

NATIONAL WAITING TIMES CENTRE BOARD
(also known as the Golden Jubilee Foundation)

ANNUAL REPORT AND ACCOUNTS

For Year ended 31 March 2020

Annual Report and Accounts

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ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

In accordance with the Financial Reporting Manual (FReM) the Board is required to prepare an annual report and accounts which comprises:

- **Performance Report**
- **Accountability Report**
- **Financial Statements**

PERFORMANCE REPORT

Chair Foreword

The Golden Jubilee continues to play a unique role within NHS Scotland, collaborating with NHS Boards across the country to deliver high quality healthcare to our national population.

Our organisation has grown over the years and we continue to push forward ambitious plans for development. We provide vital Regional Heart and Lung services as well as National Elective Services and we are proud to be one of the largest providers of planned care in Europe.

We continue to maintain high standards of clinical, staff and financial governance. This year the Board implemented a number of changes to our Governance Framework to ensure these standards are robustly maintained. In 2019/20 we welcomed three new Non-Executive Directors to the Board, bringing a wealth of additional experience and helping us to ensure organisational performance is scrutinised and monitored across all areas of governance.

Our organisation has celebrated a varied calendar of events over the past year including Organ Donation Week, Disability History Month and our Annual Volunteer Event. This diverse programme ensures the Golden Jubilee continually supports key events that link with our values and ethos.

The Covid-19 national pandemic has brought challenges to the health service not seen in generations. As we move forward in this new landscape we will work closely with the Scottish Government and our NHS Scotland partners to determine innovative ways of delivering safe, effective and person centred healthcare services.

Our focus remains on providing equal access and high quality healthcare so that as many people as possible can benefit from our clinical expertise and national facilities. We are currently expanding and developing our services in line with changing needs so that in the years ahead we can continue to support the people of Scotland.

Statement from the Chief Executive

Growth and improvement remains at the heart of the Golden Jubilee as we continue to deliver high quality healthcare for the people of Scotland. Supporting the delivery of NHS Scotland's national health priorities remains our key focus and this year we have continued to provide care and treatment through our regional and national

services and elective care provision.

Over the last year our organisation has seen significant change. We have developed our plans for the future with the new Board Strategy which will drive our work plans for 2020 and beyond. At the heart of these plans is a commitment to our existing services to support their growth and development in terms of scale, diversity and technology advances.

During 2019/20 work has progressed at pace on our first phase of expansion - the Golden Jubilee Eye Centre. This dedicated facility is scheduled to open later this year and will allow us to increase the number of cataract procedures carried out year on year in line with projected West of Scotland demand. At full expansion, the Golden Jubilee will be able to treat a minimum of 18,000 cataract patients a year.

The Scottish Government approved the Outline Business Case for our Phase Two expansion plans. These ambitions plans will enable us to deliver increased capacity across Orthopaedic, General Surgery and Endoscopy services.

To support these expansion programmes, and take our services into the next phase of growth and improvement, we have augmented our Executive and Senior Leadership Team Infrastructure. We welcomed a new Medical Director and new Director of Finance to the Executive Team this year and developed the structure of our Clinical Divisions.

Over the last year, the Golden Jubilee:

- Carried out the first Donation after Circulatory Death (DCD) Heart Transplant in Scotland and became the seventh Transplant Centre worldwide to have performed this innovative procedure.
- Introduced a new CT scanner and a new MRI machine to help diagnostic waiting times across Scotland. In addition, we also introduced mobile x-rays to further help diagnose and monitor critically ill patient, improving diagnosis and assisting with recovery. Radiographers can take and process images at the patient's bedside for Medical staff review to ensure clinical decision straight away.
- Recruited its first patients into the Europe-wide OCTOBER trial using technology which could improve the treatment of complex narrowed heart arteries.
- Introduced the first NHS Orthopaedic robot in Scotland and continued to support our Thoracic robotic programme which has now carried out over 150 procedures.

In addition to this varied work programme, we are also developing a number of new plans which will evolve the national role of our organisation including:

- The development of an NHS Scotland Academy in partnership with NHS Education for Scotland,

- Becoming the Commissioner for the new NHS Scotland Elective Centres, and
- Scoping the potential for a National Innovation Accelerator unit to be built on site.

The coming year will bring opportunity and challenge as we work towards recovery and development in light of the global Covid-19 pandemic. The pandemic has brought many challenges and we are preparing to support the people of Scotland in the recovery phase.

The Golden Jubilee will continue to provide healthcare services for the Scottish population ensuring optimal delivery of patient outcomes, safety and experience. We are reviewing ways to adapt our services and provide care and treatment to a wider range of patients. We aim to ensure all of our facilities, including the Hotel and Conference Centre, can be flexibly utilised as we step into the challenging times ahead.

As we continue to expand our services, treat more patients and ensure our finances are in good health, our dedicated team will make the greatest possible contribution to Scotland's health and wellbeing. Our values are at the heart of everything we do and our primary focus will remain to deliver care that is person centred, safe and effective.

About National Waiting Times Centre Board

The National Waiting Times Centre Board is the legal title of the Golden Jubilee which is a national NHS Board committed to “putting people first to achieve and sustain excellence in care, performance, quality, innovation and values”.

The Board portfolio includes the flagship specialist Golden Jubilee National Hospital, the four-star Golden Jubilee Conference Hotel, and the Golden Jubilee Research Institute.

By having all these facilities integrated on one campus, together with a focus on continuous learning and strong links to academia and industry, the Board has created a crucible for innovation and a vibrant network for the spread of learning, continuous improvement and best practice ensuring that patients are firmly at the heart of everything they do.

Scotland's flagship hospital for specialist services and reducing waiting times, the Golden Jubilee National Hospital is home to major centres for orthopaedics, ophthalmology, diagnostic imaging and general surgery and also provides specialist regional and national heart and lung services.

The hospital's extensive purpose-built infrastructure includes:

- 200+ beds
- 15 theatres,
- four cardiac catheterisation laboratories,
- four magnetic resonance imaging scanners, and
- two computer tomography scanners.

Serving the whole of Scotland, the Golden Jubilee:

- Performs more than 25% of all hip and knee replacements, it is one of Europe's largest and best known elective orthopaedic centres.
- Carries out 18-20% of all cataract operations, it is Scotland's largest ophthalmic unit.
- Is a major diagnostic specialist centre delivering a comprehensive in-house service and a standalone centre reducing patient waiting times for Magnetic Resonance Imaging, Computer Tomography, ultrasound and other scans.
- Provides all heart and lung surgery for the West of Scotland and managing three national services (Scottish National Advanced Heart Failure Service including the heart transplant unit, Scottish Pulmonary Vascular Unit, Scottish Adult Congenital Cardiac Service), it is one the UK's busiest heart and lung units.

Summary of clinical services

- Cardiac Surgery
- Thoracic Surgery
- National Cardiac Services
- Diagnostic cardiology
- Interventional cardiology
- Orthopaedic surgery
- General surgery, including Endoscopy
- Ophthalmic surgery
- Plastic surgery
- X-ray
- Magnetic Resonance Imaging (MRI) scanning
- Computer Tomography (CT) scanning
- Bone densitometry
- Barium exams
- Ultrasound

About the Golden Jubilee Conference Hotel

The four-star Golden Jubilee Conference Hotel is NHS Scotland's only conference hotel, providing award-winning meeting and hospitality services for local and international guests and delegates.

The Golden Jubilee Conference Hotel is a key element of the organisation with a commitment to deliver excellence through high quality and ambient hotel, meeting and leisure facilities to enable inspiration and innovation. It also supports hospital services as it, not only provides meeting and conference spaces, but much needed patient, relative and staff on-call bedrooms.

Cutting edge technology enables creative and collaborative work and provides unique and dynamic meeting spaces. Fibre optic audio visual links from the auditorium to the hospital's operating theatres, catheterisation laboratories and imaging suites providing a rich learning experience, with delegates able to view medical or surgical procedures and interact with the medical team.

About the Golden Jubilee Research Institute

The Golden Jubilee Research Institute continues to deliver world-leading research, ensuring it is taken from 'bench to bedside' to benefit patients.

Research is crucial to health in two ways. Research activity helps us investigate, test out and develop responses to the challenges we face. It also improves the sum of our knowledge and understanding and can lead to improvements in healthcare quality, better outcomes and care for patients, and improved performance.

The Institute currently undertakes ground-breaking research across all of the Golden Jubilee specialties including interventional cardiology, electrophysiology, pulmonary vascular disease, advanced heart failure, orthopaedics and anaesthetics – and host a significant number of commercial and non-commercial research trials and studies.

Awards gained

The following awards were received in year:

- Commitment to its young workforce has resulted in retaining the Investors in Young People Gold award. Investors in Young People helps employers harness the creativity and skills of young people and measures good practice in recruiting, retaining and developing them.
- For the eighth year in a row, we have been awarded the Healthy Working Lives accreditation. The Award recognises organisations which prioritise workforce health by helping staff lead healthier lives, reduce work-related ill health and absence rates and contribute to the health of the wider community.
- Dr David McDonald - a senior physiotherapist – was awarded an MBE in Her Majesty the Queen's New Year's Honours List 2020 for services to healthcare and for his work as the National Lead for Enhanced Recovery across NHS Scotland.
- Professor Keith Oldroyd received the prestigious MacKenzie Medal in recognition of his outstanding service to cardiology in Great Britain.
- Equality Lead Carole Anderson has been named in the Yahoo Finance OUTstanding LGBT+ Public Sector Executives List for the third year in a row.

Within the hospitality sector, the Golden Jubilee Conference Hotel received:

- Scottish Conference Hotel of the Year 2020 (Scottish Hotel Awards)
- Reception Team of the Year 2020 (Scottish Hotel Awards)
- Scott Fraser being named Chef De Partie of the Year 2020 (Scottish Hotel Awards)
- Venues of Excellence Green Tourism Award for Sustainability, following the roll-out of the site's ten-point sustainability plan in 2019 and a wide range of eco-friendly policies.

Risk and good governance

The Risk Appetite for the Board was reviewed within the year across the 4 pillars of the Campus considering the clusters used across the Board in assessment of risk, using a defined 5-point scale ranging from averse to willing as noted below:

General Descriptor of risk & benefits	Averse Avoidance of risk and uncertainty. Very low rewards from risk taking.	Cautious Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential.	Moderate Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	Willing Eager to be innovative and to choose options offering potentially higher rewards despite greater inherent risk with confidence in risk controls and management
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	<u>Hospital</u>	<u>Hotel</u>	<u>R&D</u>	<u>Innovation</u>
Strategic	Willing	Moderate	Open	Willing
Safety/ Experience	Cautious	Cautious	Cautious	Moderate
Reputation	Open	Moderate	Moderate	Moderate
Financial	Moderate	Willing	Open	Open
Regulation	Cautious	Moderate	Cautious	Moderate
Operational	Moderate	Open	Cautious	Open
Workforce	Moderate	Open	Open	Open

The Board vision is leading Quality, Research and Innovation for NHS Scotland and aims to deliver world-class healthcare services that will be recognised both nationally and internationally. The acceptance of any risk is subject to ensuring the impact in benefits and risks of any decision are understood and managed through appropriate measures to mitigate risk and realise benefits. The Board recognises that any appetite for risk will vary according to the issue and therefore different appetites and tolerances to risks will apply. Delivery of clinical care is complex and challenging and in recognising this there is generally a more cautious approach to risk within the hospital setting.

Existing governance structures and control frameworks supported with the embedding of the 'Values' across the Foundation provide the Board with confidence in taking risks in the development and execution of the board strategy with ambitious aims in the delivery of services that will provide strong benefits to the Board and the wider NHS Scotland. The Board is committed to driving innovation locally and at NHS Scotland level and as such is open to taking considered operational and strategic risks, particularly where positive gains can be anticipated whilst always mindful of managing reputational risks as we continue to expand in this field.

In delivering our vision and strategy objectives; safety is at the forefront of what we do with a strong commitment to continually learn and improve. Risk is inherent in all that we do and we will continue to ensure this is robustly managed with a cautious approach to risks to patients, staff and guests. We remain committed to supporting advancements in clinical care through innovative models of care and use of technology which will deliver improved clinical outcomes. This will be balanced with

careful consideration of risk and benefit and a sound evidence base alongside shared decision making ensuring our patients remain at the heart of our progress.

The Board are focussed on maintaining the strong reputation of the Foundation and enhancing the reputation in new areas within the UK and internationally.

There are strong financial controls in place across the Board with different challenges faced across the sectors that bring a more cautious approach within the hospital. This reflects the challenges in supporting value for money as we continue to meet the requirements for transformational change.

The Board recognises the need to place high importance on regulation and compliance but also be open to challenge where supported by evidence in pursuit of quality.

There is an appetite for operational risk in pursuing innovative ways of delivering services ensuring a sound evidence base to support this with value for money and high reward potential. In responding to workforce challenges the Board is open to explore innovative workforce models, working in partnership to maximise the resources we have in delivery of services ensuring this does not compromise safety.

The Board recognises the need to place high importance on regulation and compliance but also be open to challenge where supported by evidence in pursuit of quality. The role of regulation in supporting safety within Research & Development is recognised with a more cautious approach here.

Performance

The sections below provide an analysis of performance against our Annual Operational Plan (AOP) ambitions incorporating Workforce, Elective Care, Heart & Lung, National Services, Innovation & Research and our Hotel and Conference Centre. These form a comprehensive package of activities aligned to our approved Board Strategy which defines organisational clarity and provides a foundation for the future in progressively being core to NHS Scotland ambitions of service delivery and improvement.

AOP Standards		
WHAT WE SAID WE WILL DO	STATUS	WHAT WE HAVE ACHIEVED
Staphylococcus Aureus Bacteraemia (SAB), including MRSA infections, to be maintained at less than 0.24 per 1000 acute occupied bed days	GREEN	<ul style="list-style-type: none"> The Golden Jubilee recorded just five instances of Staphylococcus Aureus Bacteraemia (SAB) during 2019/20. An occurrence of 0.11 per 1000 occupied bed days which is 50% below the trajectory.
Clostridium Difficile Infections to be maintained at less than 0.32 per 1000 acute occupied bed days.	GREEN	<ul style="list-style-type: none"> The Golden Jubilee recorded three instances of Clostridium Difficile during 2019/20 An occurrence of 0.06 instances per 1000 occupied bed days; well below the 0.32 per 1000 occupied bed days trajectory.
Achieve a sickness absence rate of below 4%.	RED	<ul style="list-style-type: none"> The sickness absence rate for 2019/20 was 4.65%. Staff continue to be supported to improve their physical and mental health with access to health and wellbeing services within the workplace.
At least 95% of patients on a cancer treatment pathway to be treated within 31 days.	GREEN	<ul style="list-style-type: none"> During 2019/20 96% of patients (427/445) on a cancer treatment pathway were seen within 31 days.
Patients to receive an initial outpatient appointment within 12 weeks of referral.	GREEN	<ul style="list-style-type: none"> 2,386 (98%) patients referred for a heart and lung procedure received their initial outpatient appointment within 12 weeks
90% of patients to be treated within 18 weeks of referral.	GREEN	<ul style="list-style-type: none"> 1,681 (90%) heart and lung patients received were treated within 18 weeks of referral
100% of patients to be treated within 12 weeks of decision to treat.	RED	<ul style="list-style-type: none"> 4,786 (72%) patients referred for a heart and lung procedure received their treatment within 12 weeks. Work is ongoing to increase capacity within our Cardiac Surgery service and our Cardiac Catheterisation Labs including redesign to support the management of demand.

WORKFORCE

2020 VISION

WHAT WE HAVE ACHIEVED

Healthy Organisation Culture

- 67% of staff responded to our **iMatter questionnaire** and 51% of our teams developed an iMatter action plan, helping individuals and teams to understand and improve staff experience.
- Our **People Strategy** was launched following approval by the Board to sustain and develop our workforce now and for the future.
- We worked with **See Me in Work** to develop a Mental Health check survey which was completed by 30% of staff, developing a programme to support and increase organisational understanding of mental health in the workplace.
- Phase 1 of the Once for Scotland Workforce Policies have been launched and implemented throughout the Board.
- Published Equalities Mainstreaming report, highlighting the Board achievements.
- Over 1,100 staff have completed our **Human Factors** training since its launch in 2015. Human Factors supports development of a safe culture.
- Our **Values Toolkit** which is designed to support conversations about behaviours has been refreshed.
- Delivered '**A Coaching Approach**' training with the aim of promoting a coaching style to conversations.

Sustainable Workforce

- Continued to review the skills required to provide **safe, effective and person centred** care.
- Worked with other NHS in Scotland Boards to explore opportunities for hard to recruit posts and developed joint appointments.
- Continue to work as a '**Disability Confident Employer**' following retention of our 'Disability Confident Leader' accreditation.
- Leading on the development of an NHS Training Academy to include accelerated training pathways for all groups of staff.
- In conjunction with West of Scotland Learning and Development colleagues we facilitated a **Strategic Alliance Event** that brought together 67 people from universities, colleges and the NHS to have dialogue around education supporting known workforce gaps.

Capable Workforce

- Supported the delivery of our **Allied Health Professions (AHP) strategy** aligned to the active independent living programme.
- Continued to implement **eESS** and **TURAS** appraisals throughout the Board.
- Continued to support our **values based recruitment** process for senior appointments.
- Developed a **workforce plan** to support the expansion of our services, ensuring that the right staff will be in the right place at the right time.
- Implemented new NHS in Scotland national recruitment system, Jobtrain throughout the Board.

WORKFORCE

2020 VISION

WHAT WE HAVE ACHIEVED

	<ul style="list-style-type: none"> • Launched a new online HR portal with information, tools and support for staff across the Board. • Ensured our staff met their mandatory training requirements to safely operate in their role. • Our 2019/20 training offerings were based on the outcomes of a board wide learning needs analysis and advertised in our Learning and Organisational Development brochure. • Reviewed and simplified our mandatory training provision • Launched a new blended approach to Corporate Induction • Launched several new eLearning modules including Prevent Awareness, and IV Fluid Therapy for Adults • Our Further Education Scheme part funded 10 staff to undertake a higher / further education course • We were awarded £13,000 funding from the Flexible Workforce Fund. Funding is being used to deliver a wide range of programmes including Mindfulness workshops, IOSH Managing Safely and a City in Guilds in Education and Training
Integrated Workforce	<ul style="list-style-type: none"> • Continued to deliver sign language training at entry level and progression level to our staff in conjunction with West College Scotland. • Continued to support graduate apprenticeships within the Board and identified opportunities for foundation apprenticeships working with West Dunbartonshire Council. • Continued to work with West Dunbartonshire Council and Job Centre Plus to explore joint opportunities.
Effective Leadership and Management	<ul style="list-style-type: none"> • Invited colleagues from other health boards to attend our local management development programmes. • Increased internal capacity to support the facilitation of regional and local leadership and management development programmes • Supported staff to participate in several leadership programmes including Leading for the Future and Leadership

**Elective Care
Centres and
commitment as a
national
resource**

- Our activity plan for 2019/20 included capacity for orthopaedic joints, foot and ankle surgery, orthopaedic 'other' (intermediate and minor procedures), general surgery, plastic surgery, ophthalmology, endoscopy and diagnostic imaging.
- During 2019/20 we carried out 59,827 inpatient, day case and imaging procedures against a target of 61,734 (3.1% below plan). Prior to Covid-19 mobilisation activity was within 1% of plan.
- Work is progressing to develop an **NHS Scotland Academy** through a partnership with National Education Scotland (NES). Planning is well underway, with the business case under construction and phase one expected to commence in autumn 2020.
- Work is progressing to deliver the Golden Jubilee Elective Care Centre programme. The programme is structured in two phases:
 - Phase One – delivery of additional ophthalmology elective care capacity is well underway. Enabling work began in November 2018 with construction starting in January 2019, completion is expected in autumn 2020.
 - Phase Two – delivery of additional orthopaedic and other surgical elective care capacity. Site preparation work began in November 2019 with the construction expected to start in Summer 2020 and be completed by the end of 2022.

The timelines are subject to change due to restrictions imposed as a result of Covid-19.

Heart and Lung

- Eleven **heart transplants** were carried out during 2019/20.
- Following a number of successful retrievals using our **Organ Care System** (OCS) with donation after brain death (DBD) the GJNH retrieval team received approval to expand its use to donations after circulatory death (DCD). Two successful DCD retrievals were carried out in 2019/20.
- During 2019/20 127 procedures were successfully performed with a **Robotic Assisted Thoracic Surgery** (RATS) procedure.
- Our innovative model of care allowing direct referral and admission for patients presenting with a NSTEMI (Non-ST-elevation myocardial infarction) heart attack has continued to deliver excellent outcomes. The team is keen to extend this model to all high risk and immediate NSTEMI patients in the future.
- Our **Interventional Cardiology Strategy** has been approved, outlining the expectation of the future demands on the service and the current ability to react. The key recommendations included:
 - Increasing cardiac catheterisation laboratory (cath lab) capacity
 - Improve patient flow challenges
 - Scope requirements for five year strategy to develop as an Interventional Centre of Excellence
 - Develop a Cardiac Physiology Training Academy
 - Develop capacity required to commence extended NSTEMI transformation project
- Our **Transcatheter Aortic Valve Implantation (TAVI)** service is now embedded with 121 procedures being successfully performed during 2019/20. The TAVI service forms a key component of our **Structural Heart Service** alongside Left Atrial Appendage Closure (LAAC), Mitraclip and Patent Foramen Ovale (PFO) closure.
- At the end of March, we implemented mobilisation plans in response to Covid-19. These involved significant scaling back of elective activity in cardiology and cardiothoracic surgery. Emergency and urgent treatment continued to be safely delivered.
- As part of the Covid-19 response Cardiology emergency patient flows in West of Scotland (WoS) were realigned with GJNH increasing its catchment population to support the WoS Boards, and patient pathways were streamlined to minimise hospital transfers

Increasing and Supporting Innovation and Research

- The **Golden Jubilee Research Institute** (GJRI) continues to reach targets for number of research projects approved each year.
- Work is beginning to develop the next five year **Research Strategy**.
- Our **Alpha Defensin** Laboratory, the only UK based Laboratory Service focusing on effective and early diagnosis of prosthetic joint infection, began testing in January.
- The **NHSS Innovation Accelerator** Business Case is being developed in collaboration with key stakeholders including Scottish Enterprise, Scottish Investment Bank and Strathclyde University
- **Strategic partnerships** with **Industry** and **Academia** are being progressed and expanded with positive support and investment outcomes realized.
- In line with NHS Research Scotland advice, recruitment and face to face follow-up for non Covid-19 research projects was suspended on the 16 March 2020. This meant that registered nurses who are currently working as research nurses could be deployed into the clinical areas and help support the Covid-19 effort.

Golden Jubilee Conference Hotel Strategy

- The Hotel was awarded the **Scottish Conference Hotel of the Year 2020**
- On 9th March the Hotel commenced mobilisation to support the NHS Scotland Covid-19 response. The Hotel was forecasting its **highest annual income** to date of £5,305,679. Due to the significant cancellations as part of the mobilisation plans this was reduced to £5,056,342. However overall performance was commendable during the year.
- **Over 10,000 rooms** were provided to patients and their families during 2019/20.
- NHS and Not for Profit business increased by 9% from last year to 58% with an increase in NHS Education meetings.
- **Conference delegates** increased to 20,467 due to the combination of returning NHS clients and a number of new clients.
- A **new strategy** taking the Hotel to 2023 was formulated but will be redesigned to meet the 'new norm' as a consequence of Covid-19 and its significant impact on hospitality and meetings.
- During Covid-19 Hotel and Conference staff have actively supported mobilisation plans across the Hospital.

Financial Performance

1. Consolidated Accounts

The Annual Accounts consolidate the results of the Board, and Board Endowment Funds. The basis of consolidation, explained in note 1 Accounting Policies on page 58, is determined by the extent of control by the Board can effectively exercise over the charity. All Trustees of the Board Endowment funds are members of the Health Board. The Board therefore has majority control and, using the principles stipulated by IFRS 10, must consolidate, in full, the financial results of the Board Endowment Funds in to the main Board accounts.

2. National Waiting Times Centre Board Endowment Fund

The primary objective of the charity as defined by the National Health Service (Scotland) Act 1978 is the advancement of health for the population for the whole of Scotland. The Act also says that Trustees should consider pursuing this through:

- Improvement in the physical and mental health of the local population for which this Board covers the whole of Scotland as defined in its constitution
- The prevention, diagnosis and treatment of illness
- The provision of services and facilities in connection to the above
- The research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit
- Education and development in connection to the above

The charity's overall income for the year was £1,780K which represents an increase of £38K compared with a prior year total of £1,742K.

The income was generated from categories including: donations from individuals, corporate donations, income from sponsorship of research activity and fee income from courses, stall fees and other services provided by clinical staff.

3. Board performance against statutory financial targets

The results of the charity, although consolidated within the main Board accounts for group accounting purposes, do not form part of the statutory financial target set for NHS Boards by the Scottish Government Health and Social Care Directorate (SGHSCD) and are therefore not taken in to account when considering the Board's in year financial performance. The three annual financial targets set for each Health Board by the SGHSCD are as follows:

Statutory Financial Targets	Limit as set by Scottish Government Health and Social Care Division	Actual Outturn	Variance
	£000's	£000's	£000's
Core Revenue Resource Limit	84,890	84,668	222
Non-Core Revenue Resource Limit	6,915	6,920	(5)
Capital Resource Limit	18,482	18,482	-
Cash Requirement	92,884	92,884	-

Health Boards are expected to stay within these limits, and will report on any variation from the limits set.

Memorandum for in year outturn	£000
Reported surplus in 2019/20	222
Funding flexibility: funding banked with/(provided by) Scottish Government	222
Surplus against in year Revenue Resource Limit	0
Percentage	0.0%

A three-year financial plan was submitted to Scottish Government by the Board and formally approved for the financial year 2019/20.

Excluding provision of financial flexibility provided by Scottish Government, the Boards' outturn is an underspend on RRL of £222k (equivalent to 0.26%). The underspend is within the one percent flexibility afforded by the three-year financial planning and performance cycle.

4. Property Valuation

All property was revalued by Avison Young (formerly James Barr), independent specialists in property valuation, on the basis of market value, depreciated replacement cost or existing use value as at 31 March 2020. The values were calculated in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS and applied to reflect local market conditions at 31 March 2020. Due to the impact of the pandemic in late 2019/20 the valuation required to be undertaken as a desktop exercise, the exert below is included in the Avison Young valuation report and is noted in the accounting policies:

"The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an

unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the valuation of the properties under frequent review. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case."

5. Infrastructure and Non-Current Assets

At the year-end £18.842m of capital expenditure was incurred, this is in line with the plan for the year, following authorised allocations agreed with Scottish Government. Further detail on the spend in-year is included below.

Area	Spend to 31 March £000s
Property	564
Medical Equipment	5,026
IM&T	511
Formula	6,100
Elective Centres	12,382
Total	18,482

6. Efficiency Savings

At year-end, efficiency savings delivered were £4.810m against the Annual Operating Plan (AOP) target of £4.807m, positively reporting a small over achievement of £3k at financial year end. The savings achieved for financial year 2019/20 are split between recurring efficiency savings achieved of £2.505m and non-recurring savings of £2.305m. The recurring savings made in-year of £2.505m will mature to a full year effect saving of £3.755m from 1st April 2020, with the remaining balance of £1.052m being incorporated into the 2020/21 Financial Plan. Hence on a FYE basis 78% of the savings target was met recurrently.

7. Fraud, Bribery and Corruption

The Board has a zero tolerance for fraud, bribery or corruption. Staff are briefed regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness initiatives were progressed during the year. The approved Board

Conflicts of Interest Policy contains arrangements for the disclosure of information in the corporate register of interests, gifts and hospitality.

During the latter part of the year, due to the impact of the pandemic, additional work has been carried out in partnership with Counter Fraud Services particularly related to the increase of Cybercrime during this time.

8. Provisions for impairment of receivables

A provision of £267,000 has been provided in year in relation to bad/doubtful debts (prior year £1,211).

9. Legal obligations

The following provisions have been included in the accounts with regard to legal obligations:

- Clinical & Medical - £2,902,000 (prior year £5,268,000)
- Other – (£60,000) (prior year £65,000)
- Participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) – £2,058,000 (prior year £1,577,000)
- Total for year – £4,900,000 (prior year £6,910,000)

The basis of these provisions is provided by the Central Legal Office.

Where no certainty has been attributed to claims these have been accounted for via contingent liabilities, current year £1,268,000 (prior year £1,925,000).

10. Payment Policy

The Board is committed to supporting the Scottish Government in helping businesses during the current economic situation by paying bills timeously. The intention is to achieve payment of all undisputed invoices within 10 working days across all public bodies.

In 2019/20 average credit taken was 13 days (2018/19 – 13 days).

In 2019/20 the Board paid 90.86% by value (2018/19 – 86.97%) and 92% by volume within 30 days (2018/19– 91.54%).

In 2019/20 the Board paid 80.06% by value (2018/19– 73.92%) and 86.03% by volume within 10 days (2018/19– 85.87%).

The calculations above only include payments to Non-NHS suppliers.

11. Pension Liabilities

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

12. Social Matters

The Board strives to continually improve inclusiveness by creating a work

environment that not only welcomes individuals of all backgrounds, but actively highlights and celebrates the unique mix of people and patients who work for us and use our services. We produce reports and statistics to reflect this such as reporting progress on mainstreaming the public sector equality duty, publish equality outcomes and report progress, assess and review policies and practice, gather and use employee information and publish in a manner that is accessible.

In accordance with the Equality Act 2010 and regulations, the Board promotes equality and celebrates the diversity of the population that it serves. The development of equality outcomes provides assurance that the Board meets the equality and diversity needs of people with the nine relevant protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) whether they are patients, members of the public, carers or staff.

The Conflicts of Interest Policy covers detailed guidance on key elements of the Bribery Act (2010) and staff conduct with regard to reporting interests. The Board have an approved Anti-Bribery Statement which is available on the intranet for all staff. No matters have been raised this year relating to anti-bribery legislation.

13. Sustainability and environmental reporting

The Climate Change (Scotland) Act 2009 sets 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 the National Waiting Times Centre Board 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://sustainablescotlandnetwork.org/reports>

Approval


J Gardner
Chief Executive

Date: 25 June 2020

The Accountable Officer authorised the Performance Report for issue on 25 June 2020

ACCOUNTABILITY REPORT

The purpose of the accountability section of the annual report is to meet the key accountability requirements and contains three sections:

- Corporate Governance Report;
- Remuneration and Staff Report; and
- Parliamentary Accountability Report.

CORPORATE GOVERNANCE REPORT

Directors Report

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

Date of Issue

The Accountable Officer authorised these financial statements for issue on 25 June 2020.

Naming Convention

The National Waiting Times Centre Board is the common name for the Board – also known at the Golden Jubilee Foundation.

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 the National Waiting Times Centre Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board Membership

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

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The Directors during the period were as follows:

Chair	S Douglas-Scott	
Non-Executive	J Christie-Flight	– Employee Director
	P Cox	– left 30 September 2019
	K Harriman	– left 30 September 2019
	M MacGregor	– left 31 August 2019
	K Kelly	
	M Boyle	
	L Semple	
	S McAllister	
	M Brown	– started 1 October 2019
	R Moore	– started 1 October 2019
	E Cameron	– started 6 April 2020
Executive Directors	J Gardner	– Chief Executive
	J M Carter	– Director of Finance – left 21 June 2019
	C Neil	– Director of Finance – started 1 July 2019
	AM Cavanagh	– Director of Nursing
	A MacFie	– Medical Director – 1 April 2019 - 30 September 2019
	M MacGregor	– Medical Director – started 16 September 2019
	G Adkins	– Director of Quality, Innovation and People
	A Harkness	– Director of Global Development and Strategic Partnerships
	J Rogers	– Director of Operations

The statement of Board Members' responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2020 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

The Health Board members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the

Scottish Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Board members' and senior managers' interests

Details of any interests of Board members, senior managers and other senior staff in contracts or potential contractors with the Board as required by IAS 24 are disclosed in note 18. The following interests have been declared:

	Interest
S Douglas-Scott	Celebrant and Chaplain –Celebrate People Board Chair - ILF Scotland
J Gardner	Board Director – Scottish Health Innovations Ltd (SHIL)
K Kelly	Gleniffer Solutions LTD; Freelance Consultancy, Interim Management and Training Member of the Board of Management – City of Glasgow College Institute Council Member – Chartered Institute of Public Finance and Accountancy (CIPFA) Apex Scotland - Non- executive Director and Trustee Cochrane - Board Member/Trustee
S McAllister	NHS Forth Valley – Non-executive Director Risk Management Authority – Risk Management Samaritans – Trustee SARMAR - Director Lifelink - Trustee
M Boyle	CEO - Hymans Robertson Foundation Consultancy – Kilpatrick Solutions LTD
L Semple	Non-executive Director – NHS Ayrshire and Arran HSE Ireland – Consultancy NHS Lanarkshire – consultancy Scottish National Party – Member National Trust for Scotland – Member RSPB – Member Woman for independence - member
K Harriman	HR Director – Hilton Hotels Trustee – Springboard Charity
P Cox	Tarbaxus Distillers LTD - Director
R Moore	Sole Director and owner – Mouewald LTD

M Brown	Trustee – Glasgow Association for Mental Health
M MacGregor	NHS HIS – Scottish Medicines Consortium (0.6 wte)
J Christie-Flight	Lay representative/Branch Chair – Unite Non-executive Director – Scottish Pensions Advisory Board

The following Directors did not declare any interests during 2019/20;

- C Neil
- AM Cavanagh
- J Rogers;
- G Adkins;
- J Carter; and
- A Harkness.

Directors third party indemnity provisions

Directors and officers' indemnity insurance was in place during the period.

Remuneration for non-audit work

There has been no payment for non-audit work 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, this information can be found via the following link:

<http://www.nhsgoldenjubilee.co.uk/about/our-board/public-spending-psra/>

Personal data related incidents

One incident, relating to inappropriate access to patient information, was reported to the Information Commissioner's Office on Monday 20 May 2019. The Board's internal investigation process had already been initiated and ICO were satisfied with the progress made regarding our investigation process.

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.

Statement of the Chief Executive's (Accountable Officer) responsibilities

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 the National Waiting Times Centre Board.

This designation carries with it, responsibility for:

- the propriety and regularity of financial transactions under my control;
- for the economical, efficient and effective use of resources placed at the Board's disposal; and
- safeguarding the assets of the Board.

In preparing the accounts I am required to comply with the requirements of the Government's Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government 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 Officers letter to me of the 23 January 2019.

Governance Statement

Responsibility

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

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 Board's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

This process within the Board accords with the guidance from the 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 the approval of the annual report and accounts.

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

Governance Framework

The Board has a robust portfolio of governance arrangements in place for the year ended March 2020. The key points of this framework are detailed below:

Governance Structure

The Board Standing Committees underpin the application of good governance within the organisation and are in line with the Blueprint for Good Governance published in January 2019. As a result of the Covid-19 Pandemic governance arrangements were subject to some authorised adjustments to respond to the developing issues faced across the NHS and ensured the Board could discharge its governance responsibilities effectively and respond appropriately during this unprecedented period. This response is referred to later in this section.

The Committee structure was reviewed in year with the establishment of a new Finance, Performance and Planning Committee chaired by a Non-Executive Director to provide additional scrutiny of performance and support Board assurance. The

Board annually reviews the role of each of the governance committees (audit and risk (effective), clinical (safe) and staff (person centred)) to ensure that they are fulfilling the governance requirements of the Board and are demonstrating clear links to the NHS in Scotland strategic direction.

In line with the Blueprint for Good Governance the Board also appointed a Head of Corporate Governance & Board Secretary during the year to further strengthen the Boards approach and commitment to excellence in governance.

The Board has key forums in place as part of its governance which will continue to be reviewed during 2020/21:

- The Board has a very well established Partnership Forum, which works effectively and provides formal updates to the Board. Over the course of the year a series of topics are reviewed in a more detailed manner, such as finance workshops on forecasts and efficiencies
- Active participation is demonstrated in regional and national groups, with particularly key involvement in the National Board and West Regional Board Delivery plans.
- The Information Governance Group and eHealth Steering Group are led by Executive Directors monitoring compliance, statutory obligations and programme implementation and delivery.
- The Board has in place strong governance to support the development of the expansion programme via the Strategic Programme Board. This is overseen by a National Programme Board for the elective centres, with involvement from relevant staff from the Board, the Government and other external stakeholders.
- A number of Board Workshops have taken place across the year. These interactive sessions focused on developing elements of the Board Strategy and embedding Non-Executive Director development throughout the Board calendar. The Workshops included forums on Risk, Finance, Staff Health and Wellbeing, Strategic Partnerships and the Hospital Expansion Programme. Further Workshops are planned during 2020/21.
- Our Board Strategy was developed through a range of workshops and engagement events with internal and external stakeholders and approved by the Board to create the platform for the Boards Annual Operating Plan, with the ambition of delivering equity of access to high quality healthcare for the benefit of patients and sustain excellence in care, performance, quality, innovation and values.
- In addition, all committees have submitted formal annual reports regarding the work of the committee to the Board.

The Board implemented an Integrated Performance Report during the year as a key document across Governance and Management meetings. This report consists of a developed set of Key Performance Indicators and narrative which are structured across the key areas of Staff, Financial and Clinical governance. This information is reviewed monthly at the Executive Directors Meeting, Performance Review Groups and Senior Managers Team meetings and is then presented to the Board committees. Discussions on tolerances at Board and project level are on a rolling basis with regular reports to ensure the risk register also remains live.

Governance Committees

Audit and Risk Committee

The Audit and Risk Committee (effective) of the Board has terms of reference which govern its function in line with the requirements of the Government Audit and Assurance Committee Handbook and have been updated in 2019/20 in line with the new guidance. The Committee meets a minimum of four times a year, with any documents which affect the overall governance arrangements in the Board being approved at the committee prior to being presented for Board approval. The Committee also considers all audit work relating to governance.

The Board risk appetite and risk register were refreshed via a Board Workshop within the year linking to the refreshed Board Strategy with an updated risk appetite statement agreed via the Board.

Clinical Governance Committee

The Clinical Governance Committee leads the 'Safe and Effective' ambitions within the Board Strategy, providing assurance that appropriate clinical governance structures are in place within the organisation. This includes appropriate scrutiny and assurance of clinical governance policy and procedures relating to the provision of safe and effective care.

The Committee ensures that an appropriate framework is in place to support the management of clinical risks and overall quality of care. The Committee monitors and evaluates reports, strategies and implementation plans and ensures a robust system is in place for the timely submission of all clinical governance information required for national monitoring arrangements.

Person Centred and Staff Governance Committee

The PCSGC ensures appropriate scrutiny and governance arrangements are in place regarding the person centred quality agenda. The Committee is responsible for ensuring that processes to meet statutory obligations, and national guidance, are met.

The Committee provides coordination and leadership to enable effective delivery of the Involving People Strategy and the Staff Governance Standard. This includes supporting the delivery of high standards of person centred care, understanding that effective staff management is the responsibility of everyone working within the system, and ensuring staff management is built upon partnership and collaboration.

The Committee monitors and evaluates strategies and implementation plans relating to people management and recommends policy amendment, funding or resource submission to the Board to achieve the Staff Governance Standard. The Committee also ensures timely submission of all staff governance information required for national monitoring arrangements.

Finance Performance and Planning Committee

The purpose of the Finance, Performance and Planning (FPP) Committee is to oversee and monitor the Board financial position and performance against key targets and indicators of the Board. It also reviews progress of the delivery of priority Strategic Programmes within the Board. Its primary focus is to ensure appropriate governance arrangements are in place to direct the most effective use of all Board resources and deliver the Board ambition of “putting people first to achieve and sustain excellence- in care, performance, quality, innovation and values”.

The Finance, Performance and Planning Committee functions as a subcommittee of the Board with a role of holding the Executive Team to account for the following elements of the Board Performance and Assurance Framework:

- Development and delivery of the Annual Operational Plan;
- Reviewing the development of the Board Financial Plan and achievement of financial targets;
- Financial and performance monitoring arrangements including the regular review of the Finance and Performance sections of the Integrated Performance Report;
- Oversee annual review and assessment of Board Performance; and
- Review arrangements for securing effectiveness and best value from resources, ensuring that prompt action is taken and appropriate escalation approaches are deployed to manage issues.

The Integrated Performance Report is also reviewed monthly at the Executive Directors Meeting, Performance Review Groups, and Senior Management Team Meetings before bi-monthly review at the Board Meetings.

Systems have been in place during the year to ensure that performance relating to Treatment Time Guarantees is effectively monitored and reported on. Updates are provided to each meeting of the Board through the Integrated Performance Report and Finance, Performance and Planning Committee updates.

Covid-19 Pandemic

As part of the Boards response to the Covid-19 pandemic the Board has implemented an Agile Governance Model to ensure the organisation is effectively responding to the pandemic and can discharge its governance responsibilities. This model ensures that the organisation maximises the time available for management and operational staff to deal with the Covid-19 impact.

- During this time, an Agile Governance Group (which includes Board Chair, Non-Executive Director Clinical Governance Committee Chair, Non-Executive Director Person Centred Committee Chair, Chief Executive and Executive Directors) meet twice per week to provide the Board with assurance that robust processes are in place to manage the organisations resilience response. The full Board continues to meet monthly to monitor the current situation and organisational response.

- In addition to this a Command Structure has been enacted to provide a framework for the co-ordination of the organisation's whole system response to the national pandemic. This framework ensures optimal use of the Golden Jubilee Site, Staff Safety and Wellbeing and that the organisation adds support and value to NHS Scotland. This three tiered Gold (strategic), Silver (tactical) and Bronze (operational) structure is used daily to provide the organisation with a robust model to manage resilience processes.

Board Development

In line with the Blueprint for Good Governance (Scottish Government, January 2019), we recognise the place of the Board in achieving good governance. Securing high quality, effective and efficient organisational performance is dependent on the leadership skills of Board Members and the Executive Team.

Board Development is therefore a key priority and to support this a number of Board Workshops have taken place across the year. These interactive sessions focused on developing elements of the Board Strategy and embedding Non-Executive Director development throughout the Board calendar. The Workshops included forums on Risk, Finance, Staff Health and Wellbeing, Strategic Partnerships and the Hospital Expansion Programme. Further Workshops are planned during 2020/21.

In addition to this, a programme of Executive and Non-Executive departmental walk rounds were implemented and we will continue these into the coming year. The development of this engagement programme is a key part of the Board Development agenda going forward.

Policy Review

The Board has in place the following policies which govern the work of core Board functions. These documents are reviewed on a regular basis and updated as required to reflect guidance issued by the Government or changes within the Board:

- The role of the Board is clearly defined in the Standing Orders, which details how the Board conducts its business. The Standing Orders are reviewed regularly to ensure that they continue to reflect best practice and good governance arrangements. The Board continues working to the recommendations in the Blueprint for Good Governance.
- Standing Financial Instructions, including authorised signatory list – these govern the financial related business of the Board and are approved by the Audit and Risk Committee following updates. These are updated as new guidance becomes available.
- Procurement policy – this details the process for procurement within the Board in line with UK and European procurement rules. The policy is reviewed on an ongoing basis and is referred to in the Standing Financial Instructions with both being intrinsically linked.
- The Board has approved a Conflicts of Interest Policy which has been implemented across the Board, this policy covers all aspects of the Bribery Act (2010) and the gifts and hospitality policy.
- Assurance statements are signed by each Executive Director detailing that all

Board policies have been adhered to during the year 2019/20.

- The Board follows all applicable laws and regulations, with this being confirmed via internal and external audits. All policies and procedures are prepared, taking into account appropriate Government guidance.
- The Board's Whistle-blowing policy is overseen by the Person Centred and Staff Governance Committee and details the processes to be followed by staff members. A Non-Executive Board Member also acts as the Board Whistle-blowing Champion at this time. The Scottish Government's recruitment programme for Non-Executive Director Whistleblowing Officers is currently ongoing and the conclusion of this will result in the future appointment of a dedicated Non-Executive Member to join the Board.
- The Board has a Fraud Policy in line with the Counter Fraud Services partnership agreement. The Chair of the Audit and Risk Committee (a Non-Executive Board Member) acts our Counter Fraud Champion, and we also have a Fraud Liaison Officer. The updated partnership agreement with CFS has been approved by the Audit and Risk Committee.
- The Board has in place a Complaints Policy, which contains guidance on the investigation and handling of complaints from members of the public. Complaints are monitored and reported to the Clinical Governance Committee which in-turn updates the Board on a regular basis.
- All Executive Directors of the Board undertake annual appraisals during which any development needs are identified, in line with guidance from SGHSCD.
- The Board Communications Strategy is continually reviewed and is due to be updated again following approval of the overarching Board Strategy. It will ensure that we inform, engage and communicate appropriately with our patients, the public, staff and other stakeholders. Reports on performance against key communication indicators are submitted to the Involving People Group and our Person Centred Committee. Communications representatives are involved in all major projects, most notably the Golden Jubilee expansion plans as part of the Scottish Government's National Elective Centre Programme. The team also attend the Partnership Forum, Volunteers Forum and all patient involvement events.
- The Board has a very well established Partnership Forum, which works effectively and provides updates to the Board following each meeting. Over the course of the year a series of finance workshops have been undertaken for the Partnership Forum.
- Active participation is also demonstrated in regional and national groups, with particularly key involvement in leading the National Board and West Regional Board Delivery plans.
- The Board has in place strong governance to support the development of the expansion programme. This is overseen by a Programme Board for the elective centres, with involvement from relevant staff from the Board, the Government and other external stakeholders.
- In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. Arrangements have been made to secure Best Value as set out in the SPFM.

As per the guidance contained within the Scottish Public Finance Manual to the best

of my knowledge the Board has followed the underlying principles of good governance as defined by the 'SPFM': accountability, transparency, probity and focus on sustainable success in conducting its business during the year, in conjunction with this work has been commenced to embed the principles of the 'Blueprint for Good Governance'.

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 executives and senior managers within the Board who have responsibility for developing, implementing and maintaining internal controls across their areas;
- The work of the internal auditors, who submit to the organisation's Audit Committee (Audit and Risk Committee) regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
- Comments by the external auditors in their management letters and other reports.

In partnership with the Internal Auditors for the Board a detailed report on internal audit recommendations is presented to each Audit and Risk Committee. Audit Scotland attended the Audit and Risk Committee in February to provide detail on the work that they undertake during the year.

The Audit and Risk Committee, through its statutory role of reviewing internal controls, and the Clinical Governance and Risk Management Group, through its role in ensuring that risks are being managed, provides assurance to me as Accountable Officer. The role of the Audit and Risk Committee with regard to risk has remained unchanged during 2019/20 and therefore this committee provides additional assurance on risk as well as the internal control environment.

Additional assurance has been provided during 2019/20 via the receipt of formal reports relating to each of the governance committees. All executive directors have also signed certificates of assurance demonstrating that all internal controls are working effectively in their area of responsibility.

I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee and the Clinical Governance Risk Management Group. Plans to address any weaknesses are highlighted and ensure continuous improvement of the system are in place in line with best value principles.

Risk Assessment

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

Overall leadership of risk management lies with the Chief Executive as accountable officer. Local leadership is devolved through Executive Directors to Directors of Operations and Associate Nurse Directors and Associate Medical Directors and their department managers, with appropriate training provided to staff as and when the need arises. All staff are made aware, through general and local induction, that it is their responsibility to ensure that they use and follow the risk management systems and processes.

There is a Board risk register in place which links with organisational objectives and performance management. The board risk register is presented to the Board quarterly and reviewed by the Senior Management Team at every meeting. The Board Risk Register is reviewed by the Audit and Risk Committee prior to submission to the Board.

The Senior Management Team ensures that all risks are addressed fully and in a timely manner. The Clinical Governance Risk Management Group supports the management of clinical risks with various sub-groups overseeing specific areas. The groups meet on a regular basis with updates being provided during 2019/20 via the Clinical Governance Committee to the Board and Audit and Risk Committee. This continues to be strengthened taking account of the enhanced role of the Audit and Risk Committee with regard to provision of assurance regarding risk management to the Board.

Risk controls are identified through the risk register process with escalation of risks through the organisational structure. Work is ongoing to review the guidance and format of risk registers across the organisation as we embed the enterprise risk approach and refine our governance arrangements. This process is reviewed by the Audit and Risk Committee.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice, during the year to 31 March and up to the signing of the accounts:

- Completion of work associated with the Blueprint for Good Governance;
- Implementing a system of Agile Governance during the pandemic to ensure that good governance is followed in all processes.

Disclosures

- During the previous financial year, no significant control weaknesses or issues have arisen and no significant failures have arisen in the expected standards for good governance, risk management and control.

Grant Thornton, Board Internal Auditors, provided the annual opinion below:

“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.

Of the 5 reviews performed in 2019/20, we issued 2 'Significant' assurance opinion and 3 'Partial' assurance opinion reports. In addition, during the year we supported NWTC through a review of IFRS Readiness (advisory internal audit).

We raised no high risk recommendations in respect of our 2019/20 reviews. Actions are in progress to address the weaknesses identified during the reviews and these are not considered significant to change our overall opinion. In addition, we do not consider these to merit attention in the governance statement."

- Annual Service Audit Reports are intended to provide assurance around the internal controls frameworks in place for a range of services provided on behalf of NHS Scotland by NHS National Services Scotland. This report is actioned nationally to review the controls framework operated by Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards. This year new Service Auditors, KPMG LLP, have applied the standards and approach defined in ISAE 3402 in full. Findings identified, whilst consistent with those identified in previous years, have this year resulted in a qualified opinion.

A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed.

It is the case that a number of low risk improvements were highlighted to NHS National Services Scotland primarily focussed around evidence gathering from some legacy systems, which are to be addressed as part of their continuous improvement programme of work. This Board note the outcome of the national audit and will monitor progress in the forthcoming financial year and do not believe that these findings have any material impact on this Boards accounts and assurance.

- During the course of the year the Board provided all administration services for the Board Charity. An annual report for the charity will be submitted to OSCR following Trustees approval in June 2020. A full audit of all financial transactions and governance arrangements will be undertaken for the 2019/20 financial year prior to submission of the annual report and monitoring returns to OSCR. Due to the financial value of the funds held in the charity there is a requirement to consolidate the charity accounts into the Annual Accounts of the Board for 2019/20. An annual report from the Endowment Sub-Committee was presented to the Audit and Risk Committee for information and to the Board of Trustees for approval.

REMUNERATION REPORT and STAFF REPORT

REMUNERATION REPORT

Remuneration

Remuneration of Board Members and Senior Employees is determined in line with directions issued by the Scottish Government.

Notice Periods

As per guidance executive directors have to serve a three-month notice period and the Chief Executive has to serve a six-month notice period.

All Agenda for Change Staff and Medical Staff are required to serve the notice period in accordance with the requirements stated in their individual terms and conditions of service.

Remuneration Committee – Role and Purpose

The remuneration of the executive team is central to the organisation's ability to recruit and retain the type of executive team capable of delivering the substantial strategic agenda and responsibilities placed upon them by the Scottish Government.

Accountability for the efficient and effective use of public monies is paramount within the public sector. Therefore, any decision on remuneration issues must be fully supportable in public.

The Remuneration Committee, as a stand-alone Committee to the Board (which also reports to the Staff Governance (Person Centred) Committee), is responsible for overseeing changes to the pay, terms and conditions of the Executive team and relevant senior managers in the above context and taking into account Scottish Government direction and guidance and standards of good corporate governance.

Remuneration Committee - Membership

The Remuneration Committee shall comprise of:

- The Board Chair, the four Non-Executive Directors responsible for chairing the formal Standing Committees of the Board, and the Employee Director.
- The Board Chief Executive and the Head of Corporate Governance will attend meetings of the Remuneration Committee as advisors and assessors and to provide administrative support.

A meeting with the Chair, Employee Director and two further Non-Executive Directors will constitute a quorum. When the Chair is unavailable one other Non-Executive Director will be appointed to chair the meeting

The Remuneration Committee will seek specialist guidance and advice as appropriate.

Remuneration Committee - Conduct of Business:

- a) The Committee shall meet at least twice a year.
- b) The conduct of business will be in accordance with the Board's Standing Orders.
- c) In accordance with the principles of good corporate governance, members of the committee should declare and record if they have an interest in any agenda item and then withdraw while the item is being discussed.

Performance Appraisal

Performance appraisals for Executive Directors and Senior Managers are carried out in line with the guidance from the Scottish Government.

Performance Appraisal – for staff covered under Agenda for Change and Medical Staff

All staff covered under Agenda for Change require an up to date Personal Development Plan and annual appraisal in line with TURAS appraisal.

All medical staff require an annual appraisal which is reported through the Scottish Online Appraisal Resource (SOAR) which is a system which supports the appraisal process for doctors working in Scotland.

Payments to past senior managers

No significant payments were made to past senior managers during 2019/20.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

Board Members and Senior Employees Remuneration

In accordance with the Financial Reporting Manual (FRM) and the Companies Act, the publication of the 'pension benefits' is required. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period, which is the estimated life span following retirement.

The 'total earnings in year' column (shaded below) shows the remuneration relating to actual earnings in 2019/20.

FOR THE YEAR ENDED 31 MARCH 2020

Remuneration Table (Subject of Audit Opinion)

2020 Name	Directors Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year (bands of £5,000)	Pension Benefits	Total Remuneration (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000
Remuneration of:					
Executive Members					
Chief Executive: J Gardner	110-115	4	110-115	78	190-195
Director of Finance: J M Carter – Left 21/06/19 Note 1	15-20	1	15-20	0	15-20
Director of Finance: C Neil - Started 1/7/19 Note 2	70-75	0	70-75	60	130-135
J Rogers	90-95	5	95-100	15	110-115
A MacFie – 1/4/19-30-9-19 Note 3	80-85	-	80-85	94	175-180
M MacGregor – 16-9-19 Note 4	100-105	-	100-105	128	230-235
AM Cavanagh	80-85	7	90-95	47	135-140
G Adkins	75-80	5	80-85	40	120-125
A Harkness	90-95	7	95-100	24	120-125
Non-Executive Members					
Chair S Douglas-Scott	25-30	-	25-30	-	25-30
J Christie-Flight Note 5	55-60	-	55-60	17	70-75
L Semple	5-10	-	5-10	-	5-10
S McAllister	5-10	-	5-10	-	5-10
M Boyle	5-10	-	5-10	-	5-10
K Kelly Note 6	10-15	-	10-15	-	10-15
M MacGregor – Left 31/08/19 Note 7	0-5	-	0-5	-	0-5
K Harriman – Left 30/9/19 Note 8	0-5	-	0-5	-	0-5
P Cox – Left 30/9/19 Note 9	0-5	-	0-5	-	0-5
R Moore – Started 1/10/19 Note 10	0-5	-	0-5	-	0-5
M Brown – Started 1/10/19 Note 11	0-5	-	0-5	-	0-5

Note 1 – Figure quoted is for period 1/4/19-2/6/19 plus accrual for charges to the end date and only relate to Board costs.

Note 2 – New Director of Finance from 1/7/19. Full year equivalent is 90-95 in bands of £5,000.

Note 3 – Acting Medical Director 1/4/19-30/9/19, part year above. Full year equivalent is 170-175 in bands of £5,000.

Note 4 – New Medical Director from 16/9/19. Full year equivalent is 145-150 in bands of £5,000. Includes £31,382 billed to HIS.

Note 5 – Employee Director's salary includes £47,562 in respect of Board duties.

Note 6 – Figure in table above includes £4,500 of costs related to work in NHS Tayside which was billed in 2019/20.

Note 7 – Figure quoted is for the period 1/4/19-30/9/19. Full year equivalent is 5-10 in bands of £5,000.

Note 8 – Figure quoted is for the period 1/4/19-30/9/19. Full year equivalent is 5-10 in bands of £5,000.

Note 9 - Figure quoted is for the period 1/10/19-31/3/20 Full year equivalent is 5-10 in bands of £5,000.

Note 10 - Figure quoted is for the period 1/10/19-31/3/20 Full year equivalent is 5-10 in bands of £5,000.

Note 11 - Figure quoted is for the period 1/10/19-31/3/20 Full year equivalent is 5-10 in bands of £5,000.

There were no performance related bonuses paid to the executives of the Board during the year. Discretionary points were paid to the medical director during the year relating to 2019/20 and are included in the salary costs.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

FOR THE YEAR ENDED 31 MARCH 2020

Pension Values (Subject to Audit Opinion)

2020 Name	Accrued pension at age 60 as at 31/03/20 (bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Accrued Lump Sum	Cash equivalent Transfer Value (CETV) at 31 March 2020 (bands of £5,000)	Cash equivalent Transfer Value (CETV) at 31 March 2019	Real increase in cash equivalent Transfer Value (CETV) in year
	£'000	£'000	£'000	£'000	£'000	£'000
Pension Values of:						
Executive Members						
Chief Executive: J Gardner	30-35	2.5-5	66	536	457	79
Director of Finance: J M Carter **	-	-	-	-	-	-
Director of Finance: C Neil	35-40	2.5-5	88	674	611	63
J Rogers	15-20	0-2.5	55	439	409	17
A MacFie	75-80	5-7.5	233	1,872	1,744	100
M MacGregor	55-60	5-7.5	143	1,177	1,035	142
AM Cavanagh **	35-40	2.5-5	99	801	737	64
G Adkins **	20-25	0-2.5	50	373	334	40
A Harkness	5-10	0-2.5	-	107	74	33
Non-Executive Members						
Chair S Douglas-Scott	-	-	-	-	-	-
J Christie-Flight **	20-25	0-2.5	55	422	399	23
L Semple	-	-	-	-	-	-
S McAllister	-	-	-	-	-	-
M Boyle	-	-	-	-	-	-
K Kelly	-	-	-	-	-	-
M MacGregor	-	-	-	-	-	-
K Harriman	-	-	-	-	-	-
P Cox	-	-	-	-	-	-
R Moore	-	-	-	-	-	-
M Brown	-	-	-	-	-	-

* Pension cost held by employing Board at end of the year.

** these staff members have transferred to the new 2015 pension scheme and therefore pension contributions have been calculated by SPPA for these staff.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Remuneration Table (Subject of Audit Opinion)

2019 Name	Directors Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year (bands of £5,000)	Pension Benefits	Total Remuneration (bands of £5,000)
	£'000	£'000	£'000	£'000	£'000
Remuneration of:					
Executive Members					
Chief Executive: JW Young <small>Note 1</small>	80-85	3.7	80-85	-	80-85
Chief Executive: J Gardner – started 21 January 2019 <small>Note 2</small>	20-25	-	20-25	74	90-95
Director of Finance: J M Carter <small>Note 3</small>	60-65	7.1	65-70	60	125-130
J Rogers	90-95	6.5	95-100	15	110-115
M Higgins <small>Note 4</small>	135-140	3	140-145	-	140-145
H Eteiba <small>Note 5</small>	55-60	-	55-60	8.2	65-70
AM Cavanagh	75-80	7.6	85-90	44	130-135
G Adkins <small>Note 6</small>	60-65	-	60-65	53.5	115-120
A Harkness	85-90	6.2	95-100	22.9	115-120
Non-Executive Members					
Interim Chair- S MacKinnon – from 18 March 2016 to 4 April 2018	0-5	-	0-5	-	0-5
Chair S Douglas-Scott – from 4 April 2018 <small>Note 7</small>	25-30	-	25-30	-	25-30
J Christie-Flight <small>Note 8</small>	55-60	-	55-60	34	85-90
L Semple – started 1 October 2018 <small>Note 9</small>	0-5	-	0-5	-	0-5
S McAllister – started 1 October 2018 <small>Note 10</small>	0-5	-	0-5	-	0-5
M Boyle	5-10	-	5-10	-	5-10
K Kelly	5-10	-	5-10	-	5-10
M MacGregor	5-10	-	5-10	-	5-10
K Harriman	5-10	-	5-10	-	5-10
P Cox	5-10	-	5-10	-	5-10

Note 1 – figure quoted for the period 1/4/18-30/11/18. Full year equivalent is £150k-£155k in bands of £5,000

Note 2 – figure quoted for the period 21/01/19-31/03/19. Full year equivalent is £140k-£145k in bands of £5,000

Note 3 - Figure quoted is for full year for the Board only. Full year two days per week at Scottish Ambulance Service (SAS) (£50-55k) invoiced.

R McNaught cover for 2 days per week from State Hospital April to November 2018 value is £30k-£35k.

Note 4 - Medical Director on long term sick leave, April –June 2018. The role has been covered in part by H Eteiba – April – June 2018.

Note 5 – salary is for period 01/04/18-29/06/18 as cover for Medical Director. Full year equivalent is £285-£290k.

Note 6 – Figure quoted is for the period 23/05/18-31/03/19. Full year equivalent is £70k-75k in bands of £5,000.

Note 7 – Figure quoted is for period 04/04/18-31/03/19. Full year equivalent is £25k-£30k in bands of £5,000.

Note 8- The Employee Director salary includes £45-£50k in respect of non-Board duties.

Note 9 – Figure quoted is for period 01/10/18-31/03/19. Full year equivalent is £5k-£10k in bands of £5,000.

Note 10 – Figure quoted is for period 01/10/18-31/03/19. Full year equivalent is £5k-£10k in bands of £5,000.

There were no performance related bonuses paid to the executives of the Board during the year. Discretionary points were paid to the medical director during the year relating to 2018/19 and are included in the salary costs.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Pension Values (Subject to Audit Opinion)

2019 Name	Accrued pension at age 60 as at 31/03/19 (bands of £5,000)	Real increase in pension at age 60 (bands of £2,500)	Accrued Lump Sum	Cash equivalent Transfer Value (CETV) at 31 March 2019 (bands of £5,000)	Cash equivalent Transfer Value (CETV) at 31 March 2018	Real increase in cash equivalent Transfer Value (CETV) at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000
Pension Values of:						
Executive Members						
Chief Executive: JW Young	40-45	(15-20)	122	978	1,457	(491)
Chief Executive: J Gardner – started 21 January 2019	25-30	2.5-5	58	449	378	72
Director of Finance: J M Carter **	30-35	2.5-5	68	531	468	63
J Rogers	15-20	0-2.5	51	407	378	16
M Higgins	55-60	(0-2.5)	168	1,345	1,378	(32)
H Eteiba	40-45	0-2.5	131	1,055	1,025	10
AM Cavanagh **	30-35	2.5-5	94	704	645	60
G Adkins **	20-25	2.5-5	47	328	280	48
A Harkness	0-5	0-2.5	-	72	42	30
Non-Executive Members						
Interim Chair- S MacKinnon – from 18 March 2016 to 4 April 2018	-	-	-	-	-	-
Chair S Douglas-Scott – from 4 April 2018	-	-	-	-	-	-
J Christie-Flight **	20-25	0-2.5	54	393	357	36
L Semple – started 1 October 2018	-	-	-	-	-	-
S McAllister – started 1 October 2018	-	-	-	-	-	-
M Boyle	-	-	-	-	-	-
K Kelly	-	-	-	-	-	-
M MacGregor	-	-	-	-	-	-
K Harriman	-	-	-	-	-	-

** these staff members have transferred to the new 2015 pension scheme and therefore pension contributions have been calculated by SPPA for these staff.

The 'total earnings in year' column (shaded below) shows the remuneration relating to actual earnings 2018/19.

STAFF REPORT

Number of senior staff by band

The definition of senior staff under FReM defines that senior employees are individuals that influence the decisions of the entity as a whole, within the accounts this has been defined as the Executive and Non-Executive members of the Board.

This information is contained within the remuneration report.

FAIR PAY DISCLOSURE

In addition to the information contained in the remuneration report and the subsequent notes to the account the Board are required to make the additional disclosure detailed below in line with the Hutton guidance relating to fair pay. The highest earning director is the Medical Director. The table below includes full employer's costs.

2019/20	£000s	2018/19	£000s
Range of staff remuneration	9-185	Range of staff remuneration	8-189
Highest earning Director's total remuneration	150-155	Highest earning Director's total remuneration	155-160
Median Total remuneration	32,014	Median Total remuneration	31,055
Ratio	4.71	Ratio	5.09

Higher Paid Employees Remuneration

The following number of employees (excluding Board members) received remuneration (excluding pension contributions) falling within the following ranges:

	2020	2019
<i>Clinicians</i>		
£70,001 - £80,000	8	6
£80,001 - £90,000	3	6
£90,001 - £100,000	3	4
£100,001 - £110,000	7	4
£110,001 - £120,000	1	3
£120,001 - £130,000	12	8
£130,001 - £140,000	9	15
£140,001 - £150,000	12	11
£150,001 - £160,000	14	9
£160,001 - £170,000	10	5
£170,001 - £180,000	4	1
£180,001 - £190,000	2	5
£190,001 - £200,000	1	3
£200,001 and above	8	10
<i>Other</i>		
£70,001 - £80,000	9	8
£80,001 - £90,000	1	3
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-

STAFF REPORT (continued)

The number of clinical staff earning over £200k primarily relates to payments received for distinction awards and some additional payments in relation to EPAs.

The numbers above are exclusive of the six Executive Directors of the Board who are disclosed separately within the remuneration report. For the current year the interim Medical Director is included in the numbers above.

Staff Numbers and Costs

2020	Executive Board Members £'000	Non-Executive Members £'000	Permanent Staff £'000	Inward Seconded £'000	Other Staff £'000	Outward Seconded £'000	Total £'000	2019 £'000
Salaries and wages	739	99	67,883	-	1,696	-	70,416	67,982
Taxation & social security costs	98	5	7,597	-	114	-	7,814	7,529
NHS Scheme employers' costs	150	-	11,731	-	110	-	11,990	8,119
Other employers' pension costs	-	-	25	-	2	-	27	21
Seconded	-	-	-	349	-	(250)	98	143
Agency staff	-	-	-	-	3,503	-	3,503	2,421
Total	987	104	87,235	349	5,425	(250)	93,849	86,215

Reconciliation to Income and Expenditure

	£'000
Total Employee Expenditure as above	93,849
Add: employee income included in Note 4	250
Total employee expenditure disclosed in Note 3	94,099

Staff Numbers

Whole Time Equivalent (WTE)	7	8	1,675	5	89	(6)	1,779	1,749
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Staff composition

The table below includes the breakdown of the number of persons of each gender who were Directors and employees of the Board at 31st March 2020.

	2020			2019		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	4	7	2	4	6
Non-Executive Directors and Employee Director	2	6	8	3	5	8
Senior Employees (as per remuneration Report)	4	9	13	5	7	12
Other	700	1,796	2,497	661	1,677	2,338
Total Headcount	710	1,816	2,525	671	1,694	2,365

The manual for accounts requires that the number of senior employees in the Board be disclosed in this analysis, we have defined the "Higher Paid Employees – Other" to represent this, this is disclosed on page 43.

Sickness Absence

The annual sickness absence rate for 2019/20 was 4.61% (5.03% for 2018/19).

Staff policies

In 2017 Equality Outcomes for 2017 – 21 were developed and published. These closely align with our strategic direction and focus on patient facing services and initiatives planned to improve the experience of our workforce. The development of the equality outcomes provided the assurance that the Board meets the equality and diversity needs of people with the nine protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) whether they are patients, members of the public, carers or staff.

In keeping with the Equality Act 2010 and the Equality Act (Specific Duties) (Scotland) Regulations 2012 we have also published an Equality Outcomes Progress Report 2017/19 and Mainstreaming Report 2019.

Our staff policies are continually reviewed to ensure that they are up to date and we have invested significant effort in promoting a positive workplace culture within the Board. Phase 1 of the 'Once for Scotland' Workforce Policies Programme was launched on 1st March 2020. This comprised of the following workforce policies: Attendance, Bullying and Harassment, Capability, Conduct, Grievance and a Workforce Policies Investigation Process. These policies were developed nationally in partnership with NHS Scotland employers, trade unions and the Scottish Government. These policies and associated supporting documents have been implemented and set the scene for the employment practices all Boards now follow. Our Organisational Values place dignity and respect at the heart of everything we do and our work on equality, diversity and inclusion is an important part of our staff policies and how we influence behaviours within the organisation. Our policies are intended to support the delivery of the organisational values to support employee experience.

All policies are developed and agreed in partnership with our staff side colleagues and are also equality impact assessed. We also provide guidance, advice and training to all our staff in order that they understand equality, human rights, health inequalities and the impact that this has on their role within the Board.

All staff within the Board have an annual appraisal where they have the opportunity to sit down with their manager for a face to face discussion to identify support and any further development required. All recruiting managers are also provided with a local competency and values based recruitment training within the Board. A Staff Guide: Preparing for Interview has also been developed to support all staff in their readiness for interview.

Staff policies relating specifically to staff with a disability

As a Disability Confident Leader since February 2018 we promote best practice in the employment, retention and development of disabled staff. We welcome

applications for employment from people with disabilities and support them through the job interview guarantee scheme as well as actively identifying and removing barriers in their recruitment.

We continue to provide an environment where any employee who becomes disabled can continue to contribute to the work of the Board and can gain support to manage their disabilities by ensuring that reasonable adjustments are put in place. We work closely with managers, Occupational Health, HR and trade unions to ensure that all reasonable adjustments are considered to support our staff. This can range from the purchase of specialist computer equipment or systems to changes in hours or shift patterns and even redeployment to a more suitable role which will assist and support staff members.

Other Employee Matters

The recognised principles of fairness, respect, equality, dignity and autonomy are firmly embedded in our organisational values. The Boards Equality, Diversity and Human Rights and Recruitment and Selection policies support these principles for staff ensuring there are fair and equitable processes in place and these apply to all who work with the Service. This is regardless of employment status and includes permanent and fixed term contracts, members of staff on bank contracts, those working on behalf of other agencies, those on secondment to the Board, volunteers and those on work experience.

Staff Wellbeing and Support

Staff wellbeing is paramount to the Board, especially during the recent Coronavirus pandemic where it is important that staff are encouraged to look after their own health and wellbeing. We have developed a number of supportive measures such as encouraging changes to working practices, ensuring that risk assessments are undertaken for staff and these are updated on an ongoing basis, promoting local and national resources, including toolkits to provide a wide range of support and wellbeing resources for staff. A local Health and Wellbeing group has been established within the Board to provide a comprehensive and holistic approach to health and wellbeing across the organisation. Whilst the work of this group will initially be influenced by the current Coronavirus crisis, this group will also take a longer term role in the wider health and wellbeing agenda.

Exit packages

2019/20

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000	-	1	1
Total number exit packages by type		1	1
Total resource cost (£'000)	-	15	15

2018/19

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000	-	1	1
Total number exit packages by type		1	1
Total resource cost (£'000)	-	12	12

Trade Union (Facility Time)

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. Following guidance issued by the Scottish Government in June 2018 to support the regulations, the Board's facilities time request form has been updated on our local policy and all information on facilities time is recorded on the SSTS payroll system.

The data is required to be published on a website maintained by or on behalf of the employer before 31st July each year. We intend to publish this data at the following link: <https://www.goldenjubileefoundation.org>

Relevant Trade Union Officials

Number of employees who were relevant union officials during the period 1 April 2019 to 31 March 2020	Full-time equivalent employee number
4	3.68

Percentage of Time spent on Facility time

Percentage of time	Number of representatives
0%	1
1-50%	3
51-99%	-
100%	-

Percentage of Paybill spent of Facility time

Total cost of Facility time	£5,894
Total Paybill	£93,849,000
Percentage of total pay spend on Facility time	0.0063%

Paid Trade Union activities

Time spent on paid trade union activities -
as a percentage of total paid facility time
hours

Parliamentary Accountability Report

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

Losses and Special Payments not over £250,000

No write-off for losses or special payments were approved by the board during 2019/20.

During the year the Board was aware of a Legal Claim estimated at £1.750m, the actual principal value was paid during the year, however the legal fee element of the claim has still to be settled.

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, charges for services provided on a full costs basis, wherever applicable. No fees or charges over £1 million pounds were provided for by the Board.

Approval


J Gardner
Chief Executive

Date: 25 June 2020

The Accountable Officer authorised the Accountability Report for issue on 25 June 2020

Independent auditor's report to the members of National Waiting Times Centre Board, the Auditor General for Scotland and the Scottish Parliament

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 National Waiting Times Centre Board and its group for the year ended 31 March 2020 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated 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).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board and its group as at 31 March 2020 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis 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 and its group 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.

Emphasis of matter – Property valuations

We draw attention to Note 1 Accounting policies, 28. 'Key sources of judgement and estimation uncertainty' of the financial statements, which describes the effects of a material uncertainty, caused by Covid-19, on the valuation report. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

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

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

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 ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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. 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.



Chris Brown (for and on behalf of Scott-Moncrieff Audit Services)
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date 26 JUNE 2020

Consolidated Statement of Comprehensive Net Expenditure (SOCNE)

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Staff Costs	3a	94,296	86,716
Other Operating Expenditure	3b		
Drugs and medical supplies		26,981	29,038
Other Health care expenditure		39,935	27,954
Gross expenditure in year		161,212	143,708
Less: operating Income	4	(70,717)	(66,569)
Net Expenditure for the year		90,495	77,139
Other Comprehensive Net Expenditure			
	Note	2020 £'000	2019 £'000
Net (gain)/loss on revaluation of property, plant and equipment		(2,234)	(2,626)
Other comprehensive expenditure		(2,234)	(2,626)
Comprehensive net expenditure		88,261	74,513

The Notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts.

Consolidated Statement of Financial Position
As at 31 March 2020

	Note	2020 Consolidated £'000	2020 Board £'000	2019 Consolidated £'000	2019 Board £'000
Non-Current Assets					
Property, plant and equipment	7c	154,269	154,269	140,191	140,191
Intangible Assets	6a	-	-	5	5
Trade and Other receivables	9	4,900	4,900	3,575	3,575
Total Non-current Assets		159,169	159,169	143,771	143,771
Current assets					
Inventories	8	3,966	3,966	3,196	3,196
Financial Assets:					
- Trade and other receivables	9	4,336	3,350	7,362	6,708
- Cash and cash equivalents	10	6,356	3,454	5,955	3,354
Assets classified as held for sale	7b	-	-	-	-
Total Current Assets		14,658	10,770	16,513	13,258
Total Assets		173,827	169,939	160,284	157,029
Current Liabilities					
Provisions	12	(1,568)	(1,568)	(2,767)	(2,767)
Financial Liabilities:					
- Trade and other payables	11	(32,063)	(31,913)	(21,032)	(20,422)
Total Current Liabilities		(33,631)	(33,481)	(23,799)	(23,189)
Non-current assets plus/less net current assets/liabilities		140,196	136,458	136,485	133,840
Non-Current Liabilities					
Provisions	12	(3,332)	(3,332)	(4,143)	(4,143)
Total Non-current liabilities		(3,332)	(3,332)	(4,143)	(4,143)
Assets less liabilities		136,864	133,126	132,342	129,697
Taxpayers' Equity					
General Fund	SOCTE	47,665	47,665	45,282	45,282
Revaluation reserve	SOCTE	85,461	85,461	84,415	84,415
Funds held on Trust	SOCTE	3,738	-	2,645	-
Total Taxpayers' Equity		136,864	133,126	132,342	129,697

The financial statements were approved by the Board on 25 June 2020 and signed on their behalf by

 Director of Finance
C Neil

 Chief Executive
J Gardner

The Notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts.

Consolidated Statement of Cashflows

For the year ended 31 March 2020

		2020	2020	2019	2019
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net Expenditure	SoCTE	(90,495)		(77,139)	
Adjustments for non-cash transactions	2	6,643		6,544	
Add back: interest payable recognised in net operating expenditure	2	-		-	
Movement in working capital	2	9,851		(3,305)	
	2		(74,001)		(73,900)
Cash flows from investing activities					
Purchase of property, plant and equipment		(18,482)		(6,440)	
Proceeds of disposal of property, plant and equipment		-		-	
Net cash outflow from investing activities	2		(18,482)		(6,440)
Cash flows from financing activities					
Funding	SoCTE	92,783		81,593	
Movement in general fund working capital	SoCTE	101		1,699	
Interest Paid	2	-		-	
Cash drawn down		92,884		83,292	
Net financing			92,884		83,292
Net Increase/(decrease) in cash and cash equivalents in the period			401		2,952
Cash and cash equivalents at the beginning of the period			5,955		3,003
Cash and cash equivalents at the end of the period			6,356		5,955
Reconciliation of net cash flow to movement in net debt/cash					
Increase/(decrease) in cash in year			401		2,952
Net debt/cash at 1 April			5,955		3,003
Net debt/cash at 31 March			6,356		5,955

The Notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts.

Consolidated Statement of changes in taxpayers' equity for the year ended 31 March

	Note	General Fund	Revaluation Reserve	Funds held on Trust	Total Reserves
		£'000	£'000	£'00	£'000
Balance at 31 March 2019		45,282	84,415	2,645	132,342
Restated balance at 1 April 2019		45,282	84,415	2,645	132,342
Changes in taxpayers' equity for 2019/20					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	7a	-	2,234	-	2,234
Impairments of property plant and equipment		-	(9)	-	(9)
Revaluation & impairments taken to operating costs	2	-	9	-	9
Transfers between reserves		1,188	(1,188)	-	-
Net operating cost for year		(91,588)	-	1,093	(90,495)
Total recognised income and expense for 2019/20		(90,400)	1,046	1,093	(88,261)
Funding:					
Drawn Down		92,884	-	-	92,884
Movement in General Fund (Creditor)/Debtor		(101)	-	-	(101)
Balance at 31 March 2020		47,665	85,461	3,738	136,864

Statement of changes in taxpayers' equity for the prior year

	Note	General Fund	Revaluation Reserve	Funds held on Trust	Total Reserves
		£'000	£'000	£'00	£'000
Balance at 31 March 2018		40,167	82,901	2,193	125,261
Restated balance at 1 April 2018		40,167	82,901	2,193	125,261
Changes in taxpayers' equity for 2018/19					
Net gain/(loss) on revaluation/indexation of property, plant and equipment	7a	-	2,627	-	2,627
Impairments of property plant and equipment		-	(84)	-	(84)
Revaluation & impairments taken to operating costs	2	-	84	-	84
Transfers between reserves		1,113	(1,113)	-	-
Net operating cost for year		(77,591)	-	452	(77,139)
Total recognised income and expense for 2017/18		(76,478)	1,514	452	(74,512)
Funding:					
Drawn Down		83,292	-	-	83,292
Movement in General Fund (Creditor)/Debtor		(1,699)	-	-	(1,699)
Balance at 31 March 2019		45,282	84,415	2,645	132,342

The Notes to the Accounts, numbered 1 to 19, form an integral part of these Accounts.

Notes to the Accounts

Note 1 Accounting Policies

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 30 below.

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

The following accounting standards have been applied for the first time in 2019/20.

- IAS 7 – Statement of Cashflows, this was adopted with the Board following the format of the statement included in the statement.

(b) Standards, amendments and interpretations early adopted in current year

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. The Board 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 £616,583. Right-of-use assets totalling £616,583 will be brought onto the Statement of Financial Position, with an associated lease liability of £616,583.

2. Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the National Waiting Times Centre Board Endowment Fund (also known as the Golden Jubilee National Hospital (Scotland) Endowment Fund).

NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

The National Waiting Times Centre Board Endowment Fund (also known as the Golden Jubilee National Hospital (Scotland) Endowment Fund) is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation.

Note 19 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

3. Prior Year Re-statements

These are only required in respect of any agreed retrospective restatements in respect of changes in accounting policy or correction of material errors in accordance with IAS 8.

4. Going Concern

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

5. Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation

of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

6. Funding

Most of the expenditure of the Health Board 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 period 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 capital assets received from the Scottish Government is credited against the general fund when cash is drawn down.

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

7. Property, plant and equipment

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

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

7.1 Recognition

Property, plant and equipment is capitalised where: it is held for use in delivering services or for administration 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. 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 cost of equipping a new development and total over £20,000.

7.2 Measurement

Valuation

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

All assets that are not held for their service potential (ie investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent accesses to the market are measured subsequently at fair value as follows:

- 1) Specialised NHS land, buildings, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.
- 2) Non-specialised land and buildings, such as offices, are stated fair value. The Golden Jubilee Conference Hotel is stated at fair value.
- 3) Valuations of all land and building assets within the Board are reassessed by valuers on an annual basis. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.
- 4) Non-specialised equipment, installations and fittings are valued at fair value. The Board values such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).
- 5) Assets under construction are valued at current cost. This is calculated as the level of expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.
- 6) 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.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

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 New 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.

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 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 to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the statement of Comprehensive Net Expenditure.

7.3 Depreciation

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

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

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction are not depreciated until the asset is brought into use.
- 3) Property, plant and equipment which has been classified as 'held for sale' ceases to be depreciated upon reclassification.
- 4) Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.
- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight-line basis.

The following asset lives have been used for the period:

Asset Category/Component	Useful Life
Building - Structure	30 – 72 years
Building - Landscaping & Surfacing	16 – 38 years
Building - Engineering	15 – 46 years
Medical Equipment	10 years
Plant	10 - 20 years
Information Systems & Office Equipment	5 years

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

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 assets where expenditure of at least £5,000 is incurred.

8.2 Measurement

Valuation:

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

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

Revaluation and impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

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.

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.

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'.

Operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

8.3 Amortisation

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

Amortisation is charged to the Statement of Comprehensive Net expenditure on each main class of intangible asset as follows:

- Software licences 5 years

9. Non-current assets held for sale

Non-current assets intended for disposal are reclassified as 'held for sale' once all the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- The sale must be highly probable, ie:
 - Management are committed to a plan to sell the asset;
 - An active programme has begun to find a buyer and complete the sale;
 - The asset is being actively marketed at a reasonable price;
 - The sale is expected to be completed within 12 months of the date of classification as 'held for sale'; and
 - The actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be

charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

11. Sale of property, plant and equipment, intangible assets and non-current assets held for sale

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leasing

Leases other than finance 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.

13. Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

14. General Fund Receivables and Payables

Where the Board has a positive net cashbook 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 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.

15. Inventories

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase prices is deemed to represent current cost. Work in progress is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion.

16. 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.

17. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the statement of comprehensive net expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer.

The pension cost is assessed every four years by the Government Actuary and the 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.

18. 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 limit are reimbursed to Boards from a central fund held by the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) on behalf of the Scottish Government.

The Board provides 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.

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

19. Related Party Transactions

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

20. Value Added Tax

Most of the activities of the Board (with the exclusion of any business activities) 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.

21. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are

discounted using the discount rate prescribed by HM Treasury.

22. 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 13 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 13, 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.

23. 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 the adjustment disclosed in a note to the financial statements.

24. Financial Instruments

Financial assets

Business model

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

- (a) Financial assets at fair value through profit or loss
This is the default basis for financial assets.
- (b) Financial Assets held at amortised cost

A financial asset may be held at amortised cost where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

(c) Financial assets at fair value through other comprehensive income

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

- i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

Recognition and measurement

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

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

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

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is

calculated by applying the effective interest rate to the gross carrying amount of the asset.

- (c) Financial assets held at fair value through other comprehensive income

Financial Liabilities

Classification

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and amortised cost. The Board classifies all financial liabilities as measured at amortised cost, unless:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or
- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

- (b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

Recognition and measurement

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

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

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

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

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

- (b) Amortised costs

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

25. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in Note 5.

26. Cash and cash equivalents

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

27. 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.

28. 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 on an ongoing basis. 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.

Property Valuations

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

The valuation report has been used to inform the measurement of assets in these financial statements. Although the valuer has declared a material valuation uncertainty, the valuer has continued to exercise professional judgement in

preparing the valuation and, therefore, this is the best information available to the Board as at 31 March 2020 and can be relied upon.

“The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Valuation – Global Standards effective from 31 January 2020. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market. For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.”

Impairments

The value of impairment included within the accounts was provided by the Boards Valuer as part of the valuation work undertaken. No impairment has been included in the current year however there will likely be impairment in the following year in relation to the phase one expansion; the appointed valuers will assess this closer to completion of the build.

Year-end Inventory balances

Due to the impact of Covid-19 the Board were unable to perform full stock counts for all areas included within the Board Inventory. All areas where the year-end balances are material had stock counts performed, however clinical areas where the stock movement was low or where it was access was restricted were not counted prior to 31 March 2020.

Income and Expenditure

Due to the impact of Covid-19 there has been a higher than normal level of estimation/movement from the prior years, the key areas are noted below:

Pay and Pensions

There is a risk regarding the cost differential versus funding levels from consequential funding on the superannuation increase only. If full funding is not achieved, then this would have significant impact on the Boards ability to achieve financial balance as forecast over the 3-year financial planning basis. This does not include the pay reform cost impact of £1.4m.

Waiting Times Funding

The Boards financial plan assumed full funding for capacity expansions commenced during 2019/20 including Endoscopy, General Surgery, Ophthalmology, Orthopaedic, CT, Coronary Intervention and Electrophysiology and Cardiac. The appropriate funding was all secured and agreed by Scottish Government relative to in-year expenditure.

Brexit Funding

There were no defined costs associated with Brexit funding regarding cost of goods and staffing, however this will be considered again in next year's financial plan.

Material Provisions

The Board has provisions in the accounts relating to medical job planning and out-of-hours payment, this provision is considered material and is currently approximately £500k.

Significant Risks

There are no significant risks that the Board is aware of that would materially affect the carrying amounts of assets and liabilities in the current year.

Note 2a SUMMARY OF CORE REVENUE RESOURCE OUTTURN

	Note	2020 £'000	2020 £'000
Net Expenditure	SoCNE		90,495
Total Non-Core Expenditure (see below)			(6,920)
Endowment Net Expenditure			1,093
Total Core Expenditure			84,668
Core Revenue Resource Limit			84,890
Saving/(excess) against Core Revenue Resource Limit			222

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN

Depreciation/Amortisation	6,629	
Annually Managed Expenditure – Impairments	-	
Annually Managed Expenditure - Creation of Provisions	290	
Annually Managed Expenditure - Depreciation of Donated assets	1	
Total Non Core Expenditure		6,920
Non-Core Revenue Resource Limit		6,615
Saving/(excess) against Non Core Revenue Resource Limit		(5)

SUMMARY RESOURCE OUTTURN

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	84,890	84,668	222
Non Core	6,915	6,920	(5)
Total	91,805	91,588	217

Note 2b Notes to the Cash Flow Statement

Expenditure Not Paid in Cash		2020 £'000	2019 £'000
Depreciation	7a	6,628	6,404
Amortisation	6	5	54
Depreciation of Donated Assets	7a	1	1
Impairments on property, plant and equipment charged to SOCNE		9	19
Net revaluation on PPE charged to SOCNE		-	(502)
Other non-cash transactions		-	568
Total Expenditure Not Paid in Cash	CFS	6,643	6,544

Interest Payable /Unwinding of discount on provisions

Interest paid during the year related to unwinding of provisions in respect of legal claims and in 2019/20 was £0 (2018/19 was £0).

Consolidated movements in working capital

	Opening Balances £'000	Closing Balances £'000	2020 Net Movement £'000	2019 Net Movement £'000
Inventories				
Statement of Financial Position	3,196	3,966		
Net Decrease/(Increase)			(770)	(76)
Trade and Other Receivables				
Due within one year	7,362	4,336		
Due after more than one year	3,575	4,900		
	10,937	9,236		
Net Decrease/(Increase)			1,701	(3,536)
Trade and Other Payables				
Due within one year	21,032	32,063		
Less: General Fund Creditor included in above	(3,353)	(3,454)		
	17,679	28,609		
Net (Decrease)/Increase			10,930	(1,054)
Provisions				
Statement of Financial Position	6,910	4,900		
Net (Decrease)/Increase			(2,010)	1,361
Net Movement (Decrease)/Increase			9,851	(3,305)

Note 3 Operating Expenses

3a Staff Costs

	note	2020 Board £'000	2020 Consolidated £'000	2019 Consolidated £'000
Medical And Dental		25,535	25,535	23,251
Nursing		32,782	32,979	30,189
Other staff		35,782	35,782	33,276
Total	SoCNE	94,099	94,296	86,716

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

	note	2020 Board £'000	2020 Consolidated £'000	2019 Consolidated £'000
Drugs and Medical supplies				
Prescribed drugs, secondary care		4,087	4,087	3,440
Medical Supplies		22,894	22,894	25,598
Total		26,981	26,981	29,038
Other Health Care Expenditure				
Goods and services from other NHS Scotland Bodies		1,590	1,590	1,903
Goods and services from private patients		8,401	8,401	88
Resource Transfer		830	830	1,120
Other operating expenses		28,536	28,536	23,851
External Audit Remuneration – audit fee		79	79	72
External Audit other services		9	9	-
Endowment Fund Expenditure		-	490	920
Total		39,445	39,935	27,954
Total Other Operating Expenditure		66,426	66,916	56,992

The prior year expenditure split between categories has been restated to reflect the categorisation on 2019/20.

Note 4 Operating Income

	2020 Board £'000	2020 Consolidated £'000	2019 Consolidated £'000
Income from Scottish Government	275	275	209
Income from other NHS Scotland Bodies	58,754	58,754	55,623
Income from other non NHS Scotland Bodies	357	357	510
Income from Private patients	107	107	126
Profit on disposal of assets	-	-	-
Donations	-	-	183
Contributions in respect of CNORIS	756	756	3
Non-NHS	-	-	-
Endowment fund income	271	2,051	174
Other	8,417	8,471	9,741
Total income	68,937	70,717	66,569

Note 5 Segmental Information

	2020 Board £'000	2019 Board £'000
Net Operating Cost	90,495	77,139
Total Assets	169,939	157,025
Total Liabilities	(36,813)	(27,328)
Impairment Loss recognised in SOCNE	-	-
Depreciation and Amortisation	6,634	6,404

The Board currently reports as one segment

Note 6 Intangible Fixed Assets

	Software Licences 2019/20 £'000	Software Licences 2018/19 £'000
Cost or valuation		
At 1 April	143	143
At 31 March	143	143
Amortisation		
At 1 April	138	84
Provided during year	5	54
At 31 March	143	138
<i>Net book value purchased assets</i>		
At 1 April	5	59
At 31 March	0	5

7 (a) Property, Plant and Equipment (Purchased Assets) for the year ended 31 March 2020 – All Purchased Assets are held within the Board and therefore only the consolidated position is shown below

	Land	Buildings	Plant and Machinery	Information Technology	Furniture & Fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2019	5,686	107,489	59,950	10,100	130	6,538	189,893
Additions - Purchased	-	-	650	-	-	17,832	18,482
Completions	-		3,398	346	-	(3,744)	-
Transfers (to)/from non-current assets held for sale	-	488	(488)	-	-	-	-
Revaluation	-	(791)	-	-	-	-	(791)
Impairment charges	-	-	(9)	-	-	-	(9)
Disposals - purchase	-	-	-	-	-	-	-
At 31 March 2020	5,686	107,186	63,501	10,446	130	20,626	207,575
Depreciation							
At 1 April 2019	-	-	40,445	9,141	116	-	49,702
Provided during the year - Purchased	-	3,025	3,065	534	4	-	6,628
Provided during the year - donated	-	-	1	-	-	-	1
Revaluation	-	(3,025)	-	-	-	-	(3,025)
Disposals - purchased	-	-	-	-	-	-	-
At 31 March 2020	-	-	43,511	9,675	120	-	53,306

Net book value purchased assets

At 31 March 2019	5,686	107,489	19,505	959	14	6,538	140,191
At 31 March 2020	5,686	107,186	19,990	771	10	20,626	154,269

Open Market value of Land included above

Asset Financing:

Owned	5,686	107,186	19,987	771	10	20,626	154,266
Donated	-	-	3	-	-	-	3
Net Book Value at 31 March 2020	5,686	107,186	19,990	771	10	20,626	154,269

7 (a) Property, Plant and Equipment (Purchased Assets) – prior year

	Land	Buildings	Plant and Machinery	Information Technology	Furniture & Fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2018	5,686	107,702	52,775	9,781	130	7,611	183,685
Additions	-	-	1,103	-	-	5,337	6,440
Transfers (to)/from non-current assets held for sale	-	-	6,091	319	-	(6,410)	-
Impairment Charges	-	-	-	-	-	-	-
Revaluation	-	(213)	-	-	-	-	(213)
Disposals	-	-	(19)	-	-	-	(19)
	-	-	-	-	-	-	-
At 31 March 2019	5,686	107,489	59,950	10,100	130	6,538	189,893
Depreciation							
At 1 April 2019	-	-	37,385	8,641	111	-	46,137
Provided during the year - purchased	-	2,840	3,059	500	5	-	6,404
Provided during the year - donated	-	-	1	-	-	-	1
Revaluation	-	(2,840)	-	-	-	-	(2,840)
Disposals - Purchase	-	-	-	-	-	-	-

At 31 March 2019	-	-	40,445	9,141	116	-	49,702
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Net book value purchased assets

At 1 April 2018	5,686	107,702	15,390	1,140	19	7,611	137,548
At 31 March 2019	5,686	107,489	19,505	959	14	6,538	140,191

Open Market value of Land included above

Asset	5,686	107,489	19,501	959	14	6,538	140,187
Financing:							
Owned	-	-	4	-	-	-	4
Donated							

Net Book Value at 31 March 2019	5,686	107,489	19,505	959	14	6,538	140,191
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Note 7 (b) Assets Held for Sale

There have been no assets held for sale in the current year or prior year.

Note 7 (c) Property plant and equipment disclosures

The net book value for property, plant and equipment at 31 March 2020 was £154,270,000 (prior year £140,191,000). Due to a change in presentation this figure now includes donated assets as well as purchased assets.

All Land and Buildings were fully revalued by an independent valuer, Avison Young at 31 March 2020 on the basis of fair value (market value or depreciated replacement cost where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

Note 7 (d) Analysis of Capital Expenditure

As the asset noted below relates to the Board only the consolidate position is shown

	Note	2020 £'000	2019 £'000
Expenditure			
Acquisition of property, plant and equipment	7a	18,482	6,440
Donated asset additions	7a	-	-
Gross Capital Expenditure		18,482	6,440
Income			
Net Book Value of disposal of Property, plant and equipment	7a	-	-
Capital Income		-	-
Net Capital Expenditure		18,482	6,440
Summary of Capital Resource Outturn			
Net capital expenditure as above		18,482	6,440
Capital Resource Limit		18,482	6,440
Savings/(Excess) against capital resource limit		-	-

Note 8 Inventories

As the inventories noted below relates to the Board only the consolidate position is shown

	2020 Consolidated £'000	2019 Consolidated £'000
Raw Materials and Consumables	3,966	3,196

Note 9 Trade and Other Receivables

	Consolidated 2020 £000	Board 2020 £000	Consolidated 2019 £000	Board 2019 £000
NHS Scotland				
Boards	2,141	2,141	2,515	2,515
Total NHS Scotland	2,141	2,141	2,515	2,515
Receivables				
VAT Recoverable	124	123	43	42
Prepayments	600	600	510	510
Accrued income	2,250	1,947	1,196	1,165
Other Receivables	1,521	839	1,773	1,151
Reimbursement of provisions	(2,300)	(2,300)	1,325	1,325
Total	4,336	3,350	7,362	6,708
Receivables within one year				
Total				
Receivables due after more than one year				
Reimbursement of provisions	4,900	4,900	3,575	3,575
Total	9,236	8,250	10,937	10,283
Receivables				
The total receivables figure above includes a provision for impairments of:	267	267	1	1
Movements on the provision for impairment of receivables are as follows:				
At 1 April provision for impairment	1	1	1	1
Provision for impairment	20	20	1	1
Receivables written off during the year	246	246	-	-
Unused amount reversed	-	-	(1)	(1)
At 31 March	267	267	1	1
Provision for impairment				

As at 31 March 2020, receivables with a carrying value of £267,000 (2019: £1,211) were impaired and provided for. The ageing of these receivables is as follows:

	Consolidated 2020 £000	Board 2020 £000	Consolidated 2019 £000	Board 2019 £000
3-6 months due	21	21	-	-
Over 6 months due	246	246	1	1
	267	267	1	1

The receivables assessed as individually impaired were mainly insurance bureau and agents, which are in unexpected difficult economic situations and it was assessed that not all of the debtor balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2020 debtors of carrying value of £2,816,554 (2018/19: £3,372,422) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows (only Board position shown as all impairment is within the Board):

	2020 £'000	2019 £'000
Up to 3 months past due	2,080	2,908
3 to 6 months past due	220	63
Over 6 months past due	517	402
	2,817	3,373

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

Concentration of credit risk is limited due to Government bodies (ie customer base being large and unrelated/government bodies). Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below:

Counterparties with external credit ratings	2020 £'000	2019 £'000
A	29	110
BB	33	6
BBB	-	8
Existing customers with no defaults in the past	115	149
Total neither past due or impaired	177	273

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

All receivables are denominated in sterling.

The carrying amount of receivables are all held in sterling.

Note 10 Cash and Cash Equivalents

	Consolidated 2020 £000	Consolidated 2019 £000
Balance at 1 April	5,955	3,003
Net change in cash and cash equivalent balances	401	2,952
Balance at 31 March	6,356	5,955
Overdrafts	-	-
Total Cash - Cash Flow Statement	6,356	5,955
The following balances at 31 March were held at:		
Government Banking Service	2,407	1,123
Commercial banks and cash in hand	1,047	2,231
Endowment Cash	2,902	2,601
Balance at 31 March	6,356	5,955

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

Note 11 Trade and Other Payables

	Board 2020 £000	Consolidated 2020 £000	Board 2019 £000	Consolidated 2019 £000
Payables due within one year				
National Health Service in Scotland				
Boards	1,314	1,314	1,131	1,131
Total NHS Scotland Payables	1,314	1,314	1,314	1,131
General fund payable	3,454	3,454	3,353	3,353
Trade payables	1,777	1,767	1,217	1,217
Accruals	19,089	18,949	8,465	9,075
Deferred Income	2,518	2,518	2,994	2,994
Payments received on account	48	48	74	74
Income tax and social security	1,964	1,964	1,846	1,846
Superannuation	1,429	1,429	1,090	1,090
Holiday pay accrual	470	470	252	252
Total Payables due within one year	32,063	31,913	20,422	21,032
Total Payables due after more than one year	-	-	-	-
Total Payables	32,063	31,913	20,422	21,032

There are no borrowings included in the above.
The carrying value of short term creditors approximates their fair value.
All payables are denominated in sterling.

Note 12 Provisions for year-ended 31 March 2020

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
As at April 2019	5,268	1,577	65	6,910
Arising during the year	1,177	508	9	1,694
Utilised during the year	(3,075)	(27)	(109)	(3,211)
Unwinding	(467)	-	(15)	(482)
Reversed unutilised	(1)	-	(10)	(11)
At 31 March 2020	2,902	2,058	(60)	4,900

Analysis of expected timing of discounted flows to 31 March 2020

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
Payable in one year	1,218	350	-	1,568
Payable in 2-5 years	1,624	1,235	-	2,859
Payable between 6-10 years	-	103	-	103
Thereafter	60	370	(60)	370
At 31 March 2020	2,902	2,058	(60)	4,900

The amounts shown above in relation to Clinical & Medical Legal Claims against the Board are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Provisions for Prior-year

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
As at April 2018	3,881	1,633	35	5,549
Arising during the year	1,487	547	95	2,129
Utilised during the year	(36)	(157)	-	(193)
Unwinding	(50)	(7)	-	(57)
Reversed unutilised	(14)	(439)	(65)	(518)
At 31 March 2019	5,268	1,577	65	6,910

Analysis of expected timing of discounted flows to 31 March 2019

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
Payable in one year	2,244	516	7	2,767
Payable in 2-5 years	3,024	900	4	3,928
Payable between 6-10 years	-	150	-	150
Thereafter	-	11	54	65
At 31 March 2019	5,268	1,577	65	6,910

Note 12b Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2019 £'000		2020 £'000
5,268	Provision recognising individual claims against the Board as at 31 March	2,902
(4,900)	Associated CNORIS receivable at 31 March	(2,600)
1,577	Provision recognising the Board's liability from participating in the scheme as at 31 March	2,058
1,945	Net Total Provision relating to CNORIS at 31 March	2,360

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

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

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

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

Further information on the scheme can be found at <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>

Note 13 Contingent Liabilities

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

	2020 £'000	2019 £'000
Nature		
Clinical and medical compensation payments	1,268	1,925
Other	-	-
Total Contingent Liabilities	1,268	1,925

Contingent liabilities have been estimated based on information provided by the Central Legal Office regarding negligence claims against the Board. All claims classed as category 1 along with 50% of the value of category 2 claims have been included in contingent liabilities.

Contingent Assets

The Board currently has contingent assets of £925,000 in year (prior year £1,650,000).

Note 14 Commitments

Capital Commitments

The Board has the following Capital Commitments, which have not been provided for in the accounts

	2020 £'000	2019 £'000
Contracted		
Kier - Phase one	10,000	3,000
Authorised but not contracted		
Kier - Phase two	3,500	500
Total	13,500	3,500

Note 15 Commitments under Leases

Total future minimum lease payments under operating leases are given in the table below for the each of the following periods

	2020 £'000	2019 £'000
Operating leases		
Other		
Not later than one year	1,173	1,196
Later than one, not later than two years	617	365
Later than two years, not later than five	333	588
Amounts charged to operating costs in the year were:		
Hire of equipment (including vehicles)	364	791

The Board held no finance leases in the reporting period.

Note 16 Pensions Costs

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

The Board 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 Board is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2015 was 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate.

The SPPA advise that the total employer contributions received for the NHS Scotland Scheme in the year to 31 March 2018 were £768.7 million. Contributions collected in the year to 31 March will be published in October 2019. The Board's level of participation in the scheme is 1% based on the proportion of the employer contributions paid in 2017/18.

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

Existing Scheme:

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

2008 Arrangements:

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

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

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 2015-16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

Further information on each of the pension schemes can be found on the SPPA website - <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.

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

Pension members can choose 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 at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

Pension Costs	2019/20	2018/19
Pension cost charge for year	11,188	7,805

Note 17 Financial Instruments

17a Financial Instruments by category

Financial Assets at fair value Consolidated

2020	2019
Loans and Receivables £'000	Loans and Receivables £'000

At 31 March 2019 Assets per Statement of Financial Position

Trade and other receivables excluding prepayments,
reimbursements and VAT recoverable

3,771 2,969

Cash and cash equivalents

6,356 5,955

Total

10,127 8,924

Financial Assets at fair value Board

2020	2019
Loans and Receivables £'000	Loans and Receivables £'000

Trade and other receivables excluding prepayments,
reimbursements and VAT recoverable

2,786 2,316

Cash and cash equivalents

3,454 3,354

Total

6,240 5,670

Financial Liabilities at amortised cost Consolidated

2020	2019
Other Financial Liabilities £'000	Other Financial Liabilities £'000

At 31 March 2018 Assets per balance sheet

Trade and other payables excluding statutory liabilities (VAT and
income tax and social security), deferred income and
superannuation

24,838 13,967

Total

24,838 13,967

Financial Liabilities Board

2020	2019
Other Financial Liabilities £'000	Other Financial Liabilities £'000

Trade and other payables excluding statutory liabilities (VAT and
income tax and social security), deferred income and
superannuation

24,688 13,357

Total

24,688 13,357

17b Financial Risk Factors

Exposure to risk

The 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 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 government departments are financed, the 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 covering procurement, delegated limits of authority, standing financial instructions and standing orders.

A - Credit Risk

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

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

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the 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 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 Board is not therefore exposed to significant liquidity risk.

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

	Less than 1 year
31 March 2020	
Trade and other payables excluding statutory liabilities	17,230
Total	17,230

31 March 2019

Trade and other payables excluding statutory liabilities

Total

Less than 1
year

-

17,065

17,065

C – Market Risk

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

i) Cash flow and fair value interest rate risk

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

ii) Foreign currency risk

The Board is not exposed to foreign currency risk.

iii) Price risk

The Board is not exposed to equity security price risk.

17c Fair value estimation

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

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

Note 18 Related Party Transactions

There have been no related party transactions with the current financial year.

Note 19 – Group Statements

Note 19a – Consolidated Statement of Comprehensive Net Expenditure

Group 2019 £'000		Note	Board £'000	Endowments £'000	Consolidated £'000
Total income and expenditure					
86,716	Employee expenditure	3	94,099	197	94,296
	Other operating expenditure	3			
29,038	Drugs and medical supplies		26,981	-	26,981
27,954	Other health care expenditure		39,445	490	39,935
<u>143,708</u>	Gross Expenditure for the year		<u>160,525</u>	<u>687</u>	<u>161,212</u>
(66,569)	Less: operating income	4	(68,937)	(1,780)	(70,717)
<u>77,139</u>	Net Expenditure		<u>91,588</u>	<u>(1,093)</u>	<u>90,495</u>

Note 19b – Consolidated Statement of Financial Position

Group 2019 £'000		Note	Board £'000	Endowments £'000	Group £'000
Non-current assets:					
140,191	Property, plant and equipment	SoFP	154,269	-	154,269
5	Intangible assets	SoFP	-	-	-
Financial assets:					
3,575	Trade and other receivables	SoFP	4,900	-	4,900
143,771	Total non-current assets		159,169	-	159,169
Current Assets:					
3,196	Inventories	SoFP	3,966	-	3,966
Financial assets:					
7,362	Trade and other receivables	SoFP	3,350	986	4,336
5,955	Cash and cash equivalents	SoFP	3,454	2,902	6,356
16,513	Total current assets		10,770	3,888	14,658
160,284	Total assets		169,939	3,888	173,827
Current liabilities					
(2,767)	Provisions	SoFP	(1,568)	-	(1,568)
Financial liabilities:					
(21,032)	Trade and other payables	SoFP	(31,913)	(150)	(32,063)
(23,799)	Total current liabilities		(33,481)	(150)	(33,631)
136,485	Non-current assets plus/(less) net current assets/(liabilities)		136,458	3,738	140,196
Non-current liabilities					
(4,143)	Provisions	SoFP	(3,332)	-	(3,332)
(4,143)	Total non-current liabilities		(3,332)	-	(3,332)
132,342	Assets less liabilities		133,126	3,738	136,864
Taxpayers' Equity					
45,282	General fund	SoFP	47,665	-	47,665
84,415	Revaluation reserve	SoFP	85,461	-	85,461
2,645	Funds held on Trust	SoFP	-	3,738	3,738
132,342	Total taxpayers' equity		133,126	3,738	136,864

Note 19c – Consolidated Statement of Cashflows

2019 Board £'000	2019 Endowment £'000	2019 Group £'000	Cash flows from operating activities	Board £'000	Endowment £'000	Group £'000
(77,951)	452	(77,139)	Net operating cost	(91,588)	1,093	(90,495)
6,543	-	6,543	Adjustments for non-cash transactions	6,643	-	6,643
(4,112)	807	(3,305)	Movement in working capital	10,676	(825)	9,851
(75,160)	1,259	(73,901)	Net cash outflow from operating activities	(74,269)	268	(74,001)
Cash flows from investing activities						
(6,439)	-	(6,439)	Purchase of property, plant and equipment	(18,482)	-	(18,482)
-	-	-	Proceeds of disposal of property, plant and equipment	-	-	-
(6,439)	-	(6,439)	Net cash outflow from investing activities	(18,482)	-	(18,482)
Cash flows from financing activities						
81,593	-	70,894	Funding	92,783	-	92,783
1,699	-	(322)	Movement in general fund working capital	101	-	101
83,292	-	70,572	Cash drawn down	92,884	-	92,884
83,292	-	70,572	Net Financing	92,884	-	92,884
1,693	1,259	2,952	Net Increase / (decrease) in cash and cash equivalents in the period	133	268	401
1,654	1,349	3,003	Cash and cash equivalents at the beginning of the period	3,354	2,601	5,955
3,347	2,608	5,955	Cash and cash equivalents at the end of the period	3,487	2,869	6,356
Reconciliation of net cash flow to movement in net debt/cash						
1,700	1,252	2,952	Increase/(decrease) in cash in year	133	268	401
1,654	1,349	3,003	Net debt/cash at 1 April	3,354	2,601	5,955
3,354	2,601	5,955	Net debt/cash at 31 March	3,487	2,869	6,356



DIRECTION BY THE SCOTTISH MINISTERS

- 1 The Scottish Ministers, in exercise of the powers conferred on them 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 National Waiting Times Centre Board (Scotland) Order 2002, (S.S.I. 2002/305), 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

A handwritten signature in black ink, appearing to be 'M. B.', is written over a faint horizontal line.

Dated 8 February 2006