

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

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NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

PERFORMANCE REPORT

1 OVERVIEW

1.1 Chief Executive's Statement

2019/20 was the final year of operation for NHS Health Scotland. It was a further year of change and transition as we prepared for the transition to Public Health Scotland and the dissolution of NHS Health Scotland.

The preparation for dissolution and support towards the vesting of Public Health Scotland has been a major focus of work. We developed and implemented an Action Plan for Board Governance until dissolution which was monitored by the Board throughout its final year. All Board Standing Committees completed their business and submitted a final report which was considered by the Board at its final meeting on 20 March 2020.

Throughout this last year we continued to support the Scottish Government Public Health Reform Programme through the allocation of significant staff time, particularly but not exclusively in the areas of our corporate services. This contribution was largely focussed on supporting the design of Public Health Scotland and preparedness to commence business on 1 April 2020.

At the same time commitment was maintained to the delivery of a full programme of public health improvement activity as reported to the Board at its final meeting.

Our mission to reduce health inequalities and improve health is as relevant now as it was in 2012 when we introduced our first strategy focused on A Fairer Healthier Scotland. Many of the programmes of work to support this strategy will continue into the first year operating plan for Public Health Scotland as it develops its own first strategic Plan.

1.2 History, statutory background, purpose and activities

NHS Health Scotland, a Special Health Board with a national remit, was established on 1 April 2003 (Statutory Instrument 1990 No. 2639 (S.224) and Scottish Statutory Instrument 2003 No. 154).

NHS Health Scotland's mission is to reduce health inequalities and improve health. To do this we seek to influence policy and practices, informed by evidence, and promote action across public services to deliver greater equality and improved health for all in Scotland.

At a local level we work with NHS boards and their health improvement partners – local authorities, community planning partnerships, health and social care partnerships, local businesses, and community and voluntary groups. Nationally, we are an advocate for the reduction in health inequalities and the improvement of health.

Specific functions of our work include:

- providing specialist advice to support Scottish Government public health improvement and health inequalities policy making
- applying evidence of what works to reduce inequalities and improve health along with good practice, to professional and public audiences
- providing specialist marketing support linked to local health improvement services and facilitating the integration of local and national approaches where appropriate
- evaluating agreed aspects of Scotland's public health improvement and health inequalities national programmes

- reviewing published research and commissioning new research on innovations, insights and evidence on public health improvement and health inequalities.

At 31 March 2020 NHS Health Scotland was effectively dissolved with its business, together with that of Public Health Intelligence (PHI) a business unit of NHS National Services Scotland, with all relevant assets and liabilities transferred to Public Health Scotland which became operational from 1 April 2020.

1.3 Delivery Performance Summary

NHS Health Scotland has a performance framework that directly aligns the Scottish Government's National Performance Framework with *A Fairer Healthier Scotland 2017-22: A Strategic Framework for Action*, the successor to our corporate strategy, *A Fairer Healthier Scotland 2012-17*.

2019/20 was the third year of our five year Strategic Framework for the 2017-22 period.

For each of our five strategic priorities and our three strategic change priorities we set long-term outcomes in our five year strategy, knowing that the strategy would provide a framework for action on fairer health improvement for our successor body, Public Health Scotland. We know now that fairer health improvement will have a prominent role in the new body, and featured in the national Public Health Priorities launched in 2018/19. For 2019/20 we amalgamated our three strategic change priorities into one which was 'Making a successful transition to Public Health Scotland'

Annual delivery commitments towards meeting these long term priorities are set and monitored by a senior cross organisational management group on behalf of the Corporate Management Team and Board. Regular detailed quarterly performance reports showed that we are making good progress towards the long-term outcomes set out in our strategy, despite the challenging economic context that we share with public bodies and civil society throughout Scotland. This context makes our work all the more crucial for the health of the people of Scotland, especially those who are feeling the brunt of austerity most keenly.

1.4 Financial Performance Summary Note

The Board ended financial year 2019/20 with a £50k revenue surplus (2018/19 £343K). Reports on the financial position were presented to the Audit Committee and the Board throughout the year and financial performance was monitored closely. Financial performance for the year is summarised under section 2 and disclosed in detail further in that section.

Under current accounting arrangements Health Boards must show liabilities for future years in their accounts without showing funding anticipated from the Scottish Government Health & Social Care Directorate (SGHSCD). This has resulted in net liabilities on the Statement of Financial Position. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government.

From 1st April 2020 Public Health Scotland will assume responsibility for future financial plans.

While the functions delivered by NHS Health Scotland will transfer to Public Health Scotland on 1 April 2020, this is classed as a machinery of government change and in accordance with the FReM and Practice Note 10 (as issued by the Financial Reporting Council), it is still appropriate to prepare the accounts on a going concern basis. All Assets and Liabilities of Health Scotland thus will transfer to Public Health Scotland.

1.5 Key Risks and Issues

Six key risk and issues were identified in the Corporate Register for 2019/20:

1. Core funding reductions notably for Public Health Scotland in 2020/21 (19-1)
2. Resources being used for transition at the detriment to the delivery plan (19-2)

3. Conflict of accountability, due to involvement in the shadow executive and governance arrangements for Public Health Scotland. (19-3)
4. Decisions made on behalf of Public Health Scotland having an impact on NHS Health Scotland's ongoing staff governance responsibilities and related financial liabilities.(19-4)
5. Impacts on productivity and staff turnover resulting from change, meaning we do not deliver all our commitments for 2019/20 (19-5)
6. Lack of engagement with local authority and third sector stakeholders in creating the new public health body resulting in reduced credibility (19-6)

KPIs were designed to reflect and manage the risks and issues of the board.

In addition to these key risks the impact of Brexit/EU withdrawal was considered with minimal effect on the organisation of any change. These key risks were mitigated and managed through the year by appropriate action with reports to each Audit Committee. See further details on page 17.

NHS HEALTH SCOTLAND

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PERFORMANCE REPORT

2 PERFORMANCE ANALYSIS

2.1 Financial performance	(1) Limit as set by SGHSCD £'000	(2) Actual outturn £'000	(3) Variance over(-)/under (1) - (2) £'000
1 Core revenue resource limit	21,146	21,094	52
Non-core AME provision resource limit	105	105	-
Non-core revenue resource limit (deprec'n)	245	247	(2)
Total Revenue Resource Limits	21,496	21,446	50
2 Core capital resource limit	-	-	-
3 Cash requirement	21,950	21,984	(34)

MEMORANDUM FOR IN YEAR OUTTURN

	£'000
Core Revenue Resource Variance (Deficit)/Surplus in 2019-20	52
Financial flexibility: funding banked with/(provided by) Scottish Government	-
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	52
Percentage	100%

In relation to financial performance management, appropriate Board officers had a personal objective which required that, for the budgets for which they are responsible, 95% were fully committed by 31 January 2020, 90% spent by 28 February, 95% spent by 31 March, and 98% spent by the closure of accounts as at 30th April 2020. Although our actual spend was lower than target at 28 February, taking into account our planned year end outturn and traditionally higher budgeted costs in March, our actual spend on this basis was 89%. We traditionally have a higher planned spend than average in March, as evidenced by our high committed spend by 31 January of 97% on a similar pattern to previous years. Overall, our targets have been in line with our revised expectations as shown below.

Target	Performance
95% commitment by 31 January 2020	97%
90% spent by 28 February 2020	89%
95% spent by 31 March 2020	96%
98% spent by the closure of accounts at 30 th April 2020	99.8%

For 2019/20 against their combined recurring savings target of £15m the National Boards* achieved £11m on a recurring basis and £4m on a non-recurring basis, which means that £4m will need to be agreed on a recurring basis between the boards in 2020/21. Of the £11m which was achieved on a recurring basis Health Scotland's contribution was £0.4m and any share of the remaining £4m will need to be agreed with its successor body Public Health Scotland in 2020/21. There are a number of initiatives across the National Boards notably in Finance, Procurement, Human Resources, and Estates and Facilities which were being followed up in 2019/20 which will hopefully contribute to the remaining £4m shortfall in 2020/21.

During the year the Audit Committee played a key role in monitoring performance in delivering the 2019/20 delivery plan and reviewed actions taken by the Corporate Management Team (CMT), particularly in relation to improving budget profiling and reducing year end pressures. Regular update reports were provided to the Board at its meetings.

*National NHS Boards support the regional NHS Boards by providing a range of important specialist and national services

Payment policy

The Scottish Government is committed to supporting business in 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 public bodies who are working towards the accelerated payment target of 10 working days.

In 2019/20 average credit taken was 8 days by volume (prior year 8 days). In 2019/20 the Board paid 99% by volume and 99% by value within 30 days (prior year 98% and 98%). In 2019/20 the Board paid 83% by volume and 67% by value within 10 days (prior year 81% and 65%).

2.2 Non Financial Performance

Our ongoing work was delivered as short-term outcomes in 2019/20 for each of the strategic priorities set out in our five year strategy. Performance information relating to risk has been reported and monitored through the year. The main issues reported by managers in relation to performance issues were staff and partner capacity causing delays or the need to adjust plans and timings in some aspects of work. However, these risks were managed and none of the priority programme areas have reported significant issues in progress at the end of year point. Progress against the organisational priorities was reported in a report to the Board in March 2020, with the key points in the report reproduced below.

Strategic Priority 1: Fairer and healthier policy

Short-term outcome: We have supported national policy development and evaluation to influence health outcomes in key health-related areas.

Achievement: We published the second study of the Alcohol Minimum Unit Price evaluation portfolio, an initial assessment of the economic impacts of MUP on the alcoholic drinks industry in Scotland, which received extensive media coverage

Short-term outcome: We have influenced policy areas where the impact on reducing health inequalities and population health improvement is likely to be greatest.

Achievement: We continued targeted work around disseminating the stalled mortality work, and published our evaluation framework for the Rights, Respect and Recovery Strategy.

Strategic Priority 2: Children, young people and families

Short-term outcome: The Child and Adolescent Health Strategy for Europe is more focused on areas where impact on reducing health inequalities is greatest.

Achievement: We have now established a joint Child Data Hub working with NHS colleagues and the Scottish Government which will contribute to better understanding of the impact of inequalities for children using Early Learning and Childcare services

Short-term outcome: NHS and local authorities increasingly implement improvements in planning and delivery that contribute to tackling child poverty.

Achievement: We have facilitated closer and more coordinated working between national partners to support efforts to tackle child poverty.

Strategic Priority 3: A fair and inclusive economy

Short-term outcome: More employers are aware of and engaged in good work practices that promote good work.

Achievement: We have provided practical and high quality guidance on the value of good work to health.

Short-term outcome: Social security policy is informed by evidence of what is most likely to contribute to a reduction in health inequalities

Achievement: We have been influential in developing and putting forward the case for the strong connection between social security policy and health inequalities.

Strategic Priority 4: Healthy and sustainable places

Short-term outcome: The Place Standard is being increasingly used to inform decision-making on the physical environment, service delivery and community-led action.

Achievement: We have continued to promote housing as a key determinant of health.

Short-term outcome: Health outcomes are embedded into local and national strategic housing plans.

Achievement: The Planning (Scotland) Act has now been revised and will require for the first time that all national and major developments will need to undergo a health impact assessment before being granted planning permission.

Strategic Priority 5: Transforming public services

Short-term outcome: Those responsible for commissioning, managing and delivering public services have an increased understanding of how to plan and deliver them in order to protect the right to health and reduce inequalities.

Achievement: We published 14 case studies for senior health and social care and NHS staff which were developed with local staff and services to share learning to help reduce inequalities.

Achievement: We have worked with local NHS Health Boards to create digital and web2print vaccination health information to inform the public of service delivery changes under the Vaccination Training Program.

Achievement: We have completed a significant programme to support the Vaccine Transformation Programme including the publication of an evidence review on ways to improve uptake of the influenza, shingles and pneumococcal immunization programs among adults aged 60 years and over.

Strategic Change Priority: Making a successful transition to Public Health Scotland.

Short-term outcome: Make coordinated, effective and impactful contributions to help ensure that Public Health Scotland (PHS) is appropriately resourced and fit for purpose.

Achievement: We have worked with Public Health Intelligence (PHI) colleagues to jointly plan work for year one of PHS. 25 senior colleagues from across Health Scotland and PHI have worked together to plan work in 11 strategic areas with 125 Delivery Commitments being developed, which form the basis of a draft Annual Operational Plan.

Short-term outcome: Ensure effective, timely and purposeful communication and engagement for our staff throughout the transition period

Achievement: There has been timely and purposeful communication for our staff on a variety of change/transition areas through the new PHS Email Alert – keeping staff informed and sign-posting them to the Change Hub for more information where appropriate.

Short-term outcome: Ensure the Health Scotland Board achieves a smooth governance exit and governance transition to Public Health Scotland and a contribution is made towards the new governance arrangements for Public Health Scotland

Achievement: We had a Board schedule of business that clearly outlined that Health Scotland completed accountability arrangements and demonstrated how and when this accountability was transferred to PHS

2.3 Workforce Performance Indicators

In relation to the Health Improvement, Efficiency, Access, Treatment (HEAT) sickness absence standard of 4%, the Board's 2019/20 rate was 3.07% (2018/19 3.75%)

We have a local target of 90% of our staff to have completed reviews, objectives and have a performance development plan in place. The annual monitoring cycle of this target is from May to May,

to allow staff to set objectives that are fully aligned with the organisation's delivery and workforce plans, which are approved in March. As at 31 May 2019, 99% of eligible staff had a review, 95% had a PDP and 96% had objectives. Due to Covid-19 the review completion has been extended to 31st August 2020.

2.4 Social Matters

The Board has implemented Equality & Human Rights Policy to provide guidance and protection for managers and employees to ensure employees are treated fairly and consistently with dignity and respect. This is in line with the Pin guidance Embracing Equality, Diversity and Human Rights in NHS Scotland. Policies are regularly reviewed to reflect changes in legislation, to ensure they are fully up to date taking into account the distinctive requirements and characteristics of the organisation and ensuring equality and diversity are evident throughout.

We have zero tolerance on bribery or any kind of fraud. We have robust controls in place to help deter, detect and deal with it. These are reviewed annually, as are our Standing Financial Instructions and Fraud Action Plan. The Audit and Risk Committee considered regular reports from the Fraud Liaison Officer which included Counter Fraud updates, the annual Counter Fraud report and work plan.

Health Scotland is committed to running the organisation in the best way possible. The Whistle Blowing Policy has been introduced to reassure all staff that it is safe and acceptable to speak up, and to enable them to raise any concern which they may have at an early stage and in the right way. Rather than wait for proof, it is preferable if a matter is raised when it is still a concern.


2.5 Sustainability and Environmental Impact

The Board has continued to be proactive in progressing carbon-releasing business improvements and influencing Scotland wide public health environment work.

Approval and signing of the Performance Report

This Performance Report is based on reports made during the year to 31 March 2020 and notably to the Board of Health Scotland at its final meeting on 20 March 2020. Gerald McLaughlin, the Chief Executive and Accountable Officer left Health Scotland on 31 March 2020 being the last day of its business prior to its transfer to Public Health Scotland on 1 April 2020 and thereby was able to provide assurance on Health Scotland functions from date of last board meeting to close of business on 31st March 2020. Performance Report will be approved by Public Health Scotland Accountable officer as per arrangement with Scottish Government and Board of NHS Health Scotland.

Signed by:

DocuSigned by:

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Angela Leitch
Chief Executive of Public Health Scotland as Accountable Officer

19 August 2020

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

1. Date of issue

The Annual Report and Accounts were approved and authorised for issue on 19 August 2020 by the Accountable Officer of Public Health Scotland which came into business on the 1 April 2020 bringing together NHS Health Scotland which ceased business on the 31 March 2020 and Public Health Intelligence (PHI) which was a strategic business unit of National Services Scotland up until 31 March 2020.

2. 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 Deloitte LLP to undertake the audit of the 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.

3. Board membership

Under the terms of the Scottish Health Plan, the 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. Non-executive members are appointed through an open public appointments process.

In its activities the Board reflects the partnership approach which is essential to improving health and health care.

The Board Chair during the financial year was David Crichton and the Chief Executive was Gerald McLaughlin.

The names and positions of other Board Members who served during the year are disclosed in the remuneration report (see page 20).

The Board Members' responsibilities in relation to the accounts are set out in the Governance Statement following this report (see page 12).

4. Board Members' and senior managers' interests

As required by International Accounting Standard (IAS) 24, details of any interests of Board Members, senior managers and other senior staff in contracts or potential contractors with the Board are disclosed in Note 17.

Details of company directorships or other significant interests held by Board Members which may conflict with their management responsibilities are recorded in the Register of Board Members' Interests which is available at: <http://www.healthscotland.scot/our-organisation/our-board-and-executive-team/nhs-health-scotland-board>. If required, further information is available from the Chief Executive's office of Public Health Scotland.

5. Directors' third party indemnity provisions

No qualifying third party indemnity provision (whether made by the Board or otherwise) has been in place for one or more of the directors at any time during the financial year.

6. Remuneration for non-audit work

No non-audit work has been carried out by the auditors on behalf of the Board in either 2019/20 or 2018/19.

7. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year.

The Board meets the requirements of the above act by publishing relevant information on its website (<http://www.healthscotland.com/about/reports/PSRA.aspx>).

8. Personal data related incidents reported to the Information Commissioner.

There were no personal data related incidents, which we needed to report to the Information Commissioners Office.

9. Disclosure of information to auditors

The directors who held office at 31 March 2020 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.

NHS HEALTH SCOTLAND

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ACCOUNTABILITY REPORT (CON'T)

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF NHS HEALTH SCOTLAND

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer of the Scottish Government appointed Gerald McLaughlin as Accountable Officer for NHS Health Scotland (to 31 March 2020) and Angela Leitch as Accountable Officer of Public Health Scotland (operational from 1 April 2020) being the successor body to NHS Health Scotland.

This designation carries with it responsibility for:

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

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

- observe the Accounts Direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures
- prepare the accounts on a going concern basis.

The accountable officer needs to confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Accountable Office is 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 their knowledge and belief, the Accountable Officer needs to properly discharge their responsibilities as Accountable Officer of Public Health Scotland as intimated in the Departmental Accountable Officer's letter of 21 September 2010 to them.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS.

Under the National Health Service (Scotland) Act 1978, NHS Health Scotland 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 Board as at 31 March 2020 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

- apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers
- make judgements and estimates that are reasonable and prudent
- state where applicable accounting standards as set out in the Financial Reporting Manual 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 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 Health Scotland Board Members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

GOVERNANCE STATEMENT

Scope of responsibility

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

Purpose of internal control

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

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

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

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

Governance framework of the Board

The accountability arrangements surrounding my role involve the Board, its committees, the CMT and the Partnership Forum, and the strands of corporate governance (clinical, staff, financial and information) are each supported by the embedded risk management and internal control processes, i.e. the internal control framework.

The Board met 6 times during the year to progress its business. It is supported in this work by the Audit Committee, the Staff Governance Committee, and the Remuneration Committee.

At 31 March 2020 the Audit Committee comprised Mr Russell Pettigrew (Chair), Ms Rani Dhir, Ms Ali Jarvis, Mr Paul McColgan, Dr Paul Stollard and Mr Michael Craig. The Audit Committee met 5 times during 2019/20 to consider matters pertaining to Board finances and corporate governance issues.

At 31 March 2020 the Staff Governance Committee comprised Ms Ali Jarvis (Chair), Ms Karen Donnelly and Ms Teresa King (staff side representatives), Ms Michele McCoy, Ms Jane-Claire Judson, Ms Rani Dhir, and Mr Michael Craig (Employee Director). The Staff Governance Committee met 4 times during 2019/20. This Committee has an important role in ensuring maintenance of a culture within the organisation where the highest possible standards of staff management are the responsibility of everyone and are built upon partnership and collaboration. It ensured robust arrangements to implement the Staff Governance Standard were in place and monitored. This included acting as the 'parent committee' of the Remuneration Committee, which reports to the Staff Governance Committee. It also ensured that implementation of the Staff Governance Standard helped drive and support staff to achieve our Quality Ambitions, the Workforce 2020 Vision and the ambitions of our Strategic Framework for Action 2017-22 within a changing structural and policy landscape.

The main remit of the Remuneration Committee, as a sub-committee of the Staff Governance Committee, is to agree the remuneration and terms and conditions of employment of the Chief Executive, executive directors and other employees on contracts with a discretionary element of pay (senior managers, medical consultants etc), within the framework of NHS Scotland policy. Further information relating to the Remuneration Committee is disclosed in the remuneration report.

The last meeting of the Health Governance Committee was held on 29 November 2018. The Committee comprised Dr Paul Stollard (Chair), Ms Jane-Claire Judson, Mr Paul McColgan and Ms Michele McCoy. The Health Governance Committee met 3 times during 2018 to seek assurance, on behalf of the Board, that NHS Health Scotland's five strategic priorities were in a good position in order to pass on our health inequalities and health improvement legacy to Public Health Scotland. The Committee was assured that the work was consistent with NHS Scotland Quality Ambitions; met the three Health Governance Committee quality assurance standards of "Knowledge into Action" (Knowledge generation, Knowledge management and Knowledge application) and met with quality assurance standards, embracing the European Foundation of Quality Management (EFQM). As the Health Governance Committee had completed the majority of its work the Board agreed at the 8 February 2019 meeting, to suspend the work of the Committee during the final period of NHS Health Scotland's life. The remaining duties of this Committee were completed by correspondence by the members or have been added to the Board schedule of business

In relation to clinical governance, this is interpreted for NHS Health Scotland as continuous quality improvement. Reference is made elsewhere in these accounts to our Health Governance Committee and the role it plays in quality assurance and related matters. In accordance with the NHS Quality Strategy, the Board implemented a programme of actions intended to ensure that services are person-centred, safe and effective. Continuous improvement is sought in relation to Board systems so that staff are skilled and confident, we have the resources and equipment we need, we understand the current quality and effectiveness of our services, and we have strong leadership.

The NHS Scotland Staff Governance Standard, defines staff governance as 'a system of corporate accountability for the fair and effective management of all staff and sets out what each NHS Scotland employer must achieve in order to improve continuously in relation to the fair and effective management of staff. The standard requires that all NHS boards must demonstrate that staff are well informed, appropriately trained, involved in decisions which affect them, treated fairly and consistently, and provided with an improved and safe working environment. The Partnership Forum is directly involved in assessing performance through a review of the self-assessment process which leads to an annual monitoring return. Agreed areas for improvement are set out in the Staff Governance Action Plan and progress in implementing the plan is monitored by the Staff Governance Committee and subject to audit inspection.

Whilst the strands of corporate governance have been extended within NHS Scotland, explicitly to include staff, financial and information governance, financial governance is still fundamental to the proper conduct of business within NHS Scotland organisations. In addition to the prevention of fraud and corruption, financial governance includes budgetary control and financial reporting, capital investment and best value. Reference is made on pages 4 & 5 in these accounts to the Board's financial performance, and on page 13 to the role played by the Audit Committee in relation to financial governance.

Information is needed to manage resources. It is also important for clinical governance, corporate governance, service planning and performance management. Policies, procedures and management accountability are needed to manage information securely, efficiently and effectively. Information governance is a framework which brings together all the statutory requirements, standards and best practice that apply to the handling of information. Relevant work encompasses areas of legislation e.g. data protection and freedom of information, and also a number of initiatives such as information security, the Caldicott Framework, records management, information quality assurance, and confidentiality. Progress in this area has been, and will continue to be, monitored by the Audit Committee annually. The Board considers the quality of the data it uses to be acceptable.

BOARD AND SUB-COMMITTEE ATTENDANCE (No of meetings attended by non-executives in year)	Board	Audit	Staff Governance
David Crichton	6		4
Ali Jarvis	6	5	4
Russell Pettigrew	5	5	
Paul Stollard	5	5	
Jane-Claire Judson	4		3
Paul McColgan	5	5	
Michele McCoy	1		2
Rani Dhir	5	4	3
Michael Craig (Employee Director)	6	0	4

Operation of the Board

The table below describes the key elements that comprise the Board's governance arrangements, including the framework that supports the Accountable Officer discharging his responsibilities. The contents of the table summarises the overarching structures that deal with the following areas and indicate how they are linked to each other.

Area	Mainly dealt with by
Setting and communicating the Board's vision and intended outcomes for its stakeholders, ensuring delivery and appropriateness of framework	NHS Health Scotland has a performance framework <i>A Fairer Healthier Scotland 2017-22: A Strategic Framework for Action</i> .
Measuring the quality of services for users, ensuring that services are delivered in accordance with the Board's objectives and confirming that services represent the best use of resources	Health Governance Committee ceased in 2019/20 – see page 14
Defining and documenting the roles and responsibilities of the Board, setting out protocols for effective communication, arrangements for clear delegation, and for challenging and scrutinising Board activity	Board standing orders, scheme of delegation, Board meetings, follow up actions and self-assessments
Reviewing and updating standing orders, standing financial instructions, scheme of delegation, contract/procurement regulations and supporting procedures and manuals which clearly define how decisions are taken and associated risks managed	Review and update systems (annual)
Undertaking the core functions of the Audit Committee and other standing committees of the Board	Terms of reference of standing committees reviewed annually; annual governance report from each standing committee
Ensuring compliance with relevant laws and regulations and internal policies and procedures	Regular review by management, Board, Partnership Forum, and sub-committees
Ensure safety of public funds, facilitating whistle-blowing by staff, and recording and investigating complaints from the public	Counter Fraud Action Plan, Whistle-blowing Policy, complaints system operational and reported to Board
Identifying and addressing the development needs of executive and non-executive directors in their strategic and operational roles	Board development plan, appraisal systems
Establishing clear channels of communication with all stakeholders, ensuring clear accountability encouraging open consultation	Communication and engagement strategies

Area	Mainly dealt with by
Promoting good governance arrangements in respect of partnerships and other group-working	Partnership Forum and Staff Governance Committee, Stakeholder Performance Forum, stakeholder input to Board Member recruitment processes, service level agreements and partnerships with other NHS bodies

Assessment of the Corporate Governance performance

Taking account of the corporate governance framework described above, an assessment of the Board's compliance with the SPFM has been carried out. The Board considers itself to be compliant.

The Board undertakes a self-assessment of its effectiveness using the Board Diagnostic Tool. This includes the following areas of Engaging with Stakeholders; Board Strategic Intent; Holding to Account; Board Dynamics and Board Leadership. The self-assessment process was conducted in November 2016 and a Board Development session was held on 9 December 2016 from which a 2018/19 Board Development Action Plan was developed. This was subsequently approved at the Board Meeting on 17 February 2017. This Action Plan was reviewed by the Board in May 2018.

The Board agreed not to conduct another self-assessment or to develop a specific Board Development Plan in 2018/19 or 2019/20 (which usually emerges from the self-assessment process). This is due to 2018/19 and 2019/20 being a period of change and transition process towards the set-up of the new public health body

The Health Scotland governance arrangements have been reviewed against the NHS Blueprint for Good Governance and this was reported to Board on 15 February 2019. There were two areas of potential improvement that emerged from this work; firstly any actions required around Whistleblowing and responding to the Sturrock report as new guidance emerges in due course from SG and secondly to ensure the January 2019 Information Governance audit recommendation is fulfilled to include FOI in Information Governance and Business Continuity Annual Statement of Assurance which was followed up by the Audit Committee.

The Board Governance Transition Plan was presented to its 27 September Board meeting. A Change and Transition update report was presented to each of its subsequent meetings on 22 November 2019, 14 February 2020 and 20 March 2020 and to the sub-committees of Staff Governance and Audit at each of their meetings from October 2019 to March 2020.

Independent Assurances and review of Adequacy and Effectiveness

The Accountable Officer is responsible for reviewing the adequacy and effectiveness of the system of internal control. This review is informed by:

- Executive and Senior managers who are responsible for developing, implementing and maintaining internal controls across their areas
- the work of the internal auditors, who submit to the Audit 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
- Comments by the external auditors in their management letters and other reports.

The following processes have been established:

- the CMT and Partnership Forum meet regularly to consider plans and implementation of organisational strategy
- periodic reports from the Chair of the Audit Committee to the Board, concerning internal control
- regular reports by internal audit which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects

- a regular programme of risk reviews to identify and keep up to date the record of risks facing the organisation
- a programme of risk awareness training
- Annual reports and/or appropriate corporate governance assurance from the Audit, Health Governance, Remuneration and Staff Governance committees.

European Framework for Quality Management (EFQM)/Best Value

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. On 4 February 2015 the Audit Committee agreed that the organisation's assessment against the EFQM covered almost all aspects of the Best Value framework and represented additional value because of the depth and quality of the information and its direct link with organisational improvement plans. In 2016 NHS Health Scotland was assessed against the EFQM excellence model by an external team. The Audit Committee received a full report on the external assessment at their meeting of 26 August 2016. As the 2018/19 year was the start of the transition to Public Health Scotland no update was undertaken on the EFQM as there was a full review in 2018/19 and no significant changes occurred in 2018/19 nor 2019/20 to affect this review. I can therefore confirm that arrangements have been made to secure best value as set out in the SPFM.

Assessment of the Board's risk management arrangements

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.

Health Scotland's risk management process is based on having regular:

- maintenance of corporate, master (i.e. directorate) risk registers
- reviews of risk registers, to ensure that they are up to date, and that identified risk reduction actions are being taken and are effective
- periodic reports to the Audit Committee which include an annual review of the corporate risk register, reflect high level and corporate risks, and allow the Audit Committee to provide assurance to the Board
- annual risk update to the Board

A reporting framework was agreed for 2019/20 which allowed the Audit Committee and the Board to receive regular assurance that risk management strategies are operating effectively. For the Board, as well as an annual report, risk updates will be integrated within quarterly performance reports. Each corporate risk is also directly overseen by either the whole Board or delegated to a governance subcommittee, and they receive an update every time they meet.

In addition, the risk management process has and will continue to:

- specify the key controls, strategies and management arrangements in place to manage these key risks
- identify the individuals in the organisation responsible for the management of the key risks
- continue the process of embedding risk management and risk awareness throughout the organisation.

Disclosures in relation to significant control weaknesses

During the financial year 2019/20 no significant control weaknesses or issues have arisen and no significant failures have arisen in relation to the expected standards for good governance, risk management and control.

The Accountable Officer of Public Health Scotland has been advised on the implications of the result of the review by The Accountable Officer of NHS Health Scotland of the effectiveness of the system of internal control by the Board and the Audit Committee, and has received appropriate assurances from the executive directors and the chairs of the Audit Committee, Staff Governance Committee, and the Remuneration Committee.

The responsibilities of the Accountable officer and Board of NHS Health Scotland for the governance of these accounts passed to the Accountable Officer of Public Health Scotland on 1 April 2020 as per arrangement with Scottish Government and the Board of NHS Health Scotland

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

REMUNERATION AND STAFF REPORT

Remuneration Report

Board Members' and Executive Team remuneration

Information disclosed in this report relates to the remuneration of Board Members and the Executive Team. Other disclosures in these accounts provide details of the interests of Board Members and senior employees, and information about related party transactions. See page 9 for Register of Interests and page 54 for Related Party Transactions.

Non-executive Board Members are remunerated in accordance with national guidelines. Executive Board Members and senior employees are remunerated in accordance with approved national pay rates. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by the Scottish Government Health Directorates has been appropriately applied and agreed by the Remuneration Committee.

At 31 March 2020 the Remuneration Committee comprised Mr David Crichton (Chair), Mr Russell Pettigrew, Ms Ali Jarvis, Dr Paul Stollard and Mr Michael Craig (Employee Director). The Remuneration Committee met 6 times during 2019/20 and conducted other relevant business between meetings through electronic processes.

All posts within the Executive Team have been evaluated under an appropriate national scheme (HAY, Agenda for Change or Medical Consultant terms and conditions). Of the five Executive Team posts at 31 March 2020, three are under Executive and Senior Management arrangements, and two are under Agenda for Change arrangements.

During the year the Remuneration Committee considered the national review of NHS Scotland executive and senior management pay arrangements.

In line with current guidance and directives, performance management arrangements which create clear links between individual and organisational performance are in place. A formal review takes place annually with individuals when annual objectives are set. Personal development plans are created for all executive and senior managers as part of this process. An interim review is also conducted during the year. The Remuneration Committee plays a crucial role in managing and overseeing performance management processes to ensure that reviews are robust and fit for purpose, and that ratings awarded are supported by performance reported.

As part of the NHS Scotland governance framework, Health Scotland operates the national system of performance related pay for senior managers. The performance appraisal process provides written evidence of the basis for allocating performance ratings to individuals and this is made available to the Remuneration Committee. The Remuneration Committee robustly reviews the individual performance ratings against the evidence of overall organisational performance prior to agreeing any pay awards. Proposals are then submitted to the National Performance Management Committee for review, and implementation of any resulting pay increases is not made until confirmation of these proposals has been received.

Contracts of the Executive Team are open ended and all executive team members are required to give six months' notice of termination of contract. No contract contains any provision for compensation for early termination.

Details of Board Members' remuneration are disclosed in the following table which is in the disclosure format as per the Accounts Manual. Figures for the 2015 Pension Scheme (CARE) have been added to relevant members as provided by the Scottish Public Pensions Agency (SPPA). The information in the following tables has been subject to audit unless otherwise stated.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

REMUNERATION AND STAFF REPORT (CON'T)

FOR THE YEAR ENDED 31 MARCH 2020

Single total figure of remuneration	Salary		Pension Benefits		Total	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Executive Team						
McLaughlin, G* (Chief Executive)	160-165	105-110	30	10	190-195	115-120
Denholm, C * (Director of Strategy)	80-85	80-85	24	46	105-110	125-130
Dodds, G (Director of Health Equity)	90-95	90-95	26	17	115-120	105-110
Patience, A (Head of Finance & Procurement)	70-75	70-75	21	20	95-100	90-95
Stockton, D (Acting Director of Public Health Sciences from 1/4/19)	65-70	-	86	-	155-160	-

* Executive Director

Executive/Non-Executive Directors	Salary		Pension Benefits		Total	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Crichton, D (Chair)	25-30	25-30	-	-	25-30	25-30
Dhir, R	5-10	5-10	-	-	5-10	5-10
Jarvis, A	5-10	5-10	-	-	5-10	5-10
Judson, J-C	5-10	5-10	-	-	5-10	5-10
McColgan, P	5-10	5-10	-	-	5-10	5-10
McCoy, M*	5-10	5-10	-	-	5-10	5-10
Pettigrew, R	5-10	5-10	-	-	5-10	5-10
Stollard, P	5-10	5-10	-	-	5-10	5-10
Craig, M (Employee Director) **	50-55	50-55	29	15	80-85	65-70

* Remuneration paid in lieu to employer

** Salary includes £45k (2018/19 £43k) in respect of non-Board duties.

Pension Benefits	Accrued pension at age as at 31/3/20 £'000	Total accrued lump sum at age 65 at 31/3/20 £'000	Real increase in pension at pension age £'000	Real increase in lump sum at age 65 at 31/3/20 £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real Increase in CETV £'000
McLaughlin, G	65-70	0-5	0-2.5	0-2.5	1,180	1,114	51
Denholm, C	30-35	30-35	0-2.5	0-2.5	405	377	29
Dodds, G	65-70	0-5	0-2.5	0-2.5	1000	952	48
Patience, A	5-10	0-5	0-2.5	0-2.5	122	95	27
Craig, M	10-15	25-30	0-2.5	0-2.5	253	223	29
Stockton, D	20-25	45-50	2.5-5	5-10	352	275	77

Notes

With the creation of Public Health Scotland at 1 April 2020, Health Scotland would be dissolved at 31 March 2020. With the agreement with the Scottish Government and as approved by the Remuneration Committee G McLaughlin as the Accountable Officer for Health Scotland was given early retirement in the interest of the service at 31 March 2020. See page 23

No performance related bonus payments nor benefits in kind were made to directors or senior employees in 2019/20 or 2018/19.

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in lump sum less the contributions made by the individual. Any negative pension benefit is shown as 0. The cash equivalent transfer value (CETV) calculation has changed between years, resulting in the opening CETV being revised for inflation or pay arrears. This also affects the real difference between the brought forward and carried forward numbers. The SPPA has confirmed these calculations are correct.

The accrued lump sum associated with staff in the 1995 scheme is three times the accrued pension stated above. G McLaughlin, G Dodds and A Patience are not part of that scheme and receive no lump sum.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

REMUNERATION AND STAFF REPORT (CON'T)

Fair Pay Disclosure:

2019/20		2018/19	
Range of Staff remuneration (£'000's)	15 to 170	Range of Staff remuneration (£'000's)	15 to 165
Band of Highest Paid Director's Total Remuneration (£'000s)	165 to 170	Band of Highest Paid Director's Total Remuneration (£'000s)	160 to 165
Median Total Remuneration (£)	37,570	Median Total Remuneration (£)	32,974
Ratio	4.46	Ratio	4.93

Commentary

The remuneration of the highest paid director is as a medical consultant and is influenced by a distinction award and a medical director allowance.

Total remuneration includes salary and benefits in kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

REMUNERATION AND STAFF REPORT

STAFF REPORT

a) HIGHER PAID EMPLOYEES' REMUNERATION

2018/19 Number	Employees whose remuneration fell within the following ranges:	2019/20 Number
Clinicians		
1	£80,001 to £90,000	-
-	£100,001 to £110,000	1
Other		
8	£70,001 to £80,000	5
2	£80,001 to £90,000	2
1	£90,001 to £100,000	1
1	£100,001 to £110,000	-
1	£160,001 to £170,000	2

b) STAFF NUMBERS AND COSTS

2018/19 £'000	Staff costs	Executive Team Members £'000	Non Executive Members £'000	Permanent staff £'000	Inward/ outward(-) secondes £'000	Other staff £'000	Total 2019/20 £'000
9,815	Salaries and wages	597	95	10,573	(273)	-	10,992
1,005	Social security costs	83	3	1,061	(22)	-	1,125
1,393	NHS pension scheme employer's costs*	90	0	2,074	(43)	-	2,121
100	Inward secondees	-	-	-	8	-	8
144	Agency staff	-	-	-	-	160	160
12,457	Sub-total	770	98	13,708	(330)	160	14,406
51	Compensation for loss of office or early retirement	189	-	-	-	-	189
12,508	Total	959	98	13,708	(330)	160	14,595
280	Staff Numbers (WTE's)	6	9	289	(5)	3	302

15 Included in the total Staff numbers were disabled staff of: 15

* Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in Note 14.

c) Staff Composition*

Gender composition of Health Scotland permanent staff.

	Ave Mean 2019/20			Ave Mean 2018/19		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors and Employee Director	5	4	9	5	4	9
Executive Team	4	2	6	4	1	5
Other	86	203	289	80	184	264
Total Headcount - Ave Mean	95	209	304	89	189	278

d) Sickness Absence Data*

	2019/20	2018/19
Sickness Absence Rate	3.07%	3.75%

e) Staff policies relating to employment of disabled people*

Health Scotland is an equal opportunities employer. Health Scotland's approach to equal opportunities is incorporated within the Equality, Diversity and Human Rights Policy which was updated in May 2016, to ensure consistency with NHS Partnership Information Network (PIN) Guidelines.

Health Scotland has a recruitment and selection policy which includes appropriate provision for disabled people. This policy states that Health Scotland recognises that the recruitment and retention of the most suitable employees depends on demonstrating fair recruitment and selection practices, which meet or exceed all statutory requirements. All applicants or potential applicants for posts will be treated fairly and courteously in a non-discriminatory fashion. Applicants will be assessed purely on merit for the post and without reference to sex, race, marital status, religion, colour, ethnic origin, nationality, creed, disability, sexual orientation, unrelated criminal conviction, gender alignment or age. The purpose of this policy is to attract and select the best possible candidates for employment at Health Scotland through a fair and efficient process, which is consistent with best practice.

f) Exit packages

There was one non-compulsory, agreed departure in 2019/20 (2018/19:1) at a total resource cost of £189K (2018/19: £51K)

g) Trade Union regulations*

Relevant Union Officials:	2019/20	2018/19
Number of employees who were relevant union officials during the period 1 April to 31 March	9	9
WTE	2.19	2.19
Percentage of time spent on facility time:		
0%	-	-
1-50%	7	7
51- 99%	2	2
100%	-	-
Percentage of pay bill spent on facility time:	£'000	£'000
Total cost of facility time*	103	96
Total pay bill	13,708	11,614
Percentage of total pay bill spent on facility time	0.8%	0.8%

*Assumption on total cost of facility time based on facilities staff being a reasonable cross section of staff.

Relevant Union Officials:	2019/20	2018/19
Paid trade union activities:		
Time spent on paid trade union activities as a percentage of total paid facility time hours**	9%	9.3%
**Calculated as (total hours spent on paid TU activities by TU representatives during the relevant period ÷ total paid facility time hours) x 100.		

All disclosures marked with * are unaudited.

NHS HEALTH SCOTLAND

ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2020

ACCOUNTABILITY REPORT (CON'T)

PARLIAMENTARY ACCOUNTABILITY REPORT

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

a) Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments over £300k require formal approval to regularise such transactions and their notation in the annual accounts.

No losses or special payments over £300k were incurred or made in the year to 31 March 2020 (2018/19: £nil)

b) Fees and Charges

As required in the fees and charges guidance in the SPFM, NHS Health Scotland charges for services provided on a full costs basis, wherever applicable.

No service was provided over £1m in the year to 31 March 2020 (2018/19: £NIL)

Approval and signing of the Accountability Report

Gerald McLaughlin, the Chief Executive and Accountable Officer left Health Scotland on 31 March 2020 being the last day of its business prior to its transfer to Public Health Scotland on 1 April 2020.

This Accountability Report is based on reports made during the year to 31 March 2020 and notably to the Board of Health Scotland at its final meeting on 20 March 2020.

Signed by:

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Angela Leitch
Chief Executive of Public Health Scotland as Accountable Officer

19 August 2020

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of NHS Health Scotland for the year ended 31 March 2020 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

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

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is four years. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a

true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual report and accounts

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

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

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

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

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit
- there has been a failure to achieve a prescribed financial objective.

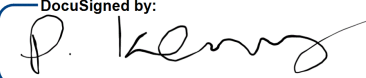
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

DocuSigned by:

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Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

19 August 2020

NHS HEALTH SCOTLAND

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

FOR THE YEAR ENDED 31 MARCH 2020

2018/19				2019/20
£'000		Note	£'000	£'000
	Net Expenditure			
12,676	Employee Expenditure	3a	14,933	
<u>7,384</u>	Other Operating Expenditure	3b	<u>7,075</u>	
20,060	Gross Expenditure for the year			22,008
<u>(234)</u>	Less: other operating income	4		<u>(562)</u>
<u>19,826</u>	Net expenditure for the year			<u>21,446</u>

The primary statements and notes to the accounts, numbered 1 to 17 on the following pages, form an integral part of these accounts.


NHS HEALTH SCOTLAND

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

2018/19			2019/20	
£'000	£'000	Note	£'000	£'000
Non-current assets				
1,167		7a	939	
19		6	-	
<u>1,186</u>			<u>939</u>	
	1,186			939
Current assets				
Financial assets:				
286		8	442	
141		9	1,114	
<u>427</u>			<u>1,556</u>	
	427			1,556
	1,613			2,495
Total current assets				
Total assets				
Current liabilities				
Financial liabilities:				
(1,087)		10	(2,336)	
(55)		11	(61)	
<u>(1,142)</u>			<u>(2,397)</u>	
	(1,142)			(2,397)
	471			98
Total current liabilities				
Total Assets less current liabilities				
Non-current liabilities				
(2)		10	-	
(788)		11	(852)	
<u>(790)</u>			<u>(852)</u>	
	(790)			(852)
	(319)			(754)
Total assets less total Liabilities				
Taxpayers' equity				
(319)		SOCTE	(754)	
<u>(319)</u>			<u>(754)</u>	
	(319)			(754)
Total taxpayers' (deficit)				

Authorised and approved on 19 August 2020

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Angela Leitch
 Chief Executive of Public Health Scotland

The primary statements and notes to the accounts, numbered 1 to 17 on the following pages, form an integral part of these accounts.

NHS HEALTH SCOTLAND

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2020

2018/19 £'000		Note	£'000	2019/20 £'000
Cash flows from operating activities				
(19,826)	Net operating cost	SOCN	(21,446)	
		E		
288	Adjustments for non-cash transactions	2	247	
(121)	Movements in working capital	2	188	
(19,659)	Net cash outflow used in operating activities			(21,011)
Cash flows from investing activities				
(6)	Purchase of property, plant & equipment (PP&E)	7	-	
(6)	Net cash used in investing activities			-
Cash flows from financing activities				
19,665	Funding		21,011	
(578)	Movement in general fund working capital	SOCTE	973	
19,087	Cash drawn down	SOCTE		21,984
19,087	Net financing			21,983
(578)	Net (decrease)/increase in cash/cash equivalents in period			973
719	Cash and cash equivalents at beginning of period			141
141	Cash and cash equivalents at end of period			1,114
Reconciliation of net cash flow to movement in net (debt)/cash				
(578)	(Decrease)/Increase in cash in year			973
719	Net debt/cash at 1 April	9		141
141	Net (debt)/cash at 31 March	9		1,114

The primary statements and notes to the accounts, numbered 1 to 17 on the following pages, form an integral part of these accounts.

NHS HEALTH SCOTLAND

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		General fund and total reserves £'000
Balance at 31 March 2019		(319)
Changes in taxpayers' equity for 2019/20		
Net operating cost for the year		(21,446)
Total recognised income and expense for 2019/20		(21,446)
Funding:		
Drawn down	SOCF	21,984
Movement in general fund	SOCF	(973)
Balance at 31 March 2020	SOFP	<u>(754)</u>
Balance at 31 March 2018		(158)
Changes in taxpayers' equity for 2018/19		
Net operating cost for the year		(19,826)
Total recognised income and expense for 2018/19		(19,826)
Funding:		
Drawn down	SOCF	19,087
Movement in general fund	SOCF	578
Balance at 31 March 2019	SOFP	<u>(319)</u>

The primary statements and notes to the accounts, numbered 1 to 17 on the following pages, form an integral part of these accounts.

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) 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 2019/20

In the current year, the Board has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- IFRIC 23: Uncertainty over Income Tax Treatment
- Amendment to IFRS 9: Prepayment Features with Negative Compensation
- Annual Improvements to IFRS Standards 2015-2017 Cycle

(b) Standards issued but not adopted

Standard	Change Published	Impact to Health Scotland
IFRS16 Leases	HM Treasury have agreed to defer implementation until 1 April 2021	As not adopted until 2021-22 the impact will be on Public Health Scotland

2. Going concern

As NHS Health Scotland will transfer to Public Health Scotland on 1 April 2020, and this is classed as a machinery of government change, therefore in accordance with the FReM and Practice Note 10 (as issued by the Financial Reporting Council), it is appropriate to prepare the accounts on a going concern basis with all Assets and Liabilities being transferred from Health Scotland to Public Health Scotland.

3. Accounting convention

The accounts are prepared on a historical cost basis.

4. Funding

Most of the Board's expenditure is met from funds advanced by the Scottish Government within an approved RRL. Cash drawn down to fund expenditure within this approved RRL is credited to the general fund.

All other income receivable by the Board that is not classed as funding is recognised in the year in which it is receivable. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Non-discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific services identified by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the statement of resource outturn.

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

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

5. **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.

5.1 **Recognition**

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

All assets falling into the following categories are capitalised:

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

5.2 **Measurement**

Valuation:

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

5.3 **Depreciation**

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

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

- 1) assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 2) buildings installations and fittings are depreciated over the estimated life of the asset
- 3) equipment is depreciated over the estimated life of the asset.
- 4) property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used.

Asset category/component	Useful life (years)
Leasehold improvements (<i>buildings, fixtures & fittings</i>)	Length of the remaining leases
Furniture (<i>fixtures & fittings</i>)	10
Office and IT equipment	3 - 5

6. Intangible assets

6.1 Recognition

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

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

The main classes of intangible assets recognised are as follows.

Software

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

Software licences

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

Websites

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

6.2 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.

6.3 Amortisation

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

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

Asset category/component	Useful life (years)
Other intangible assets	10

Amortisation is charged on a straight line basis.

7. **Leasing**

Operating leases

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.

8. **Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the statement of comprehensive net expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

9. **General fund receivables and payables**

Where the Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the 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.

10. **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 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 annual 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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this determines the rate of contributions required. The most recent actuarial valuation published by the SPPA took place in the year to 31 March 2016. The next actuarial valuation will be at 31 March 2020.

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.

11. **Clinical and medical negligence costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

12. **Related party transactions**

Material related party transactions are disclosed in Note 17 in line with the requirements of IAS 24.

13. **Value Added Tax (VAT)**

Some of the activities of the Board are outside the scope of VAT and, for these activities, 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.

14. **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.

15. **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 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed 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.

16. **Corresponding amounts**

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements' requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

17. **Financial instruments**

Financial assets

Classification

The Board classifies its financial assets at fair value through profit or loss

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in the Statement of Comprehensive Net Expenditure and by reducing the carrying amount of the asset in the Statement of Financial Position.

Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument and are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and HS has transferred substantially all risks and rewards of ownership.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive net expenditure.

Financial liabilities

Classification

The Board classifies its financial liabilities at amortised cost.

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

Recognition and measurement

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

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

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

18. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. For NHS Health Scotland the chief operating decision-maker has been identified as the Board. This reflects the Board's role in areas such as approving the corporate strategy and annual business plans, allocating resources and monitoring organisational performance.

Segmental information appropriate for NHS Health Scotland is disclosed at Note 5. This information is provided by directorate. Working individually and collectively, the activities of the directorates are guided towards achievement of corporate objectives.

19. 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.

20. Foreign exchange

The functional and presentational currencies of the Board are pounds 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.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

21. Key sources of judgement and estimation uncertainty

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

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a

significant risk of a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements are addressed below.

For the injury benefit provision specific sources of judgement (life expectancy tables) and sensitivity analysis (discount rates) have been used to arrive at the estimation calculated which includes elements of uncertainties relating to sources used. See Note 11 to the Accounts.

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

2. MEMORANDA TO THE PRIMARY STATEMENTS

2a SUMMARY OF CORE REVENUE RESOURCE OUTTURN

2018/19		2019/20
£'000		£'000
19,826	Net expenditure for the year	21,446
(288)	Total non-core expenditure	(352)
19,538	Total core expenditure	21,094
19,881	Core revenue resource limit	21,146
343	Saving against core revenue resource limit	52
	Summary of Non-core Revenue Resource Outturn	
288	Depreciation/amortisation	247
-	Annually managed expenditure - creation of provisions	105
288	Total non-core expenditure	352
288	Non-core revenue resource limit	350
-	Excess against non-core revenue resource limit	(2)

2b ADJUSTMENTS FOR NON-CASH TRANSACTIONS

2018/19		Note	2019/20
£'000			£'000
51	Amortisation	6	19
237	Depreciation	7a	228
-	Impairments charged to SOCNE	7a	-
288	Total expenditure not paid in cash	SOCF	247

2c MOVEMENT ON WORKING CAPITAL BALANCES

2018/19 Net movement £'000		Note	Opening balance £'000	2019/20 Closing balance £'000	Net movement £'000
	TRADE AND OTHER RECEIVABLES				
(45)	Due within one year	8	286	442	(156)
(45)	Net decrease/increase(-)				(156)
	TRADE AND OTHER PAYABLES				
(627)	Due within one year	10	1,087	2,336	
-	Due after more than one year	10	2	-	
578	Less: general fund creditor included in above	10	(141)	(1,114)	
(49)	Net (decrease)/increase				274
	PROVISIONS				
(27)	Statement of Financial Position	11	843	913	70
(121)	NET MOVEMENT (decrease)/increase	SOCF			188

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

3. EXPENDITURE

3a EMPLOYEE EXPENDITURE

2018/19 £'000		Note	2019/20 £'000
12,676	Other staff	SOCNE	14,933

Further detail and analysis of staff costs can be found in the Remuneration and Staff report, forming part of the Accountability Report (see pages 18-23).

3b OTHER OPERATING EXPENDITURE

2018/19 £'000		Note	2019/20 £'000
7,347	Non-staff costs		7,037
	Statutory audit		
37	External auditor's remuneration – Statutory audit fee		38
7,384	Total Other Operating Expenditure	SOCNE	7,075

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

4. OPERATING INCOME

2018/19		2019/20
£'000		£'000
	Other operating income	
25	Miscellaneous income	133
18	Print income	67
23	Training Income	24
168	Outward Secondees (Non-NHS)	338
234	Total other operating income SOCNE	562
<u>35</u>	Of the above, the amount derived from NHS bodies is	<u>102</u>

5. DIRECTORATE INFORMATION

Segmental information as required under IFRS has been reported by directorate. This is consistent with the form of reporting to the CMT, Audit Committee and Board.

	Net operating cost	Revenue from external sources	Depreciation/ Amortisation
	£'000	£'000	£'000
2019/20			
Chief Executive's office	2,215	270	247
Health & Work	2,378		
Health Equity	9,629	174	
Strategy	3,378		
Public Health Science	4,161	118	
	21,761	562	247
SOCNE Total			21,446
2018/19			
Chief Executive's office	1,754	168	288
Health & Work	2,392		
Health Equity	9,292	43	
Strategy	3,046		
Public Health Science	3,288	23	
	19,772	234	288
SOCNE Total			19,826

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

6 INTANGIBLE ASSETS

	Software licences £'000	Other Intangible £'000	Total £'000
CURRENT YEAR			
Cost or valuation:			
As at 1 April 2019	-	175	175
Additions	-	-	-
As at 31 March 2020	-	175	175
Amortisation			
As at 1 April 2019	-	(156)	(156)
Provided during the year	-	(19)	(19)
At 31 March 2020	-	(175)	(175)
Net book value at 1 April 2019	-	19	19
Net book value at 31 March 2020	-	-	-
	SOFP		
PRIOR YEAR			
Cost or valuation:			
As at 1 April 2018	108	175	283
Additions	-	-	-
Disposals	(108)	-	(108)
As at 31 March 2019	-	175	175
Amortisation			
As at 1 April 2018	(108)	(105)	(213)
Provided during the year	-	(51)	(51)
Disposals	108	-	108
At 31 March 2019	-	(156)	(156)
Net book value at 1 April 2018	-	70	70
Net book value at 31 March 2019	-	19	19
	SOFP		

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

7 PROPERTY, PLANT AND EQUIPMENT (purchased assets)

	Leasehold Improvements	IT*	Fixtures & fittings	Total
	£'000	£'000	£'000	£'000
CURRENT YEAR				
Cost or valuation				
At 1 April 2019	1,608	259	719	2,586
Additions	-	-	-	-
At 31 March 2020	1,608	259	719	2,586
Depreciation				
At 1 April 2019	(797)	(217)	(405)	(1,419)
Provided during the year	(120)	(37)	(71)	(228)
At 31 March 2020	(917)	(254)	(476)	(1,647)
Net book value at 1 April 2019	811	42	314	1,167
Net book value at 31 March 2020	691	5	243	939
				SOPF
Asset financing:				
Owned	691	5	243	939
Net book value at 31 March 2020	691	5	243	939
PRIOR YEAR				
Cost or valuation				
At 1 April 2018	1,608	416	719	2,743
Additions	-	6	-	6
Disposals	-	(163)	-	(163)
At 31 March 2019	1,608	259	719	2,586
Depreciation				
At 1 April 2018	(677)	(344)	(324)	(1,345)
Provided during the year	(120)	(36)	(81)	(237)
Disposals	-	163	-	163
At 31st March 2019	(797)	(217)	(405)	(1,419)
Net book value at 1 April 2018	931	72	395	1,398
Net book value at 31 March 2019	811	42	314	1,167
				SOPF
Asset financing:				
Owned	811	42	314	1,167
Net book value at 31 March 2019	811	42	314	1,167

* IT = information technology

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

8. TRADE AND OTHER RECEIVABLES

2018/19 £'000		£'000	2019/20 £'000
	Receivables due within one year		
	NHS Scotland		
53	SGHSCD	86	
46	Boards	74	
99	Total NHS Scotland debtors		160
114	VAT recoverable	156	
27	Prepayments	73	
1	Accrued Income	24	
43	Other receivables	29	
2	Other Public Sector Bodies	-	
286	Total receivables due within one year		442

286	Total receivables (denominated in pounds sterling)	SOFP	442
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Whole of Government Accounts classification			
46	NHS Scotland		74
167	Central Government bodies		241
2	Whole Government Bodies		1
71	Balances with bodies external to Government		126
286	Total		442

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

9. CASH AND CASH EQUIVALENTS

		At 1/4/19 £'000	Cash flow £'000	At 31/3/20 £'000
Current year				
Government Banking Service account		111	966	1,077
Cash at bank and in hand		30	7	37
Total cash and cash equivalents	SOFP, SOCF	141	973	1,114
		At 1/4/18 £'000	Cash flow £'000	At 31/3/19 £'000
Prior year				
Government Banking Service account		696	(585)	111
Cash at bank and in hand		23	7	30
Total cash and cash equivalents	SOFP, SOCF	719	(578)	141

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

10. TRADE AND OTHER PAYABLES

2018/19 £'000		£'000	2019/20 £'000
	Payables due within one year		
	NHSScotland		
224	Boards	20	
224	Total NHSScotland payables		20
141	General fund payable	1,114	
128	Trade payables	74	
579	Accruals	735	
	Deferred Income	113	
15	Other payables	280	
1,087	Total payables due within one year	2,316	2,336
	2 Payables due after more than one year		-
1,089	Total payables (denominated in pounds sterling)	SOFP	2,336
	Whole of Government Accounts classification		
224	NHSScotland		20
21	Whole Government bodies		272
844	Balances with bodies external to Government		2,044
1,089	Total		2,336

The carrying amount of short term payables is in pounds sterling and approximates their fair value.

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

11. PROVISIONS - CURRENT YEAR

2018/19	Note	Injury Benefit	Participation in CNORIS	Total
£'000		£'000	£'000	£'000
870	At 1 April 2019	806	37	843
3	Arising during the year	105	-	105
(28)	Utilised during the year	(35)	-	(35)
(2)	Reversed Unutilised	-	-	-
843	At 31 March 2020	876	37	913

Analysis of expected timing of discounted flows to 31st March 2020:

£'000		£'000	£'000	£'000
55	Payable in one year	55	2	61
141	Payable between 2-5 years	148	22	170
39	Payable between 6-10 years	189	2	191
08	Thereafter	484	7	491
43	At 31 March 2020	876	37	913

Participation in CNORIS

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. As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHS Scotland has been made. NHS Scotland has no clinical or other claims under CNORIS at 31 March 2020 (2018/19 – None) and hence has £nil against the first provision element of CNORIS as described above. NHS Scotland has made a £37,000 provision at 31 March 2020 (31 March 2019 £37,000) in respect of the Board's share of the total CNORIS liability on NHS Scotland as noted above.

Injury Benefit

The Board has provided for awards under the permanent injury benefits scheme, in discussion with the Scottish Government under the AME provision resource limit. The provision is based on information and advised annual rates provided by the SPPA, under the NHSSS and estimated remaining lives of recipients derived from interim life tables for Scotland produced annually by National Statistics which give period life expectancy by age and sex. Each life table is based upon population estimates, births and deaths data for a period of three consecutive years. The sum provided is recalculated annually based upon changes in their annual rates and period life expectancy at the balance sheet date. As the period life expectancies are typically for a considerable number of years during which the claimants will receive payments the actuarially calculated amounts are discounted using the provision discount rate as set by HM Treasury, which was (0.5)% as at the balance sheet date. As at the balance sheet date the average life expectancy for those included in the provision was 23 years.

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

12. EVENTS AFTER THE END OF THE REPORTING YEAR

Events after the end of the reporting period which have a material effect on these accounts is the closure of NHS Health Scotland and transfer to Public Health Scotland of all Health Scotland functions.

13. COMMITMENTS UNDER LEASES

Operating leases

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

2018/19 £'000		2019/20 £'000
	Obligations under operating leases comprise:	
	Buildings	
543	Not later than one year	543
543	Later than one year, not later than two years	543
1,086	Later than two years, not later than five years	1,194
1,714	Later than five years	1,063
	Other	
-	- Not later than one year	-
-	- Later than one year, not later than two years	-
	Amounts charged to operating costs in the year were:	
5	Hire of equipment (including vehicles)	5
543	Other operating leases	543
548		Total 548

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

14. PENSION COSTS

NHS Health Scotland participates in the NHS Superannuation Scheme Scotland (NHSSS). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016 (completed in 2018/19) with the next valuation will be as at 31 March 2020 (completed in 2022/23) which will set contribution rates from 1 April 2024.

NHS Health Scotland has no liability for other employer's 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.

- (i) The scheme is an unfunded multi-employer defined benefit scheme.
- (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NHS Health Scotland is unable to identify its share of the underlying assets and liabilities of the scheme.
- (iii) The employer contribution rate for the period from 1 April 2019 will be 20.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.
- (iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the NHS Pension Scheme (Scotland) is known and its impact fully assessed in relation to any additional costs to the scheme.
- (v) The total employer contributions received for the NHS Pension Scheme (Scotland) in the year to 31 March 2019 were £791.8 million, with the Board contributing £ (0.17%). NHSSS scheme contributions collected in the year to 31 March 2020 will be published in October 2020.

For 2019/20, normal employer contributions of £2,121k were payable to the SPPA (prior year £1,393k) at the rate of 14.9% (prior year 14.9%) of total pensionable salaries. During the accounting period the Board incurred additional costs of £135k (prior year £nil).

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires.

In 2019-20 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

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

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

National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,136 up to £50,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

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

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

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

	2018/19	2019/20
	£'000	£'000
Pension cost charge for the year	1,393	2,121
Additional costs arising from early retirement	-	135

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

15. FINANCIAL INSTRUMENTS

(a) FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets measured at Amortised Cost

AT 31 MARCH 2020

Assets per Statement of Financial Position

Trade and other receivables

Cash and cash equivalents

	Note	Loans and Receivables £'000	Total £'000
	8	53	53
	9	1,114	1,114
Total		<u>1,167</u>	<u>1,167</u>

AT 31 MARCH 2019

Assets per Statement of Financial Position

Trade and other receivables

Cash and cash equivalents

	Note	Loans and receivables £'000	Total £'000
	8	46	46
	9	141	141
Total		<u>187</u>	<u>187</u>

Financial liabilities measured at Amortised Cost

AT 31 MARCH 2020

Liabilities per Statement of Financial Position

Trade and other payables

	Note	Other financial liabilities £'000	Total £'000
	10	2,340	2,340
Total		<u>2,340</u>	<u>2,340</u>

AT 31 MARCH 2019

Liabilities per Statement of Financial Position

Trade and other payables

	Note	£'000	£'000
	10	865	865
Total		<u>865</u>	<u>865</u>

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

15. FINANCIAL INSTRUMENTS (continued)

(b) FINANCIAL RISK FACTORS

Exposure to risk

The activities of Health Scotland expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due
- liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments

Because of the largely non-trading nature of its activities and the way in which 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 policy, and operates a risk management strategy (adhering to the requirements of the SPFM) as disclosed within the governance statement.

Credit risk

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

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

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

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 risks.

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

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

15. FINANCIAL INSTRUMENTS (continued)

	Less than 1 year £'000	Between 1 & 2 Years £'000
AT 31 MARCH 2020		
Trade and other payables excluding statutory liabilities	2,340	-
Total	2,340	-
AT 31 MARCH 2019		
Trade and other payables excluding statutory liabilities	863	2
Total	863	2

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.

- **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.
- **Foreign currency risk**
the Board is not exposed to foreign exchange rates.
- **Price risk**
the Board is not exposed to equity security price risk.

(c) FAIR VALUE ESTIMATION

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

NHS HEALTH SCOTLAND

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2020

16. TRANSACTIONS WITH NHS SCOTLAND BODIES

Health Scotland is funded by the SGHSCD. During the year Health Scotland has had various material transactions with other entities for which SGHSCD is regarded as the parent department. Health Scotland has also had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the SPPA, HM Revenue & Customs. Details of transactions with and balances due from other NHS Scotland bodies are provided below.

	Due to £'000	Due from £'000	Income from £'000	Expenditure with £'000
NHS Scotland body				
NHS Ayrshire and Arran	-	4	7	97
NHS Borders	-	-	1	19
NHS Dumfries and Galloway	-	-	2	36
NHS Fife	-	-	2	78
NHS Forth Valley	-	1	1	36
NHS Grampian	-	-	1	136
NHS Greater Glasgow & Clyde	9	-	31	106
NHS Highland	-	1	1	42
NHS Lanarkshire	-	1	1	110
NHS Lothian	-	-	1	182
NHS Orkney	-	-	-	19
NHS Shetland	-	-	-	19
NHS Tayside	-	-	-	61
NHS Western Isles	-	-	-	19
National Services Scotland	11	30	188	1,121
Scottish Ambulance Service	-	13	52	76
NHS Education for Scotland	-	-	-	1
State Hospital	-	-	-	-
NHS 24	-	24	24	28
Healthcare Improvement Scotland	-	-	7	-
NHS National Waiting Times Centre	-	-	-	1
Total boards and special health boards	20	74	319	2,187

17. RELATED PARTY TRANSACTIONS

During the year 2019/20 Health Scotland made payments of £20,000 to Scottish Natural Heritage and £3,548 to The Robertson Trust (2018/19: £2,538). Ms Cath Denholm is Deputy Chair of Scottish Natural Heritage and Mr Gerry McLaughlin a Trustee of Kintail Trust (Corporate Trustees of The Robertson Trust). The payment was authorised under delegated authority with no involvement from either of Health Scotland's board members.

There are no other interests of Board Members, senior managers and other senior staff in contracts or potential contractors with the Board which require disclosure under International Accounting Standard (IAS) 24.

NHS HEALTH SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

FOR THE YEAR ENDED 31 MARCH 2020

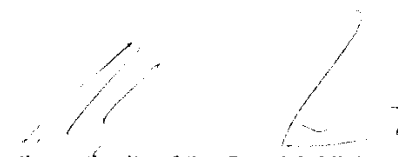
APPENDIX



NHS Health Scotland

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in exercise of the powers conferred by sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as read with article 5(1) of and the Schedule to the Health Education Board for Scotland Order 1990, (S.I. 1990/2639), and all powers enabling them in that behalf, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.


Signed by the authority of the Scottish Ministers

Dated 10/2/2006