



# **ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**

# NHS 24

## ANNUAL REPORT, ACCOUNTS and NOTES

For the year ended 31 MARCH 2020

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# NHS 24

## ANNUAL REPORT, ACCOUNTS and NOTES for the year ended 31 MARCH 2020

### ANNUAL REPORT

#### A. THE PERFORMANCE REPORT

This Performance Report, which is part of the Annual Report and Accounts provides information on NHS 24, including its main objectives and potential risks to delivery.

The Overview section provides a summary of information on the NHS 24 purpose, the key risks to the achievement of objectives and the main aspects of performance during 2019/20. The Performance Report has been prepared in accordance with the government Financial Reporting Manual and complies with best practice.

#### **Statement from the Chief Executive**

NHS 24 delivers a range of urgent and scheduled care services connecting people to the care they need. We are best known for our 111 service, which consistently delivers safe and effective care and support to the public when GP practices are closed.

Our plans for 2019/20 aimed to add value to the health and social care system across Scotland through driving the best use of our workforce capacity and capability, our clinical triage capability, our information and digital services capability, our technical infrastructure and our resource allocation.

NHS 24 works collaboratively with other NHS Scotland Boards, Integration Joint Boards (IJBs), Local Authorities, and Voluntary and Independent sectors to ensure that our organisational capability is appropriately focussed on supporting and delivering high quality and person-centred services.

NHS 24 routinely engages with service users and public representatives through a range of fora to monitor service performance and to ensure patient and public views are reflected in all that we do. This includes our Public Partnership and Youth Forum (formed in 2018), which have been active throughout 2019/20. Both help NHS 24 to improve services and the latter ensures they are accessible and relevant to young people. NHS 24 has also seen a growth within our user research and stakeholder engagement team. NHS 24 Stakeholder Engagement Strategic Framework refresh was completed in April 2019.

Since the launch of our 5-year Strategy in 2017, we have had a period of positive change across our organisation as a result of the dedication and commitment of our people and the support of our partners across the health and care services in Scotland. In July 2019, NHS 24 embarked on a mid-point review of its current strategy. This Strategy Review helped frame our mid-point position against what was set out in the 2017-22 Strategy.

As part of the development of our 3 Year Operational Plan, and review of our 2017-2022 Strategy, the Board revised its strategic objectives alongside the ministerial priorities and current programmes of work. We identified two strategic objectives, as follows:

- 1) Continuous development and delivery of high quality accessible, safe **SERVICES**
- 2) Making a valued contribution to sustainable **WHOLE HEALTH & CARE SYSTEM REFORM**

To support the delivery of these, we have also identified two enabling objectives:

- 3) Adaptable, engaged, skilled **WORKFORCE**
- 4) An integrated **INFRASTRUCTURE** to enable delivery of our services

With these four strategic objectives framing our priorities, NHS 24 submitted its 2020/21-2023 Annual Operating Plan (AOP) to Scottish Government in March 2020. Due to COVID-19, Scottish Government requested that work on the AOP was paused whilst Boards focused on responding to the pandemic.

## 1. Overview

Delivering a consistently high quality, safe, effective and person centred experience for those who access the 111 service underpins all our work. Critical to this is understanding “what matters” to people as they move through their patient journey with us. Over the past 12-18 months we have gathered insights from the people using our services and our staff to better inform and guide our service improvement work.

Following discussion at the 2019/20 Mid-Year Review with the Cabinet Secretary, and subsequent discussions with our Sponsor Team, we have been further reviewing our Performance Framework, to ensure that the measures more appropriately reflect effectiveness of the service we deliver.

The proposed Performance Framework reflects a broader, more representative suite of key performance indicators, in line with our focus on patient experience and, especially, on improved patient journey times. Our focus on care at first point of contact has resulted in the patient journey reducing from an average of 46 minutes currently, inclusive of call back, to 16 minutes.

During 2019/20, we have been working hard to deliver improvements to our operational model. The most impactful changes relate to the implementation of new shift patterns through the Shift Review and, through a revised clinical supervision model “Better Working, Better Care”, the creation of a recognisable team dynamic to support our staff. It is important that we continue with this work to deliver a more sustainable and consistent service for the future.

These changes are significant and following extensive engagement with our staff and Staff Side partners we are now beginning to implement both. We expect these changes to achieve the improvements required to develop our 111 service in line with service demand and the needs of our staff.

We have achieved or exceeded 7 of our 13 Annual Operating Performance Targets. In recognition of the importance of responding to more calls where care can be delivered at the first point of contact, and to allow our service model improvements to be delivered in-year to enable that, a moderation to this target was agreed with Scottish Government for 2019/20. NHS 24 consistently achieved or exceeded the targets set for patient experience; level of complaints; and, for our primary patient experience target, care provided at the first point of contact. Performance on priority 1, 2 and 3 calls, responded to in 60, 120 and 180 minutes, remained strong and the employee engagement index target was met.

However, there are areas for improvement, where performance has been below target. Access Service Level, Average time to answer calls, Calls abandoned and Staff Attendance have a knock on effect on each other. The successful implementation of the Shift Review should help improve performance in 2020/21. Breathing Space experienced retention gaps during the third quarter which impacted on performance.

NHS 24 successfully met all its statutory financial targets for the year. £6.4 million of brokerage was repaid in the 2019/20 financial year, £1.3m higher than originally anticipated. NHS 24 has repaid £15.78 million to date and plans to fully clear brokerage by 2021/22.

In the last quarter of 2019/20 NHS Scotland implemented an emergency response to the COVID-19 virus pandemic. As part of that response, NHS 24 became the principal access route for the Scottish public for Covid-19. This included establishing a special information helpline, extending mental health services and temporarily pausing work to reallocate resource to respond to the pandemic. In addition, it was important to make effective use of digital technologies to deliver our services to best effect. Perhaps the biggest transformation is our role in 24/7 Primary Care, with our 111 service now acting as the national clinical first point of entry for COVID-19 related care both in and out of hours. This is supporting the flow of demand through the entire community and hospital flow.

In addition, the accelerated enhancement of NHS 24 digital services, including the heavily promoted use of NHS inform for all public and professional facing content related to COVID-19, enabled empowerment of citizens for self-supported care and signposting to relevant services.

NHS 24 has embraced a number of other opportunities to exploit the use of digital across its services including the introduction of the voice 'chat bot' to support self-care messaging through our IVR as well as the launch of the NHS 24 app, which offers direct advice through our Self Help Guide.

NHS 24 has also had a key national role in accelerating the availability of GP Practice websites to enable their local populations to access local information and advice. This has provided a consistent national quality assured content through NHS inform, as well as the Self Help Guide featuring a new COVID-19 symptom management resource. This has enabled participating GP Practices to manage their practice population in a different but effective way.

## **Background**

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.

Delivering a consistently high quality, safe, effective and person-centred experience for those who access our services underpins all our work. Critical to this is understanding "what matters" to people as they move through their patient journey with us. Over the past 12-18 months we have gathered insights from the people using our services to better inform and guide our service improvement work.

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 IJBs 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.

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 2019/20**

Throughout 2019/20 NHS 24 has continued to review and improve its risk management arrangements. A revised Risk Management Framework was approved in February 2020 by the Audit & Risk Committee. Our internal auditors conducted a maturity review of our current risk management arrangements. This report described our arrangements as well established with an enterprise wide approach. The opportunities to further develop and embed risk management will be considered as part of a risk management strategy review in 2020.

The Board conducted a strategic risk session in January 2020. A number of areas were considered including the context of the wider health and social care landscape, strategic objectives of NHS 24, stakeholder engagement with the NHS 24 strategy, providing a sustainable and skilled workforce, values and leadership. The review considered risk velocity to determine the action required by the organisation.

There was also significant consideration given to more immediate risks such as EU Exit. NHS 24 has engaged with Scottish Government to understand the risk and developed mitigation for any potential impact on the organisation. Communication and engagement with staff on this issue has been ongoing and there are no immediate, or significant, disruption to services anticipated.

Key risks relating to our estate and technology changes have been mitigated by full programme management structures to understand the risk, opportunities and benefits of any decisions taken.

The Board approved a revised risk appetite statement in April 2019 to support decision making throughout NHS 24. This was considered again in January 2020 in line with the strategic risk management process. NHS 24 always ensures that safe, effective, person centred care is a priority for all services. Any risks and issues highlighted are reviewed in line with our low clinical risk appetite. A quality improvement methodology has ensured a robust framework has been adopted to consider any risks or change that may arise.

In January 2020, NHS 24 started to prepare for the COVID-19 pandemic. NHS 24 and partner Boards developed a new national in-hours community hub model that utilised the 111 service telephone

service to triage patients with COVID-19 symptoms. To support the public demand for information NHS 24 further strengthened NHS inform (our national health information website) and implemented a non-clinical special helpline to provide quality assured information to the public. In line with pandemic plans, and in order to provide resilience and to rapidly increase resource to the levels required, NHS 24 commissioned the delivery of the non-clinical helpline to a third party. A significant risk to delivering our response was staff capacity, NHS 24 undertook significant recruitment, as well as working with partner Boards to provide call handling and clinical supervision capacity to meet demand levels. Throughout the response the risks and challenges have been supported by a robust incident management structure, which includes risk management and service development methodology to consider the opportunities to improve as part of the recovery from COVID-19. The Respond, Recover, Renew (RRR) will evaluate the service model changes in response to COVID-19 to support the strategy refresh. Corporate governance measures, in addition to existing arrangements, were implemented to provide assurance over our incident response. NHS 24 continue to manage the response to COVID-19.

### **Strategy and Collaboration**

In July 2019, NHS 24 embarked on a mid-point review of its current organisational strategy. This Strategy Review also included significant engagement from the NHS 24 EMT and Board, which helped frame our strategic position against what was set out in the 2017-22 Strategy. This was then used to develop the 2020/2021-23 Annual Operating Plan (AOP).

### **Leadership**

In 2019/20 a new Investing in Our Leadership programme was developed for our next level of leaders. This programme is aimed at encouraging all people managers and others in leadership roles to make a collective commitment to embracing the NHS 24 Strategic Delivery Plan implementation now and in the future. It is intended to support and empower the leadership team to flourish in their career. A series of development and engagement events took place at the beginning of 2020 with a range of presenters, which will also provide opportunities for networking with colleagues to support collaborative working building communities of practice. National leadership development opportunities will also be offered to the target audience for each programme or event.

### **Change Portfolio**

In 2019/20 NHS 24 introduced a new model 'Change Portfolio', previously known as the Service Transformation Programme. A summary of the key programmes is set out below:

<b>Primary Care Sustainability</b>	<ul style="list-style-type: none"> <li>• GP Triage</li> <li>• Triage Academy (Discovery)</li> <li>• Advanced Clinical Support</li> </ul>
<b>Mental Health</b>	<ul style="list-style-type: none"> <li>• MH Hub 24/7 and integration of MH services</li> <li>• Police Scotland / SAS Collaboration</li> <li>• Digital</li> <li>• Living Life for Young People</li> </ul>
<b>Service Delivery Model</b>	<ul style="list-style-type: none"> <li>• BWBC</li> <li>• Shift Review</li> </ul>
<b>Connect</b>	<ul style="list-style-type: none"> <li>• Phase 1 (maintaining current system)</li> <li>• Phase 2 (OBC Development) and then ongoing delivery phases</li> </ul>
<b>Other programmes</b>	<ul style="list-style-type: none"> <li>• Scale up <b>MSK</b> service to be provided nationally (previously in Waiting Times)</li> <li>• Estates</li> <li>• Respond</li> <li>• Business Intelligence</li> </ul>

## Digital Developments

NHS 24 developed a Digital Framework in April 2019, which underpins the ambitions of our Strategy and aligns with Scotland's Digital Health & Care Strategy. Our digital intention is three-fold:

- i) increasing channel choice across our range of existing services
- ii) ensuring, as part of our portfolio of change programmes, that our service design approach incorporates a digital first design principle, and
- iii) developing our workforce to deliver digitally enabled services.

NHS 24 have an established set of digital assets, accessible through NHS inform ([www.nhsinform.scot.nhs.uk](http://www.nhsinform.scot.nhs.uk)) including Scotland's National Service Directory, our self-help guides, Info 4 Me, national campaign space and 'We'll Keep You Right' digital communication assets which provide a personalised suite of information assets and materials in one place.

Our digital framework is informed by our user research and engagement activity to determine need. An implementation plan was also developed to support this in October 2019. In addition, NHS 24 has been commissioned by the Primary Care Division to provide a free to use website, scalable to every GP practice in Scotland. The aim is to deliver consistent, quality assured digital health information to the public, and digital access to all patients into their primary care practice. This is to support practices in implementing the new GP contract, which stipulates that a practice must provide a practice website.

## Scotland's Service Directory (SSD)

SSD is being developed in partnership with Macmillan Cancer Support and the Health & Social Care Alliance (The Alliance) to provide a single directory of health and wellbeing services for Scotland. All 31 Health & Social Care Partnerships (HSCPs) across Scotland have been engaged in the development and working to fully utilise SSD to input and display their service information on NHS inform.



## 2. Performance Analysis

As with other Health Bodies, the finances of NHS 24 are subject to resource limit controls. Scottish Government Health and Social Care Directorate (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)	70,994	70,896	98	0.01
Of which:				
Core Revenue Resource Limit	70,501	70,404	97	0.01
Non-Core Revenue Resource Limit	493	492	1	0.02
Capital Resource Limit (CRL)	401	401	0	0.00
Of which:				
Core Capital Resource Limit	401	401	0	0.00
Cash Requirement	71,509	71,509	0	0.00

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

	2020 £'000
Core Revenue Resource Variance (Deficit)/Surplus in 2019-20	<u>97</u>
Financial flexibility: funding banked with/(provided by) Scottish Government	<u>97</u>
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	0
Percentage	0%

An underspend of £0.098 million (£0.097m Core) against RRL was achieved in 2019/20. The Board delivered an underspend of £0.300 million against its RRL in 2018/19. The £0.300 million underspend

from 2018/19 was carried forward and added to the NHS 24 RRL for 2019/20, which means there was excess spend against the in-year RRL in 2019/20 of £0.202 million.

### **Commentary on the RRL**

During 2019/20, NHS 24 reported an underspend of £0.098 million against the budgeted RRL of £70.994 million (£70.501 million core and £0.493 million non-core).

### **Commentary on the CRL**

During 2019/20, the capital expenditure for NHS 24 was £0.401 million. This represents a break-even position against the Capital Resource Limit allocation of £0.401 million.

The majority of the capital spend by NHS 24 during 2019/20 was in relation to IT and estates. The most significant was an IT application upgrade and estates re-configuration work to Norseman House.

### **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 new technology implementation. 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, £1.074 million in 2017/18, £6.840 million in the 2018/19 financial year, and a further £6.415 million in the 2019/20 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 2019/20, focus has remained on maximising efficiency and effectiveness in order to improve performance across all areas of frontline operations. Effective monitoring of performance ensures robust governance and decision-making in line with corporate objectives.

NHS 24 monitors performance of key performance measures on a monthly basis and reports this on an ongoing basis to the Board and Planning & Performance Committee through a Service Quality Report. In 2019/20 the Corporate Performance Team developed an “at a glance” dashboard to

provide an accessible way of reporting performance of the key target. Performance for 2019/20 is shown below in the dashboard format.

Ref	Measure	Key Performance Indicator - Target	Target	RAG Thresholds*	Q1	Q2	Q3	Q4	2019/20 Cumulative
<b>111 Service</b>									
1.1	Patient experience - satisfaction, helpfulness, usefulness	90% of service users surveyed record overall satisfaction with the service	90%	Amber 80-90% Red <80%	88.1%	91.7%	90.7%	91.1%	90.8%
1.2	Level of complaints (could be applied to all services)	90% of complaints are responded to within 20 working days	90%	Amber 80-90% Red <80%	100.0%	100.0%	91.7%	90.9%	94.7%
1.3	Care delivered at first point of contact	70% of calls will result in direct access to the service at first point of contact, increasing to 75% by quarter 4	70%	Amber 65-70% Red <65%	74.3%	76.8%	73.6%	75.8%	75.1%
2.1	Access Service Level (threshold appropriate)	The proposal is to deliver 70% in 30 seconds, increasing it to 80% by quarter 4 2019/20 following development of service model	70%	Amber 65-70% Red <65%	59.4%	40.6%	37.6%	30.3%	41.2%
2.2	Average Time to Answer (threshold appropriate to service)	Target is to answer calls within an average of 1 minute 30 seconds	1m 30s	Amber 1m30-2m Red > 2 min	1m 36s	3m 21s	4m 42s	13m 31s	5m 45s
2.3	Calls abandoned after threshold (threshold appropriate to service)	Expressed as percentage of calls abandoned after threshold. Maintain the current measure of <5% after 30 seconds for the '111' service.	5%	Amber 5-8% Red >8%	4.9%	9.9%	12.2%	28.0%	14.6%
2.4	Queued Calls - P1 calls responded to within 60 minutes	98% of P1 calls responded to in 60 minutes	98%	Amber 95-98% Red <95%	99.8%	100.0%	99.4%	99.9%	99.7%
2.4	Queued Calls - P2 calls responded to within 120 minutes	90% of P2 calls responded to in 120 minutes	90%	Amber 85-90% Red <85%	100.0%	99.9%	99.9%	99.9%	99.9%
2.4	Queued Calls - P3 calls responded to within 180 minutes	80% of P3 calls responded to in 180 minutes	80%	Amber 75-80% Red <75%	93.2%	94.2%	87.2%	89.2%	90.9%
2.5	Category C calls transferred from SAS	Convert at least 75% of Category C calls transferred from the SAS to primary care or home care outcomes	75%	Amber 65-75% Red <65%	70.3%	68.7%	70.4%	72.0%	70.3%
<b>Workforce</b>									
3.1	Staff attendance rates	Achieve and maintain an average attendance rate of 94.75%	94.75%	Threshold tbc	91.3%	90.8%	90.0%	90.4%	90.8%
	Employee engagement index	Demonstrate improvement in iMatter engagement score (77 in 2018)	> 77		77	77	77	77	77
<b>Mental Health Services</b>									
4.2	Breathing Space	80% of Breathing Space Calls to be answered in 30 seconds	80%	Amber 70-80% Red <70%	74.7%	74.4%	66.6%	73.8%	72.4%

In 2019/20 NHS 24 agreed with Scottish Government that a new set of performance targets, better fixed to our organisations role, would be developed. This included a move to a broader, more representative suite of key performance indicators, in line with our focus on patient experience and, especially, on improved patient journey times.

Over the past 12 months, NHS 24 has collaborated internally, with partners, with service users and with Scottish Government to develop an enhanced performance framework to deliver against that request. The Annual Operating Plan for 2019/20 details the outcome of that work and the proposed framework. Whilst the proposed framework is intended to offer a more rounded view of the effectiveness of the service provided, NHS 24 is not proposing any fundamental change to the core '111' service it provides.

NHS 24 consistently achieve or exceed the targets set for responses to NHS inform calls and for the provision of self-care advice. In addition to the strong performance against the clinical indicators, the quarterly average of priority 1, 2 and 3 calls responded to in 60, 120 and 180 minutes performed similar to 2018/19 levels with a slight decrease in P3 calls (calls responded to in 180 minutes), but still well within our target performance.

The thresholds to access the service within specific time limits have unfortunately not been achieved in year and require further review.

The impact of category C calls to SAS are currently being reviewed. We have agreed with SAS that for winter planning, there will be a focus on return callers, as this generates significant demand for both NHS 24 and SAS. The work to date has confirmed the appropriateness and recurrent nature of

the impact of this change on referrals to our service. As such, the current target level and funding required to deliver this part of our service will require to be discussed formally with the Sponsor Team.

Access to Breathing Space was below the target of 80% for the year. Our lowest performance was in Q3 due to recruitment gaps in the service. It is anticipated that recruitment and retention of additional staff in recent months will improve performance in 2020/21.

Attendance rates also fell below target for the year at 90.8% against 94.75%. Long term absence accounted for the highest number of absentees. The Employee Relations team work with managers on a monthly basis to review all long-term sickness cases to determine progress, interventions and to offer advice and recommendations.

During 2019/20 NHS 24 continued to focus on supporting line managers through a learning and development programme, with a clear focus on how line managers manage early intervention in absence cases. As part of the "Better Working, Better Care Programme" there are a number of actions to improve the proactivity of attendance management, including looking at the current alignment of managers and teams to better monitor and address attendance issues with staff. The focus of this has been within Phase 1 of the BWBC programme, which is now completed for 900 staff. This will help drive all workforce and capacity planning going forward. Partial implementation of Phase 2 is now underway but has been impacted due to the COVID 19 pandemic.

NHS 24 are proud to employ the largest proportion of staff with a disability in NHS Scotland. A reasonable adjustment for staff with a disability is to expect a higher percentage of absence. By working with these staff we ensure more citizens of Scotland can access work and remain in employment.

NHS 24 is enhancing its Attendance Improvement Plan in 2020/21 and in relation to attendance management will support the Roll out of eESS, Once for Scotland Management of sickness absence and continue to grow our Health and Wellbeing initiatives for staff.

### **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 2019/20, NHS 24's average credit taken was 21 days (2018/19 - 28 days).
- In 2019/20, NHS 24 paid 69.8% of invoices by value (2018/19 – 58.0%) and 48.4% by volume (2018/19 – 42.3%) within 10 days.
- In 2019/20, NHS 24 paid 85.9% of invoices by value (2018/19 – 84.5%) and 85.0% by volume (2018/19 – 76.4%) within 30 days.

The figures relate only to non-NHS suppliers.

### **Pension liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown in Note 16 and in the Remuneration Report.

### **Environmental and Sustainability Reporting**

Norseman House is stand-alone shared accommodation for which NHS 24 is host board. NHS 24 monitors the environmental performance for this site.

The host board for sites where NHS 24 is co-located is responsible for monitoring environmental performance. NHS 24 continues to support and encourage local initiatives and include all sites within sustainability and carbon reduction plans to ensure estate wide commitment.

There is continued progress in improving environmental performance at Norseman House. The annual electricity consumption continues on downward trend. Norseman House gas consumption has seen a fluctuation throughout 2019/20 which investigations are being carried out to understand the variances in quarterly performance. On site waste recycling continues to perform well ensuring a positive benefit of waste recycling versus landfill.

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which NHS 24 is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032 while national reports can be found at the following resource:

<https://sustainablesotlandnetwork.org/reports>

### **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 Patient Focus, Public Involvement (PFPI) Group, which ensures that patients and the public are involved in key service developments within the organisation.

Anti-corruption and anti-bribery matters are monitored by NHS 24's Fraud Liaison Officer and are discussed with NHS Scotland's Counter Fraud Services Team.

**Approval and signing of the Performance report**

The Accounting Officer authorised these financial statements for issue on 27 August 2020.

Signed

  
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Angiolina Foster, Chief Executive

Date

  
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## **B. THE ACCOUNTABILITY REPORT**

### **1. CORPORATE GOVERNANCE REPORT**

#### **a) The Directors' Report**

##### **Date of issue**

The financial statements were approved by the Board on 27 August 2020.

##### **Appointment of auditors**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed 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, Grant Thornton were appointed as NHS 24's internal auditor for 2 years, with an option to extend by 1 + 1 years. The first extension is in place with an option to extend for a further year, resulting in the contract running from 12 May 2018 to 11 May 2022 if the second extension is enacted.

##### **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 2020 and up to the date that the annual accounts were signed were as follows:

<b>Chair</b>	Ms Esther Robertson (Left 30/09/19) Ms Madeline Smith (Interim Chair 1/10/19-31/12/19) Dr Martin Cheyne (Appointed 1/01/20)
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<b>Non-Executive Members</b>	Ms Madeline Smith, Vice Chair Dr Juliana Butler (Left 30/04/20) Mr John Glennie Mr Michael McCormick Ms Elizabeth Mallinson (Appointed 01/02/20) Mr Graham Revie, Employee Director Mr Albert Tait Mr Martin Togneri Mr Alan Webb Ms Anne Gibson (Appointed 01/05/20)
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##### **Executive Directors appointed by the Minister as Board Members were:**

Mrs Angiolina Foster	Chief Executive
Mr Eddie Docherty	Director of Nursing & Care (Left 31/01/20)

Mrs Margo McGurk	Director of Finance & Performance (Left on secondment 31/03/20)
Dr Laura Ryan	Medical Director
Mr John Gebbie	Interim Director of Finance (Appointed 04/05/20)
Mrs Maria Docherty	Director of Nursing & Care (Appointed 09/04/20)

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

### **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 31<sup>st</sup> March 2020 and of its operating costs for the year then ended. In preparing these accounts, the Directors are required to:

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

### **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 the notes to the accounts if required. No such disclosure is required for 2019/20.

### **Remuneration for non-audit work**

There was no remuneration for non-audit work carried out by either Scott-Moncrieff or Grant Thornton during 2019/20.



## **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: <https://www.nhs24.scot/index.php?id=reports>

## **Personal data related incidents reported to the Information Commissioner.**

There were three incidents reported to the Information Commissioner during 2019/20. However, the ICO were satisfied with all the incident reports and opened ,recorded and closed all incident reports with no further action been taken.

## **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 17.

## **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 Executive Director and Non-Executive Director;
- b) Cash Equivalent Transfer Value (CETV) disclosures for each 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 confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of 2 March 2016.

## **c) 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 latest version was approved by NHS 24 Board on 12 December 2019. Following publication of the new NHS Model Standing Orders, a review has been undertaken to identify changes that are required to the NHS 24 Standing Orders and they will subsequently be updated and presented for approval to 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**

Planning 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 2019/20 the Board and the governance committees considered their effectiveness, which will be referenced in their annual reports to the Audit and Risk 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.

Developments in governance during the year included:

In 2019/20 work was concluded on the purpose, duties and priorities including the impact on existing Committee "Terms of Reference" following a series of Committee workshops that were held during 2018/19.

Following the development of a strategic planning cycle in 2018/19 which consists of a formal work plan for the NHS 24 Board, Governance Committees and the Executive Management Team, this work continued to progress and a new strategic planning cycle was set for 2019/20. This planning cycle is linked to the embedded Strategic Planning and Resource Allocation Process (SPRA) and corporate governance framework, to deliver more effective arrangements to support NHS 24 Board involvement in considering options, debating risk, giving approval and thereafter monitoring delivery of the Board's strategic plans.

We refined and formalised the NHS 24 Board planning cycle and work plan to match the new strategy and SPRA process and the NHS 24 Board. The planning cycle includes alignment and engagement with the Executive Management Team (EMT), the Area Partnership Forum (APF) and the Public Partnership Forum (PPF). It also informs the agendas for Board Development Sessions and operates as an annual addendum to the Standing Orders of the NHS 24 Board.

The planning cycle charts the key work areas and priorities across the year to support decision-making, and sets the agenda for Board and Governance Committee scrutiny.

The planning cycle and work plan is derived from the key strategic and operational objectives and associated activities agreed annually through the SPRA process. It also includes scheduled time to review annual/quarterly and monthly standing items.

In 2019 the Board also developed an Integrated Governance Group (IGG) where the Chairs of each governance committee meet twice per year. The purpose of this group is to look at the relationship between the Board and its Committees and to articulate the specific 'lenses' of each Committee on areas of mutual interest. Additionally, the purpose was to ensure clarity of governance responsibility and that there were no gaps or areas of duplication. It was agreed at the NHS 24 Board in February 2020, that the IGG would evolve into a full Board Committee. Terms of Reference are being approved for this by the Board in June 2020.

In 2019 NHS 24 completed the self-assessment against the NHS Scotland Blueprint for Good Governance. This enabled us to recognise areas where the organisation demonstrates effective governance and, through comparison with good practice, identified some potential areas for improvement.

An action plan was developed from this assessment to enhance the effectiveness of governance arrangements in those areas which were identified as adequate or inconsistent. The action plan areas include: strengthening stakeholder engagement through a revised engagement plan, strengthening the effectiveness and consistency of risk management arrangements and enhancing the effectiveness of NHS 24 quality improvement arrangements to support improvement.

There were appointments to the EMT during the year and there have also been some revisions to the governance structures. The Chair and Chief Executive are committed to achieving excellence in both the progress and the governance of the organisation.

### **Internal Audit Review of Governance 2019**

Recognising the importance of an independent perspective on our governance improvement work we commissioned our internal auditors, Grant Thornton, to conduct a review. The review concluded that our processes provide a significant level of assurance to the Audit and Risk Committee on the areas covered.

The report confirmed that having effective scrutiny and governance arrangements in place is and has been a key area of focus for NHS 24 with significant development over recent years.

The report refers to the delivery of a range of initiatives, which have transformed governance and scrutiny arrangements, including evidence of governance oversight, monitoring and challenge. The specific developments they referenced were:

- enhancements to risk management arrangements
- a revised performance management framework established with supporting Key Performance Indicators (KPIs) to align to strategic priorities
- Quality Framework 2019-21 established to support and embed service quality and delivery
- Strategic Planning and Resource Allocation (SPRA) processes developed and embedded to align operational delivery to strategic priorities
- an approved NHS 24 Board Planning Cycle and work plan
- Detailed review and update of committee terms of reference and committee and Board work plans to ensure committees focus on key priorities and discharge their delegated governance responsibilities.

Their report advised that the Board has well established governance arrangements and that we demonstrate commitment to continue to develop and refine these.

A revised performance framework was developed for the organisation. This has been submitted as a formal proposal through the 2019/20 Annual Operating Plan (AOP) process. There has also been significant improvement to performance reporting during the year through the development of an enhanced Service Quality Report which includes an 'at a glance' Dashboard Report.

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.

### **Coronavirus (Covid-19) Governance**

During 2019/20, a COVID-19 Incident Management Team (IMT) was established, with an approved Response Framework approved. A programme structure for management of the pandemic was established, with associated Project and Action Logs established. The Programme Group (COVID19 IMT) meet on a regular basis with regular reporting and escalation of key issues and risks to the Executive Team. This is achieved through dynamic risk assessment and support from reasonable worst case scenario planning sessions in the strategic delivery group.

COVID-19 updates are provided to each Board meeting, with any decisions highlighted within the report. In addition, an action log is held acting as an audit trail for all decisions made through the Incident Management Team (IMT).

NHS Board and NHS 24 Governance Committees have continued to meet, as scheduled throughout this period. In addition, we previously had full Boards every two months and development sessions each other month. Since March, the Board has met at least monthly to ensure they are sighted on the key areas of focus as we manage through COVID-19.

### **NHS 24 Strategy**

In July 2019, NHS 24 embarked on a mid-point review of its current organisational strategy. This Strategy Review also included significant engagement from the NHS 24 EMT and Board, which helped frame our strategic position against what was set out in the 2017-22 Strategy. This was then used to develop the 2020/2021-23 AOP.

### **Internal Audit**

The 2019/20 Internal Audit Plan, approved by the Audit and Risk Committee, included a range of reviews on NHS 24's operations. From the reviews finalised and reported to date, no high risk findings have been identified in relation to any of NHS 24 operations.

In their annual report to the Audit and Risk Committee, the NHS 24 internal auditors, Grant Thornton, gave their opinion on the audit work they had conducted including an assessment of NHS 24's internal control system for the year ending 31 March 2020.

"Our overall opinion for the period 1 April 2019 to 31 March 2020 is that based on the scope of reviews undertaken and the sample tests completed during the period, that reasonable assurance can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control."

## **Fraud Prevention**

NHS 24 is fully committed to countering fraud and has signed a Partnership Agreement with Counter Fraud Services (CFS). This agreement outlines what should happen in the event of a fraud or other irregularity being discovered and what NHS 24 and CFS will do to counter the fraud. In particular the emphasis remains on the policy of zero tolerance of fraud and the concept of triple tracking which refers to the three main options, namely the pursuit of criminal, disciplinary and recovery option sanctions.

Staff are fully informed via NHS 24's intranet which contains instructions in respect of:

Financial Crime Action Plan

What is financial crime or fraud?

Staff guide on reporting fraud

The CFS/NHS 24 Agreement follows the principles and guidance reflected in the Scottish Government's publication "Strategy to Counter NHS Fraud in Scotland".

NHS 24's Financial Crime Action Plan outlines the policy in relation to fraud, the roles and responsibilities of key personnel, the action that should be taken if a fraud is suspected, the law in relation to the fraudulent activity and the key NHS 24 contacts for NHS 24 staff.

Actions are extremely detailed and supplemented by flow charts that outline the key steps within the organisation with the intention of embedding a culture where fraud is considered unacceptable. The Fraud Liaison Officer reports all fraud related matters within the Corporate Governance Report which is submitted, on a quarterly basis, to NHS 24's Audit & Risk Committee.

## **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 and 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.

Throughout 2019/20 NHS 24 has continued to review and improve its risk management arrangements. A revised Risk Management Framework was approved in February 2020 by the Audit & Risk Committee. Our internal auditors conducted a maturity review of our current risk management arrangements. This report described our arrangements as well established, being one that has an enterprise wide approach. The opportunities to further develop and embed risk management will be considered as part of a risk management strategy review in 2020.

The Board conducted a strategic risk session in January 2020. A number of areas were considered within the session. This included the context of the wider health and social care landscape, strategic objectives of NHS 24, stakeholder engagement with the NHS 24 strategy, providing a sustainable and skilled workforce, values and leadership. The review considered risk velocity to determine the action required by the organisation.

There was also significant consideration given to more immediate risks such as EU Exit. NHS 24 has engaged with Scottish Government to understand the risk and developed mitigation for any potential impact on the organisation. Communication and engagement with staff on this issue has been ongoing and the NHS 24 is not anticipating any immediate, or significant, disruption to services.

Key risks relating to our estate and technology changes have been mitigated by full programme management structures to understand the risk, opportunities and benefits of any decisions taken. In January 2020, NHS 24 started to prepare for the COVID-19 pandemic. This had resulted in significant demand on NHS 24 services and staff throughout. The risks and challenges have been supported by a robust incident management structure that includes risk management and service development methodology to consider the opportunities to improve as part of the recovery from COVID-19.

The Board approved a revised risk appetite statement in April 2019 to support decision making throughout NHS 24. This was considered again in January 2020 in line with the strategic risk management process. NHS 24 always ensures that safe, effective, person centred care is a priority for all services. Any risks and issues highlighted are reviewed in line with our low clinical risk appetite. A quality improvement methodology has ensured a robust framework has been adopted to consider any risks or change that may arise.

## **Whistle blowing Arrangements**

The Board of Directors have a critical role in setting a tone and culture within NHS 24 that values the contributions of all staff, including those who identify the need for changes through speaking up. In line with the new National Whistleblowing Standards, Ms Elizabeth Mallinson was appointed, in February 2020, as a non-executive member with a specific role as NHS 24 Whistleblowing champion.



This leadership role is recognised as a critical function of the Board of Directors when it comes to speaking up in the interest of safe and effective service delivery. In addition, NHS 24 operates a whistle blowing policy which supports staff when they wish to raise an issue or concern.

## **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 31<sup>st</sup> MARCH 2020

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
<b>EXECUTIVE DIRECTORS</b>					
Mrs Angiolina Foster CBE, Chief Executive	140 - 145	-	140-145	35.8	175 - 180
Mr Eddie Docherty, Director of Nursing & Care (Note 1)	40 - 45	-	40 - 45	21.5	60 - 65
Mrs Margo McGurk, Director of Finance and Performance (Note 2)	105 - 110	4.2	110 – 115	33.8	145 – 150
Dr Laura Ryan, Medical Director	145 – 150	-	145 - 150	41.6	185 - 190
<b>NON EXECUTIVE DIRECTORS</b>					
Ms Esther Robertson, Chair (Left 30/09/19)	10 -15	-	10 - 15	-	10 -15
Dr Martin Cheyne Chair (Appointed 01/01/20) <i>Full year equivalent</i>	5 - 10 25 - 30	-	5 - 10	-	5 - 10
Ms Madeline Smith, Vice Chair	10 - 15	-	10 – 15	-	10 - 15
Dr Juliana Butler	5 -10	-	5 – 10	-	5 – 10
Mr John Glennie	5 - 10	-	5 – 10	-	5 – 10
Mr Michael McCormick	5 - 10	-	5 – 10	-	5 – 10
Ms Elizabeth Mallinson (Note3) <i>Full year equivalent</i>	0 - 5 5 - 10		0 - 5	-	0 - 5
Mr Graham Revie, Employee Director (Note 4)	65 - 70	-	65 - 70	15.0	5 - 10
Mr Albert Tait OBE	5 - 10	-	5 - 10	-	5 - 10
Mr Martin Togneri	5 - 10	-	5 - 10	-	5 - 10
Mr Alan Webb	5 - 10	-	5 - 10	-	5 - 10
<b>Total</b>		<b>4.2</b>		<b>147.7</b>	

**Note 1** The figures reflect that in relation to NHS 24 Mr Eddie Docherty is only 0.5 whole time equivalent (WTE) . Mr Docherty was on secondment from NHS Dumfries and Galloway to NHS 24. He remained a fully paid substantive employee of NHS Dumfries and Galloway and his costs were recharged on a quarterly basis to NHS 24. The figures in the table above relate solely to the NHS 24 element of his remuneration and he resigned from his post on 31<sup>st</sup> of January 2020 to take up a post with NHS Lanarkshire.

**Note 2** Mrs Margo McGurk left on secondment on 31/03/20 to take up the position of Director of Finance at NHS Fife and her pensionable earnings are shown in full for the year. There was a recharge to NHS Fife of £11,787 for her services during 2019/20 and this amount is included in the secondees income figure for NHS 24.

**Note 3** Ms Elizabeth Mallinson was appointed on 01/02/2020 and will be the main point of contact re any whistleblowing issues that may arise.

**Note 4**

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 2019/20 are broadly similar to prior year, which has resulted in minimal movement on his pension benefit in 2019/20.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – REMUNERATION TABLE FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

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
<b>EXECUTIVE DIRECTORS</b>					
Mrs Angiolina Foster CBE, Chief Executive	135 – 140	-	135 – 140	35.4	170 - 175
Mr Eddie Docherty, Director of Nursing & Care (Note 1) <i>Full Year Equivalent</i>	25 - 30  40 - 45		25 - 30	18.3	45 - 50
Mrs Margo McGurk, Director of Finance and Performance (Note2)	100 - 105	9.3	110 – 115	0	110 - 115
Dr Laura Ryan, Medical Director	140 - 145	-	140 - 145	42.7	180 - 185
Mrs Sheena Wright, Director of Nursing & Care (Note 3) <i>Full year equivalent</i>	20 – 25  95 - 100	1.0	25 - 30	0	25 - 30
<b>NON EXECUTIVE DIRECTORS</b>					
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
Mr John Glennie	5 – 10	-	5 – 10	-	5 – 10
Mr Michael McCormick	5 – 10	-	5 – 10	-	5 – 10
Mr Graham Revie, Employee Director (Note 4)	65 - 70	-	65 - 70	14.8	80 - 85
Mr Albert Tait OBE	5 – 10	-	5 – 10	-	5 – 10
Mr Martin Togneri	5 - 10	-	5 - 10	-	5 - 10
Mr Alan Webb <i>Full year equivalent</i>	0 - 5 5 - 10	-	0 - 5	-	0 - 5
<b>Total</b>		<b>10.3</b>		<b>111.2</b>	

**Note 1** The figures reflect that in relation to NHS 24 Mr Eddie Docherty was only 0.5 whole time equivalent (WTE) and started on 20 August 2018. Mr Docherty was on secondment from NHS Dumfries and Galloway to NHS 24. He remained a fully paid substantive employee of NHS Dumfries and Galloway and his costs are recharged on a quarterly basis to NHS 24. The figures in the table above relate solely to the NHS 24 element of his remuneration.

**Note 2** Mrs Margo McGurk's pension benefit for the year ended March 2019 is disclosed as zero. This follows guidance from the Financial Reporting Manual (FRM) that where the calculation of the pension benefit results in a negative value, the result must be expressed as zero. The calculation returned a negative value as a consequence of receiving backdated pay the previous financial year. Thus the prior year pay was higher than the current year and impacted on the pension benefit calculation.

**Note 3** Mrs Sheena Wright left the post of Director of Nursing & Care on 30 June 2018.

**Note 4** 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 2018/19 are broadly similar to prior year, which has resulted in minimal movement on his pension benefit in 2018/19.

# NHS 24

## BOARD MEMBERS' AND SENIOR EMPLOYEES' REMUNERATION – PENSION VALUES FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

Name	Accrued pension at age 60 as at 31 March 2020 (bands of £5,000)	Accrued lump sum at age 65 as at 31 March 2020 (bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Real increase in lump sum at age 65 at 31 March 2020 (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2019	Cash Equivalent Transfer Value (CETV) at 31 March 2020	Real increase in CETV in year (Note 1)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>EXECUTIVE DIRECTORS</b>							
Mrs Angiolina Foster CBE, Chief Executive	15 – 20	-	2.5 – 5.0	-	265	320	55
Mr Eddie Docherty, Director of Nursing & Care (Note 2)	-	-	-	-	-	-	-
Mrs Margo McGurk, Director of Finance and Performance (Note 3)	25 – 30	85 - 90	0 – 2.5	5.0 - 7.5	599	661	72
Dr Laura Ryan, Medical Director	20 - 25	20 – 25	2.5 – 5.0	0 – 2.5	222	265	43
<b>NON EXECUTIVE DIRECTORS (Note 4)</b>							
Mr Graham Revie, Employee Director	20 - 25	60 - 65	0 – 2.5	2.5 – 5.0	415	446	38
<b>Total</b>							<b>208</b>

**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** Mr Eddie Docherty who was on secondment from NHS Dumfries & Galloway left the post of Director of Nursing & Care on 31<sup>st</sup> January 2020 to take up a post with NHS Lanarkshire and as he was not employed by NHS 24 on 31<sup>st</sup> March 2020 no pension disclosure is required for NHS24.

**Note 3** Mrs Margo McGurk left the post of Director of Finance & Performance on 31<sup>st</sup> March 2020 on secondment to join NHS Fife as Director of Finance and her pension movement for the full year are included above.

**Note 4** 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 31<sup>st</sup> MARCH 2019

Name	Accrued pension at age 60 as at 31 March 2019 (bands of £5,000)  £'000	Accrued lump sum at age 65 as at 31 March 2019 (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 2019 (bands of £2,500)  £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2018  £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2019  £'000	Real increase in CETV in year (Note 1)  £'000
<b>EXECUTIVE DIRECTORS</b>							
Mrs Angiolina Foster CBE, Chief Executive	15 - 20	-	2.5 – 5.0	-	208	261	53
Mr Eddie Docherty Director of Nursing & Care (Note 2)	20 - 25	50 - 55	2.5 - 5.0	-	338	394	58
Mrs Margo McGurk, Director of Finance and Performance	25 – 30	80 - 85	0 - 2.5	0 - 2.5	573	589	2
Dr Laura Ryan, Medical Director	15 - 20	20 - 25	2.5 – 5.0	0 – 2.5	184	222	39
Mrs Sheena Wright, Director of Nursing & Care (Note3)					978	962	(19)
<b>NON EXECUTIVE DIRECTORS (Note 4)</b>							
Mr Graham Revie, Employee Director	15 – 20	55 - 60	0 – 2.5	2.5 – 5.0	379	408	21
<b>Total</b>							<b>154</b>

**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** Mr Eddie Docherty took up the post of Director of Nursing & Care on 20 August 2018 on secondment from NHS Dumfries and Galloway to NHS 24. His full pension value is included in the table.

**Note 3** Mrs Sheena Wright left the post of Director of Nursing & Care on 30 June 2018.

**Note 4** 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.



<b>2019/20</b>		<b>2018/19</b>	
Range of staff remuneration	9 -147	Range of staff remuneration	3 -141
Highest Earning Director's Total Remuneration (£000s)	145 – 150	Highest Earning Director's Total Remuneration (£000s)	140 – 145
Median Total Remuneration	29,671	Median Total Remuneration	27,635
Ratio	4.97	Ratio	5.16
<b>Commentary</b> 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 ratio has shown a slight reduction from the 18/19 figure.			

## STAFF REPORT

### a) Higher paid employees remuneration

2019 Number	Other employees whose remuneration fell within the following ranges  Clinicians	2020 Number
3	£ 70,001 to £ 80,000	3
2	£ 80,001 to £ 90,000	1
2	£ 90,001 to £100,000	2
0	£ 100,001 to £110,000	0
0	£120,001 to £130,000	0
0	£130,001 to £140,000	1
1	£140,001 to £150,000	1

2019 Number	Others	2020 Number
2	£ 70,001 to £ 80,000	3
2	£ 80,001 to £ 90,000	2
2	£ 90,001 to £100,000	2
1	£100,001 to £110,000	2
1	£110,001 to £120,000	1
1	£130,001 to £140,000	0
0	£140,001 to £150,000	1

### b) Staff Numbers and Expenditure

	Exec Board Members £'000	Non- Executive Members £'000	Permanent Staff £'000	Inward Secondes £'000	Other £'000	Outward Secondes £'000	2020 Total £'000	2019 Total £'000
<b>Staff Costs</b>								
Salaries and Wages	396	94	42,398	0	0	(779)	42,109	39,127
Social Security Costs	51	3	4,043	0	0	(92)	4,005	3,657
NHS scheme employers' costs	83	0	7,366	0	0	(159)	7,290	4,749
Other Emprs Pens Scheme			22				22	0
Inward secondees	54	0	0	260	0		314	359
Agency Staff	0	0	0	0	382		382	198
<b>Total</b>	<b>584</b>	<b>97</b>	<b>53,829</b>	<b>260</b>	<b>382</b>	<b>(1030)</b>	<b>54,122</b>	<b>48,090</b>

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

NIL NIL

#### Staff Numbers

Whole time equivalent (WTE)	3	10	1,096	3	16	(13)	1,115	1,089
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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:	156.89	160.47
Included in the total staff numbers above were Special Advisers of:	NIL	NIL

#### Reconciliation to income and expenditure

	£'000	
Total employee expenditure as above	54,122	From staff report disclosure
Add: employee income included in Note 4	1,030	From note 4; secondee income
Total employee expenditure disclosed in Note 3	<u>55,152</u>	

#### c) Staff Composition

	2020				2019			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	0	3	0	3	0	3	0	3
Non-Executive Directors and Employee Director	6	4	0	10	6	3	0	9
Senior Employees	4	12	0	16	31	51	0	82
Other	329	1,328	0	1,657	264	1,219	0	1,483
Total Headcount	339	1,347	0	1,686	301	1,276	0	1,577

#### d) Sickness absence data

	2020	2019
Sickness Absence Rate	9.25%	8.8%

#### 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 or prior financial years.

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:

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

### 3. PARLIAMENTARY ACCOUNTABILITY REPORT

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

#### Losses and Special Payments

The write-off of the following losses and special payments has been approved by the board:

	No. of cases	2020 £000
Losses	4	686

In the year to 31 March 2020, the following balances in excess of £250,000 were written off:

Reference	Description	2020 £000
CNORIS	Total claims paid under the CNORIS scheme	529

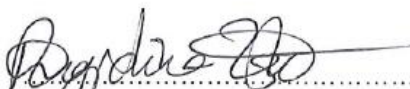
In 2019/20, the Board was required to pay out £529,000 in respect of claims greater than £250,000 settled under the CNORIS scheme (2018/19: £640,000). Further details on the scheme can be found in note 1 (accounting policies) of the annual accounts.

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 11.

#### **Approval and signing of the Accountability report**

The Accounting Officer authorised these financial statements for issue on 27 August 2020.

Signed

  
Angiolina Foster, Chief Executive

Date

27/8/20

## 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 2020 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 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

- 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 2020 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 2019/20 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

#### **Basis of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 9 years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the board. 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 were:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material

uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

### **Responsibilities of the Accountable Officer for the financial statements**

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the 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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of 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.

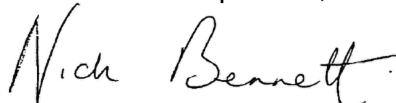
We have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

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

### **Use of our report**

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

A handwritten signature in black ink that reads "Nick Bennett". The signature is written in a cursive style with a large initial 'N'.

Nick Bennett, (for and on behalf of Scott-Moncrieff)

Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: *1 September 20*



# NHS 24

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

2019 £'000		Note	2020 £'000
48,648	Staff costs	3a	55,152
	Other operating expenditure	3b	
11,775	Major Programmes & Technology		11,681
5,147	Property & Administration		5,460
405	Other health care expenditure		(120)
<b>65,975</b>	<b>Gross expenditure for the year</b>		<b>72,173</b>
(784)	Less operating income	4	(1,277)
<b>65,191</b>	<b>Net Expenditure for the year</b>		<b>70,896</b>
<b>65,191</b>	<b>Comprehensive Net Expenditure</b>		<b>70,896</b>

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

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

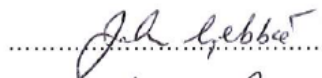
# NHS 24


## STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>st</sup> MARCH 2020

2019 £'000		Note	2020 £'000
	<b>Non-current assets:</b>		
1,486	Property, plant & equipment	7a	1,621
0	Intangible assets	6a	46
<u>1,486</u>	<b>Total non-current assets</b>		<u>1,667</u>
	<b>Current Assets:</b>		
3,100	Trade and other receivables	8	2,745
507	Cash and cash equivalents	9	2,491
<u>3,607</u>	<b>Total current assets</b>		<u>5,236</u>
<u>5,093</u>	<b>Total assets</b>		<u>6,903</u>
	<b>Current liabilities:</b>		
(1,508)	Provisions	11a	(725)
	<b>Financial Liabilities:</b>		
(6,602)	Trade and other payables	10	(10,218)
<u>(8,110)</u>	<b>Total current liabilities</b>		<u>(10,943)</u>
<u>(3,017)</u>	<b>Non-current assets less net current liabilities</b>		<u>(4,040)</u>
	<b>Non-current liabilities:</b>		
(1,297)	Provisions	11a	(1,645)
<u>(1,297)</u>	<b>Total non-current liabilities</b>		<u>(1,645)</u>
<u>(4,314)</u>	<b>Assets less liabilities</b>		<u>(5,685)</u>
	<b>Taxpayers' Equity</b>		
(4,315)	General Fund	SoCTE	(5,686)
1	Revaluation reserve	SoCTE	1
<u>(4,314)</u>	<b>Total taxpayers' equity</b>		<u>(5,685)</u>

Adopted by the Board on 27th August 2020

 Director of Finance

 Chief Executive

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

2019 £'000		Note	2020 £'000	2020 £'000
	<b>Cash flows from operating activities</b>			
(65,191)	Net Expenditure		(70,896)	
236	Adjustments for non-cash transactions	2b	220	
2	Add back: interest payable recognised in net operating cost	2c	1	
(555)	Movement in working capital	2d	1,234	
<b>(65,508)</b>	<b>Net cash outflow from operating activities</b>			<b>(69,441)</b>
	<b>Cash flows from investing activities</b>			
(334)	Purchase of property, plant and equipment		(83)	
14	Proceeds of disposal of property, plant & equipment			
	Proceeds of disposal of intangible assets			
<b>(320)</b>	<b>Net cash outflow from investing activities</b>			<b>(83)</b>
	<b>Cash flows from financing activities</b>			
65,830	Funding		69,525	
(3,372)	Movement in general fund working capital	SoCTE	1,984	
62,458	Cash drawn down	SoCTE	71,509	
(2)	Interest paid		(1)	
<b>62,456</b>	<b>Net Financing</b>			<b>71,508</b>
(3,372)	Net Increase / (decrease) in cash and cash equivalents in the period			1,984
3,879	Cash and cash equivalents at the beginning of the period			507
<b>507</b>	<b>Cash &amp; cash equivalents at end of the period</b>			<b>2,491</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
(3,372)	Increase / (decrease) in cash in year			1,984
3,879	Net debt/cash at 1 April			507
<b>507</b>	<b>Net (debt)/cash at 31 March</b>			<b>2,491</b>

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 1 April 2019</b>		<b>(4,315)</b>	<b>1</b>	<b>(4,314)</b>
<b>Changes in taxpayers' equity for 2019/20</b>				
Net operating cost for the year	CFS	(70,896)	0	(70,896)
<b>Total recognised income and expense for 2019/20</b>		<b>(70,896)</b>	<b>0</b>	<b>(70,896)</b>
<b>Funding:</b>				
Drawn down		71,509	0	71,509
Movement in General Fund working capital		(1,984)	0	(1,984)
<b>Balance at 31 March 2020</b>		<b>(5,686)</b>	<b>1</b>	<b>(5,685)</b>

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

# NHS 24

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

	Note	General Fund £'000	Revaltn Reserve £'000	Total Reserves £'000
<b>Balance as at 1 April 2018</b>		<b>(4,954)</b>	<b>1</b>	<b>(4,953)</b>
<b>Changes in taxpayers' equity for 2018/19</b>				
Net operating cost for the year	CFS	(65,191)	0	(65,191)
<b>Total recognised income and expense for 2018/19</b>		<b>(65,191)</b>	<b>0</b>	<b>(65,191)</b>
<b>Funding:</b>				
Drawn down		62,458	0	62,458
Movement in General Fund working capital		3,372	0	3,372
<b>Balance at 31 March 2019</b>		<b>(4,315)</b>	<b>1</b>	<b>(4,314)</b>

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### 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 (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The 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.

Note: Where a new international accounting standard/amendment/interpretation has been issued but not yet implemented, Boards are required to disclose in their financial statements the nature of the standard, and if possible, an estimate of its likely effect on future financial statements. HM Treasury issue a paper that sets out standards issued not yet adopted. Boards should refer to this paper when preparing their disclosure.

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

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

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

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

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

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

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS 24 expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

### **Impact of the new standard**

The Board has assessed the likely impact to i) comprehensive net expenditure and ii) the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases as at 31 March 2020. The standard is expected to increase total expenditure by £0.126million. Right-of-use assets totalling £5.779 million will be brought onto the Statement of Financial Position, with an associated lease liability of £5.779 million.

## **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 licenses. Amortised over the shorter term of the license and their useful economic lives.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Software

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 SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

## **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.

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 NHSScotland 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.

### **14. Related Party Transactions**

Material related party transactions are disclosed in the note 18 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

### **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.

## 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 12 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 12, 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.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in Note 3.

## **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 31<sup>st</sup> March 2020 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.

### Accruals

NHS 24 will conduct an assessment of its financial records and make a judgement on when it is appropriate to accrue expenditure into the accounts. This will normally be on the basis of goods having been received, but no invoice has been provided or an invoice being received which relates to the accounting period in question.

### 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

Note 2

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### 2a. Summary of Resource Outturn (SORO)

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	2020 £'000	2020 £'000
<b>Net Expenditure</b>	<b>SoCNE</b>		<b>70,896</b>
Total Non-Core Expenditure (see below)			(492)
<b>Total Core Expenditure</b>			<b>70,404</b>
Core Revenue Resource Limit			70,501
<b>Saving/(excess) against Core Revenue Resource Limit</b>			<b>97</b>

### SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation	219	
Annually Managed Expenditure – Creation of Provisions	273	
<b>Total Non-Core Expenditure</b>		<b>492</b>
Non-Core Revenue Resource Limit		493
<b>Saving/ (excess) against Non-Core Revenue Resource Limit</b>		<b>1</b>

### SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving/ (Excess) £'000
Core	70,501	70,404	97
Non-Core	493	492	1
<b>Total</b>	<b>70,994</b>	<b>70,896</b>	<b>98</b>

## NOTES TO THE CASH FLOW STATEMENT

### 2b. Adjustments for non-cash transactions

2019 £'000		Note	2020 £'000
	<b>Expenditure not paid in cash</b>		
224	Depreciation	7a	208
7	Amortisation	6	12
5	Write down of assets under construction	6	0
<b>236</b>	<b>Total Expenditure not paid in cash</b>	<b>CFS</b>	<b>220</b>

### 2c. Interest payable recognised in operating expenditure

	Interest Payable		
2	Bank and other interest payable		1
<b>2</b>	<b>Total</b>	<b>CFS</b>	<b>1</b>

## 2d. Movements in working capital

2019 Net Movement £'000		Note	Opening Balances £'000	Closing Balances £'000	2020 Net Movement £'000
	<b>TRADE AND OTHER RECEIVABLES</b>				
(899)	Due within one year	8	3,100	2,744	
			3,100	2,744	
			3,100	2,744	
<b>(899)</b>	<b>Net Decrease/(Increase)</b>				<b>356</b>
	<b>TRADE AND OTHER PAYABLES</b>				
(3,029)	Due within one year	10	6,602	10,218	
101	Less: Capital included in above		(43)	(362)	
3,372	Less: General Fund Payable included in above	10	(507)	(2,491)	
			6,052	7,365	
<b>444</b>					<b>1,313</b>
	<b>PROVISIONS</b>				
(100)	Balance Sheet	11	2,805	2,370	
<b>(100)</b>	<b>Net (Decrease)/Increase</b>				<b>(435)</b>
<b>(555)</b>	<b>NET MOVEMENT (Decrease)/Increase</b>	CFS			<b>1,234</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### OPERATING EXPENSES

Note 3

#### 3a. Staff costs

2019 £'000		2020 £'000
280	Medical and Dental	428
17,896	Nursing	19,359
30,472	Other Staff	35,365
<b>48,648</b>	<b>Total</b>	<b>55,152</b>
		SoCNE

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
	<b>Major Programmes &amp; Technology</b>	
7,951	Organisational Improvement / Strategic Transformation Programme	472
19	SCTT & European Programmes	1
2,068	Software Developments, Licences and Maintenance	10,086
1,737	Telecommunications	1,122
<b>11,775</b>	<b>Total</b>	<b>11,681</b>
	<b>Property &amp; Administration</b>	
2,380	Property Running Costs	2,475
231	Depreciation & amortisation	219
2,568	Other administration costs	2,766
(32)	Compensation payments	0
<b>5,147</b>	<b>Total</b>	<b>5,460</b>
	<b>Other health care expenditure</b>	
337	Goods and services from other NHS SCOTLAND bodies	(174)
14	Loss on disposal	0
54	External auditor's remuneration – statutory audit fee	54
<b>405</b>		<b>(120)</b>
<b>17,327</b>	<b>Total Other Operating Expenditure</b>	<b>17,021</b>

In 2019/20 NHS 24 shared two Board Members with the Scottish Ambulance Service:

Mr Martin Togneri  
Ms Madeline Smith

For transparency, of the £2.956 million expenditure with other NHS SCOTLAND bodies in 2019/20, £0.066 million, was with the Scottish Ambulance Service. Declarations of interests are made at the start of every Board and Committee meeting.

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### OPERATING INCOME

Note 4

2019 £'000		2020 £'000
256	SGH&SCD	400
919	NHS Scotland Bodies	1,473
(75)	Contributions in respect of Clinical / Medical Negligence Claims	(725)
	<b>Non-NHS</b>	
(316)	Other	129
<b>784</b>	<b>Total Income</b>	<b>1,277</b>

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.

### SEGMENTAL INFORMATION

Note 5

	Clinical £'000	Corporate £'000	2020 £'000
<b>Net operating cost</b>	<b>46,328</b>	<b>24,568</b>	<b>70,896</b>

### PRIOR YEAR

	Clinical £'000	Corporate £'000	2019 £'000
<b>Net operating cost</b>	<b>43,264</b>	<b>21,927</b>	<b>65,191</b>

# NHS 24

## INTANGIBLE ASSETS

Note 6

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

	Note	Software Licences £'000	Information Technology Software £'000	Total £'000
<b>Cost or valuation – at 1 April 2019</b>		6	973	979
Additions			58	58
<b>As at 31 March 2020</b>		<b>6</b>	<b>1,031</b>	<b>1,037</b>
<b>Amortisation</b>				
As at 1 April 2019		6	973	979
Provided during the year		0	12	12
Disposals		0	0	0
<b>As at 31 March 2020</b>		<b>6</b>	<b>985</b>	<b>991</b>
Net Book Value at 1st April 2019		0	0	0
Net Book Value at 31st March 2020	SoFP	<b>0</b>	<b>46</b>	<b>46</b>

## PRIOR YEAR

	Note	Software Licences £'000	Information Technology Software £'000	Total £'000
<b>Cost or valuation – at 1 April 2018</b>		6	998	1,004
Disposals		0	(25)	(25)
<b>As at 31 March 2019</b>		<b>6</b>	<b>973</b>	<b>979</b>
<b>Amortisation</b>				
As at 1 April 2018		6	991	997
Provided during the year		0	7	7
Disposals		0	(25)	(25)
<b>As at 31 March 2019</b>		<b>6</b>	<b>973</b>	<b>979</b>
Net Book Value at 1st April 2018		0	7	7
Net Book Value at 31st March 2019	SoFP	<b>0</b>	<b>0</b>	<b>0</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### PROPERTY, PLANT & EQUIPMENT

#### Note 7a

	Note	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation – at 1 April 2019</b>		1277	1,094	3,639	160	6170
Additions		0	0	0	401	401
Completions		64	0	24	(146)	(58)
Transfers		0	0	0	0	0
Disposals		0	0	0	0	0
<b>As at 31 March 2020</b>		<b>1,341</b>	<b>1,094</b>	<b>3,663</b>	<b>415</b>	<b>6,513</b>
<b>Depreciation</b>						
As at 1 April 2019		341	1,015	3,328	0	4,684
Provided during the year		134	28	46	0	208
Disposals		0	0	0	0	0
<b>As at 31 March 2020</b>		<b>475</b>	<b>1,043</b>	<b>3,374</b>	<b>0</b>	<b>4,892</b>
<b>Net Book Value at 1st April 2019</b>		<b>936</b>	<b>79</b>	<b>311</b>	<b>160</b>	<b>1,486</b>
<b>Net Book Value at 31st March 2020</b>		<b>866</b>	<b>51</b>	<b>289</b>	<b>415</b>	<b>1,621</b>
<b>Asset Financing:</b>						
Owned		866	51	289	415	1,621
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	SoFP	<b>866</b>	<b>51</b>	<b>289</b>	<b>415</b>	<b>1,621</b>

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

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

#### PRIOR YEAR

	Note	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation – at 1 April 2018</b>		768	1,271	3,855	580	6,474
Additions		94	0	6	133	233
Completions		438	17	93	(548)	0
Transfers		0	0	0	(5)	(5)
Disposals		(23)	(194)	(315)	0	(532)
<b>As at 31 March 2019</b>		<b>1,277</b>	<b>1,094</b>	<b>3,639</b>	<b>160</b>	<b>6,170</b>
<b>Depreciation</b>						
As at 1 April 2018		222	1,175	3,581	0	4,978
Provided during the year		128	34	62	0	224
Disposals		(9)	(194)	(315)	0	(518)
<b>As at 31 March 2019</b>		<b>341</b>	<b>1,015</b>	<b>3,328</b>	<b>0</b>	<b>4,684</b>
<b>Net Book Value at 1st April 2018</b>		<b>546</b>	<b>96</b>	<b>274</b>	<b>580</b>	<b>1,496</b>



<b>Net Book Value at 31st March 2019</b>		<b>936</b>	<b>79</b>	<b>311</b>	<b>160</b>	<b>1,486</b>
<b>Asset Financing:</b>						
Owned		936	79	311	160	1,486
<b>Net Book Value at 31<sup>st</sup> March 2019</b>	<b>SoFP</b>	<b>936</b>	<b>79</b>	<b>311</b>	<b>160</b>	<b>1,486</b>

## PROPERTY, PLANT & EQUIPMENT DISCLOSURES

**Note 7b**

<b>2019 £'000</b>		<b>Note</b>	<b>2020 £'000</b>
	<b>Net book value of tangible fixed assets at 31 March</b>		
1,486	Purchased		1,621
1,486	<b>Total</b>	<b>SoFP</b>	1,621

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**

<b>2019 £'000</b>		<b>Note</b>	<b>2020 £'000</b>
	<b>EXPENDITURE</b>		
233	Acquisition of Property, plant and equipment	7a	401
233	<b>Gross Capital Expenditure</b>		401
	<b>INCOME</b>		
0	Net book value of disposal of intangible assets		0
14	Net book value of disposal of property, plant & equipment		0
14	<b>Net Capital Expenditure</b>		401

## SUMMARY OF CAPITAL RESOURCE OUTTURN

219	Core capital expenditure included above	401
219	Core Capital Resource Limit	401
0	<b>Saving / (excess) against Core Capital Resource Limit</b>	0
219	Total capital expenditure	401
219	Total Capital Resource Limit	401
0	<b>Saving / (excess) against Total Capital Resource Limit</b>	0

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### TRADE AND OTHER RECEIVABLES

Note 8

2019 £'000		Note	2020 £'000
	<b>Receivables due within one year</b>		
	<b>NHS Scotland</b>		
0	- SGH&SCD		0
905	- Boards		286
<b>905</b>	<b>Total NHS Scotland Receivables</b>		<b>286</b>
614	VAT Recoverable		696
208	Prepayments		1,040
6	Accrued Income		153
292	Other Receivables		220
1,075	Reimbursement of Provisions		350
<b>3,100</b>	<b>Total Receivables due within one year</b>		<b>2,745</b>
<b>3,100</b>	<b>TOTAL RECEIVABLES</b>	SoFP	<b>2,745</b>
0	The total receivables figure above includes a provision for bad debts of :		0
	<b>WGA Classification</b>		
905	NHS SCOTLAND		286
614	Central Government Bodies		696
0	Whole of Government Bodies		0
1,581	Balances with bodies external to Government		1,763
<b>3,100</b>	<b>Total</b>		<b>2,745</b>
<b>£'000</b>	<b>Movements on the provision for impairment of receivables are as follows:</b>		<b>£'000</b>
0	At 1 April		0
0	Receivables written off during the year as uncollectable		0
<b>0</b>	<b>At 31 March</b>		<b>0</b>

As of 31 March 2020, receivables with a carrying value of £NIL (2019: £NIL) were impaired and provided for. The amount of the provision was £NIL (2019:£NIL). The ageing of these receivables is as follows:

2019 £'000		2019 £'000
0	Over 6 months past due	0
<b>0</b>		<b>0</b>

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 2020, receivables of carrying value of £15k (2019: £19k) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

<b>2019</b>		<b>2020</b>
<b>£'000</b>		<b>£'000</b>
19	Up to 3 months past due	15
0	3 to 6 months past due	0
0	Over 6 months past due	0
<u>19</u>		<u>0</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;

<b>2019</b>		<b>2020</b>
<b>£'000</b>		<b>£'000</b>
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.

<b>2019</b>		<b>2020</b>
<b>£'000</b>		<b>£'000</b>
3,100	The carrying amount of receivables are denominated in the following currencies:	2,745
<u>3,100</u>	Great British Pounds	<u>2,745</u>

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

# NHS 24

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### CASH AND CASH EQUIVALENTS

#### Note 9

	Note	2020 £'000	2019 £'000
Balance at 1 April		507	3,879
Net change in cash and cash equivalent balances	CFS	1,984	(3,372)
<b>Balance at 31 March</b>	<b>SoFP</b>	<u>2,491</u>	<u>507</u>

The following balances at 31 March were held at:

Government Banking Service	2,375	477
Commercial banks and cash in hand	116	30
<b>Balance at 31 March</b>	<u>2,491</u>	<u>507</u>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### TRADE AND OTHER PAYABLES

Note 10

2019 £'000		Note	2020 £'000
	<b>Payables due within one year</b>		
	<b>NHS SCOTLAND</b>		
703	Boards	SFR 30.0	818
<b>703</b>	<b>Total NHS SCOTLAND Payables</b>		<b>818</b>
507	General Fund Payable		2,491
3,382	Accruals		4,512
41	Deferred income		41
920	Income tax and social security	SFR 30.1	991
657	Superannuation		868
123	Holiday Pay Accrual		448
269	Other payables		49
<b>6,602</b>	<b>Total Payables due within one year</b>		<b>10,218</b>
<b>6,602</b>	<b>TOTAL PAYABLES</b>	SoFP	<b>10,218</b>
	<b>WGA Classification</b>		
703	NHS SCOTLAND	SFR 30.0	818
1,577	Central Government Bodies	SFR 30.1	1,859
4,322	Balances with bodies external to Government		7,541
<b>6,602</b>	<b>Total</b>		<b>10,218</b>

The carrying amount of payables are denominated in the following currencies

2019 £'000		2020 £'000
6,602	Great British Pounds	10,218
<b>6,602</b>	<b>Total</b>	<b>10,218</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### PROVISIONS

Note 11a

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Note
<b>At 1 April 2019</b>	<b>0</b>	<b>1,190</b>	<b>1,287</b>	<b>328</b>	<b>2,805</b>	
Arising during the year	0	185	288	22	495	
Utilised during the year	0	(803)	(15)	0	(818)	
Unwinding of discount	0	0	0	0	0	
Reversed unutilised	0	(112)	0	0	(112)	
<b>At 31 March 2020</b>	<b>0</b>	<b>460</b>	<b>1,560</b>	<b>350</b>	<b>2,370</b>	<b>2</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 8.

#### 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	460	265	0	725	SoFP
Payable between 2 – 5 years	0	0	936	0	936	SoFP
Payable between 6 – 10 years	0	0	78	350	428	SoFP
Thereafter	0	0	281	0	281	SoFP
<b>At 31 March 2020</b>	<b>0</b>	<b>460</b>	<b>1,560</b>	<b>350</b>	<b>2,370</b>	

#### Provisions – Prior Year

	Pensions & Similar obligations £'000	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Note
<b>At 1 April 2018</b>	<b>0</b>	<b>1,280</b>	<b>1,319</b>	<b>306</b>	<b>2,905</b>	
Arising during the year	0	525	336	22	883	
Utilised during the year	0	(510)	(96)	0	(606)	
Unwinding of discount	0	0	(4)	0	(4)	
Reversed unutilised	0	(105)	(268)	0	(373)	
<b>At 31 March 2019</b>	<b>0</b>	<b>1,190</b>	<b>1,287</b>	<b>328</b>	<b>2,805</b>	<b>2</b>

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	1,190	318	0	1,508	SoFP
Payable between 2 – 5 years	0	0	876	0	876	SoFP
Payable between 6 – 10 years	0	0	91	328	419	SoFP
Thereafter	0	0	2	0	2	SoFP
<b>At 31 March 2019</b>	<b>0</b>	<b>1,190</b>	<b>1,287</b>	<b>328</b>	<b>2,805</b>	

### **Pensions and similar obligations**

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

### **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 12.

### **Participation in CNORIS**

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

### **Other**

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

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

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

2019 £'000		Note	2020 £'000
1,190	Provision recognising individual claims against the NHS Board as at 31 March	11a	460
(1,075)	Associated CNORIS receivable at 31 March	8	(350)
1,287	Provision recognising NHS Board's liability from participating in the scheme as at 31 March	11a	1,560
<b>1,402</b>	<b>Net Total Provision relating to CNORIS At 31 March</b>		<b>1,670</b>

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS Boards in Scotland. The 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 NHS Scotland 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.



# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### CONTINGENT LIABILITIES

**Note 12**

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

2019 £'000		2020 £'000
750	Clinical and medical compensation payments	570
<b>750</b>	<b>TOTAL CONTINGENT LIABILITIES</b>	<b>570</b>

### CONTINGENT ASSETS

2019 £'000		2020 £'000
655	Clinical and medical compensation payments	525
<b>655</b>	<b>TOTAL CONTINGENT ASSETS</b>	<b>525</b>

#### 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 £570,000 has been recognised in respect of these claims.

A contingent asset of £525,000 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 31<sup>ST</sup> MARCH 2020

### COMMITMENTS

#### Note 14

2019 £'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 2020 £'000
	<b>Contracted</b>			
0	Air conditioning ventilation works	0	0	0
0	Workforce Management System	0	0	0
0	Structural Remedial Works	0	0	0
0	Automated Door Install	0	0	0
0	Replacement Batteries and Capacitors	0	0	0
0	Lifting on New Lights	0	0	0
0	Dumfries & Galloway upgrade	0	0	0
<b>0</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

### COMMITMENTS UNDER LEASES

#### Note 15

2019 £'000	Operating Leases Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	2020 £'000
	<b>Obligations under operating leases comprise:</b>	
	<b>Buildings</b>	
1,000	Not later than one year	1,052
823	Later than one year, not later than two years	921
1,286	Later than two years, not later than five years	1,289
15	Later than five years	954
	<b>Other</b>	
17	Not later than one year	34
9	Later than one year, not later than two years	27
3	Later than two years, not later than five years	11
	<b>Amounts charged to Operating Costs in the year were:</b>	
64	Hire of equipment (including vehicles)	63
972	Other operating leases	880
<b>1,036</b>	<b>Total</b>	<b>943</b>

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### PENSION COSTS

### Note 16

NHS 24 participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. The next valuation will be as at 31st March 2020 and this will set contribution rates from 1<sup>st</sup> April 2023.

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 2019 to 31 March 2023 will be 20.9% of pensionable pay. While the employee rate applied is a variable it is anticipated to provide yield of 9.8% of pensionable pay. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud(Judiciary scheme)/Sargeant(Firefighters' scheme) cases that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the NHS Pension Scheme (Scotland) is known and its impact fully assessed in relation to any additional costs to the scheme.

The total employer contributions received for the NHS Scotland scheme in the year to 31 March 2019 were £791.8 million. NHS 24's level of participation in the scheme is 0.6% based on the proportion of employer contributions paid in 2018/19.

For the current year, normal employer contributions of £7.312 million were payable to the SPPA (prior year £4.813m) at the rate of 20.9% (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 2019/20 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

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

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

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

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at [www.sppa.gov.uk](http://www.sppa.gov.uk).

### **National Employment Savings Trust (NEST)**

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), the Board utilised an alternative pension scheme called NEST to fulfil its Automatic Enrolment obligations.

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £5,876 up to £45,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

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

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

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Pension cost charge for the year	7,312	4,813

# NHS 24

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020

### FINANCIAL INSTRUMENTS

Note 17

#### 17a. Financial Instruments by Category

AS AT 31 MARCH 2020 Assets per balance sheet		Loans and Receivables	Total
	Note	£'000	£'000
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	8	373	373
Cash and cash equivalents	9	2,491	2,491
		<b>2,864</b>	<b>2,864</b>

AS AT 31 MARCH 2019 Assets per balance sheet		Loans and Receivables	Total
	Note	£'000	£'000
Trade and other receivables excluding VAT, prepayments, reimbursements of provisions	8	298	298
Cash and cash equivalents	9	507	507
		<b>805</b>	<b>805</b>

AS AT 31 MARCH 2020 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	10	7,500	7500
		<b>7,500</b>	<b>7,500</b>

AS AT 31 MARCH 2019 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	10	4,281	4,281
		<b>4,281</b>	<b>4,281</b>

#### 17b. FINANCIAL RISK FACTORS

##### Exposure to Risk

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

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

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

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

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

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

### **a) Credit Risk**

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

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

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

The utilisation of credit limits is regularly monitored.

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

### **b) Liquidity Risk**

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

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

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

	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
<b>At 31 March 2020</b>				
Trade and other payables excluding statutory liabilities	7,727	0	0	0
	<u>7,727</u>	<u>0</u>	<u>0</u>	<u>0</u>

	<b>Less than 1 year £'000</b>	<b>Between 1 and 2 years £'000</b>	<b>Between 2 and 5 years £'000</b>	<b>Over 5 years £'000</b>
<b>At 31 March 2019</b>				
Trade and other payables excluding statutory liabilities	6,095	0	0	0
	<u>6,095</u>	<u>0</u>	<u>0</u>	<u>0</u>

### **c) Market Risk**

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

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

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

**ii) Foreign Currency Risk**

As at 31<sup>st</sup> March 2020, 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 18**

The Board had a small number of arm's 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