but not adopted this year.

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

Management do not expect that the adoption of IFRS 9 or IFRS 15 will have a material impact on the financial statements of the Board. It is possible that IFRS 16 may have a material impact on the financial statements of the Board, but this won't be effective until 2019/20.

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. Going Concern

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

4. Accounting Convention

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

5. Funding

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

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

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

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

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

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

6. Property, plant and equipment

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

6.1 Recognition

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

All assets falling into the following categories are capitalised:

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

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

6.2 Measurement

Valuation:

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

All assets are measured subsequently at fair value as follows:

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

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, is used 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.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

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

6.3 Depreciation

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

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

- 1) 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.
- 2) 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.

3) 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

7. Intangible Assets

7.1 Recognition

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

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

The main classes of intangible assets recognised are:

Internally generated intangible assets:

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

Expenditure on research is not capitalised.

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

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

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

Software:

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

Software licences:

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

Carbon Emissions (Intangible Assets):

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

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

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

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

Websites

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

7.2 Measurement

Valuation:

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

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

Revaluation and impairment:

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

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

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'.

Temporary decreases in asset values or 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.

7.3 Amortisation

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

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

- 1) Software. Amortised over their expected useful life.
- 2) Software licences. Amortised over the shorter term of the licence and their useful economic lives.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software	5 years
Software Licences	5 years

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were 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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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

13. 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.

14. 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.

15. 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.

16. 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.

NHS 24 also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

17. 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.

18. 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.

19. 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.

20. 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.

21. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

22. 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.

23. 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.

24. 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 2018 for Clinical and Medical negligence costs and dilapidations.

Non-current assets

The method for calculating the value of non-current assets is outlined in accounting policy numbers 6 and 7. NHS 24 will monitor its asset base in relation to the fair value of property, plant and equipment and intangible assets and the potential for impairment of property, plant and equipment and intangible assets. The depreciation policy in NHS 24 will also continue to be considered for appropriateness on an ongoing basis.

Clinical and Medical Negligence Claims

The method for calculating the Clinical and Medical negligence costs provision is outlined in accounting policy number 13.

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.

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

NOTES TO THE CASH FLOW STATEMENT

Note 2

2a. Adjustments for non-cash transactions

2017 £'000		Note	2018 £'000
	Expenditure not paid in cash		
540	Depreciation	7a	494
112	Amortisation	6	51
41	Write down of assets under construction	6	15
<u>693</u>	Total Expenditure not paid in cash	CFS	<u>560</u>

2b. Interest payable recognised in operating expenditure

	Interest Payable		
3	Bank and other interest payable		3
<u>3</u>	Total	CFS	<u>3</u>

2c. Movements in working capital

2017 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	2018 Net Movement £'000
	TRADE AND OTHER RECEIVABLES				
639	Due within one year	8	2,498	2,201	
			<u>2,498</u>	<u>2,201</u>	
			<u>2,498</u>	<u>2,201</u>	
<u>639</u>	Net Decrease/(Increase)				<u>297</u>
	TRADE AND OTHER PAYABLES				
1,764	Due within one year	10	9,165	9,631	
(82)	Less: Capital included in above		(108)	(144)	
(1,610)	Less: General Fund Payable included in above	10	(2,952)	(3,879)	
			<u>6,105</u>	<u>5,608</u>	
<u>72</u>	Net (Decrease)/Increase				<u>(497)</u>
	PROVISIONS				
(250)	Balance Sheet	11	2,267	2,905	
<u>(250)</u>	Net (Decrease)/Increase				<u>638</u>
<u>461</u>	NET MOVEMENT (Decrease)/Increase	CFS			<u>438</u>

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

OPERATING EXPENSES

Note 3

3a. Staff costs

2017 £'000		2018 £'000
222	Medical and Dental	273
17,144	Nursing	17,829
27,090	Other Staff	29,945
<u>44,456</u>	Total	SoCNE <u>48,047</u>

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

3b. Other operating expenditure

£'000		£'000
	Major Programmes & Technology	
11,497	Organisational Improvement Programme	9,836
1,925	SCTT & European Programmes	2,118
7,148	Software Developments, Licences and Maintenance	6,097
1,944	Telecommunications	1,990
<u>22,514</u>	Total	<u>20,041</u>
	Property & Administration	
2,547	Property Running Costs	2,249
652	Depreciation & amortisation	545
1,392	Other administration costs	2,231
505	Compensation payments	182
<u>5,096</u>	Total	<u>5,207</u>
	Other health care expenditure	
856	Goods and services from other NHSScotland bodies	896
79	External auditor's remuneration – statutory audit fee	54
<u>935</u>		<u>950</u>
<u>28,545</u>	Total Other Operating Expenditure	<u>26,198</u>

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

OPERATING INCOME

Note 4

2017 £'000		2018 £'000
138	SGH&SCD	274
1,230	NHS Scotland Bodies	820
(750)	Contributions in respect of Clinical / Medical Negligence Claims	450
	Non-NHS	
(410)	Other	297
208	Total Income	1,841

The NHS Scotland Bodies figure recognises the money received from other Boards during the year. Some monies received are for the recharge of costs that have been incurred on behalf of other NHS Scotland bodies. The negative figure disclosed against Other Non-NHS income effectively recognises the recharging of these costs.

SEGMENTAL INFORMATION

Note 5

	Clinical £'000	Corporate £'000	2018 £'000
Net operating cost	43,367	29,037	72,404
PRIOR YEAR			
	Clinical £'000	Corporate £'000	2017 £'000
Net operating cost	41,708	31,085	72,793

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INTANGIBLE ASSETS

Note 6

FOR THE YEAR ENDED 31st MARCH 2018

	Note	Software Licences £'000	Information Technology Software £'000	Total £'000
Cost or valuation – at 1 April 2017		219	1,201	1,420
Disposals		(213)	(203)	(416)
As at 31 March 2018		6	998	1,004
Amortisation				
As at 1 April 2017		219	1,141	1,360
Provided during the year		0	51	51
Disposals		(213)	(201)	(414)
As at 31 March 2018		6	991	997
Net Book Value at 1st April 2017		0	60	60
Net Book Value at 31st March 2018	SoFP	0	7	7

PRIOR YEAR

	Note	Software Licences £'000	Information Technology Software £'000	Total £'000
Cost or valuation – at 1 April 2016		219	1,201	1,420
As at 31 March 2017		219	1,201	1,420
Amortisation				
As at 1 April 2016		219	1,029	1,248
Provided during the year		0	112	112
As at 31 March 2017		219	1,141	1,360
Net Book Value at 1st April 2016		0	172	172
Net Book Value at 31st March 2017	SoFP	0	60	60

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

PROPERTY, PLANT & EQUIPMENT

Note	Note 7a				Total £'000
	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	
Cost or valuation – at 1 April 2017	768	5,175	4,085	323	10,351
Additions	32	80	0	533	645
Completions	0	0	261	(261)	0
Transfers	0	0	0	(15)	(15)
Disposals	(32)	(3,984)	(491)	0	(4,507)
As at 31 March 2018	768	1,271	3,855	580	6,474
Depreciation					
As at 1 April 2017	150	4,641	3,940	0	8,731
Provided during the year	79	289	126	0	494
Disposals	(7)	(3,755)	(485)	0	(4,247)
As at 31 March 2018	222	1,175	3,581	0	4,978
Net Book Value at 1st April 2017	618	534	145	323	1,620
Net Book Value at 31st March 2018	546	96	274	580	1,496
Asset Financing:					
Owned	546	96	274	580	1,496
Net Book Value at 31st March 2018	546	96	274	580	1,496

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.

Note	Assets Under Construction				Total £'000
	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	£'000	
PRIOR YEAR					
Cost or valuation – at 1 April 2016	591	5,159	4,085	57	9,892
Additions	177	0	0	323	500
Transfers	0	16	0	(57)	(41)
As at 31 March 2017	768	5,175	4,085	323	10,351
Depreciation					
As at 1 April 2016	86	4,266	3,839	0	8,191
Provided during the year	64	375	101	0	540
As at 31 March 2017	150	4,641	3,940	0	8,731
Net Book Value at 1st April 2016	505	893	246	57	1,701
Net Book Value at 31st March 2017	618	534	145	323	1,620
Asset Financing:					
Owned	618	534	145	323	1,620
Net Book Value at 31st March 2017	618	534	145	323	1,620

PROPERTY, PLANT & EQUIPMENT DISCLOSURES

Note 7b

2017 £'000		Note	2018 £'000
	Net book value of tangible fixed assets at 31 March		
1,620	Purchased		1,496
<u>1,620</u>	Total	SoFP	<u>1,496</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.

ANALYSIS OF CAPITAL EXPENDITURE

Note 7c

2017 £'000		Note	2018 £'000
	EXPENDITURE		
500	Acquisition of Property, plant and equipment	7a	645
<u>500</u>	Gross Capital Expenditure		<u>645</u>
	INCOME		
0	Net book value of disposal of intangible assets		2
0	Net book value of disposal of property, plant & equipment		260
<u>500</u>	Net Capital Expenditure		<u>383</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

500	Core capital expenditure included above	383
<u>600</u>	Core Capital Resource Limit	<u>384</u>
<u>100</u>	Saving / (excess) against Core Capital Resource Limit	<u>1</u>
500	Total capital expenditure	383
<u>600</u>	Total Capital Resource Limit	<u>384</u>
<u>100</u>	Saving / (excess) against Total Capital Resource Limit	<u>1</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

TRADE AND OTHER RECEIVABLES

Note 8

2017 £'000		Note	2018 £'000
	Receivables due within one year		
	NHS Scotland		
22	- SGH&SCD		50
237	- Boards	SFR 30.0	189
<u>259</u>	Total NHS Scotland Receivables		<u>239</u>
730	VAT Recoverable	SFR 30.1	555
499	Prepayments		198
175	Accrued Income		3
135	Other Receivables		56
700	Reimbursement of Provisions		1,150
<u>2,498</u>	Total Receivables due within one year		<u>2,201</u>
<u>2,498</u>	TOTAL RECEIVABLES	SoFP	<u>2,201</u>
1	The total receivables figure above includes a provision for bad debts of :		0
	WGA Classification		
237	NHSScotland	SFR 30.0	189
752	Central Government Bodies	SFR 30.1	605
5	Whole of Government Bodies	SFR 30.2	5
1,504	Balances with bodies external to Government		1,402
<u>2,498</u>	Total		<u>2,201</u>
£'000	Movements on the provision for impairment of receivables are as follows:		£'000
1	At 1 April		1
0	Receivables written off during the year as uncollectable		(1)
<u>1</u>	At 31 March		<u>0</u>

As of 31 March 2018, receivables with a carrying value of £NIL (2017: £1k) were impaired and provided for. The amount of the provision was £NIL (2017:£1k). The ageing of these receivables is as follows:

2017 £'000		2018 £'000
1	Over 6 months past due	0
<u>1</u>		<u>0</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 2018, receivables of carrying value of £41k (2017: £69k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

2017		2018
£'000		£'000
66	Up to 3 months past due	41
3	3 to 6 months past due	0
0	Over 6 months past due	0
<u>69</u>		<u>41</u>

The receivables assessed as past due but not impaired were mainly Health Boards or external organisations. 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;

2017		2018
£'000		£'000
0	Counterparties with external credit ratings	0
0	Existing customers with no defaults in the past	0
<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.

2017		2018
£'000		£'000
2,498	The carrying amount of receivables are denominated in the following currencies:	2,201
<u>2,498</u>	Great British Pounds	<u>2,201</u>

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

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

CASH AND CASH EQUIVALENTS

Note 9

	Note	2018 £'000	2017 £'000
Balance at 1 April		2,952	1,342
Net change in cash and cash equivalent balances	CFS	927	1,610
Balance at 31 March	SoFP	<u>3,879</u>	<u>2,952</u>

The following balances at 31 March were held at:

Government Banking Service	3,857	2,927
Commercial banks and cash in hand	22	25
Balance at 31 March	<u>3,879</u>	<u>2,952</u>

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

TRADE AND OTHER PAYABLES

Note 10

2017 £'000		2018 £'000
	Payables due within one year	
	NHSScotland	
1,198	Boards	1,019
<u>1,198</u>	Total NHSScotland Payables	<u>1,019</u>
2,952	General Fund Payable	3,879
3,028	Accruals	3,119
475	Deferred income	0
802	Income tax and social security	850
588	Superannuation	616
122	Holiday Pay Accrual	90
0	Other payables	58
<u>9,165</u>	Total Payables due within one year	<u>9,631</u>
<u>9,165</u>	TOTAL PAYABLES	<u>9,631</u>
	WGA Classification	
1,198	NHSScotland	1,019
1,390	Central Government Bodies	1,466
6,577	Balances with bodies external to Government	7,146
<u>9,165</u>	Total	<u>9,631</u>

The carrying amount of payables are denominated in the following currencies

2017 £'000		2018 £'000
9,165	Pounds	9,631
<u>9,165</u>	Total	<u>9,631</u>

NHS 24

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

PROVISIONS

Note 11a

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Note
At 1 April 2017	0	846	1,137	284	2,267	
Arising during the year	0	560	429	22	1,011	
Utilised during the year	0	(47)	(80)	0	(127)	
Unwinding of discount	0	0	(8)	0	(8)	
Reversed unutilised	0	(79)	(159)	0	(238)	
At 31 March 2018	0	1,280	1,319	306	2,905	2

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	
Payable in one year	0	1,030	318	0	1,348	SoFP
Payable between 2 – 5 years	0	250	957	0	1,207	SoFP
Payable between 6 – 10 years	0	0	44	306	350	SoFP
Thereafter	0	0	0	0	0	SoFP
At 31 March 2018	0	1,280	1,319	306	2,905	

Provisions – Prior Year

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Note
At 1 April 2016	0	1,620	632	265	2,517	
Arising during the year	0	410	656	19	1,085	
Utilised during the year	0	(576)	(44)	0	(620)	
Unwinding of discount	0	0	(1)	0	(1)	
Reversed unutilised	0	(608)	(106)	0	(714)	
At 31 March 2017	0	846	1,137	284	2,267	2

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	
Payable in one year	0	546	278	284	1,108	SoFP
Payable between 2 – 5 years	0	300	594	0	894	SoFP
Payable between 6 – 10 years	0	0	28	0	28	SoFP
Thereafter	0	0	237	0	237	SoFP
At 31 March 2017	0	846	1,137	284	2,267	

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.

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.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

CLINICAL NEGLIGENCE AND OTHER RISKS IDEMNITY SCHEME (CNORIS) Note 11b

2017 £'000		Note	2018 £'000
846	Provision recognising individual claims against the NHS Board as at 31 March	11a	1,280
(700)	Associated CNORIS receivable at 31 March	8	(1,150)
1,137	Provision recognising NHS Board's liability from participating in the scheme as at 31 March	11a	1,319
1,283	Net Total Provision relating to CNORIS At 31 March		1,449

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 provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

CONTINGENT LIABILITIES

Note 12

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

2017 £'000		2018 £'000
345	Clinical and medical compensation payments	480
345	TOTAL CONTINGENT LIABILITIES	480

CONTINGENT ASSETS

2017 £'000		2018 £'000
300	Clinical and medical compensation payments	425
300	TOTAL CONTINGENT ASSETS	425

Clinical and medical compensation payments

Incidents have occurred in the normal course of business that cannot be quantified with the necessary degree of certainty to allow a provision to be made.

As a consequence, a contingent liability for £480,001 has been recognised in respect of these claims.

A contingent asset of £425,000 has also been recognised representing the monies that are recoverable from CNORIS in respect of the claims.

EVENTS AFTER THE END OF THE REPORTING YEAR

Note 13

There are no events to report after the end of the reporting year.

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

COMMITMENTS

Note 14

2017 £'000	Capital Commitments The Board has the following Capital Commitments which have not been provided for in the accounts	Property, plant and equipment £'000	Intangible Assets £'000	Total 2018 £'000
	Contracted			
0	Air conditioning ventilation works	64	0	64
0	Workforce Management System	0	44	44
0	Structural Remedial Works	26	0	26
0	Automated Door Install	7	0	7
0	Replacement Batteries and Capacitors	26	0	26
0	Lifting on New Lights	2	0	2
0	Dumfries & Galloway upgrade	13	0	13
0	Total	138	44	182
	Authorised but not Contracted			
3	Air Conditioning replacement	0	0	0
3	Total	0	0	0

COMMITMENTS UNDER LEASES

Note 15

2017 £'000	Operating Leases Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	2018 £'000
	Obligations under operating leases comprise:	
	Buildings	
977	Not later than one year	997
1,015	Later than one year, not later than two years	997
3,302	Later than two years, not later than five years	2,630
5,676	Later than five years	1,079
	Other	
55	Not later than one year	30
32	Later than one year, not later than two years	11
9	Later than two years, not later than five years	3
	Amounts charged to Operating Costs in the year were:	
78	Hire of equipment (including vehicles)	65
1,007	Other operating leases	794
1,085	Total	859

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st MARCH 2018

PENSION COSTS

Note 16

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 31 March 2016 valuation 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 2017 were £753.9 million. NHS 24's level of participation in the scheme is 0.6% based on the proportion of employer contributions paid in 2017/18.

For the current year, normal employer contributions of £4.716m were payable to the SPPA (prior year £4.438m) at the rate of 14.9% (prior year: 14.9%) of total pensionable salaries.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017/18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

	2017/18	2016/17
	£'000	£'000
Pension cost charge for the year	4,716	4,438

NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

Note 17

PRESENTATION OF THE STATEMENT OF CONSOLIDATED NET EXPENDITURE

The presentation of the Statement of Comprehensive Net Expenditure has been changed following a review of our financial statements in order to provide information which better reflects the activities of NHS 24. The comparative information in respect of 2016/17 has been presented in the new format in the SoCNE.

Changes to the presentation of the SoCNE affect expenditure and income categories. This provides greater transparency over the nature of NHS 24's expenditure. Further information on the composition of expenditure categories is disclosed in Note 3.

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

2016-17 expenditure as published	2017
Hospital and Community	37,702
Administration Costs	34,664
Other Non Clinical Services	635
Gross expenditure for the year	73,001

2016-17 expenditure conforming to the new presentation	2017
Staff Costs	44,456
Other expenditure	
Major Programmes & Technology	22,514
Property & Administration	5,096
Other health care expenditure	935
Gross expenditure for the year	73,001

Movement in gross expenditure for the year	0
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2016-17 income as published	2017
Hospital and Community	903
Administration Costs	25
Other Non Clinical Services	(720)
Gross income for the year	208

2016-17 income conforming to the new presentation	2017
Operating income	208
Gross income for the year	208

Movement in gross income for the year	0
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NHS 24

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 2018

FINANCIAL INSTRUMENTS

Note 18

18a. Financial Instruments by Category

AS AT 31 MARCH 2018

Assets per balance sheet

		Loans and Receivables	Total
	Note	£'000	£'000
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	9	59	59
Cash and cash equivalents	11	3,879	3,879
		3,938	3,938

AS AT 31 MARCH 2017

Assets per balance sheet

		Loans and Receivables	Total
	Note	£'000	£'000
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	9	310	310
Cash and cash equivalents	11	2,952	2,952
		3,262	3,262

AS AT 31 MARCH 2018

Liabilities per balance sheet

		Other financial liabilities	Total
	Note	£'000	£'000
Trade and other payables excluding statutory liabilities(VAT and income tax and social security) and superannuation	12	7,146	7,146
		7,146	7,146

AS AT 31 MARCH 2017

Liabilities per balance sheet

		Other financial liabilities	Total
	Note	£'000	£'000
Trade and other payables excluding statutory liabilities(VAT and income tax and social security) and superannuation	12	6,102	6,102
		6,102	6,102

18b. 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 2018				
Trade and other payables excluding statutory liabilities	5,752	0	0	0
	5,752	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 2017				
Trade and other payables excluding statutory liabilities	6,213	0	0	0
	6,213	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 2018, NHS 24 has minimal exposure to foreign currency risk.

iii) Price risk

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

RELATED PARTY TRANSACTIONS

Note 19

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

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



NHS 24

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