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

ANNUAL REPORT AND ACCOUNTS

For Year ended 31 March 2017

Annual Report and Accounts

Contents

ANNUAL ACCOUNTS AND NOTES FOR YEAR ENDED 31 MARCH 2017

ANNUAL REPORT AND ACCOUNTS

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

Overview

Statement from the Chief Executive

Last year we continued to embed our Board vision of 'leading quality, research and innovation' for NHSScotland.

Across our whole campus, there have been exciting developments and changes that have made a positive difference to many people across Scotland. It is impossible to capture all of the highlights from the past year, but in summary, 2016/17 was a year of accomplishments and planning.

Once again, the Golden Jubilee diagnosed and treated more Scottish patients this year than ever before. Our hospital is now at full capacity and we are looking at how we can expand our site to keep helping NHS Boards across Scotland in key demand specialty areas, such as ophthalmology, orthopaedics and diagnostic imaging.

During 2016, the Scottish Government announced Capital accelerated funding for two state-of-the-art Magnetic Resonance Imaging (MRI) machines (one with cardiac capability), which will provide an additional 10,000 procedures a year to benefit patients across Scotland. These will be on site and treating patients in 2017.

The success of the "Golden Jubilee Model" led the Scottish Government to announce a further expansion of the hospital's services, as well as the creation of several new elective centres, using our service model, to help patients across Scotland to receive the highest standard of care possible. Investment of £200m has been committed by the Government to fund these centres with a plan to have our expansion operational by 2021.

Cataract surgery is a specialty area that is predicted to increase. We are currently developing a business case to allow NHSScotland to cope with the future demand in this area. However, as well as treating more ophthalmology patients, we want to maintain an excellent quality service and patient experience. Therefore, we are challenging standard practice and developing new ways of working in a 'Once for Scotland' approach that can be adopted across the NHS.

A key demand area over the last 15 years has been the need to increase orthopaedic surgery. This is set to continue due to our ageing population. Now one of Europe's largest elective orthopaedic hospitals, the Golden Jubilee has expanded significantly in recent years and we now carry out over 25% of all hip and knee replacements in Scotland. This is set to continue with orthopaedics being another key element of our future expansion plans.

Heart services at the hospital continue to treat more patients than ever before. As the home of regional and national heart and lung services for the NHS in Scotland, we know the importance of providing a comprehensive care plan for our patients. Our team are currently engaged in the issue of lung

Overview (continued)

transplantation and, following discussion at our Annual Review, we are progressing one of our actions to carry out a scoping exercise to assess the implications of developing a lung transplantation service at the Golden Jubilee National Hospital.

We have continued to grow our national and international reputation as a person centred organisation. Our patients have consistently noted a 96% positive engagement score, with 97% stating they had a positive experience of care in the most recent inpatient survey.

I have been immensely proud of the huge progress we have made in growing our international research and work on clinical skills. We now have record numbers of active research projects across all of the Golden Jubilee specialties, including interventional cardiology, electrophysiology, pulmonary vascular disease, advanced heart failure, orthopaedics and anaesthetics. Research activity improves knowledge and understanding of health and conditions and can lead to improvements in healthcare quality, better outcomes and care for patients, and improved performance.

Our Innovation Centre provides both a symbolic and a practical expression of the attitude and values that drive our service and contributes to our vision and commitment to lead quality, research and innovation on behalf of the NHS in Scotland. During 2016/17, we have built up a strategic partner base in both academia and industry to help realise this vision.

The Golden Jubilee Conference Hotel continues to support our hospital using its accommodation to assist with access for patients and relatives from all over Scotland. We will build on the hotel's success as the NHS/Public Sector venue of choice, and ensure it supports the whole Foundation as a pivotal meeting and hospitality element of our innovation campus.

Despite 2016/17 being a challenging year as we continue to expand our services, treat more patients and ensure our finances are in good health, our dedicated team continue to make the greatest possible contribution to Scotland's health. This will continue to be the theme for the coming year – providing quality care, compassion, innovation and ambition to always be the best.

The Golden Jubilee National Hospital

Based in Clydebank, near Glasgow, the Golden Jubilee National Hospital is the home of regional and national heart and lung services, a major centre for orthopaedics, one of the largest providers of cataract surgery in the UK, has an award-winning Diagnostic Imaging service, and reduces waiting times in key specialities for Boards throughout Scotland.

The Golden Jubilee National Hospital manages regional and national heart and lung services such as:

- all heart and lung surgery for the West of Scotland, including all bypasses, heart valve surgery and other complex procedures;
- interventional cardiology services, including angioplasty, angiography, electrophysiology and complex pacemakers;
- the Scottish National Advanced Heart Failure Service, including the heart transplant unit;
- the Scottish Pulmonary Vascular Unit; and the
- Scottish Adult Congenital Cardiac Service.

The hospital is also one of only two specialist centres in the West of Scotland that provides the Optimal Reperfusion service. This service means that patients, who experience a heart attack will be transferred directly to a specialist centre, leading to better outcomes.

As a major European centre for orthopaedics, the hospital currently carries out over 25% of all Scottish hip and knee replacements. The Golden Jubilee National Hospital ophthalmology department has also

Overview (continued)

continued to expand to meet the demand of NHSScotland, and carries out at least 18-20% of all cataract operations undertaken in Scotland.

Summary of our services

Clinical Services

- Cardiac Surgery
- Thoracic Surgery
- National Cardiac Services
- Diagnostic cardiology
- Interventional cardiology
- Orthopaedic surgery
- General surgery, inc Endoscopy
- Ophthalmic surgery
- Plastic surgery

Diagnostic Imaging Services

- X-ray
- Magnetic Resonance Imaging (MRI) scanning
- Computer Tomography (CT) scanning
- Bone densitometry
- Barium exams
- Ultrasound

2016/17 Patient activity

In 2016/17, we were set a target of carrying out 37,871 inpatient, day case and diagnostic examinations. The range of services provided included orthopaedic surgery, general surgery, ophthalmic surgery, plastic surgery, hand surgery, scopes and diagnostic imaging. This number excludes any activity associated with the regional and national heart and lung services.

The actual number of inpatients, day cases and diagnostic examinations carried out in 2016/17 was 40,929, which was over 3,000 procedures more than anticipated at the beginning of the year, and 8.1% ahead of plan (adjusted for complexity).

Orthopaedics

In 2016/17, orthopaedic joint activity was ahead of the plan by 223 primary joint replacements (3,923 against a target of 3.700) and carried out an additional 299 foot and ankle procedures against a target (755 actual versus 456 planned) . Despite orthopaedic 'other' activity being behind plan by 343 procedures, overall orthopaedic surgery exceeded the full year plan by 3.5%.

The orthopaedic theatres operated at maximum capacity in 2016/17 with Saturday working also now established.

Ophthalmology

Although Ophthalmology activity was slightly behind plan in 2016/17 (5,794 procedures against a target of 6,000), the Ophthalmology programme delivered 14% more cataract procedures in 2016/17 than in the previous year.

Diagnostic imaging

In 2016/17, Diagnostic Imaging significantly exceeded the full year plan of 22,925 by 3,023 examinations (13.2%).

There was a 14.4% increase in diagnostic imaging activity since 2015/16. The following graph indicates the growth in Diagnostic Imaging since 2011/12.

Overview (continued)

Cardiac surgery waiting time

We continue to invest in minimising the risk to patients' waiting time guarantees and focus on ensuring that we meet the Treatment Time Guarantee for patients. In 2016/17, the Waiting Times Internal Audit Reports showed 100% compliance throughout the year.

Although heart and lung services are measured through the Treatment Time Guarantee, we are experiencing a trend of increased numbers within interventional cardiology carrying out over 1,300 procedures more than plan.

The Golden Jubilee Conference Hotel

The four-star Golden Jubilee Conference Hotel has been an integral part of the Board since 2002.

Over the past 12 months, we have continued to work towards the 2020 strategy to become established as an internationally renowned venue of excellence for medical, technical and pharmaceutical events, with significant progress being made.

Following an in-depth review and stakeholder engagement exercise, the Health Club was re-launched as the Centre for Health and Wellbeing at the Golden Jubilee Foundation. This evolutionary strategy for the facility aims to provide more opportunities for members, delegates and staff to improve their health and wellbeing, while developing the internal expertise of the team and providing more cross-site interaction with all staff groups.

This will include proof of concept and pilot programmes, working with all aspects of the Foundation, as new collaborations and partnerships are established. As part of this, we are currently working on the development of a Healthy Conference Pack, integrating the facility with the Conference business as a unique selling point, in line with the Scottish Government's commitment to creating a healthier Scotland.

This development accompanied the continuous improvement and upgrading of the facilities, such as the completion on the new Inspiration Space that supports our ongoing Board vision of 'leading quality, research and innovation'. This provides a state-of-the-art, flexible, space which can be utilised as one area or four separate rooms, each with the necessary technology in place to facilitate high level meetings across the public and private sector. This development will allow us to continue to enhance our reputation and meet the needs and demands of more events, meetings and conferences than ever before.

The Golden Jubilee Research Institute

Opened in May 2011, the Golden Jubilee Research Institute is a world-class research and clinical skills centre supporting our Board vision of leading quality, research and innovation.

It is a crucial element of the Golden Jubilee Foundation and continues to:

- increase the number of trials hosted by the Golden Jubilee National Hospital;
- enhance the experience of patients participating in clinical trials;
- enhance the clinical skills training experience for all health care professionals;
- provide simulation areas to support the training, development and evaluation of healthcare professionals;
- enhance surgical skills training through the provision of a purpose built area with the ability to live stream surgical procedures from the hospital; and
- help promote innovation across the organisation.

Overview (continued)

During 2016/2017, a total of 40 projects were approved against a Key Performance Indicator of 24 and a previous record of 35 (2013/14). The number of commercially sponsored and funded projects remains steady at approximately 11, with the number of academic-led studies significantly increasing. An additional highlight was the successful bid for Chief Scientist Office (CSO) infrastructure funding which will result in an additional 2.5 WTE Research Nurse posts to support the significant increase in academic research.

The Golden Jubilee Motion Analysis Lab (MAL) was commissioned in the last quarter of 2016/17 with the Lab Coordinator taking up post in February 2017. The Lab is currently running a Healthy Volunteer study which will allow the development of a comparator database. The MAL outcome measure for participants in research projects will be reliably compared to a demographically matched cohort. Several additional projects are currently in the planning stage.

Awards gained in 2016/17

During 2016/17, the Golden Jubilee Foundation received the following awards:

- Employer of the Year (over 200 employees), 2016 Icon Awards.
- Confirmed our place in the top 100 UK employers for the third year in a row, ranking at number 63 in the **Stonewall Scotland Workplace Equality Index (WEI).**
- Silver Award, Defence Employer Recognition Scheme.
- Catering Service of the Year 2016, Hospital Caterers Association (HCA).
- Healthcare Award winner, 2016 Cost Sector Catering Awards.
- Jill Young, Chief Executive of the Golden Jubilee Foundation, was named 'Leader of the Year' at the Scottish Health Awards.
- The Golden Jubilee Communications team won 'Best Use of Social Media' in recognition of the reach and engagement achieved by the #Heart25 campaign at the NHSScotland Communications Awards
- Carole Anderson, the Golden Jubilee's Head of Performance and Strategy, was presented with the Stonewall Scotland LGBT Role Model Award.
- Cameron Murray, one of our Senior Charge Nurses, was runner-up at this year's British Journal of Nursing (BJN) awards in the Innovation category. Nominated for groundbreaking Nurse Led Clinic.

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

- VenueVerdict Gold Accreditation for 2016;
- a sixth consecutive TripAdvisor Certificate of Excellence;
- a second 'Taste our Best' Accreditation from Visit Scotland for our food;
- reaccreditation of the Green Tourism Gold Award;
- silver status in the International Association of Conference Centres' Green Star Programme;
- Conference Hotel of the Year, Small Business Awards; and
- Event Regional Winner, Scottish Hotel Awards 2016.

Following rigorous assessment, the Golden Jubilee has received the Green assessment rating as a Healthcare Venue, the highest ranking available, meaning the Hotel is now recognised as being part of an elite group of venues in the UK which are able to meet the strict criteria of medical events from all across the globe.

Overview (continued)

External visits

Older People

Everyone using healthcare services in Scotland is entitled to the same level of care regardless of their age, however, it is recognised that older people are admitted more often to hospital, and can face problems not experienced by other user groups.

The Golden Jubilee underwent an unannounced Older People in Acute Hospitals (OPAH) inspection on Tuesday 27 and Wednesday 28 September 2016. Following this, we have implemented a range of actions to ensure that all documentation is dated, timed and filed consistently and that all patients have person centred care plans in place for all identified needs.

Performance Analysis

The purpose of the Performance Analysis is to report on the most important performance measures and to provide longer term trend analysis if appropriate.

Financial Performance and position

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

The Scottish Government Health and Social Care Directorate (SGHSCD) set 3 budget limits at a Health Board level on an annual basis. These limits are:

- Revenue resource limit – a resource budget for ongoing operations;
- Capital resource limit – a resource budget for new capital investment; and
- Cash requirement – a financing requirement to fund the cash consequences of the ongoing operations and the new capital investment.

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

		Limit as set by SGHSCD £'000 (1)	Actual Outturn £'000 (2)	Variance (Over)/Under £'000 (3)
1	Revenue Resource Limit - core	65,128	65,128	-
	Revenue Resource Limit – non-core	7,247	7,247	-
2	Capital Resource Limit - core	4,947	4,947	-
3	Cash Requirement	64,796	64,796	-

MEMORANDUM FOR IN YEAR OUTTURN	**£'000**
Brought forward surplus from previous financial year	250
Saving against in year Core Revenue Resource Limit (core funding)	-

Provisions for impairement of receivables
A provision of £2,242 has been provided in year in relation to bad/doubtful debts (prior year £0).

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

- Clinical & Medical - £3,533,000 (prior year £1,697,000)
- Other - £31,000 prior year £0)
- Participation in CNORIS – £1,390,000 (prior year £633,000)
- Total for year – £4,954,000 (prior year £2,330,000)

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

Where no certainty has been attributed to claims these have been accounted for via contingent liabilities, current year £798,000 (prior year £1,028,000).

Performance against Key Non-Financial Targets

Local Delivery Plans (LDPs) remain a vital part of the delivery framework and are the 'performance contract' between the Scottish Government and NHS Boards. The Performance targets within LDPs are designed to support delivery of the strategic improvement priorities for Scotland, namely the six Quality Outcomes:

- Everyone gets the best start in life, and is able to live a longer, healthier life
- People are able to live at home or in the community
- Healthcare is safe for every person, every time
- Everyone has a positive experience of healthcare
- Staff feel supported and engaged
- The best use is made of available resources

This year our LDP is constructed from the following elements which are underpinned by finance and workforce planning:

- Our Board local priorities to deliver our Board 2020 Strategy
- Delivering NHS Scotland Improvement priorities relevant to our Board
- Ongoing achievement of the LDP Standards

Within our Board local priorities we outlined our strategic vision and developments within our national services. During 2016/17 we continued to expand our diagnostic MRI capability and laid out our plans to expand our capacity as with the development of a new elective care centre.

The LDP also highlighted the crucial role that the Golden Jubilee Conference Hotel fulfils in supporting, not only public sector conferences and training, but also directly to the Golden Jubilee through patient, relative, visitor and staff accommodation. The Conference Hotel continues to create the infrastructure to deliver the strategy until 2018 with further developments being implementing during 2016/17. This included redesigning and upgrading sections of bedroom stock and redeveloping conference rooms to increase capacity.

The Golden Jubilee Research Institute (formerly the Beardmore Centre for Health Science) continued to cement its success in research and clinical skills. Targets for contract value for commercial research projects continue to be exceeded and the further development of research priorities is being informed by a revised Research Strategy which has the following priorities:

- Expand a commercial research programme focussed on medical device development;
- Continue expansion of academic research programme;
- Development of a Gait lab;
- Development of biologic capability and experience;
- Development of data science programme potentially including new forms of clinical trial;
- Scope out advantages and disadvantages of controlled trials of investigational medicine products (CTIMP) sponsorship; and
- Development of research led by Nursing and other clinical groups.

We have continued to describe our response to the strategic NHSScotland Improvement Priorities to support delivery of the 2020 Vision. We included four of these within our LDP to reflect where our Board is able to influence or contribute to delivery of that priority.

The local and relevant national targets agreed for this Local Delivery Plan (LDP) are as follows:

Performance against Key Non-Financial Targets (continued)

Local targets and priorities

L1 Strategic changes and expansion within our national services
L2 Heart and Lung service developments
L3 Development of the new Elective Care Centres and our commitment as a national resource
L4 Increasing and supporting Innovation
L5 Research Strategy and the Golden Jubilee Research Institute
L6 Delivery of the Golden Jubilee Conference Hotel Strategy

The relevant NHS Scotland Improvement priorities for this Local Delivery Plan (LDP) are as follows:

1. Health Inequalities and Prevention
2. Safe Care
3. Person-centred Care
4. Scheduled Care

LDP Standards

1. Early Cancer Detection – Lung Cancer
2. 31 day cancer – from decision to treat (95%)
3. 12 weeks Treatment Time Guarantee
4. 18 weeks Referral to Treatment (90% RTT)
5. 12 weeks for first outpatient appointment (95% with stretch target to 100%)

6. MRSA/MSSA Bacteraemia/Clostridium difficile infections
7. Sickness absence (4%)
8. Operate within agreed revenue resource limit; capital resource limit; and meet cash requirement

Workforce

- Everyone Matters progress

Key Performance Indicators - LDP Standards

- Our performance against the following targets supports progress towards the Scottish Government's national performance target to improve the quality of healthcare experience, and contributes to delivery of the national outcomes of ensuring we live longer, healthier lives.

Key Performance Indicator	2016/17 Full Year Performance	Comments
Cancer Waiting Times: 31 Day Lung Cancer Target – 95%	100%	Maintaining the high standards set in previous years and helping to ensure the best possible outcome for our patients, we continued to provide surgical treatment to all lung cancer patients within 31 days during 2016/17 with a median wait time of 13 days and maximum wait of 31 days.

Performance against Key Non-Financial Targets (continued)

18 weeks Referral to Treatment Target – 90%	100%	All LDP waiting times targets were met during 2016/17. Adherence with waiting time targets remains a core objective of the GJF. As a National Resource supporting other Boards in delivering Scotland's waiting times, and also as the National Centre for heart and lung services, ongoing collaboration our NHS Scotland Board colleagues ensures that patients referred to us are treated in line with the relevant LDP standards and with a person-centred approach.
12 weeks Treatment Time Guarantee Target – 100%	99.9%	
12 weeks for first outpatient appointment Target – 95% with stretch 100%	100%	
Staphylococcus aureus bacteraemia (SAB) infections per 1000 acute occupied bed days (0.24) National Target – 0.24 Local Target – 0.12	0.16 cases per 1,000 occupied bed days	The specialist nature of surgical care at GJNH combined with the use of invasive devices means that this site is at higher risk of bacteraemia than Boards providing a mixture of acute and long-term care. During 2016/17, however, the Board delivered a SAB rate of 0.16 cases per 1,000 occupied bed days (11 cases). While this rate exceeded the local target of 0.12 cases, it remained well within the national target and represented an improvement on performance during 2015/16 when a rate of 0.22 cases was returned. The Prevention and Control of Infection Team continue to work closely with the clinical teams and clinical educators to gain insight into the sources of SAB acquisition and associated learning.

Performance against Key Non-Financial Targets (continued)

Clostridium difficile infections (CDI) per 1,000 occupied bed days National Target – 0.32 Local Target – 0.10	0.09 cases per 1,000 occupied bed days	The incidence of CDI at GJNH is low in comparison with other Boards; this is thought to relate to our specialist patient population. During 2016/17 the Board reported one case of CDI resulting in a rate of 0.09 cases per 1,000 occupied bed days, meeting both the local and national targets.
Sickness absence National Target – 4%	4.7%	Robust management of sickness absence is central to the efficacy of the Board as a means to support staff and ensure their health and wellbeing; however delivery of this LDP standard remains challenging. Work continues to improve staff access to both physiotherapy and a variety of psychological support mechanisms including, where appropriate, cognitive behavioural therapy (CBT) via referral from our Occupational Health team. The Board is reviewing how it supports employee wellbeing and considering its strategic direction over the next ten years. The aim of this work is to ensure delivery of a co-ordinated approach across all disciplines that maximises wellbeing for every employee. There has also been engagement with 'See Me' to offer advice, support and training to staff and managers on mental health issues.

Progress towards delivery of the NHS Scotland Improvement Priorities

The relevant NHS Scotland Improvement priorities for this Local Delivery Plan (LDP) are as follows:

1. Health Inequalities and Prevention
2. Safe Care
3. Person-centred Care
4. Scheduled Care

1. Health Inequalities and Prevention

Supporting employment

Golden Jubilee Foundation has initiated a collaboration with West College Scotland to develop education and employment opportunities for clinical support, administration and hospitality posts within the Golden Jubilee. This aims to deliver the future workforce to support the Board expansion of clinical services. The goals of this Collaboration are to:

- Develop and grow economic activity in the local communities with opportunities for sustainable employment within healthcare;
- Create a sustainable workforce from within Scotland to deliver the expansion of clinical services to meet the increased demand on health care services;

Performance against Key Non-Financial Targets (continued)

- Support the "Developing the Young Workforce" activities in the region maximising opportunities for all young people; and
- To further establish education links between both Parties.

Supporting vulnerable groups and communities

(i) Learning Disability (LD)

Our main aims and focus on improvements are as follows:

- Education: we delivered LD sessions at the Nursing Assistants mandatory training for 2015/16. These were well received. We also held a capacity and consent session led by one of our Consultant Anaesthetists last year and this was well received with a good mix of participants. We continued to focus on delivering LD education sessions during 2016/17.
- Links to LD specialists: We have well established links with LD specialists to support our patients and to facilitate staff education. During 2016, we built on and enhanced our working relationships with the LD service within NHS Greater Glasgow and Clyde as well as our link with the wider Learning Disabilities health inequalities network.

(ii) Older People in Acute Care

We have developed an action plan to take forward our Dementia Strategy work, building on past achievements and integrating the National 10 Key Actions for Dementia. We are reviewing the requirement for a lead dementia nurse role and considering options to link up with NHS24 for a more substantive post moving forward.

We have developed dementia-friendly inpatient rooms which will aid the person to settle within the hospital environment. Patients with a known diagnosis of dementia can be allocated to these inpatient rooms on admission. We are planning to create additional rooms as part of planned ward upgrades and ensure dementia friendly design is considered at every opportunity in public areas.

We continue to deliver 'Promoting Excellence' dementia education to staff as well as a 'Best Practice in Dementia Care' course to our Healthcare Support Workers. These dementia training sessions help staff to identify and recognise behavioural and psychological symptoms associated with dementia and how to deal with these in an acute care setting. The Board currently has eight Dementia Champions with an additional two places being filled in 2016/17.

Our work to support and encourage the involvement of older people in a number of our forums is ongoing ranging from the Food, Fluid and Nutrition Group to the Quality Patient Public Group.

A Delirium bundle has been implemented in critical care using the specific critical care tool CAMS-ICU. Work is ongoing for implementation in wards of the delirium bundle.
A Dementia Café continues to run at Golden Jubilee in partnership with West Dunbartonshire Alzheimer's Scotland Branch for local people living at home to attend a facilitated Reminiscence Group in the hospital premises.

Following the unannounced Care for Older People in Acute Hospitals visit in September 2016, we developed and implemented an action plan to address the areas for improvement identified.

Performance against Key Non-Financial Targets (continued)

Health promotion and better mental health

We continue to promote a wide range of health, activity and wellbeing activities for staff, promote a range of staff challenges and offer exercise classes led by Hotel Health Club staff.

Our Mentally Healthy Workplaces training continues to be available and work is progressing to ensure that the Healthy Working Lives (HWL) Gold Award Health is kept up to date and valid.

Health Promoting Health Service: Action in Hospital Settings

The Golden Jubilee Foundation is a key setting for incorporating health improvement into day-to-day activities and interactions, taking advantage of opportunities to change behaviours amongst patients, visitors and staff. It is important that we are seen as exemplars in promoting and improving health.

In general, given the proportionately greater use of hospital services by patients from deprived communities, hospital settings offer a major opportunity for primary and secondary prevention as part of routine person-centred care to those least likely to engage with preventative action delivered in the community setting. The demographics of patient population through the Golden Jubilee are different given the mainly elective status of inpatient admissions. However, to successfully provide equity of access to health improvement support, we may be required to offer targeted support that is specific to our clinical setting and patient demographics, beyond the requirement of CEL (1) 2012.

Our involvement in supporting Health Promotion for patients and staff across the organisation is ongoing and we continue to progress the agreed action plan.

2. Safe Care Progress

The Board has robust and well managed clinical governance arrangements in place to support a range of activities aimed at continuously improving the safety of people in acute adult healthcare. We have clearly defined roles and responsibilities across managerial and clinical staff to progress the Scottish Patient Safety Programme (SPSP) work streams. The SPSP Leadership Group oversees the work and reports to the Clinical Governance Risk Management Group ultimately via this providing assurance to the Clinical Governance Committee.

Progress in delivery of the Acute Adult SPSP Programme during 2016/17 includes:

Progress continues to be made on the **Deteriorating Patient** programme. Following a successful pilot in Thoracic Surgery, use of the Scottish Structured Response (SSR) process has been spread to Orthopaedics and Cardiac Surgery with consideration being given to further roll out within the Board. A review of GJNH National Early Warning System (NEWS) data has shown that some areas continue to experience challenges in calculating NEWS scores. A pilot of an electronic system for NEWS calculations is therefore underway, with the potential to spread its use if positive results are seen.

Further improvements have been made to the **Falls Bundle** in year to support the identification and assessment of patients at risk of falls during their hospital stay. The number of falls resulting in patient harm remains low, while the overall falls rate within the Board is beginning to demonstrate a downward trend. A new process has also been implemented to review every fall, supporting team learning and helping to identify improvement opportunities.

Our programme to **Reduce Hospital Acquired Pressure Ulcers** has commenced in the hospital and improvement work has now spread from Cardiology into Orthopaedics. Assessment of all patients is undertaken within six hours of admission and work is underway to improve the risk assessment, daily assessment and care planning processes with good staff engagement seen to date. Once finalised the

Performance against Key Non-Financial Targets (continued)

new Risk Assessment process and SSKIN bundle will be re-launched which will continually raise awareness of pressure ulcers, promote compliance with the bundle and will help reduce the risk of pressure ulcers within the Board.

Safer use of Medicines remains a priority. Throughout 2016, close scrutiny of the medicines reconciliation process on both admission and discharge highlighted several challenges and largely demonstrated the difficulties surrounding a paper based approach. Work will continue in 2017 to improve the medicines reconciliation process. This will be supported by the implementation of an electronic medicines reconciliation module, facilitating a safer and more efficient process. The module can also support the production of immediate discharge letters (IDL's) allowing up to date patient discharge information (including a fully reconciled list of medicines) to reach patients' GPs in a timely manner. A 'Safer Use of Medicines' Group has also been set up and will meet regularly throughout the year to tackle any pertinent issues within the safer use of medicines work stream and promote subsequent initiatives to address these.

Leadership Walkrounds have been reintroduced during which members of the Executive Team visit clinical areas and through engagement with staff help progress areas for improvement. To date this work has resulted in improvements such as the creation of a new patient area within the Thoracic ward which will support improved patient mobility and social interaction, and a realignment of pre-operative assessment appointment times that has reduced the length of time patients wait in clinic.

3. Person-Centred Care Progress

As well as being one of the three national quality ambitions which we adhere to as part as NHS Scotland, being person-centred sits at the heart of the GJF values.

During 2015 we piloted 'Patient Voices' films in Cardiac and Thoracic Surgery in which patients and their families spoke about their experience of care at GJNH. 'Patient Voices' have been made available to new patients as an education tool to help them prepare for surgery. This work was extended during 2016 with further films in developed for both Thoracic and Cardiac Surgery. Plans are also in place to implement the scheme in Orthopaedics.

Values Based Reflective Practice (VBRP) is a method of reflecting on practice in relation to values, behaviours and attitudes; the aim of which is to help health and care staff provide the care they came into the service to provide. Our pilots of VBRP made participating staff feel supported, more comfortable, respected and trusted in their roles. Based on this positive feedback, VBRP has now been embedded as standard practice within the Physiotherapy team with group reflective sessions replacing individual clinical supervision. VBRP has been rolled out to further areas during 2016/17.

The challenge of quality improvement approaches in person centred care is assuring the care experience is as much about the caring relationship as it is about the information, processes and resources to deliver this. Caring Behaviours Assurance System (CBAS) provides a vehicle to implement the care governance framework and to strengthen accountability for person centred care at all levels. Through CBAS we use 'caring walks', patient and family interviews, staff interviews, manager conversations and practice observations to identify areas for change and celebrate the things we do well relative to five 'must do with me' principles and our values. An independent assessment of our CBAS programme has demonstrated the positive impact it has had on person centred care through evidencing an increase in the amount of compassion patients perceived in our staff. During 2016/17, CBAS training was offered to all areas along with ongoing monitoring.

Performance against Key Non-Financial Targets (continued)

Inviting and Managing Feedback

We believe that our patients and our staff are those best placed to decide whether we as a Board are person centred. Their feedback is therefore a vital tool in identifying areas for improvement and also an important temperature on whether initiatives such as 'Patient Voices' and VBRP are having the intended impact.

To maximise feedback opportunities we provide a number of routes so patients and their families can choose the best method for them, for example through Patient Opinion, our Facebook and Twitter accounts, or by speaking to our Complaints Team. Comments are collated, analysed and then discussed at either our Involving People Group or via the Communications Scorecard to ensure that lessons learned are disseminated throughout the organisation.

Volunteer ward walkrounds have been embedded in the Board, allowing patients and their families to feedback their views in an impartial and supportive context.

Workforce progress

'Everyone Matters: 2020 Workforce Vision' recognises the key role the workforce will play in responding to the challenges that NHSScotland is facing, and in improving patient care and overall performance. It sets out the values that are shared across NHSScotland and asks Boards to make early progress in embedding the core values.

Our priorities for action:

1. **Healthy Organisational Culture - creating a healthy organisational culture in which NHS Scotland values, aligned and strengthened by our own Board values, are embedded in everything we do, enabling a healthy, engaged and empowered workforce.**

Our 2016/17 progress:

- Continued embedding iMatter within the organisation. As the first board to complete the iMatter roll out work during 2016/17 focussed on embedding iMatter as an established improvement tool for GJF.
- Progressed the roll out of the Board validated PULSE survey via iMatter which will ask staff questions about their experiences within the workplace.
- Roll out of Human Factors training across the organisation for every employee commenced in 2016/17. Human Factors refers to the environmental, organisational and job factors and human and individual characteristics which influence behaviour at work.

2. **Sustainable Workforce – ensuring that the right people are available to deliver the right care, in the right place, at the right time.**

Our 2016/17 progress:

- Ongoing programme work to implement eESS
- Offered modern apprenticeship opportunities within the board.
- Explored career pathways to support administrative roles.

Performance against Key Non-Financial Targets (continued)

3. Capable Workforce – ensuring all staff have the skills needed to deliver safe, effective and person-centred care

Our 2016/17 progress:

- We reviewed our performance management processes to ensure that it is fit for purpose, supports the outcomes of our robust Learning Needs Analysis process and is available in various modes i.e. classroom based, e-learning, blended learning.
- Implemented our Medical and Nursing Clinical Education Strategies
- Implemented our new innovative Leadership Framework for the Board
- Developed a three year clinical Allied Health Professions (AHP) strategy improving the staff experience, which will support the Boards Leadership and Innovation framework.

4. Integrated workforce – developing an integrated health and social care workforce across NHS Boards, local authorities and third party providers.

Our 2016/17 progress:

- Reviewed existing infrastructure and plans around the Board's eLearning approach (tablet and PC) and made recommendations for improvements to optimise technology based learning that compliments other learning methods.
- Review of how stress, anxiety and depression are managed in the Board including the support offered.
- Expanded an enhanced Psychological Support Service for the Board.
- Explored opportunities to work with local college to develop training courses specific to roles required for Board.

5. Effective leadership and Management – leaders and managers lead by example and empower teams and individuals to deliver the 2020 Vision.

Our 2016/17 progress:

- Implemented our recently approved Leadership Framework for Quality and Innovation that enables managers and staff to deliver the Board's 2020 Vision of Leading Quality, Research and Innovation. The foundation of the framework will be our Values and there are three elements to the framework:

    - Developing Capability and Capacity for Improvement
    - Enabling and Empowering Our Staff
    - Creating a Culture for Improvement and Innovation

Payment policy

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

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Board endeavoured to comply with the principles of the Better Payment Practice Code by processing suppliers' invoices for payment without unnecessary delay and by settling them in a timely manner.

Payment policy (continued)

In 2016/17 average credit taken was 11 days (2015/16 – 8 days).
In 2016/17 the Board paid 91.08% by value (2015/16– 91.72%) and 91.65% by volume within 30 days (2015/16 – 93.59%).
In 2016/17 the Board paid 77.33% by value (2015/16 – 88.84%) and 85.56% by volume within 10 days (2015/16 – 88.84%).

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

Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown in Note 20 and the remuneration report.

Sustainability and environmental reporting

"The Climate Change (Scotland) Act 2009 set outs 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.

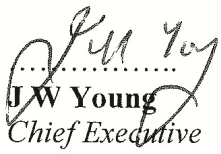
Further information on the Act, along with copies of prior year national reports, can be found at the following resource:

http://www.keepscotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/"

Events after the end of the reporting period

There were no post balance sheets events.

Approval



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J W Young
Chief Executive

Date: 15 June 2017

The Accounting Officer authorised the Performance Report for issue on 15 June 2017

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

Directors Report

The Directors present their report and the audited financial statements for the year ended 31 March 2017.

Date of Issue

Financial statements were approved and authorised for issue by the Board on 15 June 2017.

Naming Convention

The Golden Jubilee Foundation is the common name for the National Waiting Times Centre Board.

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:

Interim Chair	S MacKinnon – from 18 March 2016	
Non-Executive	J Christie-Flight – Employee Director	
	M Whitehead	
	J Rae	
	P Cox	
	K Harriman	
	M MacGregor	
Executive Directors	J W Young	- Chief Executive
	J M Carter	- Director of Finance
	AM Cavanagh – Director of Nursing	
	M Higgins	- Medical Director
	S Qureshi	- Director of Quality, Innovation and People (from 1 January 2017)
	D Miller	- Acting Director of Human Resources (from 5 January 2015 to 31 December 2016)
	J Rogers	- Director of Operations

Board Membership (continued)

The board members' responsibilities in relation to the accounts are set out in the statement of board members responsibilities.

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 2017 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 NHSScotland 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 there were no material related party transactions during 2016/17. No Board members or senior managers had any interests in contracts or potential contractors with the Health Board during 2016/17, the following interests have been declared:

	Interest
S MacKinnon	Managing Director – MacKinnon Consulting Ltd Non-executive Director – Canadian Payments Association Senior Tutor – Chartered Institute of Bankers in Scotland Senior Consultant – Chartered Management Institute
JW Young	Deputy Lord Lieutenant – West Dunbartonshire Board Director – Scottish Health Innovations Ltd (SHIL)
J Carter	Related to the owner of 21 Colour Ltd which is on the public sector contract list. Is removed from any negotiations with the company.
A Cavanagh	Chairperson – Summerston Childcare Limited
M Whitehead	Non-executive Director – The State Hospital
J Rae	Non-executive Director – NHS 24

Board members' and senior managers' interests (continued)

K Harriman	HR Director – Hilton Hotels Non-paid Trustee – The Springboard Charity
P Cox	Chief Executive – Scottish Veterans Residencies
M MacGregor	Consultant, Nephrologists/Physician – NHS Ayrshire and Arran Honorary Clinical Senior Lecturer – University of Glasgow Member – UK Renal Association Executive Committee Fellow – Royal College of Physicians and Surgeons of Glasgow
J Christie-Flight	Lay representative/Branch Chair – Unite Non-executive Director – Scottish Pensions Advisory Board

Directors third party indemnity provisions

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

Remuneration for non-audit work

No fees were payable to external auditors in respect of consultancy or non-audit services during 2016/17.

Value of Land

There is no significant difference between the market value of land compared with the value of land disclosed in the balance sheet value.

Public Services Reform (Scotland) Act 2010

Following the publication of the public services reform (Scotland) act 2010 the Board is required to publish information as defined by the Act, this information can be found via the following link:
http://www.nhsgoldenjubilee.co.uk/about/our-board/public-spending-psra/

Personal data related incidents

Some of our staff were affected by an information breach on the part of a third party contractor handling radiation protection monitoring. This was dealt with, in association, with other affected Scottish Boards in communication with the Information Commissioner's office. None of our staff members suffered significant harm or inconvenience.

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 Executive 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 governments 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.

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 25 October 2004.

Governance Statement

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. Also I am 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 principle 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

In line with good practice, the Board has had robust governance arrangements in place for the year ended March 2017, with the key points of this framework detailed below:

- As part of our ongoing Board Strategy, we have a vision statement, 'Leading quality, research and innovation', which sums up who we are, what we do, and where we want to be over the next few years.

  Our organisational values set out the values we work to and how we should behave to our patients, our hotel guest, our visitors and to each other. Supporting these values, and more importantly, demonstrating them in everything we do and say, helps us provide a caring, personal and quality service for our patients, visitors and guests .

  Our values are:

  - Valuing dignity and respect
  - A 'can do' attitude
  - Leading commitment to quality
  - Understanding our responsibilities
  - Effectively working

- The Board measures the quality of its services on an ongoing basis via patient and customer satisfaction surveys and quality outcome measures reported on our Board dashboards.
- The Board's Performance and Planning Committee uses our corporate balanced scorecard to review how the Board is performing against set indicators, including the use of available resources. This information is also reviewed at every meeting of the Senior Management Team and the Board.

Governance Statement (continued)

- The Board has developed and implemented a Quality Framework to provide assurance on patient care, staff governance and performance. Part of the framework includes Clinical Dashboards which have been fully implemented within clinical areas. Scrutiny of the dashboards are at local governance groups, the Quality and Innovation Group which has been in place since 2013/2014 and the Board including Board sub-committees. They aim to provide quality performance in a timely manner for all clinical service areas.
- The Audit (Audit and Risk) Committee of the Board has terms of reference which govern its function in line with the requirements of the Government Audit Committee Handbook and the reviews conducted during the year. 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 Board approval. The Committee also considers all audit work. The Staff Governance (person centred) and Clinical Governance (safe) Committees also function in line with clear terms of reference and review assurance in these specific areas, annual reports have been presented to reflect this for 2016/17.
- The Board continues to review the role of each of the governance committees (audit and risk (effective), clinical (safe) and staff (person centred) to ensure that they were fulfilling the governance requirements of the Board and were demonstrating clear links to the NHS in Scotland quality strategy.
- During the year work continued to further develop our enterprise risk framework with the appointment of a Chief Risk Officer and establishing a new Strategic Risk Group. The Chief Risk Officer has been appointed on a temporary basis to 'test out' the role to consider if any additional resources are required to support this. The Strategic Risk Group was established in November 2016, with terms of reference approved by the Audit and Risk Committee and a work plan agreed.
- Each governance committee performs a 360 review of each meeting assessing the performance and content of each meeting, this is to ensure that any areas for improvement are identified and appropriate actions taken to address.
- In addition all committees have submitted formal annual reports regarding the work of the committee to the Board.
- The Board has in place the following policies which govern the work of core Board functions. These documents are reviewed on an annual 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.
  - Standing Financial Instructions, including authorised signatory list – these govern all financial related business of the Board and are approved by the Audit 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 referred to in the Standing Financial Instructions with both being intrinsically linked. The Policy is reviewed on an ongoing basis.
- Assurance statements are signed by each executive Director detailing that all Board policies have been adhered to during the year 2016/17.
- 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 guidance issued by the Government.
- The Board's Whistle-blowing policy, which is overseen by the Staff Governance (Person Centred) Committee, details the processes to be followed by staff members. One of the Non-Executive Board Members also acts as the Board Whistle-blowing Champion.
- 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.

Governance Statement (continued)

- 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 Person Centred 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 to ensure that we inform, engage and communicate appropriately with our patients, the public, staff and other stakeholders. Reports on performance against key communications indicators are submitted to the Senior Management Team and Person Centred Committee, with Communications attendance at the Involving People Steering Group, Partnership Forum, Volunteers Forum and Quality Patient Public Panel. Our Communications and Public Affairs Strategy is currently under development which will ensure that we are evolving to meet the communication needs of our staff and stakeholders in appropriate and innovative ways.
- 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.
- The Board has approved the Beardmore Hotel 2020 Strategy and a detailed implementation plan is in place and progress reported at Board meetings.
- 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.

The Board has completed the Board Diagnostic Assessment Tool overall this was very positive and an action plan describing further improvements was agreed by the Board.

A number of Board workshops took place have taken place which focussed on developing the Board strategy, the output of the Board Diagnostic Assessment Tool and the role of the Board members compared to the role of Trustees. Further workshops will be undertaken during 2017/18.

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.

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.

The Board has an internal mechanism for monitoring the implementation of recommendations made by both internal and external audit and Audit Scotland. Updates are given to the Audit and Risk Committee, Clinical Governance and Risk Management Group and Clinical Governance Committee.

Governance Statement (continued)

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) committees' with regard to risk has remained unchanged during 2017/18 and therefore this committee provides additional assurance on risk as well as the internal control environment.

Additional assurance has been provided during 2017/18 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 and 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. Local leadership is devolved through Executive Directors to Heads of Operations, Senior Nurses 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 Boards revised Adverse Event Management policy is operational with specific guidance in relation to review of Significant Events to comply with the Healthcare Improvement Scotland national framework.

The Clinical Governance and Risk Management Group and Senior Management Team ensures that all risks are addressed fully and in a timely manner. The groups meet on a regular basis with updates being provided during 2015/16 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. The implementation of controls is monitored to ensure their timely introduction and key controls are subject to audit to ensure their effectiveness in reducing risk. Risks to information are also controlled as part of this process. 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, the Board:

- During 2016/17 we have also undertaken further work to further develop our risk appetite statement so that it starts to be embedded in what we do. This gives us a good basis for visualising the next stage of the work of setting our risk tolerances. The principles will then be expanded to manage the risks within the specific tolerance limits. It is envisaged that this work will be ongoing.

Governance Statement (continued)

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.

It should be noted that whilst no significant control weaknesses have been identified a small number of medium and low risk recommendations were made by internal audit; however these areas would not have an impact on the achievement of the Corporate Objectives. Action plans have been agreed to address these recommendations.

During the year the Board has put in place systems to ensure that performance relating to Treatment Time Guarantees is effectively monitored and reported on. Updates are provided to each meeting of the Board.

During the course of the year the Board provided all administration services for the Board Charity. An annual report for the charity was submitted to OSCR in December. A full audit of all financial transactions and governance arrangements will be undertaken for the 2016/17 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 no requirement to consolidate the charity into the Annual Accounts for 2016/17. However 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

Board Members and Senior Employees Remuneration

In accordance with the Financial Reporting Manual (FReM) 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 2016/17.

Remuneration Table

2017 **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	115-120	4.7	120-125	-	120-125
Director of Finance: J M Carter	85-90	5.7	90-95	17	110-115
J Rogers	85-90	5.4	90-95	8	100-105
M Higgins	155-160	5.7	160-165	-	160-165
AM Cavanagh	70-75	6.2	75-80	25	100-105
S Qureshi – started 1 January 2017 [1]	15-20	-	15-20	35	50-55
D Millar – acting from 5 January 2015 to 31 December 2016 [2]	45-50	4.4	50-55	12	60-65
Non-Executive Members					
Interim Chair- S MacKinnon – from 18 March 2016	25-30	-	25-30	-	25-30
J Christie-Flight	50-55	-	50-55	34	85-90
J Rae	5-10	-	5-10	-	5-10
M Whitehead	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

Board Members and Senior Employees Remuneration (continued)

[1] The figure noted above is for the period 1/1/2017 to 31/03/2017. The full year equivalent in bands of £5,000 would be 70-75.
[2] The figure noted above is for the period 1/4/2016 to 31/12/2016. The full year equivalent in bands of £5,000 would be 60-65.

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 2016/17 and are included in the salary costs.

The Employee Director's salary includes £40k-£45k in respect of clinical duties not related to the non-executive role.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

FOR THE YEAR ENDED 31 MARCH 2017

Pension Values

2017 **Name**	**Accrued pension at age 60 as at 31/03/17 (bands of £5,000)**	**Real increase in pension at age 60 (bands of £2,500)**	**Cash equivalent Transfer Value (CETV) at 31 March 2017 (bands of £5,000)**	**Cash equivalent Transfer Value (CETV) at 31 March 2016**	**Real increase in cash equivalent Transfer Value (CETV) at 31 March**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Pension Values of:					
Executive Members					
Chief Executive: JW Young	55-60	-	1,305	1,273	15
Director of Finance: J M Carter **	20-25	0-2.5	395	367	27
J Rogers	10-15	0-2.5	323	293	18
M Higgins	55-60	0-2.5	1,304	1,251	34
AM Cavanagh	25-30	0-2.5	546	502	34
S Qureshi – started 1 January 2017 **	15-20	0-2.5	292	259	33
D Millar – acting from 5 January 2015 to 31 December 2016 **	5-10	0-2.5	72	60	12
Non-Executive Members					
Interim Chair- S MacKinnon – from 18 March 2016	-	-	-	-	-
J Christie-Flight **	15-20	0-2.5	326	292	34
J Rae	-	-	-	-	-
M Whitehead	-	-	-	-	-
M MacGregor	-	-	-	-	-
K Harriman	-	-	-	-	-
P Cox	-	-	-	-	-

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

Note - The availability of more accurate information has resulted in some amendment to the lengths of service used to estimate Directors pension values in 2016/17.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

The 'total earnings in year' column (shaded below) shows the remuneration relating to actual earnings 2015/16.

FOR THE YEAR ENDED 31 MARCH 2016

2016 **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	120-125	3.3	120-125	90	210-215
Director of Finance: J M Carter	85-90	6.2	90-95	20	110-115
J Rogers	85-90	5.8	90-95	58	150-155
M Higgins	155-160	5.1	160-165	51	210-215
AM Cavanagh	70-75	0.7	70-75	30	100-105
*L Ferries – left June 2015	25-30	1.2	25-30	7	35-40
D Millar – acting from 5 January 2015	60-65	3.7	65-70	15	80-85
Non-Executive Members					
Chair: J Freeman OBE – left 18 March 2016	25-30	-	25-30	-	25-30
Interim Chair- S MacKinnon – from 18 March 2016	5-10	-	5-10	-	5-10
J Christie-Flight	50-55	-	50-55	12	60-65
J Rae	5-10	-	5-10	-	5-10
M Whitehead	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

Remuneration Table
In addition to the salary payments for L Ferries included above an additional payment of £92,000 was made as compensation for loss of office. This payment was made in line with Scottish Government guidance and was tested for value for money prior to being approved at the remuneration committee and by the Scottish Government.

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 2015/16 and are included in the salary costs.

The Employee Director's salary includes £40k-£45k in respect of clinical duties not related to the non-executive role.

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION (continued)

FOR THE YEAR ENDED 31 MARCH 2016

Pension Values

2016 **Name**	**Accrued pension at age 60 as at 31/03/16 (bands of £5,000)**	**Real increase in pension at age 60 (bands of £2,500)**	**Cash equivalent Transfer Value (CETV) at 31 March 2016 (bands of £5,000)**	**Cash equivalent Transfer Value (CETV) at 31 March 2015**	**Real increase in cash equivalent Transfer Value (CETV) at 31 March**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Pension Values of:					
Executive Members					
Chief Executive: JW Young	55-60	2.5-5	1,246	1,110	119
Director of Finance: J M Carter **	20-25	0-2.5	370	352	18
J Rogers	15-20	2.5-5	412	333	67
M Higgins	60-65	2.5-5	1,366	1,257	87
AM Cavanagh	25-30	0-2.5	487	443	35
L Ferries	10-15	0-2.5	283	265	14
D Millar – acting from 5 January 2015 **	15-20	0-2.5	217	205	12
Non-Executive Members					
Chair: J Freeman OBE – left 18 March 2016	-	-	-	-	-
Interim Chair- S MacKinnon – from 18 March 2016	-	-	-	-	-
J Christie-Flight **	15-20	0-2.5	261	252	10
J Rae	-	-	-	-	-
M Whitehead	-	-	-	-	-
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.

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.

2016/17	**£000s**	**2015/16**	**£000s**
Highest earning Director's total remuneration	155-160	Highest earning Director's total remuneration	155-160
Median Total remuneration	30,214	Median Total remuneration	29,357
Ratio	5.17	Ratio	5.26

The range in staff remuneration is between £15,001 and over £200,000 (prior year range was between £15,001 and over – £200,000)

Higher Paid Employees Remuneration

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

	2017	**2016**
Clinicians		
£50,001 - £60,000	18	11
£60,001 - £70,000	8	4
£70,001 - £80,000	7	9
£80,001 - £90,000	6	6
£90,001 - £100,000	5	6
£100,001 - £110,000	5	3
£110,001 - £120,000	9	3
£120,001 - £130,000	9	13
£130,001 - £140,000	9	7
£140,001 - £150,000	15	13
£150,001 - £160,000	7	7
£160,001 - £170,000	2	1
£170,001 - £180,000	2	4
£180,001 - £190,000	5	3
£190,001 - £200,000	2	-
£200,001 and above	6	11
Other		
£50,001 - £60,000	40	38
£60,001 - £70,000	10	11
£70,001 - £80,000	5	2
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1

STAFF REPORT (continued)

The number of clinical staff earning over £200k primarily relates payments received for distinction awards and some additional payments in relation to waiting list initiatives for hard to fill posts.

The numbers above are exclusive of the six Executive Directors of the Board who are disclosed separately within the remuneration report.

Staff Numbers and Costs

2017	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	Total	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	639	74	61,457	-	535	(104)	**62,601**	60,441
Social security costs	85	4	6,495	-	31	(10)	**6,605**	5,240
NHS Scheme employers' costs	91	-	7,342	-	25	(13)	**7,445**	7,109
Other employers' pension costs	-	-	4	-	-	-	**4**	4
Inward Secondees	-	-	-	290	25	-	**315**	456
Agency staff	-	-	-	-	2,363	-	**2,363**	2,867
Total	**815**	**78**	**75,298**	**290**	**2,979**	**(127)**	**79,333**	**76,117**
Compensation for Loss of Office	-	-	-	-	-	-	-	125
Total	**815**	**78**	**75,298**	**290**	**2,979**	**(127)**	**79,333**	**76,242**

Staff Numbers

Whole time equivalent (WTE)	5.98	7	1,616.81	6.36	60.62	(2.78)	1,693.99		1,675

Staff composition

The table below includes the breakdown of the number of persons of each gender who were Directors and employees of the Board.

	2017			2016		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	5	7	2	5	7
Non-Executive Directors and Employee Director	4	3	7	4	4	8
Senior Employees (as per remuneration Report)	-	-	-	-	-	-
Other	576	1,415	1,991	520	1,303	1,823
Total Headcount	**582**	**1,423**	**2,005**	**526**	**1,312**	**1,838**

Sickness Absence

The annual sickness absence rate for 2016/17 was 4.7% (5.04% for 2015/16).

Staff policies relating to disabled staff

As an equal opportunities employer, the Board welcomes applications for employment from people with disabilities and actively identifies and removes barriers in their recruitment. We continue to provide an environment where any employees who become disabled can continue to contribute to the work of the Board. The Board was recognised in 2017 as a level 2 Disability Confident employer by

the department of work and pensions.

Exit packages

2016/17

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£0,000 - £5,000	-	1	1
£40,000 - £50,000	-	1	1
Total number exit packages by type		**2**	**2**
Total resource cost (£'000)	**-**	**49**	**49**

One package was a settlement reached following an employment tribunal.

Prior – Year 2015/16

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	-	2	2
£50,000 - £100,000	-	1	1
Total number exit packages by type		**3**	**3**
Total resource cost (£'000)	**-**	**125**	**125**

Parliamentary Accountability Report

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

Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable.
Losses and special payments require formal approval to regularise such transactions and their notation in the annual accounts.

No write-off for losses or special payments have been approved by the board during 2016/17

Fees and Charges

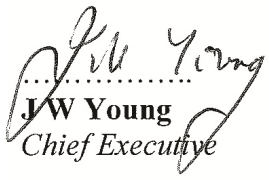
As required in the fees and charges guidance in the Scottish Public Finance Manual, charges for services provided on a full costs basis, wherever applicable. No fees or charges over £1 million pounds were provided for by the Board.

Remote Contingent Liabilities

Contingent liabilities that meet the disclosure requirements in IAS37 *Provisions and Contingent Liabilities* are included in note 19 of the Notes to the Accounts.

In addition, due to the nature of activities of the Board there are contingent liabilities for which IAS37 does not require disclosure because the probability of any requirement on the Board to meet future liabilities is considered to be remote.

Approval



J W Young
Chief Executive

Date: 15 June 2017

The Accounting Officer authorised the Accountability Report for issue on 15 June 2017

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

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts National Waiting Times Centre Board, for the year ended 31 March 2017 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Balance Sheet, the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2017 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 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 in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's (Accountable Officer) responsibilities, 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

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

statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) 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.

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 and our auditor's report thereon. 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 in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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.

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

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 other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable 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 auditable 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; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Chris Brown (for and on behalf of Scott-Moncrieff)
Exchange Place 3
Edinburgh
EH3 8BL
21 June 2017

Statement of Comprehensive Net Expenditure (SOCNE) and Summary of Resource Outturn for the year ended 31 March 2017

	Note	**2017 £'000**	**2017 £'000**	**2016 £'000**	**2016 £'000**
Clinical Services Costs					
Hospital and Community Health Services	*4*	123,436		117,709	
Less: Hospital and Community Income	*7*	55,590		51,852	
Total Clinical Services Costs			**67,846**		**65,857**
Administration Costs	*5*	11,906		10,390	
Less: Administration Income	*7*	-		-	
			11,906		10,390
Other Non Clinical Services	*6*	417		587	
Less: Other Operating Income	*7*	7,794		6,722	
			(7,377)		(6,135)
Net Operating Costs	*SOCTE*		**72,375**		**70,112**

Other Comprehensive Net Expenditure	**2017 £'000**	**2016 £'000**
Net (gain)/loss on Revaluation of Property, Plant and Equipment	(3,869	(4,103)
Other comprehensive expenditure	**(3,869**	**(4,103)**
Total Comprehensive Expenditure	**68,506**	**66,009**

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	**2017 £'000**	**2017 £'000**
Net Operating Costs		**72,375**
Total Non Core Expenditure (see below)		(7,247)
Total Core Expenditure		**65,128**
Core Revenue Resource Limit		65,128
Saving/(excess) against Core Revenue Resource Limit		**-**

SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN		
Depreciation/Amortisation	6,399	
Annually Managed Expenditure - Creation of Provisions	847	
Additional SGHSCD Depreciation of Donated assets	1	
Total Non Core Expenditure		**7,247**
Non-Core Revenue Resource Limit		7,247
Saving/(excess) against Non Core Revenue Resource Limit		**-**

SUMMARY RESOURCE OUTTURN	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	65,128	65,128	-
Non Core	7,247	7,247	-
Total	**72,375**	**72,375**	**-**

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

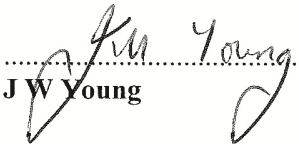
Balance sheet as at 31 March 2017

	Note	**2017**	**2017**	**2016**
		£'000	**£'000**	**£'000**
Non-Current Assets				
Property, plant and equipment	*10a/b*	134,427		132,357
Intangible Assets	*9*	90		117
Financial Assets:				
Trade and Other receivables		2,225		-
Total Non-current Assets			**136,742**	**132,474**
Current assets				
Inventories	*11*	2,964		3,914
Financial Assets:				
- Trade and other receivables	*12*	4,013		4,935
- Cash and cash equivalents	*13*	1,976		7,736
Assets classified as held for sale	*10c*	65		65
Total Current Assets			**9,018**	**16,650**
Total Assets			**145,760**	**149,124**
Current Liabilities				
Provisions	*15*		(1,651)	(1,883)
Financial Liabilities:				
- Trade and other payables	*14*		(17,855)	(25,894)
Total Current Liabilities			**(19,506)**	**(27,777)**
Non-current assets plus/less net current assets/liabilities			**126,254**	**121,347**
Non-Current Liabilities				
Provisions	*15*		(3,303)	(447)
Total Non-current liabilities			**(3,303)**	**(447)**
Assets less liabilities			**122,951**	**120,900**
Taxpayers' Equity				
General Fund	*SOCTE*		40,867	41,763
Revaluation reserve	*SOCTE*		82,084	79,137
Total Taxpayers' Equity			**122,951**	**120,900**

Adopted by the Board on 15 June 2017

.....Director of Finance

J M Carter



.....Chief Executive

J W Young

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

Cash flow statement for the year ended 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash flows from operating activities					
Net operating cost	*SOCNE*	(72,375)		(70,112)	
Adjustments for non-cash transactions	*3*	6,774		6,165	
Add back unwinding of provisions		14			
(Increase)/decrease in trade and other receivables	*16*	(1,303)		(244)	
(Increase)/decrease in inventories	*16*	950		291	
Increase/(decrease) in trade and other payables	*16*	(629)		4,348	
Increase in provisions	*16*	2,624		802	
			(63,945)		**(58,750)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(6,597)		(6,387)	
Proceeds of disposal of property, plant and equipment		-		22	
Net cash outflow from investing activities			**(6,597)**		**(6,365)**
Cash flows from financing activities					
Funding	*SOCTE*	70,556		65,115	
Movement in general fund working capital	*SOCTE*	(5,760)		4,564	
Interest Paid		(14)		-	
Cash drawn down		64,782		69,679	
Net financing			**64,782**		**69,679**
Net Increase/(decrease) in cash and cash equivalents in the period			(5,760)		4,564
Cash and cash equivalents at the beginning of the period			7,736		3,172
Cash and cash equivalents at the end of the period			**1,976**		**7,736**
Reconciliation of net cash flow to movement in net debt/cash					
Increase/(decrease) in cash in year			(5,760)		4,564
Net debt/cash at 1 April	*13*		7,736		3,172
Net debt/cash at 31 March	*13*		**1,976**		**7,736**

The Notes to the Accounts, numbered 1 to 22, form an integral part of these Accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2017

	Note	General Fund	Revaluation Reserve	Total Reserves
		£'000	£'000	£'000
Balance at 31 March 2016		**41,763**	**79,137**	**120,900**
Prior year adjustments for changes in accounting policy and material errors	-	-	-	**-**
Restated balance at 1 April 2016		**41,763**	**79,137**	**120,900**
Changes in taxpayers' equity for 2016/17				
Net gain/(loss) on revaluation/indexation of property, plant and equipment	*10d*	-	3,870	3,870
Impairments of property plant and equipment		-	(375)	(375)
Revaluation & impairments taken to operating costs		-	375	375
Transfers between reserves		923	(923)	-
Net operating cost for year		(72,375)	-	**(72,375)**
Total recognised income and expense for 2016/17		**(71,452)**	**2,947**	**(68,505)**
Funding:				
Drawn Down		64,796	-	**64,796**
Movement in General Fund (Creditor)/Debtor		5,760	-	**5,760**
Balance at 31 March 2017		**40,867**	**82,084**	**122,951**

Statement of changes in taxpayers' equity for the prior year

	Note	General Fund	Revaluation Reserve	Total Reserves
		£'000	£'000	£'000
Balance at 31 March 2015		**45,907**	**75,865**	**121,772**
Prior year adjustments for changes in accounting policy and material errors	-	-	-	**-**
Restated balance at 1 April 2015		**45,907**	**75,865**	**121,772**
Changes in taxpayers' equity for 2015/16				
Net gain/(loss) on revaluation/indexation of property, plant and equipment	*10d*	-	4,103	4,103
Revaluation & impairments taken to operating costs		-	22	22
Transfers between reserves		853	(853)	-
Net operating cost for year		(70,112)	-	**(70,112)**
Total recognised income and expense for 2015/16		**(69,259)**	**3,272**	**(65,987)**
Funding:				
Drawn Down		69,679	-	**69,679**
Movement in General Fund (Creditor)/Debtor		(4,564)	-	**(4,564)**
Balance at 31 March 2016		**41,763**	**79,137**	**120,900**

The Notes to the Accounts, numbered 1 to 22, 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 (IFRSs 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 27 below.

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

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

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

The following standards, amendments and interpretations were issued in the current year but are not yet effective and have not been applied:

- IFRS 9 Financial Instruments. The standard is expected to be applied, through Government Financial Reporting Manual interpretation, in 2018/19. Application of the standard is not expected to have a material effect on the financial statements.
- IFRS 15 Revenue from Contracts with Customers. The standard is expected to be applied, through Government Financial Reporting Manual interpretation, in 2018/19. Application of the standard is not expected to have a material effect on the financial statements.
- IFRS 16 Leases. The standard is expected to be applied, subject to EU adoption and consultation and through Government Financial Reporting Manual interpretation, in 2019/20. The standard represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. The lessor accounting model is significantly unchanged. Application of the standard is subject to ongoing analysis and review by HM Treasury and the other Relevant Authorities. A cross government Technical Working Group has been formed

2. Basis of Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial statements, the board have considered the requirement to consolidate the financial statements of the Board endowment funds.

It has been agreed that the value of income and expenditure of the funds are not sufficiently material to require consolidation.

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

The National Waiting Times Centre Board is now 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 Board funds are administered by the Board with the management of these being undertaken by the Board.

Note 1 Accounting Policies (continued)

3. Prior Year Adjustments

No prior year adjustments have been made within these accounts.

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.

Note 1 Accounting Policies (continued)

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.

Note 1 Accounting Policies (continued)

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.

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.

Note 1 Accounting Policies (continued)

The main classes of intangible assets recognised are:

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’.

Operation 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.

There has been no charge in relation to this asset to date as the asset is not yet in operational use.

The following asset lives will be used when the asset comes into operational use.

- Software licences 5 years

Note 1 Accounting Policies (continued)

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 it 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 fund 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 measure at the lower of their exiting 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 Balance Sheet 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 recoded 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).

Note 1 Accounting Policies (continued)

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 five years by the Government Actuary and 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.

Note 1 Accounting Policies (continued)

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 it 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 4.

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 balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

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 17 where an inflow of economic benefits is probable.

Note 1 Accounting Policies (continued)

Contingent liabilities are not recognised, but are disclosed in note 17, 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

Classification

The NHS Board classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

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

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.

Loans and receivables

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

Note 1 Accounting Policies (continued)

loss is recognised in the SOCNE. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the SOCNE.

Financial Liabilities

Classification

The Board classifies its financial liabilities in the following categories: other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

Other financial liabilities

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

Recognition and measurement

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

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

Other financial liabilities

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

25. 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.

26. 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.

27. Key Sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future 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

Note 1 Accounting Policies (continued)

addressed below.

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

Note 2 Staff Numbers and Costs

Total Staff costs for the year to 31 March 2017 were £79,333,000 (2016 - £76,242,000) Further details and analysis of staff cost can be found in the Remuneration and staff report, forming part of the Accountability Report.

Note 3 Other Operating Costs

	Note	**2017**	**2016**
Expenditure Not Paid in Cash		**£'000**	**£'000**
Depreciation	*10a*	6,371	6,124
Amortisation	*9*	27	26
Depreciation of Donated Assets		1	-
Impairments on property, plant and equipment charged to SOCNE	*10a*	375	22
Funding of Donated Assets		-	(7)
Total Expenditure Not Paid in Cash		**6,774**	**6,165**

Interest Payable /Unwinding of discount on provisions
Interest paid during the year related to unwinding of provisions in respect of legal claims and in 2016/17 was £14,000 (prior year - £0)

Statutory Audit	**2017**	**2016**
	£'000	**£'000**
External auditor's remuneration and expenses	70	70
	70	**70**

Note 4 Hospital and Community Health Services

By Provider

	2017	**2016**
	£'000	**£'000**
Treatment of NHS Scotland Patients	123,385	117,891
Private Sector	51	18
Total NHS Scotland Patients	**123,436**	**117,709**
Treatment of UK residents based outside Scotland	-	-
Total Hospital and Community Health Service	**123,436**	**117,709**

All expenditure has been in the Acute Services category.

Note 5 Administration Costs

	2017 £'000	2016 £'000
Board Members' Remuneration	893	964
Administration of Board Meetings and Committees	158	145
Corporate Governance and Statutory Reporting	131	107
Health Planning, Commissioning and Performance Reporting	209	205
Treasury Management and Financial Planning	26	25
Other Support Functions	10,489	8,944
Total Administration Costs	**11,906**	**10,390**

Note 6 Other non-clinical services

	2017 £'000	2016 £'000
Compensation payments - Clinical	16	238
Compensation payments - Other	5	(14)
Post Graduate Medical Education	396	363
Total Other Non Clinical Services	**417**	**587**

Note 7 Operating Income

HCH Income	2017 £'000	2016 £'000
NHS Scotland Bodies – Boards	52,823	50,484
NHS Non-Scottish Bodies	1,204	257
Non-NHS:		
Private patients	73	25
Other HCH Income	1,490	1,086
Total HCH Income	**55,590**	**51,852**
Other operating income		
NHS Scotland Bodies	1,122	1,231
Contributions in respect of clinical and medical negligence claims	383	625
Other	6,289	4,866
Total other operating income	**7,794**	**6,722**
Total income	**63,384**	**58,574**
Of the above, the amount derived from NHS bodies is	**53,945**	**51,972**

Note 8 Analysis of Capital Expenditure

	Note	2017	2016
Expenditure		**£'000**	**£'000**
Acquisition of property, plant and equipment	*10a*	4,947	6,387
Donated asset additions	10*b*	-	7
Gross Capital Expenditure		**4,947**	**6,394**
Income			
Net Book Value of disposal of Property, plant and equipment	*10a*	-	22
Capital Income		**-**	**22**
Net Capital Expenditure		**4,947**	**6,372**
Summary of Capital Resource Outturn			
Net capital expenditure as above		4,947	6,387
Capital Resource Limit		4,947	6,387
Savings/(Excess) against capital resource limit		**-**	**-**

Note 9 Intangible Fixed Assets for year-ended 31 March 2017

	Software Licences 2016/17 £'000	Software Licences 2015/16 £'000
Cost or valuation		
At 1 April	**143**	**143**
At 31 March	**143**	**143**
Amortisation		
At 1 April	**26**	**-**
Provided during year	27	26
At 31 March	**53**	**26**
Net book value purchased assets		
At 1 April	117	143
At 31 March	**90**	**117**

10 (a) Property, Plant and Equipment (Purchased Assets) for the year ended 31 March 2017

	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 2016	**5,686**	**106,250**	**48,770**	**9,615**	**130**	**488**	**170,939**
Additions	-	-	784	549	-	3,614	4,947
Completions	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Transfers (to)/from non-current assets held for sale	-	-	-	-	-	-	-
Revaluation	-	1,234	-	-	-	-	1,234
Disposals	-	-	-	(375)	-	-	(375)
At 31 March 2017	**5,686**	**107,484**	**49,554**	**9,789**	**130**	**4,102**	**176,745**
Depreciation							
At 1 April 2016	**-**	**-**	**30,960**	**7,528**	**101**	**-**	**38,589**
Provided during the year	-	2,636	3,192	538	5	-	6,371
Revaluation	-	(2,636)	-	-	-	-	(2,636)
Disposals	-	-	-	-	-	-	-
At 31 March 2017	**-**	**-**	**34,152**	**8,066**	**106**	**-**	**42,324**
Net book value purchased assets							
At 1 April 2016	5,686	106,250	17,810	2,087	29	488	132,350
At 31 March 2017	5,686	107,484	15,402	1,723	24	4,102	134,421
Open Market value of Land included above	5,686						
Asset Financing:							
Owned							
Net Book Value at 31 March 2017	**5,686**	**107,484**	**15,402**	**1,723**	**24**	**4,102**	**134,421**

10 (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 2015	**5,686**	**104,336**	**40,940**	**8,954**	**130**	**3,033**	**163,079**
Additions	-	-	5,244	576	-	567	6,387
Completions	-	341	2,522	85		(2,948)	-
Transfers	-	-	164	-		(164)	-
Transfers (to)/from non-current assets held for sale	-	-	-	-	-	-	-
Revaluation	-	1,573	-	-	-	-	1,573
Disposals	-	-	(100)	-	-	-	(100)
At 31 March 2016	**5,686**	**106,250**	**48,770**	**9,615**	**130**	**488**	**170,939**
Depreciation							
At 1 April 2015	**-**	**-**	**28,110**	**6,868**	**95**	**-**	**35,073**
Provided during the year	-	2,530	2,928	660	6	-	6,124
Revaluation	-	(2,530)	-	-	-	-	(2,530)
Disposals	-	-	(78)	-	-	-	(78)
At 31 March 2016	**-**	**-**	**30,960**	**7,528**	**101**	**-**	**38,589**
Net book value purchased assets							
At 1 April 2015	5,686	104,336	12,830	2,086	35	3,033	128,006
At 31 March 2016	5,686	106,250	17,810	2,087	29	488	132,350
Open Market value of Land included above	5,686						
Asset Financing:							
Owned							
Net Book Value at 31 March 2016	**5,686**	**106,250**	**17,810**	**2,087**	**29**	**488**	**132,350**

Note 10 (b) – Donated assets

	Plant & Machinery 2016/17 £'000	Plant & Machinery 2015/16 £'000
Cost or valuation		
At 1 April	**7**	**0**
Additions	-	7
At 31 March	**7**	**7**
Depreciation		
At 1 April	**-**	**-**
Provided during year	1	-
At 31 March	**1**	**-**
Net book value purchased assets		
At 1 April	7	-
At 31 March	**6**	**7**

Note 10 (c) Assets Held for Sale

	Note	**£'000**
At 31 March 2016		**65**
Transfers (to)/from property, plant and equipment	*10a*	-
As at 31 March 2017	*BS*	**65**
Assets Held for Sale (prior year)		
At 31 March 2015		**-**
Transfers (to)/from property, plant and equipment		65
As at 31 March 2016		**65**

Note 10 (d) Property plant and equipment disclosures

The net book value for property, plant and equipment at 31 March 2017 was £134,427,000 (prior year £132,357,000).

Property was fully revalued by an independent valuer, GVA Grimley Ltd at 31 March 2017 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. The net impact was an increase in value of £3,870,000 compared to the previous valuation by the valuer.

The net impact was an increase in value of £3,870,000, of which £3,870,000was credited to the revaluation reserve.

Note 11 Inventories

	2017 £'000	2016 £'000
Raw Materials and Consumables	2,964	3,914

Note 12 Trade and Other Receivables

	2017 £'000	£'000	2016 £'000
Debtors due within one year			
National Health Service in Scotland			
Boards	906		1,496
Total National Health Service in Scotland Receivables		906	1,496
NHS Non-Scottish Bodies		-	18
General Fund Receivable			
VAT recoverable		49	60
Prepayments		438	424
Accrued income		804	869
Other Receivables		791	593
Reimbursement of provisions		1,025	1,475
Total Receivables within one year		**4,013**	**4,935**
Reimbursement of provisions		2,225	-
Total Receivables due after more than one year		**2,225**	**-**
Total Receivables		**6,238**	**4,935**

The total receivables figure above does not include a provision for bad debts (prior year £0k).

Movements on the provision for Impairment of Debtors are as follows:	2017 £'000	2016 £'000
As at 1 April	-	3
Provisions for debtors impairment	2	-
Unused amounts reverses	-	(3)
At 31 March	**2**	**-**

As at 31 March 2017, debtors with a carrying value of £2,242 (2015/16: £0) were impaired and provided for. The aging of these receivables is as follows:

	2017 £'000	2016 £'000
3 to 6 months past due	1	-
Over 6 months past due	1	-
	2	**-**

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.

Note 12 Trade and Other Receivables (continued)

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2017 debtors of carrying value of £1,057,579 (2015/16: £1,004,860) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:

	2017 £'000	2016 £'000
Up to 3 months past due	578	721
3 to 6 months past due	138	53
Over 6 months past due	342	231
	1,058	**1,005**

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 it 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	2017 £'000	2016 £'000
A	77	34
BB	1	47
BBB	2	2
Existing customers with no defaults in the past	50	209
Total neither past due or impaired	**130**	**292**

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.

Note 13 Cash and Cash Equivalents

	2017	2016
Balance at 1 April	7,736	3,172
Net change in cash and cash equivalent balances	(5,760)	4,564
Balance at 31 March	**1,976**	**7,736**
Overdrafts		
Total Cash - Cash Flow Statement	**1,976**	**7,736**
The following balances at 31 March were held at:		
Government Banking Service	1,972	6,802
Commercial banks and cash in hand	4	934
Overdrafts		
Short term investments		
Balance at 31 March	**1,976**	**7,736**

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

Note 14 Trade and Other Payables

	2017		2016
	£'000	£'000	£'000
Payables due within one year			
National Health Service in Scotland			
Boards	2,143		1,633
Total NHS Scotland Payables		**2,143**	**1,633**
General fund payable		1,976	7,736
Trade payables		1,164	2,146
Accruals		6,950	9,366
Deferred Income		2,535	2,180
Payments received on account		81	83
Income tax and social security		1,730	1,522
Superannuation		1,023	977
Holiday pay accrual		253	251
Other Public Sector Bodies		-	-
Total Payables due within one year		**17,855**	**25,894**
Total Payables due after more than one year		-	-
Total Payables		**17,855**	**25,894**

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 15 Provisions for year-ended 31 March 2017

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
As at April 2016	**1,697**	**633**	**-**	**2,330**
Arising during the year	1,861	978	41	**2,880**
Utilised during the year	(16)	(64)	(5)	**(85)**
Unwinding	(9)	(1)	(5)	**(15)**
Reversed unutilised	-	(156)	-	**(156)**
At 31 March 2017	**3,533**	**1,390**	**31**	**4,954**

Analysis of expected timing of discounted flows to 31 March 2017

Payable in one year	1,208	412	31	**1,651**
Payable in 2-5 years	2,325	978	-	**3,303**
At 31 March 2017	**3,533**	**1,390**	**31**	**4,954**

The amounts above are stated gross and the amounts of any expected re-imbursements are separately disclosed as receivables in note 12.

Provisions for Prior-year

	Clinical & Medical £'000	Participation in CNORIS £'000	Other £'000	Total £'000
As at April 2015	**1,103**	**409**	**16**	**1,528**
Arising during the year	965	300	-	**1,265**
Utilised during the year	(102)	(59)	(3)	**(164)**
Unwinding	-	(1)	-	**(1)**
Reversed unutilised	(269)	(16)	(13)	**(298)**
At 31 March 2016	**1,697**	**633**	**-**	**2,330**

Analysis of expected timing of discounted flows to prior year

Payable in one year	1,697	186	-	**1,883**
Payable in 2-5 years	-	447	-	447 -
At 31 March 2016	**1,697**	**663**	**-**	**2,330**

Note 15 Provisions for year-ended 31 March 2017 (continued)

Clinical and Medical

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

Claims which are categorised as 3 are provided fully and are likely to be incurred within 1 year, claims that are categorised as 2 are provided for at 50% and are likely to be incurred in more than one year. Where claims are classed as a 1, these are deemed not likely to occur and are not provided for.

Note 15b Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2016 £'000		2017 £'000
1,697	Provision recognising individual claims against the Board as at 31 March	3,532
(1,475)	Associated CNORIS receivable at 31 March	(3,250)
633	Provision recognising the Board's liability from participating in the scheme as at 31 March	1,390
855		**1,672**

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 NHSScotland 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.

Note 16 Movement on Working Capital Balances

	Opening Balances £'000	Closing Balances £'000	2017 Net Movement £'000	2016 Net Movement £'000
Inventories				
Balance Sheet	3,914	2,964		
Net Decrease/(Increase)			950	291
Trade and Other Receivables				
Due within one year	4,935	4,013		
Due after more than one year	-	2,225		
	4,935	6,238		
Net Decrease/(Increase)			(1,303)	(244)
Trade and Other Payables				
Due within one year	25,894	17,855		
Less: Property Plant and Equipment (Capital) included in the above	-	1,650		
Less: General Fund Creditor included in above	(7,736)	(1,976)		
	18,158	17,529		
Net (Decrease)/Increase			(629)	4,348
Provisions				
Balance Sheet	2,330	4,954		
Net (Decrease)/Increase			2,624	802
Net Movement (Decrease)/Increase			**1,642**	**5,197**

Note 17 Contingent Liabilities

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

Nature	2017 £'000	2016 £'000
Clinical and medical compensation payments	793	988
Other	5	40
Total Contingent Liabilities	**798**	**1,028**

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 £508,000 in year (prior year £700,000).

Note 18 Commitments

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

	2017 £'000	2016 £'000
Contracted	452	-
MRI3	336	-
MRI3 – Turnkey Works	230	-
Pharmacy		
Authorised but not contracted		
Space Utilisation Project	900	-
Total	**1,918**	**-**

Note 19 Commitments under Leases

At 31 March 2017, the Board had annual commitments under non-cancellable operating leases as follows:

Operating leases	2017 £'000	2016 £'000
Total future minimum lease payments under operating leases are given in the table below for each of the following periods.		
Other		
Not later than one year	352	32
Later than one, not later than two years	333	14
Later than two years, not later than five	638	26
Amounts charged to operating costs in the year were:		
Hire of equipment (including vehicles)	790	633

The Board held no finance leases in the reporting period.

Note 20 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.

Note 20 Pensions Costs (continued)

The employer contribution rate for the year 2015/16 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 2016 were £739.2 million. The SPA has not advised the total employer contributions collected in the year to 31 March 2016. The Board's level of participation in the scheme is 1% based on the proportion of the employer contributions paid in 2015/16.

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

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

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

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

retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)
This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final

Note 20 Pensions Costs (continued)

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.

Further information on each of the pension schemes can be found on the SPPA website - http://www.sppa.gov.uk

Pension Costs	2016/17	2015/16
Pension cost charge for year	7,261	7,016

Note 21 Exceptional Items and Prior Year Adjustments

There were no exceptional items or prior year adjustments in 2016/17.

Note 22 Financial Instruments

22a Financial Instruments by category

Financial Assets	2017 Loans and Receivables £'000	2016 Loans and Receivables £'000
At 31 March		
Assets per balance sheet		
Trade and other receivables excluding prepayments, reimbursements and VAT recoverable	1,595	1,480
Cash and cash equivalents	1,976	7,736
	3,571	**9,216**

Financial Liabilities

	2017 Other financial liabilities £'000	2016 Other financial liabilities £'000
At 31 March		
Liabilities per balance sheet		
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	10,424	19,582
	10,424	**19,582**

Note 22 Financial Instruments (continued)

22b 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 meets 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.

Note 22 Financial Instruments (continued)

	Less than 1 year
31 March 2017	-
Trade and other payables excluding statutory liabilities	19,582
Total	**19,582**

	Less than 1 year
31 March 2016	-
Trade and other payables excluding statutory liabilities	23,395
Total	**23,395**

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.

22c 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.

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

Dated 8 February 2006