

Annual report and consolidated accounts

For the year ended
31 March 2023



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Published Month Year

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PERFORMANCE REPORT

Overview

The purpose of this overview is to provide a summary of the activities of NHS Fife and to highlight some of the key achievements during 2022/23 and also some specific risks which have arisen. In addition, detail is provided on all aspects of financial and non-financial performance.

Chief Executive Statement

The impact of the pandemic has touched all parts of health and care services across Scotland. The virus meant difficult decisions were made to protect patients and staff. It will be some years in the future before the legacy of the pandemic is fully understood.

The pandemic has also however taught us how things can be done differently, at a pace and in an agile way. We have seen how we can use technology to deliver virtual consultations by phone or video call as a part of a blended approach to clinical service delivery. Looking ahead, we want to build on what has happened in the last three years and continue innovating to support service delivery and provide high quality care.

Due to the pandemic, many patients have experienced longer waits for treatment and care, however through our agreed clinical prioritisation process, we ensured treatment continued for the most urgent cases, including cancer treatments.

The pandemic has also been very challenging for our staff and the delivery of our services. We anticipate this impact will continue for the foreseeable future. Our staff have continued to demonstrate their extraordinary commitment to public service, working under significant and sustained pressure for a period longer than anyone could have predicted at the outset.

Looking ahead, we will continue working towards providing high-quality care whilst addressing the challenges we face as we create the conditions to manage the legacy of the pandemic and the full recovery of all our clinical services. The section below details some key areas of progress and service development during 2022/23.

NHS Fife Population Health and Wellbeing Strategy

In March 2023 the NHS Fife Board approved a new Population Health and Wellbeing Strategy. We developed this new strategy through extensive engagement with our communities, staff, patients, and partners. This work has highlighted what matters to the people of Fife when they need health care services and how communities want to be supported in maintaining and improving their health and wellbeing.

This strategy does not set out a series of detailed actions. Instead, it is a declaration of our vision and intent to prioritise health inequalities and support improvement in the health and wellbeing of our citizens. Through annual delivery plans, the implementation of the strategy will be taken forward in the context of a range of drivers for change.

National Treatment Centre – Fife Orthopaedics

We delivered this important £33m facility hosting three operating theatres, a supporting in-patient ward and associated outpatient facilities. The centre is the first in Scotland to open as part of a national network of new purpose-built National Treatment Centres. The building was officially opened by Scotland's then First Minister The Right Honourable Nicola Sturgeon on Friday 24 March.

The new building is the largest capital project that NHS Fife has undertaken since the opening of Phase 3 of the Victoria Hospital in 2012. Work commenced on the construction in March 2021 and the project was successfully delivered on time and within budget.

The centre will be an important enabler to deliver against our elective care recovery plan over the coming years and, as a national centre, we will also treat an agreed number of patients from neighbouring NHS Boards.

Delivering our Anchor Institution Ambitions

As a large organisation connected to our local area and community, we are committed to a range of activities which can make a positive contribution to the health and wellbeing of our communities. By investing in and working with others locally and responsibly, we can have an even greater impact on the wider factors that make us healthy. We cannot directly influence all the building blocks for good health and wellbeing however during 2022/23 we have continued to work in partnership with Fife Health and Social Care Partnership, Fife

Council, Scottish Government, and the voluntary sector to ensure the greatest impact from our collective contribution.

Service Expansion at Queen Margaret Hospital

Our integrated planned care approach for elective surgical procedures has allowed us to optimise the level of day surgery carried out at Queen Margaret. During 2022/23 we invested in a capital programme to redesign and expand the clinical areas available for day case surgery and treatment enhancing the number of patients being cared for through this patient pathway.

Robotic-Assisted Surgery

A significant milestone was reached in early 2023 with the 200th patient in Fife treated using pioneering robotic-assisted surgery. NHS Fife began using robotic-assisted surgery in August 2021. The new technology is being used across a range of surgical specialties, including colorectal, gynaecology and urology.

The new technology is already providing a range of benefits for patients in Fife. In addition to improving patient safety, the technology is more precise, which allows more complex procedures to be carried out locally with improved patient outcomes.

Furthermore, the technology enables some procedures that would have previously required open surgery to be carried out laparoscopically. This helps patients recover more quickly with less scarring, reducing post-operative pain and the risk of surgical site infection, and shortening the patient's length of hospital stay.

Investment in Inpatient Hospice Services

Inpatient hospice services moved temporarily from Kirkcaldy to Queen Margaret Hospital in January 2022 to enable significant works improvement works to be carried out. The project, which was part-funded by the Fife Health Charity, was completed in February 2023, and has resulted in a full refurbishment and upgrades to facilities for both patients and family members. Improvements were also made to the garden areas to enable better access for patient beds.

Staff Wellbeing Hubs

Since 2022, 6 staff wellbeing hubs have opened at NHS Fife sites across the kingdom, including Randolph Wemyss Memorial Hospital in Leven, Glenrothes Hospital, St Andrews Community Hospital, Adamson Hospital in Cupar, Queen Margaret Hospital, Dunfermline and the Victoria Hospital in Kirkcaldy.

The hubs were designed and developed in consultation with staff to provide supportive and calming environments to enable staff to have some quiet time to recharge away from busy hospital wards and departments.

The development of these hubs have been supported with over £480,000 in funding from the Fife Health Charity. This funding includes a significant donation from an anonymous benefactor to support NHS Fife staff and grant funding from NHS Charities Together.

Simulation and Training Centre

A new state-of-the-art Simulation and Training Centre at Queen Margaret Hospital in Dunfermline, which has enabled clinical staff to enhance their skills and practice real-time scenarios in a controlled environment, was opened in February 2022. Simulation is a key element of the training programme for nursing, medical and allied health professionals. The new Simulation and Training Centre was funded by the Fife Health Charity at a cost of more than £200,000.

One Million Vaccinations

A significant milestone was reached on the 8 December 2022 with the Covid-19 vaccination programme reaching delivery of 1,000,000 vaccinations to the people of Fife.

These are just some examples of the work that NHS Fife has continued to lead and deliver on, helping to shape the future of modern healthcare in Fife.

It remains a great privilege to lead NHS Fife as Chief Executive and I would like to take this opportunity to thank all my colleagues and our partners for their continued dedication, passion and hard work in delivering the health and care system our communities need now and into the future. I am excited to look ahead to the ambitions of our population health and wellbeing strategy. This longer term focus has never been more important as we seek to address the whole range of factors that impact on health and health inequalities, many of them societal, economic and environmental, whilst continuing to address the immediate priorities and pressures facing the health and care system

Purpose and Activities of the Board

NHS Fife is the common name for Fife Health Board. Fife Health Board was established in 1974 under the National Health Service (Scotland) Act 1972 and is responsible for commissioning and delivering health care services for the residents of Fife, a total population of c.375,000.

NHS Boards form a local health system, with single governing boards responsible for improving the health of their local populations and delivering the healthcare they require. The overall purpose of the NHS Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

The role of the NHS Board is to:

- Improve and protect the health of the local people
- Improve health services for local people
- Focus clearly on health outcomes and people's experience of their local NHS system
- Promote integrated health and community planning by working closely with other local organisations; and
- Provide a single focus of accountability for the performance of the local NHS system.

The functions of the NHS Board comprise:

- Strategy development
- Resource allocation
- Implementation of the Annual Delivery Plan; and
- Performance management.

Component Parts of NHS Fife

NHS Fife's structure comprises an Acute Services Division and a Health and Social Care Partnership, which is overseen by the Fife Integration Joint Board.

Acute Services Division

The Division is responsible for acute hospital services at Victoria Hospital in Kirkcaldy and Queen Margaret Hospital in Dunfermline.

Health and Social Care Partnership (H&SCP)

The Partnership is responsible for the improvement of the health and wellbeing of the local population and the provision of primary and community health services including community hospitals.

Corporate Directorates

The following Directorates provide Fife-wide services:

- Public Health
- Medical Directorate (including Clinical Governance, Research, Development & Innovation, Digital & Information, and Primary Care Administration)
- Nursing (including Patient Experience and Legal Services)
- Pharmacy
- Workforce (including Learning & Development and Occupational Health)
- Finance (including Corporate Governance, Planning & Performance, Procurement, Communications and Risk Management)
- Property and Asset Management (including Health and Safety).

Integration Joint Board

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament in February 2014 and received Royal assent in April 2015. It established the framework for the integration of health and social care in Scotland. The most recent iteration of the Fife Integration Scheme was approved by NHS Fife and Fife Council in March 2022.

The Parties agreed to proceed by way of adopting the body corporate model of integration and have established an Integration Joint Board as provided for in Section 1(4)(a) of the Act. The Integration Joint Board is responsible for the operational oversight of Integrated Services and, through the Director of Health and Social Care, is responsible for the operational management of Integrated Services.

The Integration Joint Board is responsible for the planning of a range of specific Acute Services; however, NHS Fife remains responsible for the operational oversight of these services on a day-to-day basis. The Director of Health and Social Care and the Director of Acute Services work closely together to ensure appropriate planning and delivery of the services they respectively plan for and manage.

The Integration Joint Board is governed by Committees with membership drawn equally from members of the Health Board (both Executive and Non-Executive members) and Councillors from Fife Council.

Key Issues and Risks During 2022/23

Service Access and Performance

The performance management framework reflects the national activity projections agreed in the Annual Delivery Plan 2022/23 that has superseded arrangements during the period of the pandemic collated in Remobilisation Plans. The NHS Scotland Recovery Plan was the basis of the ADP with the aim of recovery following the pandemic. The Strategic Planning and Resource Allocation (SPRA) process 2022/23 informed the development of the Corporate Objectives and the basis of the ADP deliverables.

NHS Fife elective activity was significantly impacted since the pandemic resulting in higher waiting times. Urgent care and urgent suspicion of cancer referral patients however continued to be seen and treated as a priority. There was an increase in the number of patients waiting over 6 weeks for diagnostics and over 12 weeks for outpatients, inpatients, and day cases (TTG), however, this was monitored and tracked locally throughout the year. There continues to be significant risks nationally and locally around the delivery of the backlog of cases which has developed during the pandemic, with recovery plans being discussed with our Board and with the Scottish Government. Recovery against this backlog will require additional investment to deliver in full.

During 2022/23, services have focussed on returning to previous levels of activity whilst blending new models of care adopted through the pandemic with more traditional models.

Workforce Capacity and Resilience

As with all other NHS Boards workforce capacity and availability has been challenging during 2022/23 mainly as a consequence of the ongoing pandemic impact but also due to national issues with the supply of registered nursing staff in particular. We have kept this under close review and have embarked on a number of mitigating actions including international recruitment and the creation of new roles across the system. This work will take time to deliver the level of capacity required to ensure resilience across the workforce but good progress is being made which will continue into 2023/24.

Financial Improvement and Sustainability (FIS)

The continuing impact of the pandemic combined with significant workforce challenges and inflationary pressures have created considerable service and financial pressures for NHS Fife and the wider NHS Scotland health and care system. Since the impact of the pandemic, beginning of 2020, the organisation has been challenged to deliver the work required to fully address the underlying financial deficit of £26m identified in the 2023/24 medium term financial plan. Despite cost improvement plans delivered in year of £12.3m including capital to revenue transfer and other mitigating actions being taken, the board requires financial support from Scottish Government in order to break even at March 2023, of £9.728m.

During 2022/23 our newly established FIS Board met regularly to review financial improvement performance and take forward opportunities as they were identified. Whilst the initial cost improvement programme for the year was not delivered in full, significant work was taken forward which delivered cost improvements and provided the infrastructure required to grow a pipeline for new projects to be developed and delivered. In year we delivered cost improvements of £9.8m across several programmes including £1m each on medicines, temporary staffing, and property expenditure. Other significant levels of savings came from grip and control measures including energy sustainability measures taken forward by the board which were offset by the significant increase in energy prices however the reduction in energy usage can be identified.

The work of the FIS board was delegated to several working groups taking forward numerous pieces of work including temporary staffing, procurement and medicines optimisation. The Strategic Planning and resource Allocation Process completed in December 2022 confirmed the financial challenge ahead and identified three key cost improvement areas we will focus on for delivery in 2023/24 which have the potential to release significant financial efficiencies namely reductions in temporary staffing, surge capacity and corporate overheads. We will utilise the infrastructure we put in place during 2022/23 to help support delivery of the key focus areas and to support identification and delivery of other opportunities. We are committed to supporting

the Scottish Government's Sustainability and Value programme and have plans in place to deliver the 3% recurring savings target required by the programme.

Performance Summary

NHS Fife continued to scrutinise key performance indicators in respect of financial and non-financial performance, as well as quality, safety and risk metrics based on the suite of Scottish Government Standards.

Performance Analysis

The Scottish Government requires NHS Boards to meet three key financial targets on an annual basis. These are:

- a Revenue resource limit (RRL) – a resource budget for on-going operations.
- a Capital resource limit (CRL) – a resource budget for net capital investment.
- a Cash requirement.

The Revenue and Capital Resource Limits are further analysed into Core and Non-Core, where non-core expenditure, typically comprises items of a technical accounting nature, details of which can be found in Note 2a – the Summary of Core Revenue Resource Outturn on page 60. We have delivered on all three of our key financial targets.

The following table highlights the Boards delivery against these targets for 2022/23:

Statutory Financial Targets	Limit as set by SGHSCD	Actual Outturn	Variance Under/(Over)
	£000's	£000's	£000's
Core Revenue Resource Limit	883,469	883,469	0
Non-Core Revenue Resource Limit	34,395	34,395	0
Total Revenue Resource Limits	917,864	917,864	0
Core Capital Resource Limit	32,289	32,284	5
Non-Core Capital Resource Limit	2,302	2,302	0
Total Capital Resource Limits	34,591	34,586	5
Cash Requirement	1,011,623	1,011,623	0
Memorandum for In Year Out-turn			£000
Core Revenue Resource Variance Surplus in 2022/23			0
Financial flexibility : funding banked with Scottish Government			380
Underlying Surplus against Core Revenue Resource Limit			380
Percentage of the Core Revenue Resource Limit			0

In August 2022 we submitted our 3 year medium term financial plan to Scottish Government which identified a recurring financial gap for 2022/23 of £24.1m, to be managed in year via approved cost improvement plans of £11.7m and a capital to revenue transfer of £2m resulting in a residual financial gap of £10.4m. What followed was a year of extreme challenge for services with the ongoing consequences of Covid 19. This led to significant demand for unscheduled care services, high acuity and increased length of stay across hospital and community services. Despite these challenges we worked with our partners at Scottish Government and the Fife Health and Social Care Partnership (HSCP) to deliver the financial position we set out at the beginning of the financial year. We have been able to improve on our residual gap as a result of overachieving on our medicines optimization workstream, good housekeeping and a number of grip and control measures that we have taken forward.

The Financial Position above was achieved through the support of Scottish Government financial brokerage for 2022/23 of £9.728m which was provided to the Board on a repayable basis.

During the year we delivered £9.8m of our £11.7m cost improvement programme. Our reliance on temporary staffing together with global inflationary pressures meant we were unable to fully deliver on all our cost improvement plans. The contractual terms of our PFI hospitals linked to inflation meant we incurred significant cost increase in our unitary charge payments which we had anticipated in our financial plan, However the continuing impact of high inflation levels means we will need to find solutions to mitigating the excess costs going forward.

Workforce pressures arising from service demand and high vacancy levels, a position faced across all of NHS Scotland, meant we incurred significant costs on temporary staffing. We have been successful with overseas

recruitment working in partnership with Yeovil Hospitals Trust in England and we plan to continue our international recruitment drive in the new financial year. In addition, the establishment of our new band 4 practitioner role during the year is providing capacity to the nursing workforce and reducing the reliance on temporary staff.

Throughout the financial year we worked collaboratively with our HSCP partner agreeing and adopting a system wide approach to managing both service and cost pressures. Significant work has been taken forward collectively on the unscheduled care programme to improve and secure sustainable services. The organisation also faced significant financial challenge for energy supplies from the global increase in energy costs. The energy savings measures taken forward by the board in year including the installation of solar panels and LED lighting helped to mitigate energy costs.

Details of the NHS Fife Net Operating Costs and RRL outturn are set out in Notes 3 and 4 of the Accounts. The Board Revenue and Capital Resource Limits are split between two component elements. Core revenue and capital have a cash or near-cash impact on the Boards net expenditure. Non-cash revenue and capital elements of net expenditure such as impairments, provisions and depreciation on assets have a non-core impact.

Looking ahead, managing financial resources will remain extremely challenging but we aim to achieve this by improving our efficiency and productivity. Planning for 2023/24 has identified a similar level of financial challenge to 2022/23. This financial pressure is driven by continued pandemic related expenditure, inflationary pressures and workforce recruitment and retention challenges. The Scottish Government Sustainability and Value Programme requires us to deliver 3% savings against our baseline allocation and through both the Strategic Planning Resource Allocation process and our Financial Improvement and Sustainability Programme we have identified three areas of targeted focus to deliver savings within our cost improvement plan. Whilst this is an ambitious plan it is deliverable given the continuing focus and drive of the Board on ensuring cost effectiveness and efficiency across the organisation.

The Financial Statements provide further detail on the Board's income and expenditure during the year and the financial position. The statements include the consolidated position of both the IJB and Fife Health Charity.

Legal Obligations

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

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required, then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles.

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 further provision that recognises the board's share of the total CNORIS liability of NHS Scotland has been made.

The total net provision relating to CNORIS at 31 March 2023 is £51.746m, a movement of £4.501m in year. More detail is provided in Note 13.

Capital Expenditure

During the year we invested £30.709m across a wide range of capital projects including buildings, equipment, and technology (Note 7) to support the delivery of services. The element charged to the Capital Resource Limit (CRL) is £30.653m which is the Capital Expenditure net of receipts. The balance is offset against the Net Book Value (NBV) of equipment disposed of in 2022/23. The allocation letter also includes an allocation of £1.631m to cover the accounting policy changes under IFRS16, and which has no impact on the CRL spend.

The largest capital project taken forward in year was the completion of the National Treatment Centre – Fife Orthopaedics. The facility at the Victoria Hospital site hosts three operating theatres, an inpatient ward and associated outpatient facilities. In addition to providing care for Fife patients, the new centre will also provide additional capacity to neighbouring health boards. Speaking about the new facility the retiring Chair of the Fife NHS Board, the Rt Hon Tricia Marwick said: “We are delighted that the new National Treatment Centre in Fife has now opened its doors to patients. The new purpose-built facility is the culmination of many years of work and to see patients now being seen and treated in such a new, state-of-the-art environment is fantastic. To see the project delivered successfully and on budget, particularly given the additional challenges of building during a pandemic, is a credit to all of those involved.

Significant additional funding allocations were secured during the year which supported numerous backlog maintenance projects totalling £5.1m. Investment in Digital and Information projects of £4.2m, included works being taken forward to implement a new Laboratory Information Management System (LIMS) and Hospital Electronics Prescribing Medicines Administration (HEPMA) together with investment in servers and networks and telephony core infrastructure. The board invested £5m in new equipment, both clinical and non clinical equipment including approximately £1.0m on replacement endoscopes.

The Board also received non core allocations of £2.23m for financial transactions, for 3 GP Practice loans totalling £1.06m and donated asset additions in year of £1.042m.

The Board has underspent the Capital Resource Limit by £0.005m in year.

Significant Changes in Non-Current Assets

During the year, the Board has commissioned valuations on several properties from the Valuation Office Agency (VOA). St Andrews Community Hospital, School of Nursing & Midwifery, Cameron Hospital, Lynebank Hospital, the National treatment Centre, all EUV properties (Health Centres/Clinics) and all land and Assets Held For Sale at the year end. This has resulted in an overall £23.876m upward revaluation movement. The year-end indexation factor from the Valuation Office (index factor 33.52) and the late NTC year end revaluation created an impairment charge of £8.386m at the year-end.

The valuation report has been used to inform the measurement of assets in these financial statements. Property markets have started to operate again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value.

Public Private Partnerships

The Board has two significant service initiatives under the PPP funding route (Note 18).

The Board entered into a contract with Projco (St Andrews Hospital) Limited for the provision of a new Community Hospital and Health Centre on a site in St Andrews. The contract is for a period of 30 years commencing 31 July 2009. The current Annual Service Payment value is £3.792m per annum.

The Board entered into a contract with Consort Healthcare for the provision of the new Phase 3 on the Victoria Hospital site in Kirkcaldy. The contract is for a period of 30 years commencing 28 October 2011. The current Annual Service Payment value is £27.323m per annum.

Under IFRS Accounting Treatment, both the hospital and the healthcare facilities are recognised as a Non-Current Asset on the Board’s Statement of Financial Positions. Net Book Value included at the year-end are £26.988m (St. Andrews Community Hospital) and £188.712m (Victoria Hospital, Kirkcaldy, Phase 3). There were no significant changes to the contract during the financial year.

Provisions

As at 31 March 2023, the Board has provisions of £111.724m (2021/22 £131.372m) as detailed in the table below and in Note 13:

	2022/23 £m	2021/22 £m
Clinical and Medical Negligence Cases	54.11	79.281
Boards share of total NHS Scotland CNORIS liability	51.357	46.516
Pension Provisions	1.462	1.875
Injury Benefit Provisions	4.765	6.669
WEE Regulations	0.03	0.03
Total	111.724	131.372

There was an decrease in the Boards Clinical and Medical Negligence Cases provision during the year, with a number of cases being revalued lower than the previous year. These provisions include the element funded through Annually Managed Expenditure (AME) in 2022/23. The Board is also disclosing a contingent liability of £12.63m (2021/22 £17.286m) for other legal cases and a contingent asset of £11.937m (2021/22 £16.285m) for income receivable for these. The Board has a small provision for Capital Waste Electronic and Electrical Equipment of £30,000.

Outstanding Liabilities

The Board has total outstanding liabilities of £279.943m (2021/22 £301.786m). Of this total, £158.336m relates to future amounts payable on the two PFI contracts (2021/22 £162.004m).

Integrated Performance and Quality Analysis

Focus on Acute waiting times has changed from being based on clinical prioritisation to elimination of long waits. Challenge remains focussed on the number of urgent and cancer cases that need to be prioritised. For inpatients and day cases, efforts have been made to move elective activity to Queen Margaret Hospital where clinically appropriate. Performance against the standard for new outpatients has decreased to below 50% with waiting lists increasing to over 25,000 patients. It is a similar picture for inpatients and day cases with waiting list increasing to over 6,000 patients. Performance for key diagnostic tests has remained above 50% but there are specific challenges within Ultrasound which accounts for 90% of all imaging waits over 6 weeks. Discussions continue nationally with the Scottish Government to agree the appropriate recovery of this position including additional funding that will be necessary to support this.

Performance against CAMHS and Psychological Therapies 18 weeks referral to treatment (RTT) has fluctuated throughout 2022/23 with neither service achieving the 90% standard. The CAMHS service continues to prioritise children and young people who present with an urgent or priority need whilst working to sustain the progress made towards reducing the waiting list. The service continues to function at maximum capacity as it addresses the impact of reduced staffing due to vacancies, with the introduction of additional evening clinics and active ongoing recruitment. For Psychological Therapies, treatment for highly specialist therapies have significantly increased over 2022/23 compared with a reduction in cCBT referrals. While positive from a service perspective, this does have a negative effect on achieving standard as cCBT treatment usually starts within a few days.

Performance against the 4-Hour emergency access standard has decreased over the course of 2022/23, falling to a low of 63.2% in December due the extent of the significant and wide reaching pressures across the system during the winter period; however there was a slight upturn at the start of 2023. A performance trajectory for Victoria Hospital Emergency Department was agreed with Scottish Government to run from October to March, and whilst some progress was made and actual performance tracked closely over the time period, performance of over 70% was not achieved.

The percentage of patients who started Cancer treatment within 31 days of a decision to treat decreased considerably over the latter half of 2022/23. The number of patients starting treatment was considerably higher than the previous year but increasing referrals negatively impacted on our ability to delivery against the performance target. Previously, target performance was consistently achieved against the 95% standard, even during the initial period of the pandemic. The significant challenge to achieve an improved performance against the 62-day referral to treatment standard continues with performance decreasing below 70% by December 2022. The majority of breaches were within Urological cancer patients, with Prostate Cancer accounting for nearly 95% of these.

NHS Fife's Integrated Performance Report and Quality Report (IPQR) provides the Board with the information required to review performance at a strategic level. This ensures that key performance indicators in respect of financial and non-financial performance, including quality, safety and risk are robustly scrutinised by the Board. The content is based on the suite of Scottish Government Standards as well as local priorities.

A review of the IPQR was carried out at the end of 2021/22 and implemented during early months of 2022/23. Additional metrics have been incorporated with visualisations amended to incorporate SPC (Statistical Process Control) charts as well as reviewing areas of focus for each metric. Deliverables agreed through the SG commissioned Annual Delivery Plan (ADP) were aligned to relevant performance metrics and reported through the IPQR.

The following table summarises the position for key Standards at the time period specified, data will be updated once available. The table provides RAG (Red, Amber and Green) status in relation to achievement of Standard/target, comparisons with previous time periods and benchmarking with other mainland NHS Boards. Following the review of IPQR, an additional indication of data "outliers" using SPC methodology was incorporated into the table below.

Section	Indicator	Target 2022/23	Reporting Period	Current Period	Current Performance	SPC Outlier	Vs Previous	Vs Year Previous	Benchmarking
Clinical Governance	Major/Extreme Adverse Events - Number Reported	N/A	Month	Mar-23	43	○	▲	▼	●
	Major/Extreme Adverse Events - % Actions Closed on Time	70%	Month	Mar-23	27.6%	○	▲	▼	●
	HSMR	N/A	Year Ending	Dec-22	0.97	○	—	—	●
	Inpatient Falls	6.91	Month	Mar-23	7.27	○	▲	▲	●
	Inpatient Falls with Harm	1.65	Month	Mar-23	1.43	○	▲	▲	●
	Pressure Ulcers	0.89	Month	Mar-23	1.06	○	▲	▲	●
	SAB - HAI/HCAI	18.8	Month	Mar-23	19.7	○	▼	▼	● QE Dec-22
	C Diff - HAI/HCAI	6.5	Month	Mar-23	6.6	○	▲	▲	● QE Dec-22
	ECB - HAI/HCAI	33.0	Month	Mar-23	26.2	○	▲	▲	● QE Dec-22
	S1 Complaints Closed in Month on Time	80%	Month	Mar-23	58.9%	○	▲	▼	● 2021/22
	S2 Complaints Closed in Month on Time	50%	Month	Mar-23	13.2%	○	▲	▲	● 2021/22
	S2 Complaints Due in Month and Closed On Time	N/A	Month	Mar-23	14.3%	○	▲	▲	●
Operational Performance	IVF Treatment Waiting Times	90%	Month	Dec-22	100.0%	○	▲	▲	●
	4-Hour Emergency Access	95%	Month	Mar-23	69.7%	○	▲	▼	● Feb-23
	Patient TTG % <= 12 Weeks	100%	Month	Mar-23	47.5%	○	▲	▼	● Dec-22
	New Outpatients % <= 12 Weeks	95%	Month	Mar-23	52.0%	○	▲	▼	● Dec-22
	Diagnostics % <= 6 Weeks	100%	Month	Mar-23	54.7%	○	▲	▼	● Dec-22
	Cancer 31-Day DTT	95%	Month	Mar-23	93.3%	○	▲	▲	● QE Dec-22
	Cancer 62-Day RTT	95%	Month	Mar-23	72.2%	○	▲	▼	● QE Dec-22
	Detect Cancer Early	29%	Year Ending	Sep-22	27.7%	○	▲	▲	● 2020, 2021
	Freedom of Information Requests	85%	Month	Mar-23	77.1%	○	▲	▼	●
	Delayed Discharge % Bed Days Lost (All)	N/A	Month	Mar-23	9.0%	○	▲	▲	● QE Dec-22
	Delayed Discharge % Bed Days Lost (Standard)	5%	Month	Mar-23	4.6%	○	▲	▲	● QE Dec-22
	Antenatal Access	80%	Month	Dec-22	86.1%	○	▲	▲	● CY 2022
Finance	Revenue Resource Limit Performance	(£10.4m)	Month	Mar-23	(£9.7m)	○	—	—	●
	Capital Resource Limit Performance	£30.7m	Month	Mar-23	£30.7m	○	—	—	●
Staff Governance	Sickness Absence	4.00%	Month	Mar-23	6.76%	○	▲	▲	● YE Mar-22
	Personal Development Plan & Review (P DPR)	80%	Month	Mar-23	37.9%	○	▲	—	●
Public Health & Wellbeing	Smoking Cessation (FY 2022/23)	473	YTD	Jan-23	246	○	—	—	● YT Sep-22
	CAMHS Waiting Times	90%	Month	Mar-23	91.1%	○	▲	▲	● QE Dec-22
	Psychological Therapies Waiting Times	90%	Month	Mar-23	72.5%	○	▲	▼	● QE Dec-22
	Drugs & Alcohol Waiting Times	90%	Month	Dec-22	96.5%	○	▲	▲	● QE Dec-22
	Immunisation: 6-in-1 at Age 12 Months	95%	Quarter	Dec-22	95.1%	○	▲	▲	● QE Dec-22
	Immunisation: MMR2 at 5 Years	92%	Quarter	Dec-22	86.3%	○	▲	▼	● QE Dec-22

Performance Key

- on schedule to meet Standard/Delivery trajectory
- behind (but within 5% of) the Standard/Delivery trajectory
- more than 5% behind the Standard/Delivery trajectory

SPC Key

- Within control limits
- Special cause variation, out with control limits
- No SPC applied

Change Key

- "Better" than comparator period
- No Change
- "Worse" than comparator period
- Not Applicable

Benchmarking Key

- Upper Quartile
- Mid Range
- Lower Quartile
- Not Available

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 non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Boards did endeavour to comply with the principles of The Better Payment Practice Code (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and settling them in a timely manner.

	2022/23	2021/22
Average Credit Taken	19 days	14 days
Paid within 30 days by Value	93%	95%
Paid within 30 days by Volume	87%	91%
Paid within 10 days by Value	83%	90%
Paid within 10 days by volume	61%	77%

Pension Liabilities

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

Anti-fraud

NHS Fife has a zero tolerance for fraud, bribery, or corruption. Staff are updated regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery, or corruption. A range of fraud awareness initiatives were progressed during the year including targeted awareness sessions and service updates in relation to Once for Scotland policies.

NHS Fife has robust procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e., Standards of Business Conduct, Standing Orders, Standing Financial Instructions), Financial Operating Procedures, systems of internal control and risk assessment and not least a comprehensive counter fraud policy and action plan.

NHS Fife works closely with other organisations, including Counter Fraud Services (CFS), the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police, and the Procurator Fiscal/Crown Office to combat fraud and participates in the bi-annual National Fraud Initiative exercise which is a data matching exercise.

Social Matters

NHS Fife is committed to leading and promoting Equality and Diversity, equal opportunities and supporting human rights in terms of the provision of health services for the community it serves and in its practice as an exemplar employer. NHS Fife provides a central budget for translation and interpreting provisions, which enables us to meet the communication needs of patients and staff who require additional support. A number of 'Interpreter on Wheels' devices support patients who are deaf or speak community languages. Posters have been added to reception areas across Acute Services to enable patients with communications to highlight this to staff. The poster has been created in an easy-read format, colour scheme and size appropriate for individuals with sight impairment. Additionally, it was designed in a font that is used specifically to ease reading for people with learning difficulties. NHS Fife's Equality Impact Assessments guidance has also been updated to enable all equality impacts to be explored in full and awareness-raising with staff has been undertaken.

Under its Equality Mainstreaming Plan 2021, NHS Fife is committed to:

- Improving the mental health outcomes for patients over 65;
- Improving the health of black and/or minority ethnic patients in our community;
- Making senior management equality focussed by improving and embedding knowledge and skills through learning, mentoring and leadership; and
- Improving the health and wellbeing of our black and minority ethnic staff.

NHS Fife is legally bound by the Equality Act 2010 to prohibit unlawful discrimination across all functions and services (this includes how we purchase goods and services). The Public Sector Duty 2012 also requires us to foster good relations, eliminate discrimination and advance equality. NHS Fife treats suppliers equally and without discrimination. Equality is considered throughout tendering processes, and these comply with all legislative aspects of procurement as required under the Procurement Reform Act and two pieces of legislation that came into force in 2016: the Public Contracts (Scotland) Regulations 2015 and the Procurement (Scotland) Regulations 2016.

NHS Fife is committed to:

- Purchasing goods, services and facilities in line with our equalities and diversity commitments;
- Not using suppliers or organisations who do not share our values on equality of opportunity and diversity;

- Ensuring all businesses from diverse communities have an equal opportunity of competing for NHS Fife procurement contracts; and
- Ensuring Small and Medium Enterprises have an equal opportunity of competing for NHS Fife procurement contracts.

Fairness Matters, The Fairer Fife Commission, supports the need for NHS Fife to further embed its ethical practice to reduce health inequalities at a local level by increasing local procurement from local sources. Our intention to commission and procure local services by NHS Fife also enables us to contribute to addressing inequalities for local population by securing employment and local economic growth for all. NHS Fife continues to work within given NHS Services Scotland National Procurement Policy.

NHS Fife is fully committed to the prevention of bribery and corruption to bribery and its adherence to the Bribery Act 2010 is set out within the Fraud Policy, Standards of Business Conduct and a range of Board policies and procedures.

Sustainability and Environmental Reporting

• Policy & Strategy

In consultation with Health Boards and Scottish Government and public sector stakeholders, a policy for Climate Emergency and Sustainable Development (DL (2021) 38) was published in 2021 and sets out aims and associated targets for NHS Scotland to work towards.

The purpose of this policy is to provide a framework for NHS Scotland to limit the effects of the global climate emergency and for the development of an environmentally and socially sustainable health service that is resilient to the impacts of climate change. To play our part in tackling the climate crisis, NHS Scotland has also developed a 2022-2026 Climate Emergency and Sustainability Strategy.

In line with the policy for NHS Scotland on the Climate Emergency and Sustainable Development and the Climate Emergency Strategy, NHS Fife has a clear commitment to operating and developing sustainable practices and has an ambition to become an anchor institution and to actively support sustainable care.

• Governance

The local Sustainability programme is overseen by the Portfolio Board, the Executive Lead, the Board Champion, and the NHS Fife Board through the Public Health and Wellbeing Committee.

The Sustainability and Energy Fora meet at quarterly intervals assisting the Board's work in delivering its sustainability targets and promoting mitigation against climate change.

The Sustainability Forum also has links with the Health and Wellbeing Group to coordinate efforts with other parts of the Board and direction is taken from the National Environmental Sustainability Group (NESG).

• Progress & Reporting

Boards are required to submit a Public Bodies Climate Change Report annually to the Sustainable Scotland Network <https://sustainableScotlandNetwork.org/reports> and one of the objectives of the new national policy, is for all boards to submit an annual board report and to publish it on their public website. NHS Fife has published both reports for 2021/22.

To monitor progress across all areas of the Sustainability agenda, the National Sustainability Assessment Tool is utilised as a benchmark to measure progress. NHS Fife has a commitment to this monitoring and evidence tool.

Partnership working is essential if NHS Fife is to meet the demands of the strategy, and NHS Fife have agreed to recent board appointment for a partner Director on the Fife Coast and Countryside Trust.

Other partnership working includes working with Fife Council through active participation in the Addressing Climate Emergency Board, The Fife Environmental Partnership, and with other Boards through the East Region Climate Emergency and Sustainability Group.

- **Achievement Highlights**

As in previous years energy-saving measures such as boiler decentralisation installations together with replacement of lighting with more energy efficient LED lamps and the installation of solar photovoltaic cells are being pursued wherever practicable. A £1.8 million investment, funded through the public decentralisation energy scheme has just been completed attracting an annual saving of approximately £250,000 and significantly reducing our electricity demand from the grid. PPP sites are utilising ground source heat pumps and Biomass boilers to reduce overall reliance on fossil fuels and a survey is underway as a pilot with Scottish Futures Trust to draw up plans to decarbonise St Andrews Community Hospital.

Net zero route maps have been developed for 9 sites, with the remaining site reports due early in April 2023. These reports will be used to develop schemes for improvement and for capital grant requests via Scottish Government and to detail our required journey towards net zero carbon emissions.

A comprehensive greenspace strategy is being developed which will enable progression across many areas of the climate strategy, such as use of renewable energy, improvement in active travel and to promote the management of public assets in ways which improve public health, reduces health inequalities and helps to address biodiversity loss.

Carol Potter

Signature:.....

Date: 29 June 2023

Carol Potter
Chief Executive and Accountable Officer
NHS Fife

ACCOUNTABILITY REPORT

Overview

The purpose of the Accountability Report is to set out how the Board meet key accountability requirements to Parliament. It comprises three key sections:

- Corporate Governance Report

This explains how NHS Fife has been governed during 2022/23, including membership and organisation of our governance structures and how they support the achievement of the objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities, and the Governance Statement. The Corporate Governance Report is set out from page 14.

- Remuneration and Staff Report

This sets out the remuneration policies for Non-Executive Directors and the Executive Directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities. It also provides further detail on remuneration and staff expenditure. The Remuneration and Staff Report is set out from page 28.

- Parliamentary Accountability and Audit Report

This brings together key information to support accountability to Parliament, including a summary of losses and special payment, fees and charges and remote contingent liabilities. The Parliamentary Accountability and Audit Report is set out from page 36.

Corporate Governance Report

Directors' Report

Date of Issue

Financial statements were approved by the Board and authorised for issue by the Accountable Officer on 27 June 2023.

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 Azets Audit Services to undertake the audit of Fife Health Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland, and approved by the Auditor General.

Board Membership

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

The NHS Fife Board has collective responsibility for the performance of the local NHS system as a whole, and reflects a partnership approach, which is essential to improving health and health care. NHS Board members are also Trustees of the Fife Health Board endowment funds held by the Fife Health Charity. The members of the NHS Fife Board who served during the year from 1 April 2022 to 31 March 2023 were as follows:

Non-Executive Members

Tricia Marwick	Chairperson (until 31.03.23)
Rona Laing	Non-Executive Board Member / Vice Chairperson (until 31.05.22)
Alistair Morris	Non-Executive Board Member / Vice Chairperson (from 1.06.22)
Martin Black	Non-Executive Board Member (until 30.11.22)
Sinead Braiden	Non-Executive Board Member
Christina Cooper	Non-Executive Board Member (until 31.12.22)
Alastair Grant	Non-Executive Board Member
Colin Grieve	Non-Executive Board Member (from 1.10.22)
Anne Haston	Non-Executive Board Member (from 1.08.22)
John Kemp	Non-Executive Board Member (from 1.10.22)
Kirsty Macdonald	Non-Executive Board Member & Whistleblowing Champion
Mansoor Mahmood	Non-Executive Board Member
Arlene Wood	Non-Executive Board Member
Wilma Brown	Stakeholder Member, Employee Director (Co-Chair, Area Partnership Forum)
Aileen Lawrie	Stakeholder Member (Chairperson, Area Clinical Forum)
Councillor David Graham	Stakeholder Member (Fife Councillor) (until 30.04.22; reappointed 15.06.22)

Executive Members

Carol Potter	Chief Executive
Janette Keenan	Director of Nursing
Margo McGurk	Director of Finance & Strategy (and Deputy Chief Executive from 11.08.21)
Dr Chris McKenna	Medical Director
Dr Joy Tomlinson	Director of Public Health

Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers, which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2023 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers.
- Make judgements and estimates that are reasonable and prudent.

- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Health Board members are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Board Members and Senior Managers' Interests

Details of any interests of Board members, senior managers and other senior staff in contracts, or potential contractors, with the NHS Board, as required by IAS 24, are disclosed in Note 24.

A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting the Corporate Governance Support Officer, Hayfield House, Hayfield Road, Kirkcaldy, KY2 5AH (fife.boardadministration@nhs.scot). A copy is also provided online at the following link: <https://www.nhsfife.org/about-us/nhs-fife-board/register-of-board-interests/>.

Directors' third-party indemnity provisions

Individual members of the NHS Board or the NHS Board as a group are covered by the NHS Board's Clinical Negligence and other Risks Indemnity Scheme (CNORIS) in respect of potential claims against them.

Remuneration for non-audit work

No non-audit work has been carried out by Azets or the Fife Health Charity auditors, Thomson Cooper, during 2022/23.

Value of Land

During the year the Board has had 100% of land revalued by the Valuation Office Agency, who have confirmed that the Board's Statement of Financial Position values do not significantly differ from market values.

Public Services (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.

NHS Fife publishes the required information on the NHS Fife website at the following link: <https://www.nhsfife.org/about-us/guide-to-information-available-through-the-model-publication-scheme/finance-guide-to-information/>.

Information Governance and Security Incidents reported to the Competent Authority

There was one outstanding personal data-related incident / data protection breach from Financial Year 2021/22, which was closed on 20 April 2022 after the report was retracted. The Information Commissioner's Office (ICO) acknowledged our retraction on the basis that the breach obligation did not apply, as it was a clinical Duty of Candour incident as opposed to a personal data breach (which had not been clear at the time of the original reporting).

For Financial Year 2022/23, there were 14 incidents reported to the ICO and/or the Scottish Government. Of the 14 incidents, no further action was required for 11 of the incidents. At the time of writing, we await a response from the ICO on three incidents (one reported in April 2022, relating to several GP Practices (queried

February 2023), and two reported respectively in February and March 2023, investigation of which are still ongoing.

Disclosure of Information to Auditors

The Directors who have held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors are unaware; and each Director has taken all the steps that they ought reasonably to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish Government has appointed me as Accountable Officer of Fife Health Board.

This designation carries with it the 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; and
- safeguarding the assets of the Board.

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

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

I confirm that the Annual Report and Accounts as a whole are fair, balanced, and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers.

To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officer's letter to me of 31 January 2020.

Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. I am also responsible for safeguarding the public funds and assets assigned to the organisation. These financial statements consolidate the Health Board's Endowment fund, the Fife Health Charity. This statement includes any relevant disclosure in respect of these Endowment funds.

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

The Board has collective responsibility for health improvement, the promotion of integrated health and community planning through partnership working, involving the public in the design of healthcare services and staff governance.

Members of Health Boards, as detailed on page 14, are selected on the basis of their position, or the particular expertise, which enables them to contribute to the decision-making process at a strategic level.

The Board meets every two months to progress its business and holds a Development Session in intervening months to discuss topical and strategic issues for NHS Fife. The Code of Corporate Governance, which is revised on an annual basis, identifies Committees and Sub-Committees that report to the Board to help it fulfil its duties. These include the following governance Committees:

- Clinical Governance;
- Audit & Risk;
- Staff Governance;
- Remuneration;
- Finance, Performance & Resources; and
- Public Health & Wellbeing

Clinical Governance Committee

Principal Function:

To provide the Board with the assurance that appropriate clinical governance mechanisms and structures are in place and effective throughout the whole of Fife Health Board's responsibilities.

Membership:

- Six Non-Executive or Stakeholder Members of the Board
- Chief Executive
- Medical Director
- Director of Nursing
- Director of Public Health

- A Staff Side Representative of NHS Fife Area Partnership Forum
- One Representative from the NHS Fife Area Clinical Forum

Chair:

Christina Cooper, Non-Executive Board Member (until 30 November 2022)
 Arlene Wood, Non-Executive Board Member (from 1 December 2022)

Frequency of Meetings:

As necessary to fulfil its remit and not less than six times per year.

Audit & Risk Committee

Principal Function:

To provide the Board with the assurance that the activities of Fife Health Board are within the law and regulations governing the NHS in Scotland and that an effective system of internal control is maintained. The duties of the Audit and Risk Committee are in accordance with the Scottish Government Audit and Assurance Committee Handbook, dated March 2018, and associated Treasury guidance on assurance mapping.

Membership:

- Five Non-Executive or Stakeholder Members of the Board

Chair:

Martin Black, Non-Executive Board Member (until 30 September 2022)
 Alastair Grant, Non-Executive Board Member (from 1 October 2022)

Frequency of Meetings:

As necessary to fulfil its remit and not less than four times per year.

Staff Governance Committee

Principal Function:

To support the development of a culture within the health system where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system, and is built upon partnership and collaboration, and within the direction provided by the Staff Governance Standard.

Membership:

- Four Non-Executive Members of the Board
- Employee Director
- Chief Executive
- Director of Nursing
- Staff Side Chairpersons of the Local Partnership Forums

Chair:

Sinead Braiden, Non-Executive Board Member

Frequency of Meetings:

As necessary to fulfil its remit but not less than four times a year.

Remuneration Committee

Principal Function:

To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, to oversee performance arrangements for designated senior managers, and to direct the appointment process for the Chief Executive and Executive Members of the Board.

Membership:

- Fife NHS Board Chairperson
- Two Non-Executive Members of the Board
- Employee Director

Chair:

Tricia Marwick, Chairperson of Fife NHS Board

Frequency of Meetings:

As necessary to fulfil its remit but not less than three times a year.

Finance, Performance & Resources Committee**Principal Function:**

To keep under review the financial position and performance against key non-financial targets of the Board and to ensure that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of all resources, and that the arrangements are working effectively.

Membership:

- Six Non-Executive or Stakeholder Members of the Board
- Chief Executive
- Director of Finance
- Medical Director
- Director of Nursing
- Director of Public Health

Chair:

Rona Laing, Non-Executive Board Member (until 30 May 2022)

Alistair Morris, Non-Executive Board Member (from 1 June 2022)

Frequency of Meetings:

As necessary to fulfil its remit but not less than four times per year.

Public Health & Wellbeing Committee**Principal Function:**

To assure Fife NHS Board that NHS Fife is fully engaged in supporting wider population health and wellbeing for the local population, including overseeing the implementation of the population health and wellbeing actions defined in the Board's strategic plans and ensuring effective contribution to population health and wellbeing related activities.

Membership:

- Fife NHS Board Chairperson
- Three Non-Executive Members of the Board
- Employee Director
- Chief Executive
- Director of Finance & Strategy
- Director of Nursing
- Director of Public Health
- Medical Director

Chair:

Tricia Marwick, Chairperson of Fife NHS Board

Frequency of Meetings:

As necessary to fulfil its remit but not less than six times per year.

Other Governance Arrangements

The conduct and proceedings of the NHS Board are set out in the Board's Standing Orders. These specify the matters which are solely reserved for the NHS Board to determine, the matters which are delegated under the scheme of delegation and the matters which are remitted to a Standing Committee of the NHS Board. In April 2020, the Board adopted the new national Model Standing Orders for NHS Boards, created to support the implementation of the NHS Blueprint for Good Governance, and to improve consistency across NHS Boards using this 'Once for Scotland' approach. There have been no amendments to the Standing Orders in 2022/23.

A new Code of Conduct for Members of Fife NHS Board (<https://www.nhsfife.org/about-us/nhs-fife-board/code-of-conduct-for-board-members/>) was formally adopted in June 2022, based on model guidance created for NHS Scotland and approved by the Standards Commission for Scotland. Board members have received national briefings on the revised Code's requirements and updates have been made to the Board's internal Registering and Declaration of Interests processes to capture the required information under the Code. Both the Standing Orders, Code of Conduct for Members and Scheme of Delegation are contained within the Board's Code of Corporate Governance, which also includes the Standing Financial Instructions. These documents are the focus of the NHS Board's annual review of governance arrangements. The annual review also covers updating the remits of the NHS Board's Standing Committees and a self-assessment of each Committee's effectiveness.

All committees of the Board are required to provide an Annual Statement of Assurance to the Audit & Risk Committee and Board, describing their membership, attendance, frequency of meetings, business addressed, outcomes and extent of assurances provided. Each Statement also provides detail on risk management arrangements and an assessment of how Best Value principles have been addressed, and seek to demonstrate how each Committee have fully fulfilled their roles and remit during the reporting year. The format and content of these reports have been further expanded and improved in the current year, and a template for the respective sub-committees / groups that formally report into a Standing Committee has been followed to ensure consistency. Further guidance has also been provided to governance colleagues in the Fife Integration Joint Board in order to improve the content of assurances from their committees to the NHS Board.

All NHS Board Executive Directors undertake a review of development needs as part of the annual performance management and development process. Access to external and national programmes in line with development plans and career objectives is also available. During 2022/23, the Executive Directors embarked on a programme of team coaching to further develop strong collaborative leadership and to establish an approach to model and enact ways of working and behaviours that are integral to the vision of NHS Fife.

Ongoing work to improve Board effectiveness builds on the proposals originally approved by the Board in 2017 and 2018, in relation to the then incoming Chair's review of governance arrangements in NHS Fife. It also reflects the requirements of the NHS Scotland Blueprint for Good Governance, a second edition of which was formally released in late December 2022 (<https://www.gov.scot/publications/blueprint-good-governance-nhs-scotland-second-edition/>). In seeking to map the Board's arrangements for governance against the standards given in the national Blueprint, detailed consideration has been given as to whether the right systems are in place to provide appropriate levels of assurance and to identify areas where improvements can be made.

NHS Fife undertook a comprehensive programme of work to implement the original Blueprint, with a related internal audit review of NHS Fife's compliance with the first edition of the Blueprint reaching the conclusion that 'comprehensive assurance' could be taken from the implementation work progressed thus far. A summary of the most recent self-assessment process undertaken in January 2022, noting the largely positive evaluation of governance arrangements in place in NHS Fife and completion of the initial Blueprint action plan, can be found at the link below: <https://www.nhsfife.org/media/36723/boardblueprint.pdf>. NHS Fife was also heavily involved in the various individual workstreams being developed nationally, including creation of the NHS Scotland Induction Process for new Non-Executive Board members and various 'Once for Scotland' templates to inform key governance documents, such as model Standing Orders for NHS Boards, Board and Board Committee paper templates, in addition to the standardisation of Standing Committee Terms of Reference. The Board has also participated in an Active Governance all-day workshop, facilitated by national colleagues from the Board Development team. A series of actions were identified as an outcome of this session, including reviewing the data provided in the Board's regular performance reporting and enhancing the presentation of risk, both of which have been taken forward through dedicated short life working groups that concluded in 2022.

Implementation of the second edition of the Blueprint is being progressed, with a national event scheduled for April 2023 for Chairs, Non-Executive and Executive Board members, and Board Secretaries to review the changes to the Blueprint text and the timeline for its implementation across all Health Boards. A Board-level survey is expected to be released in early summer 2023, the results of which will enable individual Boards to benchmark their current arrangements against the revised Blueprint and develop an action plan in response. Each year, every Board committee also undertakes a detailed self-assessment exercise, via the format of an online questionnaire surveying both members and attendees for their feedback. The regular review of Board committee effectiveness is an important tool in identifying areas where improvements can be made, such as in enhancing training opportunities, and is a central part of the internal year-end assurance process.

The Chief Executive is accountable to the NHS Board through the Chair of the Board. The Remuneration Committee agrees the Chief Executive's annual objectives in line with the Board's strategic and corporate plans.

Non-Executive Directors have a supported orientation to the organisation, as well as a series of site visits and briefing sessions aligned to their committee appointments. An enhanced induction programme has been established to support new members and a dedicated Induction Pack (available at <https://www.nhsfife.org/about-us/nhs-fife-board/board-members-induction-pack/>) is updated on a rolling basis. This programme, developed originally by NHS Fife, has been used to create national guidance issued to all Boards across Scotland, as an example of best practice. Opportunities for ongoing member support also exist at a national level via the NHS Scotland Board Development website (<https://learn.nes.nhs.scot/17367/board-development>) and related resources, and discussions around individual member development are a key part of the annual appraisal process of each member by the Chair.

To ensure that the NHS Board complies with relevant legislation, regulations, guidance and policies, a distribution process is in place to ensure that all Circulars and communications received from the Scottish Government Health and Social Care Directorate (SGHSCD) are directed to Senior Managers who are held responsible for implementation. A dedicated Covid-19 log has continued to operate throughout the current year to capture and track all relevant correspondence. A process to monitor compliance with regulations and procedures laid down by Scottish Ministers and the SGHSCD is in place.

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. The Board Committees support the Board in delivering best value through the relevant focus within their Terms of Reference and the annual work-plans. Directors and Managers are encouraged to review, identify, and improve the efficient and effective use of resources.

NHS Fife has implemented the National Whistleblowing Standards, introduced to all Boards from 1 April 2021. A dedicated Whistleblowing Champion took up position on the Board as a full Non-Executive Member in April 2021. The Board's Staff Governance Committee has undertaken review of the National Whistleblowing Standards and have overseen their adoption locally, including the cycle of regular reporting on the number of cases raised under the Standards and also any anonymous concerns raised. The Board is committed to achieving the highest possible standards of service and the highest possible ethical standards in public life in all of its practices. To achieve these ends, it encourages staff to use internal mechanisms for reporting any fraud, malpractice or illegal acts or omissions by its staff. The Board wishes to create a working environment which encourages staff to contribute their views on all aspects of patient care and patient services. All staff have a duty to protect the reputation of the service they work within. The Board does not tolerate any harassment or victimisation of staff using this policy, and treats this as a serious disciplinary offence, managed under the Board's Management of Employee Conduct policy.

There is a well-established feedback and complaints system in place whereby members of the public can make a formal complaint to the Board regarding care or treatment provided by or through the NHS, or how services in their local area are organised if this has affected care or treatment. Information on our complaints procedures is available on the NHS Fife website (<https://www.nhsfife.org/get-involved/feedback-and-complaints/>).

The Board is committed to working in partnership with staff, other public sector organisations and the third sector. NHS Fife strives to consult all of its key stakeholders. We do this in a variety of ways. How we inform, engage and consult with patients and the public in transforming services is an important part of how we plan for the future. To fulfil our responsibilities for public involvement, we routinely communicate with, and involve, the people and communities we serve, to engage with them on our plans and performance.

An Integrated Performance & Quality Report (IPQR) was presented to each Clinical Governance Committee, Finance, Performance & Resources Committee, Staff Governance Committee, Public Health & Wellbeing Committee and Board meeting. This provides detailed monitoring information on a range of measures covering financial and clinical delivery. The ongoing impact of the pandemic on performance against key metrics has been significant and the Board notes the challenges to be faced in recovering the position, particularly in relation to reducing waiting times and the number of referrals. The NHS Board also considers at each meeting the most up-to-date information available in relation to the financial position. A review of the IPQR's content and format has been undertaken in the reporting year, to address actions from the Board's Active Governance session, improve connectivity to the risk management framework and to ensure it remains relevant and clear to Board members.

A robust improvement action plan has been developed following Healthcare Improvement Scotland's (HIS) external inspection visit to Mental Health wards at Queen Margaret Hospital (Wards 1, 2 and 3) and

Whyteman's Brae Hospital (Ravenscraig Ward) on 8 February 2023. The report was published in May 2023 and is available at:

https://www.healthcareimprovementscotland.org/our_work/inspecting_and_regulating_care/mhu_fife/queen_margaret_hospital_may_23.aspx. The report resulted in three areas of good practice being identified (largely related to infection prevention and control measures currently in place), seven requirements were made for the Board to consequently follow up (these relate to estates-related issues with the respective ward environments and further enhancements to prevent transmission of infection), and two recommendations highlighted for the Board to consider (regarding PPE availability and facilities' improvements to be addressed in the planned refurbishment activities in the clinical areas inspected). At the time of writing, full completion of the actions developed to address the report are being implemented and progress thereon will be reported to the Clinical Governance Committee

During 2022/23 the Board, as the Corporate Trustee for the Fife Health Charity, kept under review the overall governance for charitable funds, including the approach to the management and oversight of funds.

Integration Joint Board (IJB)

A number of NHS Fife Board Members also have a role on the Integration Joint Board and its Committees and maintain responsibility for their respective professional remits at all times. The Director of Health & Social Care as the Accountable Officer for the IJB is also a direct report to the NHS Fife Chief Executive. The Chief Executive maintains responsibility for all aspects of governance relating to health services across Fife.

Minutes of the IJB's Quality & Communities Committee are considered at the Clinical Governance Committee of the NHS Board and an annual assurance statement is also provided from the IJB's Chief Internal Auditor and the IJB's Quality & Communities Committee to support the assurance process. The Integrated Performance & Quality Report encompasses all aspects of delegated services.

The approach adopted for health and social care within Fife is the 'fully delegated' model, with the IJB responsible for governance and assurance of all operational activities for its delegated functions. During 2022/23 the NHS Board and supporting governance committees maintained an overarching assurance role in relation to both clinical and financial governance, and therefore oversight of the adequacy and effectiveness of controls for delegated functions. The operational and governance framework of the IJB continues to be developed, to ensure clarity and consistency of approach.

A revised Fife Integration Scheme, following joint review by the partners, received formal sign-off by the Scottish Government on 8 March 2022. The format of the reviewed Scheme continues to follow the Model Integration Scheme introduced across Scotland, and the Fife version has been refreshed to give more clarity to the agreed governance and assurance arrangements and to remove repetition and duplication. The main changes are:

- Improved clarification around the role of the Chief Officer in respect of operational direction and accountability to the IJB, in addition to their role overseeing clinical and care governance.
- Enhanced clarity around the responsibilities and accountabilities of NHS Fife and Fife Council for clinical and care governance and the professional roles held by the Executive Nurse Director, the Executive Medical Director, and the Chief Social Work Officer.
- Clarification that the IJB will ensure mechanisms to discharge its statutory responsibilities for the delivery of integrated health and social care services, health and wellbeing outcomes, the quality aspects of integrated functions for strategic planning and public involvement and delivery, monitoring and reporting on integration thought Localities, Directions, and its Annual Performance Report.
- Removal of specific reference to the IJB's standing committees, to enable the IJB to develop and reflect its own Scheme of Delegation for its operation.
- Changes to the financial basis upon which the parties share the cost of overspends or underspends incurred by the IJB.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- Discussions with Executive Directors and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas.
- Annual Statements of Assurance from each Director.
- Reports from other inspection bodies.

- The work of the internal auditors, who submit regular reports to the Audit & Risk Committee, which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement.
- The work of the external auditors, which includes their independent and objective opinion on the audit of the annual report and accounts, their review of key financial systems and consideration of the four key audit dimensions in their Annual Report.
- The completion of self-assessment questionnaires considering the Board's own performance and that of its Committees.
- The range of topics covered at Board Development Sessions, to develop the knowledge, awareness and engagement of both Executive and Non-Executive Board members on strategic matters.
- The effectiveness of the Board's agreed approach to Risk Management.
- The work of the other assurance Committees and groups supporting the Board: Staff Governance Committee, Remuneration Committee, Finance, Performance & Resources Committee, Public Health & Wellbeing Committee, and the Clinical Governance Committee (which also embraces Information Governance & Security).

The Annual Internal Audit Report 2022/23 was provided to the Audit & Risk Committee concluding that the Board has adequate and effective controls in place, and that the 2022/23 internal audit plan has been delivered in line with public sector internal audit standards.

For the year 2022/2023 the Service Audit Reports in relation to the NSI financial ledger services and IT services were unqualified. In addition, the report in relation to Practitioner and Counter Fraud Services is unqualified.

There was a significant change to service provision during 2022/23, with the Payroll function and team transferring to National Services Scotland (NSS) management on 1 February 2023. I can confirm that all steps were taken to ensure the smooth TUPE transfer of the staff involved between NHS Fife and NSS. NSS have provided assurance that the controls have not changed in the period February to March 2023, whilst it has been agreed that service re-design will commence during 2023/24. I can confirm that appropriate arrangements are in place to deliver an audit opinion on the service area during 2022/23. I can also confirm that we maintain appropriate working relations to this team and continue to support them in a caring way as this significant change to service delivery progresses.

Data Quality

The Board receives a range of reports which include financial, clinical and staffing information. In general, these reports are considered by the Executive Directors' Group and at a Governance Committee prior to being discussed at the Board. This allows for detailed consideration and scrutiny of the content, completeness and clarity of the information being provided to the Board.

Assurance on the information included in reports also comes from the overall approach to the management of information (overseen by the Information Governance & Security Steering Group) and validation processes and assurances on the quality of information provided from internal audit and other scrutiny bodies. I can confirm that there were no significant control weaknesses or issues reported at the year-end which the Information Governance & Security Steering Group considered should be disclosed in the Governance Statement, as they may have impacted financially or otherwise in the year or thereafter.

Risk Management

The Chief Executive of the NHS Board, as Accountable Officer, whilst personally answerable to Parliament, is ultimately also accountable to the Board for the effective management of risk.

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

NHS Fife is committed to maintaining and fully embracing an effective organisational risk culture.

All of the key areas within the organisation maintain a risk register. The risk registers are held in Datix, the Risk Management Information System. The Risk Management team provide training and support in response to the needs of individuals and teams.

Following the commitment by the Board in March 2022 to progress a risk management improvement programme, during 2022/23 several initiatives have been implemented to provide the mechanics for an

effective and refreshed risk management framework within NHS Fife. These include the workstreams described in further details below.

Risk Appetite

Through meetings of the Executive Directors' Group and Board Development Sessions held during June and July 2022, consideration was given to how risk appetite is described in the organisation. The previous measures used a five-point scale, which was felt to be confusing, so the following simplified descriptors were proposed:

- Low - Regarding statutory functions, we have very little appetite for risk, loss or uncertainty. We are prepared to accept low levels of risk, with a preference for ultra-safe delivery options, whilst recognising that these will likely have limited or no potential for innovative opportunities.
- Moderate - Prepared to accept modest levels of risk to achieve acceptable but possibly unambitious outcomes and limited innovation.
- High - Willing to consider and / or seek all delivery options (original / ambitious / innovative) and accept those with the highest likelihood of successful outcomes in pursuit of objectives, even when there are elevated levels of associated risk.

Additionally, the Board considered the level of risk it was prepared to tolerate, and where appropriate treat, to ensure delivery against the agreed four strategic priorities within the new Population Health & Wellbeing Strategy.

This detail has been captured within the refreshed Board Risk Appetite Statement, which was endorsed by EDG on 14 July 2022 and approved by Fife NHS Board on 26 July 2022.

Corporate Risk Register

From April 2022 up to and including September 2022, the high-level risks identified as having the potential to impact on the delivery of NHS Fife's strategic priorities, and related operational high-level risks, were reported bi-monthly through the Board Assurance Framework (BAF) to the governance committees, and subsequently to the Audit & Risk Committee and the Board.

In line with our previously stated commitment to replace the Board Assurance Framework (BAF) with a Corporate Risk Register, a range of work has been undertaken with Senior Leadership Teams, EDG, the governance committees and the Board, to make the transition in the reporting year from the BAF to a Corporate Risk Register.

It was agreed that the Register would refocus the presentation of the Corporate Risks with the mitigation in place at a strategic level, that the risks would be categorised by mapping to the four strategic priorities, and that each risk should be aligned to a governance committee for assurance. To this end, a proposed Corporate Risk Register with committee alignment was developed and submitted to the Board on 27 September 2022, with Board approval granted for the new presentation. Since November 2022, the Corporate Risks have been reported bi-monthly to the governance committees and subsequently to the Audit & Risk Committee and the Board.

Additionally, to create opportunities at each governance committee for in-depth discussion and scrutiny, each Corporate Risk is subject to a deep-dive review. This review includes evidence of the status of the mitigation plan, including that it will be successful and deliver measurable agreed outcomes within a stated timescale, or set out any delivery challenge, and allow said groups to conclude on the level of assurance provided.

At 31 March 2023, deep-dive reviews of 8 of the 18 Corporate Risks have been reported to the appropriate governance committees. The Staff Governance Committee has commissioned reviews of non-corporate risks that are otherwise significant to their remit and aligned to Staff Governance Standards. A schedule for reviews of the remaining Corporate Risks during 2023/24 is currently being finalised in consultation with Committees and Lead Officers.

The refreshed approach to reporting to the governance committees and the Board on corporate-level risks has been well received and has generated richer discussions between the Executive and Non-Executive directors about the risks and their management, as well as thoughtful and constructive feedback, which is being used to improving the presentation and focus of risk-related papers.

The Corporate Risk Register and the associated 'assurance framework' continue to evolve and in this way will be subject to further refinement and development.

Strategic Risk Profile

A Strategic Risk Profile, as a dashboard set in the context of the Board's risk appetite, was proposed to the Board on 27 September 2022. Following its approval, the dashboard now forms a component of the monthly Integrated Performance & Quality Report (IPQR).

The full Profile is part of the introductory Corporate Risk Summary section. Extracts related to specific strategic priorities are contained within the Assessment section against the following areas of performance; clinical governance, operational, finance, staff governance and public health and wellbeing.

Risks & Opportunities Group

One of the commitments for 2022/23 was to establish a Risks & Opportunities Group (ROG). The purpose of the ROG is to support and embed an effective risk management framework and culture through:

- Promoting leadership to ensure the organisation gives risk management the appropriate priority;
- Contributing to the development and implementation of the risk management framework to ensure processes are in place and operating effectively to identify, manage and monitor risks across the organisation;
- Identifying risks and opportunities to the strategic objectives of the organisation and escalating to EDG as appropriate;
- Assessing risks, opportunities, issues and events that arise and responding accordingly;
- Horizon scanning for future opportunities, threats and risks linked to the delivery of NHS Fife's strategic priorities;
- Considering the external environment for review of risks and opportunities in the context of national directives;
- Ensuring continuous improvement of the organisation's control environment; and
- Creating a collective and enabling approach to risk controls and actions.

The ROG met for the first time on 14 September 2022. A Terms of Reference was agreed in November 2022; this has since been reviewed and revised, with the most recent iteration approved in April 2023.

The work of the Group so far has included:

- Reviewing the Corporate Risk Register, with a focus on realistic risk scoring and risk appetite;
- Considering governance committees' feedback on Corporate Risk assurance reports, including deep-dive reviews;
- Identifying potential improvements to the design and content of assurance reports, particularly around provision of clear evidence on the impact of actions on the risk rating when complete, and assurance that actions are clearly described, to instil confidence that the mitigation will support the reduction (or at least the maintenance) of the risk profile;
- Considering risk data in Datix and how this can be used to enable teams at strategic and operational levels to effectively manage risk, including the implementation of meaningful Key Performance Indicators, and provide insights into the types or areas of emerging risk.

During 2023/24, the Group will further develop its knowledge and understanding of the new Population Health & Wellbeing Strategy, the Strategic Planning & Resource Allocation process and the Corporate Objectives in order to inform recommendations on changes or additions to the Corporate Risks and the broader organisational risk profile. The ROG has developed a workplan for 2023/24 that will drive efforts to further develop a positive and proactive approach to risk management across the organisation.

During 2022/23, the Director of Finance & Strategy, as Executive Lead for Risk Management, reported on all of the above to the Audit & Risk Committee.

Command Structure / Operational Escalation Framework

During the initial phase of the pandemic, NHS Fife established an organisational command structure to provide direction, decision-making, escalation and communication functions during the busiest times of activity. The Gold Command meeting process, utilised successfully in the initial phases of the pandemic, has been re-introduced on a number of occasions since 2020/21, to respond to the impact of rising Covid-19 case numbers and challenging levels of activity. Gold Command meetings increased in frequency over the 2022/23 winter period, to manage significant pressure at the front-door. A supporting sub-structure of Silver and Bronze commands has also been in place as required, to provide rapid response and direction to address key operational pressures.

The year 2022/23 saw the full rollout of our Operational Escalation Framework (OPEL), designed to support proactive management of increased activity, and the related impact on capacity and flow, to enable services to effectively manage associated clinical risks within acceptable limits. This framework sits alongside the existing major incident planning and response procedures and has been developed collaboratively across the Acute Directorates with clinicians and managers. The OPEL framework aims to manage and safeguard patients and staff safety; provide clear actions and responsibilities expected to be initiated at each level; ensure all staff / departments are working to the same parameters with common language; provide assurance that through the actions taken, risk is mitigated and senior staff are fully informed and engaged; and safeguard and maintain essential services during periods of escalation. The OPEL framework describes clear escalation levels, with the first level being low levels of pressure to the highest level representing critical pressure. Each level has pre-defined and agreed triggers associated with, for example, staffing, capacity, impact on elective activity, ambulance waits etc. Importantly, to support decision-making, there are clear roles and responsibilities defined, from staff at ward level to Executive Directors on call. The philosophy behind this approach is akin to the discipline of an emergency planning response. The decision-making process largely relates to pre-determined actions to increase bed capacity, to realign staff resourcing between services or change to operational protocols. The OPEL score is reported to staff on a daily basis and forms the basis of a regular Executive Directors' Group huddle held regularly during the week.

Population Health & Wellbeing Strategy Development

In April 2021, the NHS Fife Board agreed to the development of a new organisational strategy, focused on reducing health inequalities, delivering excellence in clinical care and improving population health and wellbeing for the people of Fife. The development of the new strategy was paused due to the ongoing impact of the pandemic pressures on our services, however a transitional one-year Annual Delivery Plan with specific objectives for 2022/23, including a proposed financial plan, was created via our annual Strategic Planning & Resource Allocation (SPRA) process and implemented during the reporting year.

A high-level milestone plan was agreed with the NHS Fife Board in March 2022, which has guided the subsequent development of the strategy. A core team has co-ordinated implementation of this plan, via which the following pieces of work have been delivered:

- An assessment of Fife's population health and wellbeing, led by the NHS Fife Public Health Team.
- Identification of key opportunities for NHS Fife from public and staff to make a positive impact on population health and wellbeing.
- A review of the 2016-21 Clinical Strategy and its outcomes, which has involved extensive engagement with operational and management teams across NHS Fife.
- Wide-ranging engagement has been undertaken with members of the public in Fife, community groups and our workforce. An external company, Progressive, was commissioned to support this work, undertaking a survey that received 1,300 responses. Further work was commissioned with Progressive to follow up with a range of dedicated focus groups, allowing for interviews to explore the findings of the questionnaire in more detail. The final report has been received summarising the findings of this engagement work and key points and themes have been included in the strategy.
- Staff engagement has continued with presentation at two Grand Rounds, where staff were invited to share their ideas on how we can improve population health and wellbeing across Fife communities. Regular updates and continued engagement has also been undertaken with a wide range of colleagues across the organisation.
- The enabling strategies are presently in development that will support the implementation of the Population Health and Wellbeing Strategy and include the plans across Property & Asset Management, Digital and Information (D&I), Workforce and Finance.

Regular papers and updates summarising this work have been considered at the Board and all Board Governance Committees, the Area Partnership Forum, the Area Clinical Forum and the Executive Directors' Portfolio Board. Collectively this engagement has informed and influenced the development of the strategy. Drafts of the strategy have been developed and shared with a wide range of stakeholders and their feedback has been used to refine the output further.

Development of the strategy has been underpinned by a strategic framework that includes the overall vision Living Well, Working Well and Flourishing in Fife. This is supported by four strategic priorities: (i) improving health and wellbeing; (ii) improving the quality of health and care services; (iii) improving staff experience and wellbeing; and (iv) delivering value and sustainability. For each of the four priorities we have identified key ambitions, summarised what we were told through the engagement work, and given examples of what we plan to do to deliver each. Each priority is supported with stories to make our work relatable to our public and our staff. The strategy will be enabled by supporting workstreams in the distinct areas of digital and information, property and asset management, finance and workforce.

This new strategy sets out the proposed strategic ambitions for NHS Fife for the next 5 years, focusing on our key strategic priorities and how we will take forward plans to deliver these. The strategy is intended to be dynamic and to allow NHS Fife to be agile to respond to future emergent pressures and changing priorities on an ongoing basis. The strategy candidly acknowledges the legacy of the pandemic on our population, our staff and our services. A key driver for change within the strategy is NHS Fife's ongoing recovery from the pandemic. We know that across our healthcare system, performance on a range of metrics (for example, waiting times) is not to the standard that we want it to be. Addressing this is a theme running throughout the strategy, in line with national policy. It is important to acknowledge this strategy does not simply seek to rebuild what was in place before March 2020. Many of the challenges captured within the strategy predate the pandemic. For example, changing demographics and our ageing population mean that services are no longer sustainable and able to be delivered as in the past. The strategy seeks to find new ways of doing things, building on our learning from the pandemic, to ensure we have a health service fit for the future.

The Strategy describes NHS Fife's role in improving population health and wellbeing, but also recognises that we cannot deliver this on our own. The outcomes of the strategy are therefore closely aligned to the Fife Health & Social Care Partnership's Strategic Plan.

NHS Fife Board formally approved the new Population Health & Wellbeing Strategy at its meeting on 28 March 2023.

Disclosures

During the 2022/23 financial year, no significant control weaknesses or issues have arisen in the expected standards for good governance, risk management and control.

Remuneration and Staff Report

Board Members' and Senior Employees Remuneration

The Remuneration Committee is a standing committee of the Board. This Committee meets as necessary, with a minimum of three meetings per year. It considers and agrees performance objectives and performance appraisals for staff in the Executive Cohort and oversees implementation of performance management arrangements for other senior managers.

The membership comprises the Board Chairperson, two Non-Executive Board members and the Employee Director. The Director of Workforce attends the Committee in a professional advisory capacity, as does the Board Chief Executive. (Both leave for matters relating to their own performance and remuneration).

Board Members and senior managers 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 and Social Care Directorate (SGHSCD) has been appropriately applied and agreed by the Remuneration Committee.

Details in the remuneration report have been audited with the exception of Staff Composition, Sickness Absence data and Staff Policies applied during the year sections which have been checked for consistency with the rest of the financial statements.

Directors and Senior Employees Remuneration (Audited Information)

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2022/23.

	Gross Salary (Bands of £5,000)	Bonus Payments (Bands of £5,000)	Benefit in Kind £'000	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£'000)	Total Remuneration (Bands of £5,000)
Executive Members						
Carol Potter, Chief Executive	130 - 135			130 - 135	0	130 - 135
Margo McGurk, Director of Finance, Strategy & Deputy Chief Executive	120 - 125			120 - 125	0	120 - 125
Dr Christopher McKenna, Medical Director	180 - 185			180 - 185	41	220 - 225
Janette Keenan, Director of Nursing (1)	100 - 105		3	100 - 105	26	125 - 130
Dr Joy Tomlinson, Director of Public Health	130 - 135			130 - 135	69	200 - 205
Non Executive Members						
Patricia Marwick, Chairperson (2)	30 - 35			30 - 35		30 - 35
Catriona Laing, vice Chairperson (3) & (13)	0 - 5			0 - 5		0 - 5
Martin Black (4) & (13)	10 - 15			10 - 15		10 - 15
Sinead Braiden	15 - 20			15 - 20		15 - 20
Christina Cooper (5) & (13)	10 - 15			10 - 15		10 - 15
Alistair Grant	10 - 15			10 - 15		10 - 15
Kirstie MacDonald	10 - 15			10 - 15		10 - 15
Mansoor Mahmood	5 - 10			5 - 10		5 - 10
Alistair Morris (6)	20 - 25			20 - 25		20 - 25
Arlene Wood	15 - 20			15 - 20		15 - 20
Colin Grieve (7) & (13)	0 - 5			0 - 5		0 - 5
Anne Haston (8) & (13)	5 - 10			5 - 10		5 - 10
John Kemp (9) & (13)	5 - 10			5 - 10		5 - 10
Stakeholders						
Wilma Brown, Employee Director	70 - 75			70 - 75	8	80 - 85
Councillor David Graham, Fife Council Representative (10)	5 - 10			5 - 10		5 - 10
Aileen Lawrie, Chairperson, Area Clinical Forum	90 - 95			90 - 95	0	90 - 95
Other Senior Employees						
Claire Dobson, Director of Acute Services	100 - 105			100 - 105	4	105 - 110
Linda Douglas, Director of Workforce (11)	85 - 90			85 - 90	25	-110-115
David Miller, Director of Workforce (12)	25 - 30			25 - 30	6	30 - 35
Benjamin Hannan, Director of Pharmacy	105 - 110			105 - 110	41	150 - 155
Neil McCormick, Director of Property and Asset Management	105 - 110			105 - 110	30	135 - 140
Notes						
1. Janette Keenan, Director of Nursing, Janette Owens until 12/09/22						
2. Patricia Marwick, Chairperson until 31/03/23						
3. Catriona Laing, Vice Chairperson until 31/05/22						
4. Martin Black, Non-Executive until 30/11/22						
5. Christina Cooper, Non-Executive until 31/12/22						
6. Alistair Morris, Vice Chairperson from 01/06/22 & Chairperson from 01/04/23						
7. Colin Grieve, Non-Executive from 01/10/22						
8. Anne Haston, Non-Executive from 01/08/22						
9. John Kemp, Non-Executive from 01/10/22						
10. Councillor David Graham appears in remuneration table only as no pension benefit held with NHS Fife						
11. Linda Douglas, Director of Workforce until 03/01/23						
12. David Miller, Director of Workforce from 04/01/23						
13. The full year equivalent total earnings calculations in bands of £5,000 are as follows: Rona Laing, Non-Executive (25 - 30), Martin Black, Non-Executive (15 - 20), Christina Cooper, Non-Executive (15 - 20), Colin Grieve, Non-Executive (5 - 10), Anne Haston, Non-Executive (5 - 10), John Kemp, Non-Executive (10 - 15), Linda Douglas, Director of Workforce (110 - 115), David Miller, Director of Workforce (105 - 110).						
14. Nicky Connor is the Chief Officer for the Fife integration Joint Board, her salary and pension information is disclosed in the remuneration report of the IJB Accounts. In this role she is also classified as an 'Other Senior Employee' of NHS Fife.						

The following table provides details on the remuneration of the Executive Directors, Non-Executive Directors and Senior Employees for 2021/22.

	Gross Salary (Bands of £5,000)	Bonus Payments (Bands of £5,000)	Benefit in Kind £'000	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£'000)	Total Remuneration (Bands of £5,000)
Executive Members						
Carol Potter, Chief Executive	135 - 140			135 - 140	106	240 - 245
Margo McGurk, Director of Finance, Strategy & Deputy Chief Executive (12) & (14)	115 - 120			115 - 120	50	165 - 170
Dr Christopher McKenna, Medical Director	170 - 175			170 - 175	46	215 - 220
Dona Milne, Director of Public Health (1) & (12)	15 - 20			15 - 20	5	20 - 25
Janette Owens, Director of Nursing	95 - 100		3	100 - 105	42	140 - 145
Dr Joy Tomlinson, Director of Public Health (2) & (12)	95 - 100			95 - 100	103	200 - 205
Non Executive Members						
Patricia Marwick, Chairperson	30 - 35			30 - 35		20 - 35
Catriona Laing, vice Chairperson (13)	25 - 30			25 - 30		25 - 30
Martin Black	15 - 20			15 - 20		15 - 20
Sinead Braiden	10 - 15			10 - 15		10 - 15
Eugene Clarke (3) & (12)	0 - 5			0 - 5		0 - 5
Christina Cooper	15 - 20			15 - 20		15 - 20
Alistair Grant (4) & (12)	0 - 5			0 - 5		0 - 5
Kirstie MacDonald	5 - 10			5 - 10		5 - 10
Mansoor Mahmood (5) & (12)	0 - 5			0 - 5		0 - 5
Alistair Morris	10 - 15			10 - 15		10 - 15
Margaret Wells (6) & (12)	5 - 10			5 - 10		5 - 10
Arlene Wood (7) & (12)	5 - 10			5 - 10		5 - 10
Stakeholders						
Wilma Brown, Employee Director	70 - 75			70 - 75	20	90 - 95
Councillor David Graham, Fife Council Representative (15)	5 - 10			5 - 10		5 - 10
Aileen Lawrie, Chairperson, Area Clinical Forum	85 - 90			85 - 90	68	155 - 160
Other Senior Employees						
Claire Dobson, Director of Acute Services (8)	95 - 100			95 - 100	57	155 - 160
Linda Douglas, Director of Workforce	105 - 110			105 - 110	28	135 - 140
Scott Garden, Director of Pharmacy and Medicines (9)	95 - 100			95 - 100	25	120 - 125
Benjamin Hannan, Director of Pharmacy (10) & (12)	10 - 15			10 - 15	5	15 - 20
Neil McCormick, Director of Property and Asset Management	100 - 105			100 - 105	25	125 - 130
Notes						
1. Donna Milne, Director of Public Health until 03/06/21						
2. Dr Joy Tomlinson, Director of Public Health from 01/06/21						
3. Eugene Clarke, Non-Executive until 31/07/21						
4. Alistair Grant, Non-Executive from 13/09/21						
5. Mansoor Mahmood, Non-Executive from 13/09/21						
6. Margaret Wells, Non-Executive until 31/07/21						
7. Arlene Wood, Non-Executive from 13/09/21						
8. Claire Dobson, Director of Acute Services (interim from 22/09/20, appointed from 29/07/21)						
9. Scott Garden, Director of Pharmacy and Medicine until 28/02/22						
10. Benjamin Hannan, Director of Pharmacy and Medicine from 14/02/22						
11. Nicky Connor is the Chief Officer for the Fife integration Joint Board, her salary and pension information is disclosed in the remuneration report of the IJB Accounts. In this role she is also classified as an 'Other Senior Employee' of NHS Fife.						
12. The full year equivalent total earnings calculations in bands of £5,000 are as follows: Dr Joy Tomlinson Director of Public Health (115 - 120), Eugene Clarke, Non-Executive (10 - 15), Alistair Grant, Non-Executive (5 - 10), Mansoor Mahmood, Non-Executive (5 - 10), Margaret Wells, Non-Executive (15 - 20), Arlene Wood, Non-Executive (10 - 15), Benjamin Hannan, Director of Pharmacy (105 - 110), Donna Milne, Director of Public Health (95 - 100), Scott Garden, Director of Pharmacy (105 - 110), Margo McGurk, Director of Finance, Strategy and Deputy Chief Executive (115 - 120).						
13. Catriona Laing, Vice Chairperson from 01/04/21.						
14. Margo McGurk, Deputy Chief Executive from 11/08/21.						
15. Appears in remuneration table only as no pension benefit held with NHS Fife						

Directors and Senior Employees Pension Benefits (Audited Information)

The following table shows the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2022/23.

	Total accrued pension at pension age (Bands of £5,000)	Accrued Lump sum at pension age (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	CETV at 31 March 2022 (£'000)	CETV at 31 March 2023 (£'000)	Real Increase in CETV in year (£'000)
Executive Members							
Carol Potter, Chief Executive	50 - 55	100 - 105	0 - 2.5	0	965	972	7
Margo McGurk, Director of Finance, Strategy & Deputy Chief Executive	35 - 40	105 - 110	0 - 2.5	0	901	902	1
Dr Christopher McKenna, Medical Director	20 - 25	0	2.5 - 5	0	207	244	37
Janette Keenan, Director of Nursing	15 - 20	10 - 15	0 - 2.5	0	313	353	40
Dr Joy Tomlinson, Director of Public Health	60 - 65	0	2.5 - 5	0	760	835	75
Stakeholders							
Wilma Brown, Employee Director	20 - 25	35 - 40	0 - 2.5	0	416	431	15
Aileen Lawrie, Chairperson, Area Clinical Forum	30 - 35	95 - 100	0 - (2.5)	0	759	749	(10)
Other Senior Employees							
Claire Dobson, Director of Acute Services	35 - 40	70 - 75	0 - 2.5	0	626	644	18
Linda Douglas, Director of Workforce	5 - 10	0	0 - 2.5	0	70	97	27
David Miller, Director of Workforce	20 - 25	0	0 - 2.5	0	272	295	23
Benjamin Hannan, Director of Pharmacy and Medicine	15 - 20	0	2.5 - 5	0	111	136	25
Neil McCormick, Director of Property and Asset Management	0 - 5	0	0 - 2.5	0	33	64	31

The real increase in CETV reflects the increase that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee and uses common market valuation factors for the start and end of the period.

The following table shows the pension benefits of the Executive Directors, Non-Executive Directors and Senior Employees for 2021/22.

	Total accrued pension at pension age (Bands of £5,000)	Accrued Lump sum at pension age (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	CETV at 31 March 2021 (£'000)	CETV at 31 March 2022 (£'000)	Real Increase in CETV in year (£'000)
Executive Members							
Mrs Carol Potter, Chief Executive	45 - 50	100 - 105	5 - 7.5	7.5 - 10	763	876	113
Mrs Margo McGurk, Director of Finance, Strategy & Deputy Chief Executive	30 - 35	100 - 105	2.5 - 5	7.5 - 10	732	818	86
Dr Christopher McKenna, Medical Director	15 - 20	0	2.5 - 5	0	150	188	38
Ms Dona Milne, Director of Public Health	0 - 5	0	0 - 2.5	0	57	63	6
Ms Janette Owens, Director of Nursing	15 - 20	10 - 15	2.5 - 5	0 - 2.5	231	284	53
Ms Joy Tomlinson, Director of Public Health	50 - 55	0	5 - 7.5	0	597	702	105
Stakeholders							
Mrs Wilma Brown, Employee Director	15 - 20	35 - 40	0 - 2.5	0 - 2.5	351	377	26
Aileen Lawrie, Chairperson, Area Clinical Forum	30 - 35	95 - 100	2.5 - 5	7.5 - 10	628	710	82
Other Senior Employees							
Claire Dobson, Interim Director of Acute Services	30 - 35	70 - 75	2.5 - 5	2.5 - 5	509	568	59
Ms Linda Douglas, Director of Workforce	0 - 5	0	0 - 2.5	0	33	63	30
Mr Scott Garden, Director of Pharmacy and Medicines	5 - 10	0	0 - 2.5	0	37	58	21
Mr Benjamin Hannan, Director of Pharmacy and Medicine	10 - 15	0	2.5 - 5	0	84	106	22
Neil McCormick, Director of Property and Asset Management	0 - 5	0	0 - 2.5	0	4	30	26

Fair Pay Disclosure (*Audited Information*)

Reporting bodies are required to disclose the relationship between remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce as set out in the table below.

	2023	2022	% Change
Range of staff remuneration	1 - 220	1- 240	-8.3
Highest earning Director's total remuneration (£000s)	180 - 185	170 - 175	5.2
Median (<i>total pay & benefits</i>)	32108	30093	6.7
Median (<i>salary only</i>)	32097	30082	6.7
Ratio	5.67:1	5.75:1	-1.4
25th Percentile (<i>total pay & benefits</i>)	24517	22722	7.9
25th Percentile (<i>salary only</i>)	24515	22719	7.9
Ratio	7.42:1	7.61:1	-2.5
75th Percentile Pay (<i>total pay & benefits</i>)	41170	39174	5.1
75th Percentile Pay (<i>salary only</i>)	41053	39113	5.0
Ratio	4.42:1	4.42:1	0.00

As of 23rd December 2022 the Scottish Government confirmed the full settlement for pay and conditions for NHS staff covered by the Agenda for change Agreement (Effective Date 01/04/22). Whilst the settlement represents an overall average uplift of 7.5% in Agenda for Change pay and is the main reason for the increase in median pay. The full settlement saw the highest percentage applied to the lowest bands which in turn resulted in the 25th Percentile increasing more than the 75th Percentile. The Highest Earning Directors (Medical Director) salary increased at a lower rate than the overall average uplift and this has been the cause of the ratios decreasing in year.

Staff Report Higher Paid Employees' Remuneration (*Audited Information*)

The headcount of senior staff as at the 31 March of each year

	2023	2022
	Number	Number
Employees whose remuneration fell within the following ranges:		
Clinicians		
£ 70,001 to £ 80,000	65	50
£ 80,001 to £ 90,000	36	38
£ 90,001 to £100,000	43	48
£100,001 to £110,000	50	42
£110,001 to £120,000	38	55
£120,001 to £130,000	43	29
£130,001 to £140,000	29	22
£140,001 to £150,000	21	20
£150,001 to £160,000	23	15
£160,001 to £170,000	10	15
£170,001 to £180,000	9	10
£180,001 to £190,000	9	5
£190,001 to £200,000	2	2
£200,001 and above	2	1
Other		
£ 70,001 to £ 80,000	9	10
£ 80,001 to £ 90,000	7	5
£ 90,001 to £100,000	6	10
£100,001 to £110,000	5	4
£110,001 to £120,000	1	1
£120,001 to £130,000	1	0
£130,001 to £140,000	2	1
£140,001 to £150,000	0	0

£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

Staff Numbers and Costs (Audited Information)

Staff Costs

	Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2023 TOTAL	2022 TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
EMPLOYEE EXPENDITURE								
Salaries and wages	671	342	345,961			(473)	346,501	339,696
Taxation & Social security costs	95	32	36,374			(100)	36,401	32,480
NHS scheme employers' costs	130	31	64,521			(152)	64,530	60,403
Other employers' pension costs			135				135	121
Inward secondees				18,920			18,920	392
Agency and other directly engaged staff					30,302		30,302	20,467
	896	405	465,540	18,920	30,302	(725)	496,789	453,559
Compensation for loss of office/early retirement							0	0
Pensions to former Board members							0	0
Total	896	405	465,540	18,920	30,302	(725)	496,789	453,559

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

1,105

92

STAFF NUMBERS

Whole time equivalent (WTE)	5	16	8,450	228	236	(9)	8,926	8,284
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							40	2
Included in the total staff numbers above were disabled staff of:							245	168
Included in the total staff numbers above were Special Advisers of:								

Staff Composition

Staff composition - an analysis of the number of persons of each sex who were directors and employees									
	2023					2022			
	Male	Female	Prefer not to say	Total		Male	Female	Prefer not to say	Total
Executive Directors	1	4		5	1	4		5	
Non-Executive Directors and Employee Director	7	9		16	6	9		15	
Senior Employees (those earning over £70,000 p.a. & who don't fit into the above 2 rows)	188	216		404	172	191		363	
Other	2,064	12,356		14,420	1,943	11,762		13,705	
Total Headcount	2,260	12,585	0	14,845	2,122	11,966	0	14,088	

Sickness Absence Data

	2023	2022
Sickness Absence Rate	6.51%	5.7%

A key responsibility of the Board is staff governance. To ensure it meets its obligations, NHS Fife, in partnership with the trade unions and staff professional associations, ensures annual monitoring of its adherence to the staff governance standard. This is framed around the five strands of the standard: Well-Informed; Appropriately Trained; Involved in decisions which affect them; Treated Fairly and Consistently; and Provided with an Improved and Safe Working Environment.

The delivery of staff governance activity is agreed and monitored by the Area Partnership Forum, which also oversees the production of local staff governance action plans by the Local Partnership Forums hosted within the Acute Services Division and the three Health & Social Care Partnership Divisions.

The Board ensures engagement with staff through various routes. Pandemic restrictions this year have required some adjustment to normal face-to-face activities, but the deployment of virtual communication solutions such as Microsoft Teams has allowed increased virtual engagement and is supported by communication through our website, Staff Link intranet, e-mail, Facebook, Twitter and specific briefings by members of the Executive Directors' Group. The Board consults staff and/or their representatives so their views are considered in decisions affecting their interests through the Area Partnership Forum and the Local Partnership Forums along with specific working groups which routinely include staff representatives within the membership.

As an equal opportunities employer, Fife Health Board welcomes applications for employment from disabled persons. Recruitment and retention processes ensures specialist medical advice is available relating to the adjustments to work routines or the working environment which ensures disabled persons can contribute to the work of the Board. Similarly, a range of policies are available to employees who become disabled to support them in their current role, or alternatively to identify suitable alternative employment for them, to ensure they continue to make a positive contribution to the Board.

NHS Fife was Awarded Disability Confident Employer status in 2016 and the Health Board demonstrates our commitment to maximising the talents and insights disabled people can bring to our workforce through the application of our robust employment policies and practices. Staff policies were applied during the financial year relating to the employment of disabled persons

NHS Fife continues to work with partner organisations, such as the Glasgow Centre for Inclusive Living, to provide employment opportunities for disabled people, providing them with challenging and rewarding experience of employment to set them up for a sustainable career. We have continued with this work within our Equality Outcomes.

Exit Packages (Audited Information)

Exit Packages – Current Year

In 2022/23 there were no exit packages paid.

Exit Packages – Prior Year

In 2021/22 there were no exit packages paid.

Trade Union (Facility Time Publication Requirements) Regulation 2017

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

Relevant Union Officials

Number of employees who were relevant union officials during the period 1 April 2022 to 31 March 2023	Full-time equivalent employee number
64	55.58

Percentage of Time Spent on Facility Time

Percentage of time	Number of representatives
0%	51
1 - 50%	11
51-99%	2
100%	0

Percentage of Pay Bill Spent on Facility Time

Total cost of facility time	72,882
Total pay bill	439,501,497
Percentage of the total pay bill spent on facility time	0.02%

Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	96%
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Parliamentary Accountability Report

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.

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

	2023		2022	
	Number of cases	£'000	Number of Cases	£'000
Losses	767	4,387	841	4,292

In 2022/23, the Board was required to pay out £1.497m in respect of 4 claims individually greater than £300,000 settled under the CNORIS scheme (2021/22: £2.62m, 2 claims). Further details on the scheme can be found in Note 1 of the annual accounts.

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

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, Fife Health Board charges for services provided on a full cost basis, wherever applicable. The Board had no commercial trading activity during 2022/23 where the full annual cost exceeded £1 million.

Remote Contingent Liabilities

Contingent liabilities that meet the disclosure requirements in IAS37 Provisions and Contingent Liabilities are included in Note 14 of the Notes to the Accounts.

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

Carol Potter

Signature:.....

29 June 2023

Date:

Carol Potter
Chief Executive and Accountable Officer
NHS Fife

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

Reporting 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 Fife and its group for the year ended 31 March 2023 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Taxpayers Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair of the state of the affairs of the board and its group as at 31 March 2023 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 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 for 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 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the board and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the board and its group. However, we report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the board's operations.

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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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.

Reporting 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. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, 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.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited part of the Remuneration and Staff Report

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

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on the Performance Report and Governance Statement

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

We have nothing to report in respect of these matters.

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 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Chris Brown

Chris Brown, for and on behalf of Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 30 June 2023

NHS FIFE			
CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE			
FOR THE YEAR ENDED 31 MARCH 2023			
2022			2023
£000		Note	£000
453,877	Employee expenditure	3a	496,409
	Other operating expenditure	3b	
111,384	Independent Primary Care Services		116,333
151,594	Drugs and medical supplies		152,853
761,884	Other health care expenditure		711,085
1,478,739	Gross expenditure for the year		1,476,680
(485,987)	Less: operating income	4	(508,556)
(25,034)	Associates and joint ventures accounted for on an equity basis		20,793
967,718	Net expenditure for the year		988,917
OTHER COMPREHENSIVE NET EXPENDITURE			
2022			2023
£000			£000
(24,765)	Net (gain) / loss on revaluation of property, plant and equipment		(23,876)
(889)	Net (gain) / loss on revaluation of investments		1,241
(25,654)	Other comprehensive expenditure		(22,635)
942,064	Comprehensive net expenditure		966,282

NHS FIFE					
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
AS AT 31 MARCH 2023					
Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
527,351	527,120	Property, plant and equipment	7c	554,485	554,254
227	227	Intangible assets	6a	583	583
		Right of Use assets	17a	6,129	6,129
		Financial assets:			
14,380	0	Investments	10	13,756	739
39,856	0	Investments in associates and joint ventures	26b	19,063	0
54,537	54,537	Trade and other receivables	9	47,835	47,835
636,351	581,884	Total non-current assets		641,851	609,540
		Current Assets:			
5,857	5,857	Inventories	8	6,022	6,022
		Financial assets:			
39,740	39,549	Trade and other receivables	9	38,635	38,420
2,415	573	Cash and cash equivalents	11	1,095	479
1,623	1,623	Assets classified as held for sale	7b	1,623	1,623
49,635	47,602	Total current assets		47,375	46,544
685,986	629,486	Total assets		698,226	656,084
		Current liabilities			
(37,347)	(35,218)	Provisions	13a	(21,586)	(20,810)
		Financial liabilities:			
(143,465)	(143,451)	Trade and other payables	12	(121,095)	(121,080)
(180,812)	(178,669)	Total current liabilities		(142,681)	(141,890)
505,174	450,817	Non-current assets plus / less net current assets / liabilities		546,545	514,194
		Non-current liabilities			
(96,154)	(96,154)	Provisions	13a	(90,914)	(90,914)
		Financial liabilities:			
(158,335)	(158,335)	Trade and other payables	12	(158,863)	(158,863)
(254,489)	(254,489)	Total non-current liabilities		(249,777)	(249,777)
250,685	196,328	Assets less liabilities		296,768	264,417
		Taxpayers' Equity			
32,119	32,119	General fund	SoCTE	81,349	81,349
164,209	164,209	Revaluation reserve	SoCTE	183,068	183,068
39,856	0	Other reserves - associates and joint ventures	SoCTE	19,063	
14,501	0	Fund held on Trust	SoCTE	13,288	0
250,685	196,328	Total taxpayers' equity		296,768	264,417

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

The annual report and accounts were approved by the Board on 27 June 2023 and signed on their behalf by:

Margo McGurk

.....

Director of Finance

DATE 28 June 2023

Carol Potter

.....

Chief Executive

DATE 29 June 2023

NHS FIFE				
CONSOLIDATED STATEMENT OF CASHFLOWS				
FOR THE YEAR ENDED 31 MARCH 2023				
2022			2023	2023
£000		Note	£000	£000
	Cash flows from operating activities			
(967,718)	Net expenditure	SoCTE	(988,917)	
(6,849)	Adjustments for non-cash transactions	2b	49,306	
13,574	Add back: interest payable recognised in net operating expenditure	2b	11,552	
(410)	Investment income		(429)	
55,244	Movements in working capital	2b	(42,211)	
(906,159)	Net cash outflow from operating activities	26c		(970,699)
	Cash flows from investing activities			
(26,532)	Purchase of property, plant and equipment		(25,075)	
(127)	Purchase of intangible assets		(394)	
(2,019)	Investment additions	10	(4,311)	
1,994	Receipts from sale of investments		3,373	
410	Interest received		429	
(26,274)	Net cash outflow from investing activities	26c		(25,978)
	Cash flows from financing activities			
949,273	Funding	SoCTE	1,011,717	
139	Movement in general fund working capital	SoCTE	(94)	
949,412	Cash drawn down		1,011,623	
(3,413)	Capital element of payments in respect of leases and on-balance sheet PFI and Hub contracts	2b	(3,668)	
	IFRS 16 - 2022-23 cash lease payment		(1,046)	
(93)	Interest paid	2b	1,726	
(13,481)	Interest element of leases and on-balance sheet PFI / PPP and Hub contracts	2b	(13,278)	
932,425	Net Financing	26c		995,357
(8)	Net Increase / (decrease) in cash and cash equivalents in the period			(1,320)
2,423	Cash and cash equivalents at the beginning of the period			2,415
2,415	Cash and cash equivalents at the end of the period			1,095
	Reconciliation of net cash flow to movement in net debt/cash			
(8)	Increase / (decrease) in cash in year	11		(1,320)
2,423	Net debt / cash at 1 April			2,415
2,415	Net debt / cash at 31 March			1,095

NHS FIFE						
CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY						
FOR THE YEAR ENDED 31 MARCH 2023						
		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
Balance at 31 March 2022		32,119	164,209	39,856	14,501	250,685
Retrospective restatements for changes in accounting policy and material errors	21					0
Restated balance at 1 April 2022		32,119	164,209	39,856	14,501	250,685
Changes in taxpayers' equity for 2022/23						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a		23,876			23,876
Net gain / (loss) on revaluation of investments	10		0		(1,241)	(1,241)
Impairment of property, plant and equipment			(8,386)			(8,386)
Revaluation and impairments taken to operating costs	2b		8,386			8,386
Transfers between reserves		5,017	(5,017)			0
Peppercorn Lease on Transition	2b	648				648
Net operating cost for the year	CFS	(968,152)		(20,793)	28	(988,917)
Total recognised income and expense for 2022/23		(962,487)	18,859	(20,793)	(1,213)	(965,634)
Funding:						
Drawn down	CFS	1,011,623				1,011,623
Movement in General Fund (creditor) / debtor	CFS	94				94
Balance at 31 March 2023	SoFP	81,349	183,068	19,063	13,288	296,768

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (PRIOR YEAR)						
		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
At 31 March 2021		68,925	143,685	14,822	16,042	243,474
Retrospective restatements for changes in accounting policy and material errors	20					0
At 1 April 2021		68,925	143,685	14,822	16,042	243,474
Changes in taxpayers' equity for 2021/22						
Net gain / (loss) on revaluation / indexation of property, plant and equipment	7a		24,765			24,765
Net gain / (loss) on revaluation of investments	10		0		889	889
Impairment of property, plant and equipment			578			578
Revaluation and impairments taken to operating costs	2b		(578)			(578)
Transfers between reserves		4,241	(4,241)			0
Other non cash costs [please specify]		2				2
Net operating cost for the year	CFS	(990,322)		25,034	(2,430)	(967,718)
Total recognised income and expense for 2021/22		(986,079)	20,524	25,034	(1,541)	(942,062)
Funding:						
Drawn down	CFS	949,412				949,412
Movement in General Fund (creditor) / debtor	CFS	(139)				(139)
Balance at 31 March 2022	SoFP	32,119	164,209	39,856	14,501	250,685

NOTE 1. ACCOUNTING POLICIES

Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounting policies applied are those of the group and include the Endowment Fund and Fife IJB. Where a policy has a direct relevance to the Endowment Fund or Fife IJB appropriate reference has been made within the policy.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

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

(a) **Standards, amendments and interpretations effective in current year.** IFRS16 is the new standard which has been issued and adopted for the year 2022/2023

(b) **Standards, amendments and interpretation early adopted this year** There are no new standards, amendments or interpretations early adopted in the 2022/23 financial year.

(c) **Standards, amendments and interpretation issued but not adopted this year.** The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2022/23 financial year.

<u>Standard</u>	<u>Current status</u>
IFRS 14 Regulatory Deferral Accounts	Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHS Scotland bodies.
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2021. However this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025.

Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Fife Health Board Endowment Fund.

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

The Fife Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

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

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated legislation impacts on Health Board disclosure requirements in the annual accounts.

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint ventures. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in IJBs using the equity method of accounting.

Note 26, provides further details on the consolidation of the Endowment Fund and IJBs within the Financial Statements.

No Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the board have considered the requirement to consolidate the financial statements of Fife Health Charity.

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

Fife Health Charity is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis. Transactions between the Board and Fife Health Charity are disclosed as related party transactions, where appropriate, in Note 24 to the financial statements.

Retrospective Restatements

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

When required the prior year comparative figures have been restated to reflect details as required to include an explanation of the nature, reason and quantification of the adjustment.

Going Concern

The accounts are prepared on a going concern basis, which provides that the NHS Board will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories and financial assets and liabilities (including derivative instruments) at fair value as determined by the relevant accounting standards and the FReM.

Funding

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit (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.

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

Non-discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific Family Health Services (comprised of General Pharmaceutical Services, General Medical Services,

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

General Dental Services and General Ophthalmic Services as designated 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.

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.

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:

- 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.
- In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 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 (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

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.

Thereafter, valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and are adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (Red Book) insofar as these terms are consistent with the agreed requirements of the Scottish Government.

In general, operational assets which are in use delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.
- Non-specialised equipment, installations and fittings are valued at fair value, using the most appropriate valuation methodology available. A depreciated historical cost basis is considered an appropriate proxy for fair value in respect of assets which have short useful lives or low values (or both).

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

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as agreed by the District Valuer.
- Non-specialised land and buildings, such as offices, are stated at fair value.

Surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Subsequent Expenditure

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together. Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit are charged to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments arising from a change in market price are charged to the revaluation reserve where there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

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:

- Freehold land is considered to have an infinite life and is not depreciated.
- Assets in the course of construction and residual interests in off- Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- Equipment is depreciated over the estimated life of the asset.
- Leased Property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Depreciation is charged on a straight-line basis. The following asset lives have been used:

<i>Asset Category/Component</i>	<i>Useful Life</i>
Buildings – Structure	5 – 95
Buildings – Engineering	3 – 95
Buildings – External Works	5 – 80
Plant and Equipment	2 – 25
Information Technology	6 – 7
Furniture and Fittings	5 – 15
Vehicles	3 – 7

Intangible Assets

Recognition

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

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

The main classes of intangible assets recognised are internally generated intangible assets

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

Expenditure on research is not capitalised.

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

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

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

Software

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

Software Licences

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

Carbon Emissions (Intangible Assets)

Participation in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme gives rise to an asset for purchased allowances held and a liability for the obligation to deliver allowances to the CRC registry equal to emissions made.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Intangible Assets, such as CRC emission allowances which are intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets and are initially measured at cost, with subsequent revaluation at fair value. Until there is evidence of an active market, CRC scheme assets shall be measured at cost as a proxy for fair value.

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

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

Websites

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

Measurement

Valuation

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

Subsequently intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at market value in existing use. Where no active market exists, the intangible asset is revalued, using indices or an alternative suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost.

Revaluation and Impairment

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

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

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less costs to sell'.

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

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:

- Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- Software. Amortised over their expected useful life.
- Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- Other intangible assets. Amortised over their expected useful life.
- Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The only class of intangible assets recognised is:

Software Licences

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

Valuation

Software licences 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.

Revaluation and Impairment

The Board does not revalue or impair software licences and the licences have no re-sale value.

Amortisation

Software licences 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 for the intangible asset (software licences). The licences are amortised over the shorter term of the licence and their useful economic lives on a straight-line basis. A useful life of between 3 to 7 years is used for this asset category.

Non-Current Assets Held for Sale

Non-current assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

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

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

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

Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. Donated assets are revalued, depreciated/amortised and subject to impairment in the same way as other non-current assets in accordance with the NHS Capital Accounting Manual.

Sale Of Property, Plant and Equipment, Intangible Assets and Non-Current Assets Held for Sale

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

Leasing

Accounting Policies

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the FReM deferred adoption until 2021. The cumulative catch-up method has been mandated by the FReM. Consequently, the comparatives for 2021/22 reflect the requirements of IAS 17 Leases.

Leases

Scope and Classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

- Contracts for low-value items, defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and
- Contracts with a term shorter than twelve months (comprising the non-cancellable period plus any extension options that are reasonably certain to be exercised and any termination options that are reasonably certain not to be exercised).

Initial Recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent Measurement

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

Lease Expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

The Board as a lessor

Where a Health Board leases assets to others which are material they must disclose the accounting policy used for these leases.

Health Board as a lessor

For these arrangements, the Health Board assesses whether the leases are finance or operating leases. For finance leases, it derecognises the asset and recognises a receivable. Interest is accrued throughout the financial year and recognised in income. For operating leases, rental income is recognised on a systematic basis, usually straight-line, over the lease term.

Transitional Arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021/22 reflect the requirements of IAS 17;
- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts entered into from 1 April 2022 have been classified using the IFRS 16 criteria;
- For leases previously treated as operating leases: - To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
- To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease;
- To exclude leases whose term ends within twelve months of first adoption;
- To use hindsight in assessing remaining lease terms;
- For leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision.
- For leases previously treated as finance leases:
 - To use the carrying amount of the lease asset and liability measured immediately before first adoption under IAS 17 as the carrying value of the right-of-use asset and lease liability as at first adoption.
- The 2023/24 FReM has been amended to require reporting entities to record indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023/24. The 2022/23 FReM has not been amended to clarify that this specific aspect of IFRS 16 has been deferred until 2023/24 and therefore does not apply in 2022/23. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g. CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023.

Estimates and Judgements

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it

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maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value.

Accounting for Leases Under IAS 17 (2021/22)

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

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.

General Fund Receivables and Payables

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

Inventories

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

Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

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 leave into the following year.

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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

Clinical and Medical Negligence Costs

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

NHS Fife provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from CNORIS in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

Related Party Transactions

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

Value Added Tax

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

PFI/HUB/NPD Schemes

Transactions financed as revenue transactions through the Private Finance Initiative (PFI) are accounted for in accordance with the HM Treasury application of IFRIC 12, Service Concession Arrangements, outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-balance sheet' by the Board. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 17. Where it is not possible to separate the finance element from the service element of unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets but are disclosed in Note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, 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.

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.

Financial Instruments

Financial Assets

Business Model

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

Classification

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

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

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

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

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

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

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

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

Impairment of Financial Assets

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

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

Recognition and Measurement

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

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

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

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

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

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

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

Financial Liabilities

Classification

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

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

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

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

(b) Financial liabilities held at amortised cost

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

Recognition and Measurement

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

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

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

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

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

(b) Amortised costs

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

Segmental Reporting

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

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

Cash and Cash Equivalents

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

Foreign Exchange

The functional and presentational currencies of the Board are sterling. The Board has no material transactions which are denominated in a foreign currency.

Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in Note 25 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

Key Sources of Judgement and Estimation Uncertainty

The Board makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below:

Significant Estimates

Early Retirement and Injury Benefit Provisions

The Board has provided for the estimated future costs relating to early retirement and injury benefits. Reliance is placed on information provided by other parties in order to establish the value of such provisions. The Scottish Public Pensions Agency provides details of claimants and the amounts the Board is due to pay over. Future payments are estimated using a discount rate provided by HM Treasury and life tables provided by the Office for National Statistics (ONS). Any future significant changes to the discount rate or the life tables could have a material impact on the level of provision required.

Clinical and Medical Negligence Claims

Assumptions have been made regarding the likely outcome of legal claims lodged against the Board using information provided by the Central Legal Office and are in accordance with Scottish Government Guidance.

Key Judgements

Fair Value of Property, Plant, and Equipment

Estimates and assumptions regarding the fair value of Property, Plant and Equipment, as well as estimated impairment have been made. This is partly through information supplied by the Board's valuers, along with judgements around appropriate indices to use.

NOTE 2.

NOTE 2A. SUMMARY OF CORE REVENUE RESOURCE OUTTURN

		2023	2023
2a. SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	£000	£000
Net expenditure	SoCNE		988,917
Total non core expenditure (see below)			(34,395)
Family Health Services non-discretionary allocation			(50,288)
Endowment net expenditure			28
Associates and joint ventures accounted for on an equity basis			(20,793)
Total core expenditure			883,469
Core Revenue Resource Limit			883,469
Saving/(excess) against Core Revenue Resource Limit			0
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN			
Depreciation / amortisation		14,706	
Annually Managed Expenditure - impairments		8,387	
Annually Managed Expenditure - provisions		2,497	
Annually Managed Expenditure - depreciation of donated assets		113	
Annually Managed Expenditure - fair value adjustments		322	
Donated assets income		(1,242)	
IFRS PFI expenditure		8,516	
Right of Use (RoU) Asset Depreciation		1,074	
Right of Use (RoU) Peppercorn Leases Depreciation		22	
Total Non Core Expenditure			34,395
Non Core Revenue Resource Limit			34,395
Saving / (excess) against Non Core Revenue Resource Limit			0
SUMMARY RESOURCE OUTTURN			
		Resource	Expenditure
		£000	£000
Core		883,469	883,469
Non Core		34,395	34,395
Total		917,864	917,864
			Saving / (Excess)
			£000
			0
			0
			0

NOTE 2B. NOTES TO THE CASHFLOW STATEMENT
Consolidated Adjustments for Non Cash Transactions

2022			2023
£000		Note	£000
	Expenditure not paid in cash		
18,505	Depreciation	7a	19,674
107	Amortisation	6	38
114	Depreciation of donated assets	7a	113
	Depreciation of Right of Use (RoU) Assets	17b	1,095
3,094	Impairments on PPE charged to SoCNE		9,934
(3,672)	Reversal of impairments on PPE charged to SoCNE		(1,548)
0	Funding Of Donated Assets	7a	(1,242)
35	Loss / (profit) on disposal of property, plant and equipment		55
0	GP Loans fair value adjustment	10	321
(25,034)	Associates and joint ventures accounted for on an equity basis	SoCNE	20,793
2	Rounding		3
	Capital		70
(6,849)	Total expenditure not paid in cash	CFS	49,306

Interest payable recognised in operating expenditure			
2022			2023
£000		Note	£000
	Interest payable		
13,481	PFI lease charges allocated in the year	18b	13,224
	Lease interest	17b	54
93	Provisions - Unwinding of discount		(1,726)
13,574	Net interest payable	CFS	11,552

Consolidated movements in working capital					
2022					2023
Net		Note	Opening	Closing	Net
movement			balances	balances	movement
£000			£000	£000	£000
	INVENTORIES				
(381)	Balance Sheet	8	5,857	6,022	
(381)	Net decrease / (increase)				(165)
	TRADE AND OTHER RECEIVABLES				
(7,199)	Due within one year	9	39,740	38,635	
(5,611)	Due after more than one year	9	54,537	47,835	
(12,810)			94,277	86,470	
			94,277	86,470	
(12,810)	Net decrease / (increase)				7,807
	TRADE AND OTHER PAYABLES				
56,855	Due within one year	12	143,465	121,095	
(3,670)	Due after more than one year	12	158,335	158,863	
(5,763)	Less: property, plant & equipment (capital) included in above		7,707	2,468	
(139)	Less: General Fund creditor included in above	12	(573)	(479)	
3,413	Less: lease and PFI creditors included in above	12	(162,004)	(163,869)	
			146,930	118,078	
50,696	Net decrease / (increase)				(28,852)
	PROVISIONS				
17,739	Statement of Financial Position	13a	133,501	112,500	
			133,501	112,500	
17,739	Net decrease / (increase)				(21,001)
55,244	Net movement (decrease) / increase	CFS			(42,211)

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Other General Fund non-cash costs shown on the face of SoCTE		
2022		2023
£000		£000
	Other non-cash costs	
2	Rounding	3
	Peppercorn Lease on Transition	645
2	Total other non-cash costs	648

NOTE 3. OPERATING EXPENSES

3a. Employee expenditure				
2022			2023	2023
Total			Board	Consolidated
£000			£000	£000
92,971	Medical and Dental		102,653	102,653
203,461	Nursing		224,084	224,084
157,445	Other Staff		169,672	169,672
453,877	Total	SoCNE	496,409	496,409

3b. Other operating expenditure				
2022			2023	2023
Total			Board	Consolidated
£000		Note	£000	£000
	Independent Primary Care Services			
61,360	General Medical Services		62,476	62,476
19,046	Pharmaceutical Services		19,786	19,786
23,825	General Dental Services		26,446	26,446
7,153	General Ophthalmic Services		7,625	7,625
111,384	Total		116,333	116,333
	Drugs and medical supplies			
74,325	Prescribed drugs Primary Care		76,337	76,337
40,715	Prescribed drugs Secondary Care		44,713	44,713
7,397	PPE and testing kits		971	971
29,157	Medical Supplies		30,832	30,832
151,594	Total		152,853	152,853
	Other health care expenditure			
414,901	Contribution to Integration Joint Boards		431,043	431,043
93,735	Goods and services from other NHSScotland bodies		104,608	104,608
507	Goods and services from other UK NHS bodies		1,664	1,664
3,813	Goods and services from private providers		4,345	4,345
4,437	Goods and services from voluntary organisations		4,535	4,535
19,261	Resource Transfer		19,261	19,261
	Loss on disposal of assets		55	55
221,757	Other operating expenses		144,346	144,346
167	External Auditor's remuneration - statutory audit fee		193	193
	- other services (<i>details provided below</i>)		0	0
3,306	Endowment Fund expenditure			1,035
761,884	Total		710,050	711,085
1,024,862	Total Other Operating Expenditure		979,236	980,271

There were no other services provided by external auditor in year.

NOTE 4. OPERATING INCOME

2022			2023	2023
Total			Board	Consolidated
£000		Note	£000	£000
816	Income from Scottish Government		198	198
28,665	Income from other NHS Scotland bodies		30421	30421
206	Income from NHS non-Scottish bodies		201	201
414,901	Income for services commissioned by Integration Joint Board		431,043	431,043
2,609	Patient charges for primary care		3760	3760
3,927	Donations		1241	1241
80	Profit on disposal of assets		53	53
19,316	Contributions in respect of clinical and medical negligence claims		-18656	-18656
	Non NHS:			
7	Overseas patients (non-reciprocal)		31	31
609	Non-patient care income generation schemes		622	622
876	Endowment Fund Income			1,063
13,975	Other		58579	58579
485,987	Total Income	SoCNE	507,493	508,556

NOTE 5. SEGMENTAL INFORMATION

The net expenditure of the Board is analysed on the basis of Individual Divisions and Corporate Directorates. The Board is updated on the financial position within the Integrated Performance Report. The segments that have been used to report performance management this year are as follows:

- Acute Services Division
- Corporate Departments
- Community Service Divisions
- Family Health Services (FHS)
- Endowments

Assets and liabilities are not reported as part of performance management arrangements and this information is not provided

	Hospital Services	Corporate	Community Service Divisions	FHS	Endowment	2023
	£000	£000	£000	£000	£000	£000
Net operating cost	269,313	268,073	228,794	201,880	(28)	968,032

PRIOR YEAR	Hospital Services	Corporate	Community Service Divisions	FHS	Endowment	2022
	£000	£000	£000	£000	£000	£000
Net operating cost	248,829	247,694	301,594	192,952	2430	993,499

NOTE 6. INTANGIBLE ASSETS

6a. INTANGIBLE ASSETS (NON-CURRENT) - CONSOLIDATED			
		Software Licences	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2022		1,267	1,267
Additions		394	394
At 31 March 2023		1,661	1,661
Amortisation			
At 1 April 2022		1,040	1,040
Provided during the year		38	38
At 31 March 2023		1,078	1,078
Net book value at 1 April 2022		227	227
Net book value at 31 March 2023	<u>SoFP</u>	583	583

6a. INTANGIBLE ASSETS (NON-CURRENT) - BOARD			
		Software Licences	Total
		£000	£000
Cost or Valuation:			
At 1 April 2022		1,267	1,267
Additions		394	394
At 31 March 2023		1,661	1,661
Amortisation			
At 1 April 2022		1,040	1,040
Provided during the year		38	38
At 31 March 2023		1,078	1,078
Net book value at 1 April 2022		227	227
Net book value at 31 March 2023	<u>SoFP</u>	583	583

6a. INTANGIBLE ASSETS (NON-CURRENT) – CONSOLIDATED PRIOR YEAR			
		Software Licences	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2021		1,140	1,140
Additions		127	127
At 31 March 2022		1,267	1,267
Amortisation			
At 1 April 2021		933	933
Provided during the year		107	107
At 31 March 2022		1,040	1,040
Net book value at 1 April 2021		207	207
Net book value at 31 March 2022	<u>SoFP</u>	227	227

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

6a. INTANGIBLE ASSETS (NON-CURRENT) – BOARD PRIOR YEAR			
		Software Licences	Total
		£000	£000
Cost or Valuation:			
At 1 April 2021		1,140	1,140
Additions		127	127
At 31 March 2022		1,267	1,267
Amortisation			
At 1 April 2021		933	933
Provided during the year		107	107
At 31 March 2022		1,040	1,040
Net book value at 1 April 2021		207	207
Net book value at 31 March 2022	<u>SoFP</u>	227	227

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 7A.

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED										
		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2022		45,572	440,263	4,592	869	75,668	24,122	578	25,537	617,201
Additions - purchased		0	0	0	75	4,738	2,532	0	22,969	30,314
Additions - donated		0	570	0	0	672	0	0	0	1,242
Completions		0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	(70)	(70)
Transfers between asset categories		0	37,526	49	30	2,117	126	0	(39,848)	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		(1,221)	17,995	63	0	0	0	0	0	16,837
Impairment charges		0	(10,172)	0	0	(487)	0	0	0	(10,659)
Impairment reversals		0	1,384	0	0	0	0	0	0	1,384
Disposals - purchased		0	0	0	(201)	(1,331)	0	0	0	(1,532)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2023		44,351	487,566	4,704	773	81,377	26,780	578	8,588	654,717
Depreciation										
At 1 April 2022		0	18,599	682	621	51,125	18,476	347	0	89,850
Provided during the year - purchased		0	13,363	225	58	4,286	1,742	0	0	19,674
Provided during the year - donated		0	77	0	0	36	0	0	0	113
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	0	0	0	0	0	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		0	(6,471)	(568)	0	0	0	0	0	(7,039)
Impairment charges		0	(419)	0	0	(306)	0	0	0	(725)
Impairment reversals		0	(164)	0	0	0	0	0	0	(164)
Disposals - purchased		0	0	0	(201)	(1,276)	0	0	0	(1,477)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2023		0	24,985	339	478	53,865	20,218	347	0	100,232
Net book value at 1 April 2022		45,572	421,664	3,909	249	24,543	5,646	231	25,537	527,351
Net book value at 31 March 2023	SoFP	44,351	462,581	4,364	296	27,512	6,562	231	8,588	554,485
Open Market Value of Land in Land and Dwellings Included Above		0		0						
Asset financing:										
Owned - purchased		44,351	242,516	4,364	296	26,725	6,562	0	8,588	333,402
Owned - donated		0	2,365	0	0	787	0	231	0	3,383
On-balance sheet PFI contracts		0	217,700	0	0	0	0	0	0	217,700
Net book value at 31 March 2023	SoFP	44,351	462,581	4,364	296	27,512	6,562	231	8,588	554,485

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

7a. PROPERTY, PLANT AND EQUIPMENT - BOARD										
		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2022		45,572	440,263	4,592	869	75,668	24,122	347	25,537	616,970
Additions - purchased		0	0	0	75	4,738	2,532	0	22,969	30,314
Additions - donated		0	570	0	0	672	0	0	0	1,242
Completions		0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	(70)	(70)
Transfers between asset categories		0	37,526	49	30	2,117	126	0	(39,848)	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		(1,221)	17,995	63	0	0	0	0	0	16,837
Impairment charges		0	(10,172)	0	0	(487)	0	0	0	(10,659)
Impairment reversals		0	1,384	0	0	0	0	0	0	1,384
Disposals - purchased		0	0	0	(201)	(1,331)	0	0	0	(1,532)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2023		44,351	487,566	4,704	773	81,377	26,780	347	8,588	654,486
Depreciation										
At 1 April 2022		0	18,599	682	621	51,125	18,476	347	0	89,850
Provided during the year - purchased		0	13,363	225	58	4,286	1,742	0	0	19,674
Provided during the year - donated		0	77	0	0	36	0	0	0	113
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	0	0	0	0	0	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		0	(6,471)	(568)	0	0	0	0	0	(7,039)
Impairment charges		0	(419)	0	0	(306)	0	0	0	(725)
Impairment reversals		0	(164)	0	0	0	0	0	0	(164)
Disposals - purchased		0	0	0	(201)	(1,276)	0	0	0	(1,477)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2023		0	24,985	339	478	53,865	20,218	347	0	100,232
Net book value at 1 April 2022		45,572	421,664	3,910	248	24,543	5,646	0	25,537	527,120
Net book value at 31 March 2023	SoFP	44,351	462,581	4,365	295	27,512	6,562	0	8,588	554,254
Open Market Value of Land in Land and Dwellings Included Above		0		0						
Asset financing:										
Owned - purchased		44,351	242,516	4,365	295	26,725	6,562	0	8,588	333,402
Owned - donated		0	2,365	0	0	787	0	0	0	3,152
On-balance sheet PFI contracts		0	217,700	0	0	0	0	0	0	217,700
Net book value at 31 March 2022	SoFP	44,351	462,581	4,365	295	27,512	6,562	0	8,588	554,254

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED PRIOR YEAR										
		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2021		45,734	435,828	4,341	768	70,705	22,420	578	6,876	587,250
Additions - purchased		0	0	0	168	7,294	1,702	0	23,131	32,295
Additions - donated		0	0	0	0	0	0	0	0	0
Completions		0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	4,470	0	0	0	0	0	(4,470)	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		(162)	3,531	251	0	0	0	0	0	3,620
Impairment charges		0	(5,459)	0	0	0	0	0	0	(5,459)
Impairment reversals		0	1,893	0	0	0	0	0	0	1,893
Disposals - purchased		0	0	0	(67)	(2,331)	0	0	0	(2,398)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2022		45,572	440,263	4,592	869	75,668	24,122	578	25,537	617,201
Depreciation										
At 1 April 2021		0	31,072	448	667	49,456	16,893	347	0	98,883
Provided during the year - purchased		0	12,772	210	20	3,920	1,583	0	0	18,505
Provided during the year - donated		0	69	0	0	45	0	0	0	114
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	0	0	0	0	0	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		0	(21,170)	25	0	0	0	0	0	(21,145)
Impairment charges		0	(2,365)	0	0	0	0	0	0	(2,365)
Impairment reversals		0	(1,779)	0	0	0	0	0	0	(1,779)
Disposals - purchased		0	0	0	(67)	(2,296)	0	0	0	(2,363)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2022		0	18,599	683	620	51,125	18,476	347	0	89,850
Net book value at 1 April 2021		45,734	404,756	3,893	101	21,249	5,527	231	6,876	488,367
Net book value at 31 March 2022	SoFP	45,572	421,664	3,909	249	24,543	5,646	231	25,537	527,351
Open Market Value of Land in Land and Dwellings Included Above		0		1,667						
Asset financing:										
Owned - purchased		45,572	210,674	3,909	249	24,392	5,646	0	25,537	315,979
Owned - donated		0	1,762	0	0	151	0	231	0	2,144
Held on finance lease		0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts		0	209,228	0	0	0	0	0	0	209,228
Net book value at 31 March 2022	SoFP	45,572	421,664	3,909	249	24,543	5,646	231	25,537	527,351

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

7a. PROPERTY, PLANT AND EQUIPMENT – BOARD PRIOR YEAR										
		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2021		45,734	435,828	4,341	768	70,705	22,420	347	6,876	587,019
Additions - purchased		0	0	0	168	7,294	1,702	0	23,131	32,295
Additions - donated		0	0	0	0	0	0	0	0	0
Completions		0	0	0	0	0	0	0	0	0
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	4,470	0	0	0	0	0	(4,470)	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		(162)	3,531	251	0	0	0	0	0	3,620
Impairment charges		0	(5,459)	0	0	0	0	0	0	(5,459)
Impairment reversals		0	1,893	0	0	0	0	0	0	1,893
Disposals - purchased		0	0	0	(67)	(2,331)	0	0	0	(2,398)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2022		45,572	440,263	4,592	869	75,668	24,122	347	25,537	616,970
Depreciation										
At 1 April 2021		0	31,072	447	668	49,456	16,893	347	0	98,883
Provided during the year - purchased		0	12,772	210	20	3,920	1,583	0	0	18,505
Provided during the year - donated		0	69	0	0	45	0	0	0	114
Asset Transfers (to) / from other SG Consolidation Entities		0	0	0	0	0	0	0	0	0
Transfers between asset categories		0	0	0	0	0	0	0	0	0
Transfers (to) / from non-current assets held for sale		0	0	0	0	0	0	0	0	0
Revaluations		0	(21,170)	25	0	0	0	0	0	(21,145)
Impairment charges		0	(2,365)	0	0	0	0	0	0	(2,365)
Impairment reversals		0	(1,779)	0	0	0	0	0	0	(1,779)
Disposals - purchased		0	0	0	(67)	(2,296)	0	0	0	(2,363)
Disposals - donated		0	0	0	0	0	0	0	0	0
At 31 March 2022		0	18,599	682	621	51,125	18,476	347	0	89,850
Net book value at 1 April 2021		45,734	404,756	3,894	100	21,249	5,527	0	6,876	488,136
Net book value at 31 March 2022	SoFP	45,572	421,664	3,910	248	24,543	5,646	0	25,537	527,120
Open Market Value of Land in Land and Dwellings Included Above		0		1,667						
Asset financing:										
Owned - purchased		45,572	210,674	3,910	248	24,392	5,646	0	25,537	315,979
Owned - donated		0	1,762	0	0	151	0	0	0	1,913
Held on finance lease		0	0	0	0	0	0	0	0	0
On-balance sheet PFI contracts		0	209,228	0	0	0	0	0	0	209,228
Net book value at 31 March 2022	SoFP	45,572	421,664	3,910	248	24,543	5,646	0	25,537	527,120

NOTE 7B. ASSETS HELD FOR SALE - CONSOLIDATED

		Property, Plant & Equipment	Total
	Note	£000	£000
At 1 April 2022		1,623	1,623
Transfers from property, plant, and equipment		0	0
At 31 March 2023	SoFP	1,623	1,623
ASSETS HELD FOR SALE - BOARD			
		Property, Plant & Equipment	Total
		£000	£000
At 1 April 2022		1,623	1,623
Transfers from property, plant, and equipment		0	0
At 31 March 2023	SoFP	1,623	1,623
ASSETS HELD FOR SALE (PRIOR YEAR) - CONSOLIDATED			
		Property, Plant & Equipment	Total
		£000	£000
At 1 April 2021		1,623	1,623
Transfers from property, plant, and equipment		0	0
At 31 March 2022	SoFP	1,623	1,623
ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD			
		Property, Plant & Equipment	Total
		£000	£000
At 1 April 2021		1,623	1,623
Transfers from property, plant, and equipment		0	0
At 31 March 2022	SoFP	1,623	1,623

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 7C. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
		Net book value of property, plant, and equipment at 31 March			
525,207	252,207	Purchased		551,102	551,102
2,144	1,913	Donated		3,383	3,152
527,351	527,120	Total	SoFP	554,485	554,254
1,667	1,667	Net book value related to buildings valued at open market value at 31 March		1,759	1,759
		Total value of assets held under:			
209,228	209,228	PFI and PPP Contracts		217,700	217,700
209,228	209,228			217,700	217,700
		Total depreciation charged in respect of assets held under:			
4,926	4,926	PFI and PPP contracts		5,006	5,006
4,926	4,926			5,006	5,006

All land and 19.47% of buildings were revalued by an independent valuer, The Valuation Office Agency, during 2022/23 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £23.876m (2021/22: an increase of £24.764m) which was charged to the revaluation reserve. Net Impairment Charge of £8.386m (2021/22 £0.578m impairment reversal) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 7D. ANALYSIS OF CAPITAL EXPENDITURE

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
		Expenditure			
127	127	Acquisition of intangible assets	6	394	394
32,295	32,295	Acquisition of property, plant and equipment	7a	30,314	30,314
0	0	Donated asset additions	7a	1,242	1,242
		GP Loans advances	10	1,060	1,060
		Right of Use (RoU) Additions	17a	1,631	1,631
		Right of Use (RoU) Dilapidations		0	0
32,422	32,422	Gross Capital Expenditure		34,641	34,641
		Income			
35	35	Net book value of disposal of property, plant and equipment	7a	55	55
35	35	Capital Income		55	55
32,387	32,387	Net Capital Expenditure		34,586	34,586
		SUMMARY OF CAPITAL RESOURCE OUTTURN			
32,387	32,387	Core capital expenditure included above		32,284	32,284
32,389	32,389	Core Capital Resource Limit		32,289	32,289
2	2	Saving / (excess) against Core Capital Resource Limit		5	5
		Non core capital expenditure included above (including Financial Transactions)		2,302	2,302
0	0	Non core Capital Resource Limit (including Financial Transactions)		2,302	2,302
0	0	Saving / (excess) against Non Core Capital Resource Limit		0	0
32,387	32,387	Total capital expenditure		34,586	34,586
32,389	32,389	Total Capital Resource Limit		34,591	34,591
2	2	Saving / (excess) against Total Capital Resource Limit		5	5

NOTE 8. INVENTORIES

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
5,857	5,857	Raw materials and consumables		6,022	6,022
5,857	5,857	Total inventories	<u>SoFP</u>	6,022	6,022

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 9. TRADE AND OTHER RECEIVABLES

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
		NHSScotland			
1,997	1,997	Scottish Government		409	409
1,988	1,988	Boards	SFR 30.0	4,633	4,633
3,985	3,985	Total NHSScotland Receivables		5,042	5,042
81	81	NHS non-Scottish bodies		59	59
1,698	1,698	VAT recoverable		2,305	2,305
9,378	9,378	Prepayments		12,477	12,477
351	351	Accrued income		743	743
1,554	1,363	Other receivables		1,328	1,113
22,310	22,310	Reimbursement of provisions		7,156	7,156
383	383	Other public sector bodies		9,525	9,525
39,740	39,549	Total Receivables due within one year	SoFP	38,635	38,420
		NHSScotland			
0	0	Scottish Government		0	0
0	0	Boards		0	0
0	0	Total NHSScotland Receivables		0	0
		Other Public Sector Bodies			
357	357	Prepayments		343	343
917	917	Accrued income		927	927
21	21	Other receivables		0	0
53,242	53,242	Reimbursement of provisions		46,565	46,565
54,537	54,537	Total Receivables due after more than one year	SoFP	47,835	47,835
94,277	94,086	TOTAL RECEIVABLES		86,470	86,255
381	381	The total receivables figure above includes a provision for impairments of :		400	400
		WGA Classification			
1,988	1,988	NHS Scotland	SFR 30.0	4,633	4,633
3,695	3,695	Central Government bodies		2,713	2,713
383	383	Whole of Government bodies		9,525	9,525
81	81	Balances with NHS bodies in England and Wales		59	59
88,130	87,939	Balances with bodies external to Government		69,540	69,325
94,277	94,086	Total		86,470	86,255
2022	2022			2023	2023
£000	£000	Movements on the provision for impairment of receivables are as follows:		£000	£000
348	348	At 1 April		381	381
118	118	Provision for impairment		70	70
(75)	(75)	Receivables written off during the year as uncollectable		(37)	(37)
(10)	(10)	Unused amounts reversed		(14)	(14)
381	381	At 31 March		400	400

As of 31 March 2023, receivables with a carrying value of £400k (2021/22: £381k) were impaired and provided for. The ageing of these receivables is as follows:

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

2022	2022			2023	2023
£000	£000			£000	£000
0	0	3 to 6 months past due		0	0
381	381	Over 6 months past due		400	400
381	381			400	400

The receivables assessed as individually impaired were mainly CRU Income and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2023, receivables with a carrying value of £1.543 million (2021/22: £0.638 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

2022	2022			2023	2023
£000	£000			£000	£000
397	397	Up to 3 months past due		486	486
98	98	3 to 6 months past due		925	925
143	143	Over 6 months past due		132	132
638	638			1,543	1,543

The receivables assessed as past due but not impaired were mainly [NHS Scotland Health Boards, Local Authorities and Universities] and there is no history of default from these customers recently.

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

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

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

2022	2022			2023	2023
£000	£000			£000	£000
2,297	2,297	Counterparties with external credit ratings		7,630	7,630
2,297	2,297	Existing customers with no defaults in the past		7,630	7,630
		Total neither past due or impaired			

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

2022	2022			2023	2023
£000	£000			£000	£000
94,277	94,086	The carrying amount of receivables are denominated in the following currencies:		86,470	86,255
94,277	94,086	Pounds		86,470	86,255

All non-current receivables are due within two years (2021/22: two years) from the balance sheet date.

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

The fair value of long term other receivables is £47.835 (2021/22 £54.537).

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 10. INVESTMENTS

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000			£000	£000
595		Government securities		1,008	
13,785		Other		12,009	
14,380	0	TOTAL	SoFP	13,017	0
13,466	0	At 1 April		14,380	0
2,019		Additions	CFS	3,251	
		GP Loans advances	CFS	1,060	1,060
(1,994)		Disposals		(3,373)	
		GP Loans Fair Value Adjustment	2b	(321)	(321)
889		Revaluation surplus / (deficit) transferred to equity	SoCTE	(1,241)	
14,380	0	At 31 March		13,756	739
		Current	SoFP		
14,380	0	Non-current	SoFP	13,756	739
14,380	0	At 31 March		13,756	739

NOTE 11. CASH AND CASH EQUIVALENTS

		2023	2022
	Note	£000	£000
Balance at 1 April		2,415	2,423
Net change in cash and cash equivalent balances	CFS	(1,320)	(8)
Balance at 31 March	SoFP	1,095	2,415
Total Cash - Cash Flow Statement		1,095	2,415
The following balances at 31 March were held at:			
Government Banking Service		419	484
Commercial banks and cash in hand		60	89
Endowment cash		616	1,842
Balance at 31 March		1,095	2,415

NOTE 12. TRADE AND OTHER PAYABLES

Consolidated	Board			Consolidated	Board
2022	2022			2023	2023
£000	£000		Note	£000	£000
Payables due within one year					
		NHSScotland			
510	510	Scottish Government		195	195
8,333	8,333	Boards	SFR 30.0	24,189	24,189
8,843	8,843	Total NHSScotland Payables		24,384	24,384
754	754	NHS Non-Scottish bodies		1,635	1,635
573	573	Amounts payable to General Fund		479	479
18,402	18,402	FHS practitioners		19,419	19,419
6,991	6,977	Trade payables		5,361	5,346
35,468	35,468	Accruals		28,497	28,497
1,158	1,158	Deferred income		1,527	1,527
2,486	2,486	Payments received on account		2,429	2,429
		Interest payable			
	0	Net obligations under leases	17b	1,059	1,059
3,669	3,669	Net obligations under PPP / PFI Contracts	18b	3,947	3,947
8,186	8,186	Income tax and social security		9,068	9,068
7,139	7,139	Superannuation		7,750	7,750
5,654	5,654	Holiday pay accrual		6,033	6,033
44,142	44,142	Other public sector bodies		9,507	9,507
143,465	143,451	Total Payables due within one year	SoFP	121,095	121,080

Payables due after more than one year					
		NHSScotland			
0	0	Scottish Government		0	0
		Boards	SFR 30.0		
0	0	Total NHSScotland Payables		0	0
		Net obligations under leases due within 2 years	17b	1,386	1,386
		Net obligations under leases due after 2 years but within 5 years	17b	854	854
		Net obligations under leases due after 5 years	17b	2,234	2,234
3,947	3,947	Net obligations under PPP / PFI contracts due within 2 years	18b	4,249	4,249
13,755	13,755	Net obligations under PPP / PFI contracts due after 2 years but within 5 years	18b	14,819	14,819
140,633	140,633	Net obligations under PPP / PFI contracts due after 5 years	18b	135,321	135,321
158,335	158,335	Total Payables due after more than one year	SoFP	158,863	158,863
301,800	301,786	TOTAL PAYABLES		279,958	279,943

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

		WGA Classification			
8,333	8,333	NHS Scotland	SFR 30.0	24,189	24,189
15,834	15,834	Central Government bodies		17,013	17,013
44,142	44,142	Whole of Government bodies		9,507	9,507
754	754	Balances with NHS bodies in England and Wales		1,635	1,635
232,737	232,723	Balances with bodies external to Government		227,614	227,599
301,800	301,786	Total		279,958	279,943
£000	£000	Borrowings included above comprise:		£000	£000
0	0	Leases		5,533	5,533
162,004	162,004	PFI contracts		158,336	158,336
162,004	162,004			163,869	163,869
2022	2022	The carrying amount and fair value of the non-current borrowings are as follows		2023	2023
£000	£000	Carrying amount		£000	£000
0	0	Leases		4,474	4,474
158,335	158,335	PFI contracts		154,389	154,389
158,335	158,335			158,863	158,863

2022	2022			2023	2023
£000	£000	The carrying amount of payables are denominated in the following currencies:		£000	£000
301,800	301,786	Pounds		279,958	279,943
301,800	301,786			279,958	279,943

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 13A. PROVISIONS CONSOLIDATED AND BOARD

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2023 TOTAL	Charitable Endowment Funds - Provision of Liabilities	Charitable Endowment Funds - Total Funds Held on Trust	2023 Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	8,545	76,281	46,516	30	131,372	2,129	2,129	133,501
Arising during the year	529	8,889	8,641		18,059			18,059
Utilised during the year	(650)	(4,064)	(3,800)		(8,514)	(1,353)	(1,353)	(9,867)
Unwinding of discount	(1,726)				(1,726)			(1,726)
Reversed unutilised	(471)	(26,996)			(27,467)			(27,467)
At 31 March 2023	6,227	54,110	51,357	30	111,724	776	776	112,500

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

Analysis of expected timing of discounted flows to 31 March 2023

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2023 TOTAL	Charitable Endowment Funds - Provision of Liabilities	Charitable Endowment Funds - Total Funds Held on Trust	2023 Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Payable in one year	556	7,433	12,821		20,810	776	776	21,586
Payable between 2 - 5 years	2,195	28,465	31,237		61,897			61,897
Payable between 6 - 10 years	1,959	3,602	2,658		8,219			8,219
Thereafter	1,517	14,610	4,641	30	20,798			20,798
At 31 March 2023	6,227	54,110	51,357	30	111,724	776	776	112,500

PRIOR YEAR

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2021 TOTAL	Charitable Endowment Funds - Provision of Liabilities	Charitable Endowment Funds - Total Funds Held on Trust	2021 Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	9,319	60,654	45,759	30	115,762	0	0	115,762
Arising during the year	(72)	32,297	2,043		34,268	2,129	2,129	36,397
Utilised during the year	(675)	(4,086)	(1,286)		(6,047)		0	(6,047)
Unwinding of discount	93				93		0	93
Reversed unutilised	(120)	(12,584)			(12,704)		0	(12,704)
At 31 March 2021	8,545	76,281	46,516	30	131,372	2,129	2,129	133,501

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

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

	Pensions and similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	2021 TOTAL	Charitable Endowment Funds - Provision of Liabilities	Charitable Endowment Funds - Total Funds Held on Trust	2021 Consolidated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Payable in one year	706	22,910	11,602		35,218	2,129	2,129	37,347
Payable between 2 - 5 years	2,795	24,533	28,268		55,596		0	55,596
Payable between 6 - 10 years	2,650	3,956	2,405		9,011		0	9,011
Thereafter	2,394	24,882	4,241	30	31,547	0	0	31,547
At 31 March 2021	8,545	76,281	46,516	30	131,372	2,129	2,129	133,501

Pensions and Similar Obligations

The Board meet the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the Scottish Public Pension Agency. The Board pays the basic pension over the period between early departure and normal retirement date, then SPPA pay the basic and the Board pay the enhanced element for life. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.55% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 30 years.

Clinical & Medical Legal Claims against NHS Board

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

Participation in CNORIS

The Board participates in the Clinical Negligence and Other Risks Scheme (CNORIS). The principal of the scheme is that it will work in a similar manner to insurance schemes through the risk pooling of legal claims in relation to clinical negligence and other risks. The amount disclosed recognises the Board's share of the total CNORIS liability for NHS Scotland. Further detail is provided in Note 13b.

Other (non-endowment)

Other contains a provision for Waste Electronic and Electrical Equipment (WEE) Regulations (£30k), which reflects the anticipated future costs of medical equipment disposals.

NOTE 13B. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2022		Note	2023
£000			£000
76,281	Provision recognising individual claims against the NHS Board as at 31 March	13a	54,110
(75,552)	Associated CNORIS receivable at 31 March	9	(53,721)
46,516	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	51,357
47,245	Net Total Provision relating to CNORIS at 31 March		51,746

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Participants e.g., NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k “excess” fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

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

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

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

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

NOTE 14. CONTINGENT LIABILITIES

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

2022		2023
£000		£000
17,286	Clinical and medical compensation payments	12,630
17,286	TOTAL CONTINGENT LIABILITIES	12,630

CONTINGENT ASSETS

16,285	Clinical and medical compensation payments	11,937
16,285	TOTAL CONTINGENT ASSETS	11,937

NOTE 15. EVENTS AFTER THE END OF THE REPORTING YEAR

None.

NOTE 16. COMMITMENTS

2022		Property, plant, and equipment	2023
£000		£000	£000
	Contracted		
13,390	QMH Theatre Reconfiguration	1,113	1,113
1,350	Other	0	0
14,740	Total	1,113	1,113
	Authorised but not Contracted		
1,507	Equipment	725	725
2,030	Digital	1,592	1,592
877	Other Projects	4,334	4,334
4,414	Total	6,651	6,651

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Other Financial Commitments

The Board has entered into non-cancellable (which are not leases or PFI contracts), for QMH theatre reconfiguration.

NOTE 17. COMMITMENTS UNDER LEASES

NOTE 17A. RIGHT OF USE ASSETS (RoU) – CONSOLIDATED

		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2022		823	3,737		519	341	173			5,593
Additions (include new dilapidation provisions)					1,010	621				1,631
Additions - peppercorn leases										0
Asset Transfers (to) / from other SG Consolidation Entities										0
Transfers between asset categories										0
Revaluations										0
Impairment charges										0
Impairment reversals										0
Disposals										0
Disposals - peppercorn leases										0
At 31 March 2023		823	3,737	0	1,529	962	173	0	0	7,224
Depreciation										
At 1 April 2022										0
Provided during the year - (include new dilapidation provisions)		29	265		467	276	58			1,095
Provided during the year - peppercorn leases										0
Asset Transfers (to) / from other SG Consolidation Entities										0
Transfers between asset categories										0
Revaluations										0
Impairment charges										0
Impairment reversals										0
Disposals										0
Disposals - peppercorn leases										0
At 31 March 2023		29	265		467	276	58			1,095
Net book value at 1 April 2022		823	3,737	0	519	341	173	0	0	5,593
Net book value at 31 March 2023	SoFP	794	3,472	0	1,062	686	115	0	0	6,129
Open Market Value of Land in Land and Dwellings Included Above		623		0						

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Right of Use Assets (RoU) - BOARD										
		Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation										
At 1 April 2022		823	3,737		520	341	173			5,594
Additions - (including new dilapidation provisions)					1,320	311				1,631
Additions - peppercorn leases										0
Asset Transfers (to) / from other SG Consolidation Entities										0
Transfers between asset categories										0
Revaluations										0
Impairment charges										0
Impairment reversals										0
Disposals										0
Disposals - peppercorn leases										0
At 31 March 2023		823	3,737	0	1,840	652	173	0	0	7,225
Depreciation										
At 1 April 2022										0
Provided during the year		30	266		498	244	58			1,096
Provided during the year - peppercorn leases										0
Asset Transfers (to) / from other SG Consolidation Entities										0
Transfers between asset categories										0
Revaluations										0
Impairment charges										0
Impairment reversals										0
Disposals										0
Disposals - peppercorn leases										0
At 31 March 2023		30	266	0	498	244	58	0	0	1,096
Net book value at 1 April 2022		823	3,737	0	520	341	173	0	0	5,594
Net book value at 31 March 2023	SoFP	793	3,471	0	1,342	408	115	0	0	6,129
Open Market Value of Land in Land and Dwellings Included Above		623								

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 17B. LEASE LIABILITIES

	Land (including under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Intangibles	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amounts falling due:									
Not later than one year	7	252		542	200	58			1,059
Later than one year, not later than 2 years	14	511		525	278	58			1,386
Later than two year, not later than five years	21	643		3	187	0			854
Later than five years	129	2,082		0	23	0			2,234
Less: Unaccrued interest	0	0		0	0	0			0
Balance at 31 March 2023	171	3,488	0	1,070	688	116	0	0	5,533
Current	7	252		603	139	58			1,059
Non Current	164	3,236		746	270	58			4,474
	171	3,488	0	1,349	409	116	0	0	5,533

Amounts recognised in the Statement of Comprehensive Net Expenditure		
	2022-23	
	Consolidated	Board
	£000	£000
Depreciation	1,096	1,096
Interest Expense	54	54
Non Recoverable VAT on lease payments	76	76
Low value and short term leases	414	414
Remeasurement of ROU assets - (gain)/loss charged to SOCNE	0	0
Total	1,639	1,639

Amounts recognised in the Statement of Cash Flows		
	2022-23	
	Consolidated	Board
	£000	£000
Interest Expense	54	54
Repayments of Principal of leases	1,122	1,122
Total	1,176	1,176

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 17C.

Operating Leases

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

2022		2023
£000		£000
	Land	
1	Not later than one year	0
1	Later than one year, not later than 2 years	0
3	Later than two years, not later than five years	0
8	Later than five years	0
	Buildings	
558	Not later than one year	0
555	Later than one year, not later than 2 years	0
1,337	Later than two years, not later than five years	0
1,217	Later than five years	0
	Other	
981	Not later than one year	362
830	Later than one year, not later than 2 years	49
1,194	Later than two years, not later than five years	3
	Amounts charged to Operating Costs in the year were:	
3,129	Hire of equipment (including vehicles)	414
460	Other operating leases	0
3,589	Total	414

NOTE 18. COMMITMENTS UNDER PFI CONTRACTS - ON BALANCE SHEET

The Board has entered into the following on-balance sheet PFI projects:

St Andrew's Community Hospital Contract started 31st July 2009. Contract ends 30th July 2039. In accordance with HM Treasury application of IFRIC12 principles the property is a non-current asset of NHS Fife Board and that the liability to pay for the property is, in substance, a finance lease obligation.

Victoria Hospital Contract started 28th October 2011. Contract ends 27th October 2041. In accordance with HM Treasury application of IFRIC 12 principles the property is a non-current asset of NHS Fife Board and that the liability to pay for the property is, in substance, a finance lease obligation.

Under IFRIC 12 the asset is treated as an asset of the Board and included in the Board's accounts as a non-current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements: imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

Total Obligations under on-balance sheet PFI/PPP/Hub contracts for the following periods comprises:

2022	Gross Minimum Lease	St Andrews	Victoria	2023 TOTAL
£000	Payments	£000	£000	£000
16,893	Rentals due within 1 year	1,757	15,136	16,893
16,893	Due within 1 to 2 years	1,757	15,136	16,893
50,680	Due within 2 to 5 years	5,271	45,409	50,680
249,883	Due after 5 years	21,083	211,906	232,989
334,349	Total	29,868	287,587	317,455

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

2022	Less Interest Element	St Andrews	Victoria	2022 TOTAL
£000		£000	£000	£000
(13,224)	Rentals due within 1 year	(804)	(12,142)	(12,946)
(12,946)	Due within 1 to 2 years	(769)	(11,875)	(12,644)
(36,925)	Due within 2 to 5 years	(2,084)	(33,777)	(35,861)
(109,250)	Due after 5 years	(4,267)	(93,401)	(97,668)
(172,345)	Total	(7,924)	(151,195)	(159,119)

2022	Present value of minimum lease payments	Note	St Andrews	Victoria	2022 TOTAL
£000			£000	£000	£000
3,669	Rentals due within 1 year	<u>12</u>	953	2,994	3,947
3,947	Due within 1 to 2 years	<u>12</u>	988	3,261	4,249
13,755	Due within 2 to 5 years	<u>12</u>	3,187	11,632	14,819
140,633	Due after 5 years	<u>12</u>	16,816	118,505	135,321
162,004	Total		21,944	136,392	158,336

2022	Service elements due in future periods	St Andrews	Victoria	2022 TOTAL
£000				
7,545	Rentals due within 1 year	3,363	28,098	31,461
8,524	Due within 1 to 2 years	3,436	28,609	32,045
28,927	Due within 2 to 5 years	10,759	88,841	99,600
158,248	Due after 5 years	46,274	441,886	488,160
203,244	Total	63,832	587,434	651,266
365,248	Total commitments	85,776	723,826	809,602

2022	Amounts charged to the SOCNE	Note	2023
£000			
13,481	Interest charges	<u>2</u>	13,224
6,276	Service charges		7,546
3,412	Principle repayment		3,669
5,588	Other charges		6,676
28,757	Total		31,115

2022	Contingent rents (included in Other Charges)	2023
£000		
5,588		6,676

NHS Fife currently has commitments for two 30-year hard facilities management PFI Contracts: St Andrews Community Hospital (31st July 2009 to 30th July 2039) and Victoria Hospital Phase 3 (28th October 2011 to 27th October 2041). They are held as non-current assets in the Board's Accounts with the Board liable to pay for the properties as, in substance, finance leases as detailed above. At the relevant contract termination dates, the buildings are handed over to the Board who then assume responsibility for the ongoing maintenance.

The buildings were built and financed by a concession company: Projco for St Andrews and Consort Healthcare for Victoria Hospital Phase 3. NHS Fife pays a fixed monthly Unitary Payment to the concession company who employ a service company to ensure the buildings are maintained to an agreed level of service specifications. This Unitary Payment is subject to annual inflation in line with the February level for the Retail Prices Index unless changes made to the contract. To date any changes to these contracts have been minimal in value. In the event that the standard of service falls below the agreed levels, the Board is entitled to make deductions from the Unitary Payment. The Board maintains the right to request the re-financing of these contracts but, as this involves significant cost to undertake, this is entirely dependent on the state of the world money markets. To date, the Board has not requested re-financing for either contract.

NOTE 19. PENSION COSTS

	2023	2022
	£000	£000
Pension cost charge for the year	64,665	60,524
Provisions / liabilities / prepayments included in the Statement of Financial Position	6,227	8,545

NHS Fife participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employee's contributions.

NHS Fife has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Fife is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2023 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide yield of 9.4% of pensionable pay. While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/ Sergeant (Firefighters' scheme) cases that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanisms meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

NHS Fife's level of participation in the scheme is 4.8% based on the proportion of employer contributions paid in 2021/22.

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 1.7% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017/18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal 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.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

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 £6,240 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 choose to let NEST manage their retirement fund or can take control themselves and alter contribution levels and switch between different funds. If pension members leave the Board they can continue to pay into NEST.

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

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

NOTE 20 and 21 RETROSPECTIVE RESTATEMENTS

There were no prior year adjustments.

Adoption of IFRS16 in 2022/23

NHS Fife adopted the accounting policy IFRS 16 from 1 April 2022 - therefore there is no previous year comparison in the Accounts as this is the initial reporting year under IFRS 16. The opening transitional ROU value for 22/23 is £5.594m with an equal corresponding liability transitional opening balance.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 22. FINANCIAL INSTRUMENTS

NOTE 22A. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets					
CONSOLIDATED		Financial assets at fair value through OCI	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
AS AT 31 MARCH 2023					
Assets per Statement of Financial Position					
Investments	10			13,017	13,017
Derivative financial instruments	23		0		0
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	12,582			12,582
Cash and cash equivalents	11	1,095			1,095
		13,677	0	13,017	26,694
BOARD					
	Note	£000	£000	£000	£000
AS AT 31 MARCH 2023					
Assets per Statement of Financial Position					
Investments	10			0	0
Derivative financial instruments	23		0		0
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	12,366			12,366
Cash and cash equivalents	11	479			479
		12,845	0	0	12,845
CONSOLIDATED (Prior Year)					
	Note	£000	£000	£000	£000
At 31 March 2022					
Assets per Statement of Financial Position					
Investments	10			14,380	14,380
Derivative financial instruments	23		0		0
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,307			3,307
Cash and cash equivalents	11	2,415			2,415
		5,722	0	14,380	20,102
BOARD (Prior Year)					
	Note	£000	£000	£000	£000
At 31 March 2022					
Assets per Statement of Financial Position					
Investments	10			0	0
Derivative financial instruments	23		0		0
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	3,116			3,116
Cash and cash equivalents	11	573			573
		3,689	0	0	3,689

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

Financial Liabilities					
CONSOLIDATED			Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	Note		£000	£000	£000
AS AT 31 MARCH 2023					
Liabilities per Statement of Financial Position					
Finance lease liabilities	12			5,533	5,533
PFI Liabilities	12			158,336	158,336
Derivative financial instruments	23		0		
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12			73,360	73,360
			0	237,229	237,229
BOARD					
	Note		Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
			£000	£000	£000
AS AT 31 MARCH 2023					
Liabilities per Statement of Financial Position					
Finance lease liabilities	12			5,533	5,533
PFI Liabilities	12			158,336	158,336
Derivative financial instruments	23		0		
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12			73,345	73,345
			0	237,214	237,214
CONSOLIDATED (Prior Year)					
	Note		Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
			£000	£000	£000
At 31 March 2022					
Liabilities per Statement of Financial Position					
Finance lease liabilities	12			0	0
PFI Liabilities	12			162,004	162,004
Derivative financial instruments	23		0		
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12			114,470	114,470
			0	276,474	276,474
BOARD (Prior Year)					
	Note		Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
			£000	£000	£000
At 31 March 2022					
Liabilities per Statement of Financial Position					
Finance lease liabilities	12			0	0
PFI Liabilities	12			162,004	162,004
Derivative financial instruments	23		0		
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12			114,456	114,456
			0	276,460	276,460

NOTE 22B. FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

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

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

NHS Fife provides written principles for overall risk management, as well as written Financial Operating Procedures covering credit control.

The Consolidated Group does have some exposure to foreign investments.

a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AS AT 31 MARCH 2023	£000	£000	£000	£000
PFI Liabilities	16,893	16,893	50,680	232,989
Trade and other payables excluding statutory liabilities	74,419			
Total	91,312	16,893	50,680	232,989
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2022	£000	£000	£000	£000
PFI Liabilities	16,893	16,893	50,680	249,883
Trade and other payables excluding statutory liabilities	114,470			
Total	131,363	16,893	50,680	249,883

c) Market Risk

The NHS 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 NHS Board in undertaking its activities.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

i) Cash flow and fair value interest rate risk

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

ii) Foreign Currency Risk

NHS Fife has no direct exposure to foreign exchange rates during the course of normal business transactions.

iii) Price risk

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

d) Fair Value Estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. (Provide details of the technique used).

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

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

NOTE 23. DERIVATIVE FINANCIAL INSTRUMENTS

None.

NOTE 24. RELATED PARTY TRANSACTIONS

Government Bodies

The Scottish Government has effective control over the operations of NHS Fife. It provides the statutory framework within which NHS Fife operates and provides the majority of the funding for the operations of NHS Fife (which are referenced in Note 2). NHS Fife has had various material transactions with other boards, government departments and other central government bodies, such as HMRC and the Scottish Public Pension Agency. None of these are classified as related parties.

Key Management

No Board Member or key manager has undertaken any material transactions with the Board during the year.

Fife Integration Joint Board

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 the Fife Integration Joint Board was legally established from Saturday 3rd October 2015 with official commencement being 1st April 2016. The IJB is a partnership between NHS Fife and Fife Council and is responsible for planning and overseeing the delivery of a full range of community health and social care services. Consolidation will be applied for the 2021-22 annual accounts according to the equity method of accounting under IAS 28 - Investments in Associates and Joint Ventures. Fife Integration Joint Board is classified as a related party and the following Board members were also members of the Integration Joint Board:

Dr Christopher McKenna, Janette Keenan, Sinead Braiden, Wilma Brown, Alistair Grant, John Kemp, Alistair Morris, Arlene Wood (chair)

These NHS Fife Board members are voting members on the IJB Board. The voting membership and therefore the exercise of control over the IJB is split equally between NHS Fife and Fife Council.

NHS Fife had the following related party transactions in 2021/22:

Income £431.043m

Expenditure £431.043m

A 50% share of the integration joint board reserve (£19.063m) is included.

Fife Health Charity

The Fife Health Charity Funds are managed by Trustees who are members of the NHS Fife Board.

The Fife Health Charity had a total fund balance of £13.2m as depicted in Note 26 as part of the Group Consolidated Accounts. There was a debtor balance at the end of 2022/23 of £177k.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 25. THIRD PARTY ASSETS

Third Party Assets managed by the Board consist of balances on Patients' Private Funds Accounts.

	2022	Gross Inflows	Gross Outflows	2023
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	251	262	(277)	236
Total Monetary Assets	251	262	(277)	236

NOTE 26A. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group			Board	Endowment	Integration Joint Board (Joint Ventures)	Consolidated
2022			2023	2023	2023	2023
£000		Note	£000	£000	£000	£000
	Total income and expenditure					
453,877	Employee expenditure	3	496,409			496,409
	Other operating expenditure	3				
111,384	Independent Primary Care Services		116,333			116,333
151,594	Drugs and medical supplies		152,853			152,853
761,884	Other health care expenditure		710,050	1,035		711,085
1,478,739	Gross expenditure for the year		1,475,645	1,035		1,476,680
(485,987)	Less: operating income	4	(507,493)	(1,063)		(508,556)
(25,034)	Associates and joint ventures accounted for on an equity basis				20,793	20,793
967,718	Net Expenditure		968,152	(28)	20,793	988,917

Note: Joint ventures accounted for on an equity basis discloses NHS Fife share of the IJB reserve movement.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 26B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated			Board	Endowment	Intra Group Adjustment	IJB	Consolidated
2022			2023	2023	2023	2023	2023
£000	Note		£000	£000	£000	£000	£000
	Non-current assets:						
527,351	Property, plant and equipment	<u>SoFP</u>	554,254	231			554,485
227	Intangible assets	<u>SoFP</u>	583				583
0	Right of Use assets	<u>SoFP</u>	6,129				6,129
	Financial assets:						
14,380	Investments	<u>SoFP</u>	739	13,017			13,756
39,856	Investments in associates and joint ventures	<u>26a</u>				19,063	19,063
54,537	Trade and other receivables	<u>SoFP</u>	47,835				47,835
636,351	Total non-current assets		609,450	13,248	0	19,063	641,851
	Current Assets:						
5,857	Inventories	<u>SoFP</u>	6,022				6,022
	Financial assets:						
39,740	Trade and other receivables	<u>SoFP</u>	38,419	393	(177)		38,635
2,415	Cash and cash equivalents	<u>SoFP</u>	479	616			1,095
1,623	Assets classified as held for sale	<u>SoFP</u>	1,623	0			1,623
49,635	Total current assets		46,543	1,009	(177)	0	47,375
685,986	Total assets		656,084	14,256	(177)	19,063	689,226
	Current liabilities						
(37,347)	Provisions	<u>SoFP</u>	(20,810)	(776)			(21,586)
	Financial liabilities:						
(143,465)	Trade and other payables	<u>SoFP</u>	(121,080)	(192)	177		(121,095)
(180,812)	Total current liabilities		(141,890)	(968)	177	0	(142,681)
505,174	Non-current assets plus / less net current assets/liabilities		514,194	13,288	0	19,063	546,545
	Non-current liabilities						
(96,154)	Provisions	<u>SoFP</u>	(90,914)				(90,914)
	Financial liabilities:						
(158,335)	Trade and other payables	<u>SoFP</u>	(158,863)				(158,863)
(254,489)	Total non-current liabilities		(249,777)	0	0	0	(249,777)
250,685	Assets less liabilities		264,417	13,288	0	19,063	296,768
	Taxpayers' Equity						
32,119	General fund	<u>SoFP</u>	81,349				81,349
164,209	Revaluation reserve	<u>SoFP</u>	183,068				183,068
39,856	Other reserves - joint venture	<u>SoFP</u>				19,063	19,063
14,501	Funds Held on Trust	<u>SoFP</u>		13,288			13,288
250,685	Total taxpayers' equity		264,417	13,288	0	19,063	296,768

On consolidating the Board and Endowment Fund accounts adjustments have been required to remove the balances held with each other to ensure accurate representation of the Consolidated Statement of Financial Position. The Board accounts include a £177k debtor with the Endowment Fund. The corresponding entries on the Endowment Fund incorporate a £177k creditor to the Board. The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts and a 50% share of the reserve (£19.063m) has been included.

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 26B. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – PRIOR YEAR

		Board	Endowment	Intra Group adjustment	Integration Joint Board (Joint Ventures)	Consolidated
PRIOR YEAR		2022	2022	2022	2022	2022
		£000	£000	£000	£000	£000
Non-current assets:						
Property, plant, and equipment	SoFP	527,120	231			527,351
Intangible assets	SoFP	227	0			227
Financial assets:						
Investments	SoFP	0	14,380			14,380
Investments in associates and joint ventures		0	0		39,421	39,421
Trade and other receivables	SoFP	55,565	0			55,565
Total non-current assets		582,912	14,611	0	39,421	636,944
Current Assets:						
Inventories	SoFP	5,857	0			5,857
Intangible assets	SoFP	0	0			0
Financial assets:						
Trade and other receivables	SoFP	39,129	392	(201)		39,320
Cash and cash equivalents	SoFP	573	1,842			2,415
Investments	SoFP	0	0			0
Derivatives financial assets	SoFP	0	0			0
Assets classified as held for sale	SoFP	1,623	0			1,623
Total current assets		47,182	2,234	(201)	0	49,215
Total assets		630,094	16,845	(201)	39,421	686,159
Current liabilities						
Provisions	SoFP	(35,354)	(2,129)			(37,483)
Financial liabilities:						
Trade and other payables	SoFP	(143,017)	(215)	201		(143,031)
Derivatives financial liabilities	SoFP	0	0			0
Total current liabilities		(178,371)	(2,344)	201	0	(180,514)
Non-current assets plus / less net current assets/liabilities		451,723	14,501	0	39,421	505,645
Non-current liabilities						
Provisions	SoFP	(97,590)	0			(97,590)
Financial liabilities:						
Trade and other payables	SoFP	(158,335)	0			(158,335)
Liabilities in associates and joint ventures		0	0			0
Total non-current liabilities		(255,925)	0	0	0	(255,925)
Assets less liabilities		195,798	14,501	0	39,421	249,720
Taxpayers' Equity						
General fund	SoFP	31,589	0			31,589
Revaluation reserve	SoFP	164,209	0			164,209
Other reserves	SoFP	0	0			0
Other reserves - joint venture	SoFP	0	0	0	39,421	39,421
Funds Held on Trust	SoFP	0	14,501			14,501
Total taxpayers' equity		195,798	14,501	0	39,421	249,720

On consolidating the Board and Endowment Fund accounts adjustments have been required to remove the balances held with each other to ensure accurate representation of the Consolidated Statement of Financial Position. The Board accounts include a £199k debtor with the Endowment Fund. The corresponding entries on the Endowment Fund incorporate a £199k creditor to the Board. The Fife Integration Joint Board (IJB) has been incorporated within the Group accounts and a 50% share of the year end reserve (£39.421m) has been included

NOTE 26C. CONSOLIDATED STATEMENT OF CASH FLOW

Consolidated		Board	Endowment	Integration Joint Board (Joint Ventures)	Consolidated
2022		2023	2023	2023	2023
£000		£000	£000	£000	£000
	Cash flows from operating activities				
(967,718)	Net operating expenditure	(968,152)	28	(20,793)	(988,917)
(6,849)	Adjustments for non-cash transactions	28,513		20,793	49,306
13,574	Add back: interest payable recognised in net operating expenditure	11,552			11,552
(410)	Investment income	0	(429)		(429)
55,244	Movements in working capital	(40,835)	(1,376)		(42,211)
(906,159)	Net cash outflow from operating activities	(968,922)	(1,777)	0	(970,699)
	Cash flows from investing activities				
(26,532)	Purchase of property, plant and equipment	(25,075)	0		(25,075)
(127)	Purchase of intangible assets	(394)	0		(394)
(2,019)	Investment additions	(1,060)	(3,251)		(4,311)
1,994	Receipts from sale of investments		3,373		3,373
410	Interest received		429		429
(26,274)	Net cash outflow from investing activities	(26,529)	551	0	(25,978)
	Cash flows from financing activities				
949,273	Funding	1,011,717			1,011,717
139	Movement in general fund working capital	(94)			(94)
949,412	Cash drawn down	1,011,623			1,011,623
(3,413)	Capital element of payments in respect of leases and on-balance sheet PFI and Hub contracts	(3,668)			(3,668)
	IFRS 16 - 2022-23 cash lease payment	(1,046)			(1,046)
(93)	Interest paid	1,726			1,726
(13,481)	Interest element of leases and on-balance sheet PFI / PPP and Hub contracts	(13,278)			(13,278)
932,425	Net Financing	995,357	0	0	995,357
(8)	Net Increase / (decrease) in cash and cash equivalents in the period	(94)	(1,226)	0	(1,320)
2,423	Cash and cash equivalents at the beginning of the period	573	1,842	0	2,415
2,415	Cash and cash equivalents at the end of the period	479	616	0	1,095
	Reconciliation of net cash flow to movement in net debt / cash				
(8)	Increase / (decrease) in cash in year	(94)	(1,226)		(1,320)
2,423	Net debt / cash at 1 April	573	1,842	0	2,415
2,415	Net debt / cash at 31 March	479	616	0	1,095

NHS FIFE - NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

NOTE 26C. CONSOLIDATED STATEMENT OF CASH FLOW – PRIOR YEAR

Consolidated		Board	Endowment	Integration Joint Board (Joint Ventures)	Consolidated
2021		2022	2022	2022	2022
£000		£000	£000	£000	£000
	Cash flows from operating activities				
(822,394)	Net operating expenditure	(990,866)	(2,430)	39,421	(953,875)
13,880	Adjustments for non-cash transactions	18,185		(39,421)	(21,236)
14,357	Add back: interest payable recognised in net operating expenditure	13,574			13,574
(421)	Investment income	0	0		0
9,168	Movements in working capital	0	(410)		(410)
(785,410)	Net cash outflow from operating activities	53,480	2,308		55,788
		(905,627)	(532)	0	(906,159)
	Cash flows from investing activities				
(10,400)	Purchase of property, plant, and equipment	(26,532)	0		(26,532)
(11)	Purchase of intangible assets	(127)	0		(127)
(12,870)	Investment additions	0	(2,019)		(2,019)
0	Transfer of assets to/(from) other NHS bodies				0
999	Proceeds of disposal of property, plant, and equipment	0	0		0
13,752	Receipts from sale of investments	0			0
421	Interest received		1,994		1,994
(8,109)	Net cash outflow from investing activities	0	410		410
		(26,659)	385	0	(26,274)
	Cash flows from financing activities				
811,667	Funding	949,287			949,287
(27)	Movement in general fund working capital	125			125
811,640	Cash drawn down	949,412			949,412
(2,954)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(3,413)			(3,413)
(418)	Interest paid	(93)			(93)
(13,939)	Interest element of finance leases and on-balance sheet PFI / PPP contracts	(13,481)			(13,481)
794,329	Net Financing	932,425			932,425
		139	(147)		(8)
810	Net Increase / (decrease) in cash and cash equivalents in the period	434	1,989		2,423
775	Cash and cash equivalents at the beginning of the period	573	1,842		2,415
1,585	Cash and cash equivalents at the end of the period				
		139	(147)		(8)
	Reconciliation of net cash flow to movement in net debt / cash				
		434	1,989		2,423
810	Increase / (decrease) in cash in year	573	1,842		2,415
775	Net debt / cash at 1 April	(990,866)	(2,430)	39,421	(953,875)
1,585	Net debt / cash at 31 March	18,185		(39,421)	(21,236)

DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Fife by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Fife must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Fife must use the NHS Fife Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Fife must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
 - (a) The NHS Scotland Capital Accounting Manual,
 - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
 - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Fife in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Fife must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

“financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,

“Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury,

“Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to Health Boards by the Scottish Ministers,

“NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29),

“NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

NHS Fife is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Fife Annual Accounts template” means the Excel spreadsheet issued to NHS Fife by the Scottish Ministers as a template for their statement of accounts, and

“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.



Signed by the authority of the Scottish Ministers

Dated 22 March 2022