



**Scottish  
Ambulance  
Service**  
*Taking Care to the Patient*



# Scottish Ambulance Service

**Annual Report and Accounts**  
for year ended 31 March 2017

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## Scottish Ambulance Service

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for year ended 31 March 2017

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# Chair and Chief Executive Statement



The Scottish Ambulance Service receives two million telephone calls for help each year to one of our three Ambulance Control Centres in the North, East and West of Scotland. Thankfully, only a small number of these are for patients who have an immediately life threatening condition such as cardiac arrest. Calls are now more likely to be for help with unscheduled care. For example, this might be for an elderly patient who has fallen, and requires a face to face assessment to ascertain the most appropriate care pathway, which may not be admission to hospital. In addition, we provide almost one million patients with ambulance transport to and from hospital appointments.

We also provide care to the most acutely unwell patients through our SCOTSTAR service. Our Special Operations Response Teams also respond to major incidents and provide appropriate care to patients. As with our NHS Board partners, we are operating in the context of increasing unscheduled care demand, increasing pressures on budgets and public service reform. Within this changing operational and clinical context, we have been listening carefully to our patients, the public, our partners and to our staff. Working in partnership and seeking input from people who use our services and our staff who help provide patient care, we developed our current strategy: "Towards 2020; Taking Care to the Patient."

During 2016/17 we continued to focus on three key deliver areas:

- changing our model of service delivery into one which is much more clinically focused, based on robust clinical evidence and staff and patient experience
- enhancing our technology, equipment and processes to ensure our staff have the appropriate tools to do the job
- developing our workforce through enhancing education, training and development of existing staff, introducing new specialist and clinical roles and additional staff that involves training 1000 new paramedics by 2020.

In partnership with NHS Boards, Integrated Joint Boards and other organisations, we are improving patient pathways, making the best use of our valuable resources and sharing best practice to keep building a culture of learning and improvement. We employ over 4,700 staff directly and are delighted to have over 1,500 Community First Responder volunteers who work closely with us to provide prompt early life-saving help to patients, whilst the ambulance is on its way. We are further exploring co-responder models with the Scottish Fire and Rescue Service, Police Scotland and

BASICS GPs and Nurses to help save more lives and improve patient outcomes.

Working in partnership we have been able both to save more lives and take more care to people in their homes, where they want to be treated. Last year, over 100,000 patients were seen by our Accident and Emergency crews, and were able to have safe follow on care in their community, without having to go to hospital.

In November 2016, we began to pilot a new response system which aims to save more lives and improve the quality of care for patients. Patients with immediately life-threatening conditions, such as cardiac arrest, or who have been involved in serious road traffic incidents are now prioritised and receive the fastest response. In less urgent cases, our call handlers may spend more time with patients to better understand their health needs and ensure they send the most appropriate resource for their condition. The new response model was developed following the most extensive clinically-

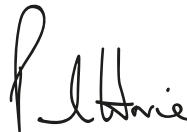
evidenced review of its type ever undertaken in the UK – with nearly half a million calls examined. It is the first major change to the time-based targets system since 1974. As we proceed with pilot, we have continued to engage with the public and with our staff and the pilot will be independently evaluated by Stirling University at the end of 2017.

We would like to acknowledge the fantastic contribution of our staff in the continuous improvement of patient care. Our ongoing investment in frontline staff demonstrates our commitment to working as part of a whole system of care in Scotland. For example, we have been developing the role of our Specialist Paramedics. Increasingly, they are working in GP Practises as part of a multi-disciplinary health care team, where possible, meeting patient needs in their community.

We will continue to implement our strategy over the forthcoming years in line with our intent to provide the best possible care to the people of Scotland.



**David Garbutt, Chair**



**Pauline Howie, Chief Executive**

# Performance Report

## 1. Overview

### 1.1 Who we are

[The Scottish Ambulance Service](#) was established in 1999 under The Scottish Ambulance Service Board Order 1999, which amended the National Health Service (Scotland) Act 1978.

We are responsible for the provision of accident and emergency response, patient transport services, air ambulance services, and SCOTSTAR for the residents of Scotland, covering a population of approximately 5.4 million.

### 1.2 The Scottish Government vision

“By 2020, everyone is able to live longer, healthier lives at home or in a homely setting. We will have a healthcare system where we have integrated health and social care, a focus on prevention, anticipation and supported self-management. When hospital treatment is required, and cannot be provided in a community setting, day case treatment will be the norm.”

“Whatever the setting, care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions. There will be a focus on ensuring that people get back into their home or community environment as soon as appropriate with minimal risk of re-admission.”

### 1.3 Our 2020 strategy: *Taking Care to the Patient*

The Scottish Ambulance Service recognises that it has a significant contribution to make to this strategy as a frontline service providing emergency, unscheduled and scheduled care 24/7.

In 2015/16, we launched our five year strategy [Towards 2020: Taking Care to the Patient](#). This 2020 strategy is based on the principle that care should be appropriate to need – and that where care is delivered should also be appropriate, which may not be in a hospital setting.

Our 2020 goals are to:

1. Ensure our patients, staff and the people who use

our services have a voice and can contribute to future service design, with people at the heart of everything we do

2. Expand our diagnostic capability and the use of technology to enhance local decision making to enable more care to be delivered at home in a safe and effective manner
3. Continue to develop a workforce with the necessary enhanced and extended skills by 2020 to deliver the highest level of quality and improve patient outcomes
4. Evidence a shift in the balance of care through access to alternative care pathways that are integrated with communities and with the wider health and social care service
5. To reduce unnecessary variation in service and tackle inequalities delivering some services ‘Once for Scotland’ where appropriate
6. Develop a model that is financially sustainable and fit for purpose in 2020

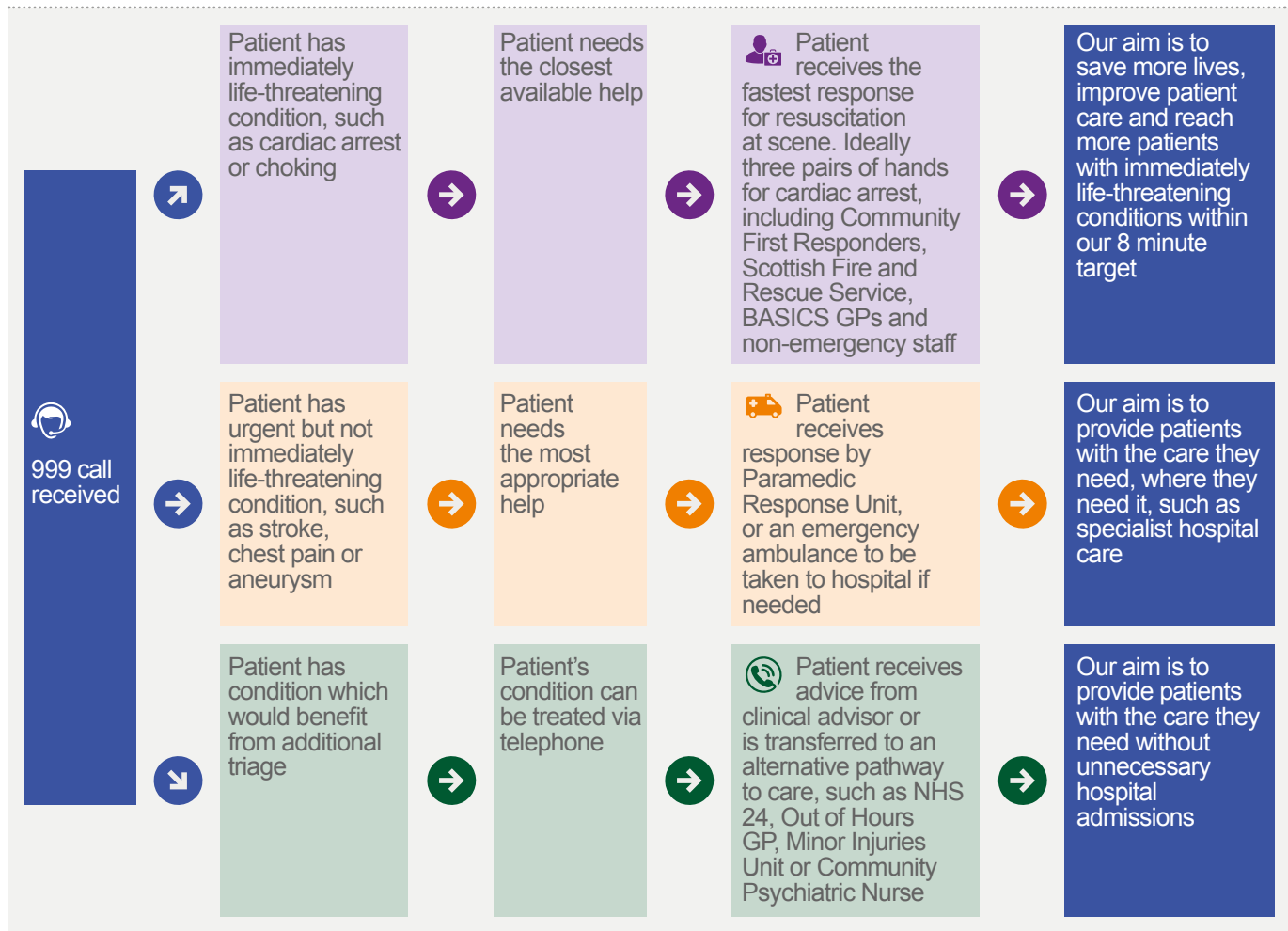
### 1.4 New clinical response model

On 23 November 2016 we introduced the first phase of a [new clinical response model](#), with the key aims of saving more lives and improving patient outcomes. The model, which is a 12 month pilot, was developed following the most extensive clinically-evidenced review of its type ever undertaken in the UK, with nearly half a million calls examined.

Developed in partnership with our staff, the model is the first major change to the time-based targets system since 1974 and focuses on improving patient outcomes, rather than simply measuring the time it takes to respond.

This will enable us to respond faster to more patients with time-critical, immediately life-threatening conditions. In other situations, we will safely and more effectively identify and send the right resource first time for patients, resulting in better overall clinical outcomes. Similar changes in Wales and parts of England have led to faster response times for critically-ill patients.

The new model categorises calls from members of the public which require a response as:



These replace categories ‘A’, ‘B’ and ‘C’, which are reported on up to 23 November 2016. The time-based performance target to reach 75% of patients with immediately life-threatening conditions within eight minutes has remained. A range of clinical outcome measures are being introduced to evaluate the quality, safety and timeliness of care delivered for all patients.

The second phase of the new model will be introduced from June 2017 and will include moving to ‘dispatch on disposition’, whereby resources will be sent to patients based on their clinical condition.

We will be able to demonstrate the impact of the new model on patient outcomes in Scotland through on-going monitoring and review in line with clinical governance arrangements. An independent evaluation will also be commissioned. This will inform any future improvements to the model.

### 1.5 Chief Executive’s Statement

The financial year ending 31 March 2017 was the second year of our strategy [Towards 2020: Taking Care to the Patient](#).

During this year we received 1,412,830 calls and responded to 740,637 accident and emergency incidents, of which 560,359 were emergencies. We also conveyed 778,070 patient journeys across Scotland.

Delivering our ‘2020’ vision requires whole system transformation and as a Service we recognise the need to work differently to deliver emergency, unscheduled and scheduled care in this context.

We have successfully established and continued our 2020 delivery programme, which has three main strands of work:

- Clinical Services Transformation
- Workforce Development
- Enabling Technology

In each of these areas we have made real progress, with key achievements including a 10% increase in return of spontaneous circulation (ROSC) across Scotland – the rate at which patients experiencing a cardiac arrest are resuscitated at scene – and over 100,000 patients safely treated in their community or referred to a more appropriate service for their needs. There has been significant investment in our staffing, skills and fleet.

While over the course of the year there has been an increase in demand and pressures on the wider NHS system, the average time to respond to patients with immediately life-threatening conditions has improved in the period from the launch of our new clinical response model pilot in November 2016 to the end of April 2017.

It is also encouraging that we are now sending conveying resources first time to patients most likely to need to be taken to definitive care more than 95% of the time.

We cannot deliver our 2020 goal in isolation and need to work effectively in partnership with NHS boards, health and social care partnerships, patients, communities and other public and voluntary agencies.





Examples of this in 2016/17 include the further development of our out-of-hospital cardiac arrest strategy, establishment of Wildcat responders in the North East, and co-responding pilots with Police Scotland and the Scottish Fire and Rescue Service in rural and remote areas.





All of these achievements are against a backdrop of sound financial planning, management and performance, with all of our financial targets being achieved.

### 1.6 Performance summary


The following performance summary relates to work undertaken and achieved in 2016/17, in year two of our five-year strategy.

## Clinical Services Transformation

WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Introduce a new clinical response model to save more lives and improve patient care</p>	<ul style="list-style-type: none"> <li>• Successfully introduced phase one in November 2016</li> <li>• Average time to respond to patients with immediately life-threatening conditions improved from 7 minutes 37 seconds in November 2016 to 7 minutes 31 seconds in April 2017</li> <li>• 95% patients most likely to need to be taken to definitive care being sent a conveying resource first time</li> </ul>
 <p>Develop our out-of-hospital cardiac arrest strategy to save more lives</p>	<ul style="list-style-type: none"> <li>• 10% increase in Return of Spontaneous Circulation (ROSC)</li> <li>• Co-responding pilot with Scottish Fire and Rescue Service extended</li> <li>• Secured Health Foundation investment of £75,000 across 18 months for remote and rural trial in Mull and Oban</li> <li>• Co-responding with Police Scotland introduced in Grampian</li> <li>• Sandpiper Wildcat programme started in North of Scotland</li> <li>• Community first responder schemes increased to 138, with more than 1,500 volunteers retrained</li> <li>• Promoted registration of public access defibrillators on Scottish Ambulance Service website</li> <li>• Extended our 3RU (Resuscitations Rapid Response Unit) to cardiac arrests to Glasgow area</li> <li>• Key partner in Save a Life for Scotland</li> </ul>
 <p>Develop our national and local pathways for hyper-acute stroke to improve patient outcomes</p>	<ul style="list-style-type: none"> <li>• Work is progressing well on the implementation of this indicator. The required changes have been made to the crew's ePacer units to enable them to record when the stroke bundle has been applied and work is ongoing to educate staff to ensure they are recording this information using the new method. It is planned to report this indicator from April 2017.</li> </ul>
 <p>Enhance our capability and capacity to respond to major trauma to save more lives</p>	<ul style="list-style-type: none"> <li>• Trauma Desk as part of the Specialist Services Desk established in Ambulance Control Centre to enable effective trauma recognition, triage and tasking 24/7</li> <li>• New trauma kit procured and introduced for frontline staff</li> <li>• Working with NHS Boards to develop medical response for major incidents</li> </ul>

WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Achieve 30% 'hear and treat' by December 2020 to ensure patients receive the most appropriate care first time and reduce demand on operational ambulances</p>	<ul style="list-style-type: none"> <li>• 8.9% 'hear and treat' achieved</li> <li>• Recruitment of additional clinical advisors and supervisors to establish clinical services hub</li> <li>• Doctor on secondment in Ambulance Control Centre to support and enhance triage and responses to GPs requesting ambulances to convey patients who need to be admitted to hospital within agreed timeframes</li> </ul>
 <p>Achieve 30% safe non-conveyance 'see and treat' rate by December 2020 to take more care to patients in their homes and communities</p>	<ul style="list-style-type: none"> <li>• 18.5% achieved</li> <li>• Evaluation of paramedic practitioners in Hawick medical practice has led to further pilot in Inverclyde and many practitioners now operating across the country</li> </ul>
 <p>Deliver services and pathways with the new health and social care partnerships, such as for frail and elderly patients</p>	<ul style="list-style-type: none"> <li>• Key member of Active and Independent Living Programme which commenced in November 2016</li> <li>• All divisions leading on local work with partners to develop, establish and improve local pathways, prioritising falls, respiratory conditions and mental health</li> <li>• Development of falls and frailty data collection to more effectively refer patients to pathways</li> </ul>
 <p>Work with health boards to support the development of transport hubs across Scotland and model future provision of services</p>	<ul style="list-style-type: none"> <li>• We continued to review our Patient Needs Assessment to make sure we accurately determine when patients require support</li> <li>• Supported the development of integrated transport hubs, in conjunction with Strathclyde Partnership for Transport (SPT), across the West of Scotland</li> <li>• All divisions are leading on shift reviews to align resources to the needs of patients</li> <li>• Testing, in conjunction with Royal Alexandra Hospital, supporting patients as scheduled outpatients following an unscheduled referral from GPs</li> </ul>



**Workforce development**




WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>More targeted recruitment and training</p>	<ul style="list-style-type: none"> <li>• Recruitment and training delivery informed by 2020 workforce modelling</li> <li>• 193 paramedics trained</li> <li>• 82 specialist paramedics recruited, with 51 being trained</li> </ul>
 <p>Extend VQ training module for technicians and ambulance care assistants</p>	<ul style="list-style-type: none"> <li>• 254 technicians recruited and commenced training in 2016/17</li> </ul>



WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Develop clinical roles to support delivery of our 2020 Strategy</p>	<ul style="list-style-type: none"> <li>• Scope of practice for all operational roles defined</li> <li>• Specialist Paramedic model introduced in line with our Clinical Strategy</li> <li>• Additional investment in the development of Clinical Advisors in Ambulance Control Centres</li> </ul>
 <p>Transition to 20% of frontline manager time protected for management duties and clinical leadership to ensure staff have greater access to managers</p>	<ul style="list-style-type: none"> <li>• Positive trajectory towards 20%, with work to consolidate protected time</li> <li>• Further tests of change being developed to support enhanced staff engagement</li> <li>• Frontline leaders commenced development programmes</li> </ul>
 <p>Developing the employee experience within the service to support a sustainable workforce</p>	<ul style="list-style-type: none"> <li>• Employee Wellbeing Strategy approved and year one delivery plan underway</li> <li>• iMatter organisational roll out achieved with the completion rate increasing from 68% in 2015/16 to 76% in 2016/17, and employee engagement index of 68%</li> </ul>

**Enabling technology**

WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Enhance the cab-based technology hardware in the unscheduled care ambulance fleet.</p> <p>The aim being to support our strategic aims, by ensuring our clinical staff are able to access, record and transfer relevant information, e.g. patient related information and up to date clinical guideline and pathway information</p>	<ul style="list-style-type: none"> <li>• Replaced the cab-based technology in more than 500 unscheduled care ambulances (Ambulance Telehealth Phase One)</li> <li>• Completed the specification and procurement for Ambulance Telehealth Phase Two developments (replacement electronic patient report (ePR) and provision of a paramedic information 'app')</li> </ul>
 <p>Ensure the Service has continued access to appropriate emergency service communications when the current Airwave system is 'decommissioned'. This will be achieved through active participation in the GB-wide Emergency Service Mobile Communications Programme</p>	<ul style="list-style-type: none"> <li>• Established an internal Emergency Service Network Programme</li> <li>• Active participation in the Emergency Services Mobile Communications Programme</li> <li>• Proactive engagement and collaboration with the Scottish Government, Police Scotland, Fire Scotland and other relevant partners</li> <li>• Preparation and planning for transition to the GB-wide Emergency Services Network in 2019/20</li> </ul>

WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Enhance and promote our capability to electronically transfer the patient information our clinicians collect to our NHSS partners, e.g. territorial health boards. The aim being to support and enable better clinical decision making, patient care and patient safety</p>	<ul style="list-style-type: none"> <li>• Technical solution developed and being actively refined</li> <li>• Solution implemented and / or piloted in NHS Greater Glasgow and Clyde, NHS A&amp;A, NHS Tayside, NHS Grampian and NHS Highland</li> <li>• Communication, collaboration and engagement with various NHSS partners to extend the reach of the solution, e.g. eHealth Leads, Clinical Change Leads and Scottish Government eHealth team</li> </ul>
 <p>Progress the delivery of our eHealth Strategy</p>	<ul style="list-style-type: none"> <li>• Completed migration to Scottish Wide Area Network and NHS Mail 2</li> <li>• Completed provision of corporate wi-fi at all sites</li> <li>• Replacement of our Ambulance Control Centre call recording solution</li> <li>• Completed a Patient Transport System infrastructure hardware replacement programme</li> <li>• Enhanced and extended our video conferencing capability</li> </ul>
 <p>Fleet replacement programme</p>	<ul style="list-style-type: none"> <li>• £78 million investment plan agreed</li> <li>• Almost 1,000 new vehicles being introduced over next four years</li> </ul>

**Patient engagement and participation**

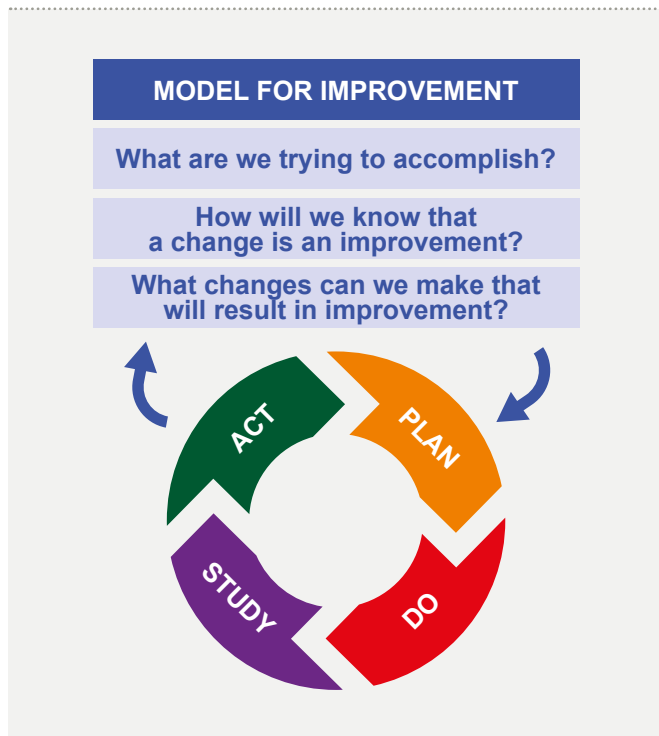
WHAT WE SAID WE WILL DO	WHAT WE HAVE ACHIEVED SO FAR
 <p>Ensure our patients, staff and the people who use our services have a voice and can contribute to future service design, with people at the heart of everything we do</p>	<ul style="list-style-type: none"> <li>• Developed and approved communications and engagement strategy</li> <li>• Driven change through patient experience, such as design of new vehicles</li> <li>• Co-produced patient experience framework</li> <li>• Revised Patient Focus, Public Involvement governance</li> <li>• Supported National Conversation</li> <li>• Participated in development of Our Voice framework</li> <li>• Use of Patient Opinion to provide valuable patient and carer feedback</li> <li>• Roll out of iMatter to improve staff experience and reduce complaints relating to attitude and behaviour</li> <li>• Complaints handling compliance sustained above 70% standard since improvement plan put in place in April 2016</li> </ul>

### 1.7 Measurement for improvement

In August 2015, we began reviewing and improving the methods of measuring performance. Our HEAT targets from the Government measure only a small number of factors within the organisation but there are many more aspects of our work we want to change and improve. These methods are now underpinned by the Scottish Government’s [Quality Improvement and Measurement – What Non-Executive Directors need to know \(Jan 2016\)](#).

Our intention is to measure progress using a small number of tools to build data literacy levels within the Service that are suitable for all staff, beginning with the Board, executives and senior managers with the ambition to move away from ‘Red’, ‘Amber’ and ‘Green’ (RAG) status to a more dynamic method of data display.

We are embedding the Model for Improvement to underpin our use of data to understand variation in processes and practices and make that variation visible to all so we can collectively discuss and co-design changes, to improve and standardise data display and interpretation throughout the organisation.



### 1.8 Principal risks and uncertainties

The Scottish Ambulance Service’s Local Delivery Plan summarises the key risks facing the organisation in future years and how these will be mitigated. The key challenge is to manage these risks in a way that ensures the continued delivery of quality clinical services and a high standard of operational performance whilst achieving our financial targets.

Principal risks identified include: changing demographics increasing future demand for our services above what can be resourced through future funding; the ability to recruit and retain staff, especially in remote and rural parts of Scotland; unidentified or high risk efficiency saving targets in the planned savings programme; and the need to ensure property is maintained at a level that meets the needs of staff and patients.

The Scottish Ambulance Service’s approach to the management of risk is set out in detail in the Governance Statement.

## 2. Performance Analysis

### 2.1 Financial performance and position

The Scottish Government Health and Social Care Directorate (SGHSCD) sets three financial targets at NHS Board level on an annual basis.

These limits are:

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

NHS Boards are expected to contain their net expenditure within these limits, and to report on any variation from the limits set.

The Scottish Ambulance Service achieved each of the targets set and the table below indicates the financial performance against each target.

	(1) Limit as set by SGHSCD £000	(2) Actual Outturn £000	(3) Variance (over)/under (1)-(2) £000
<b>Revenue resource limit – Core</b>	221,165	221,115	50
<b>Revenue resource limit – Non Core</b>	20,120	20,115	5
<b>Capital resource limit</b>	22,965	22,964	1
<b>Cash requirement</b>	244,495	244,495	0

2015/16 £000		2016/17 £000
(59)	Brought forward surplus from previous financial year	(54)
5	(Savings) /Deficit against in year revenue resource limit	(1)
<b>(54)</b>	<b>TOTAL Surplus for year</b>	<b>(55)</b>
0	Non Core Surplus returned to government	5
<b>(54)</b>	<b>Carried forward Core surplus to next year</b>	<b>(50)</b>

In respect of financial position and performance:

- The Scottish Ambulance Service achieved an underspend against Non-Core Revenue Resource Limit at the year-end of £5k and generated a surplus against Core Revenue Resource Limit at the year-end of £50k resulting in an overall underspend of £55k. The non-core surplus of £5k will be returned to the government;
- The Scottish Ambulance Service contained its costs within the revenue and capital resource limits;
- The closing bank balance as at 31 March 2017 was £60k (2015/16 £60k);
- Provisions for bad and doubtful debts of £335k (2015/16 £272k) were made which included the sum of £233k (2015/16 £207k) in respect of income from the NHS Cost Recovery Scheme accrued at year-end in the gross value of £1,015k (2015/16 £940k);
- Provision for legal obligations of £3,679k (2015/16 £3,132k) were made, of which £3,360k (2015/16 £2,906k) relates to medical and clinical claims and £319k (2015/16 £226k) relates to employers' liability claims;
- A second provision recognising the requirement to make contributions towards overall Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) liabilities has also made based upon an advised share of £3,769k (2015/16 £1,492k) advised by SGHSCD;
- Land and buildings were revalued by the Valuation Office Agency at 31 March 2017 on the basis of Existing Use Value (EUUV) for non specialised properties and Depreciated Replacement Cost (DRC) for a number of specialised properties. The remaining specialised properties not revalued were indexed at that date using indices supplied by the Building Cost Information Service (BCIS). The valuation was in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practices and Guidance Notes, subject to the special requirements of the accounting policies of the NHS.
- The net impact was a increase in value of £947k (2015/16: £446k decrease), of which £290k (2015/16: £225k debited) was credited to the revaluation reserve and £657k (2015/16: £221k) charged to the Statement of Comprehensive Net Expenditure. The net charge of £657k to the Statement of Comprehensive Net Expenditure was comprised of £173k (2015/16: £779k) impairment losses and £830k (2015/16: £558k) reversal of previous impairment losses.
- Total outstanding liabilities are Board £20,380k, Consolidated £20,467k (2015/16: Board £15,201k, Consolidated £15,235k)
- These accounts have been prepared on a going concern basis

## 2.2 Payment Policy

The Scottish Ambulance Service is committed to supporting the Scottish Government in helping businesses 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.

The Scottish Ambulance Service endeavours to achieve this target, with many invoices processed within 7 working days of date of receipt. However, the sound financial management of public funds requires further investigation of some invoices which can lead to a delay in payment.

Payment Policy	2016/17	2015/16
Invoices paid within 10 Days (Volume)	40%	51%
Invoices paid within 10 Days (Value)	32%	42%
Invoices paid within 30 Days (Volume)	79%	84%
Invoices paid within 30 Days (Value)	82%	81%
Average days credit taken	23	18

## 2.3 Pension liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 21 and the Remuneration Report.

## 2.4 Key Performance Indicators (KPIs)

We are required to report on key performance indicators, as agreed with the Scottish Government Health and Social Care Directorates. Examples of KPIs include financial break-even targets, response times, return of spontaneous circulation (ROSC) and staff absences, all of which relate to the main NHS objectives. These objectives can be classified under four categories: health improvement for the people of Scotland, efficiency improvements, access more quickly to service and treatment appropriate for patients (HEAT).

**NHS Scotland Objective 1: Health improvement for the people of Scotland – improving life expectancy and healthy life expectancy**

Target No. H1

➔ Achieve a return of spontaneous circulation for VF/VT patients on arrival at hospital

Target	2016/17	2015/16
>35%	40.3%	39.0%



We achieved improvement in outcomes following out of hospital cardiac arrest for VF/VT patients, with an increase in return of spontaneous circulation (ROSC) rates from 39% to 40.3% in year for these patients. We achieved 41.8% post launch of new clinical response model (November 2016).

This significant improvement has been achieved by:

- Appointment of Consultant Paramedic, allowing strategic focus and direction for the out-of-hospital cardiac arrest strategy with partners
- Appointment of Clinical Effectiveness Lead, operational delivery and roll out of 3RU model and real-time feedback on quality of CPR
- Investment in new automated external defibrillators
- Launch of mapping for automated external and public access defibrillators

Target No. H2

➔ % of cardiac arrest patients responded to within 8 minutes

Target	2016/17	2015/16
80%	70.4%	71.0%



There has been a slight reduction in performance against this target which reflects a general increase in demand and pressures on the wider system. Despite this, outcomes (see H1) have improved. It is anticipated that the introduction of the new clinical response model will contribute to the improvement in response to these patients

Target No. H3A – To 20 November 2016

➔ % of Category A incidents responded to within 8 minutes (1 April to 20 November 2016)

Target	2016/17	2015/16
75%	66.6%	65.5%



Measured prior to the introduction of the new clinical response model in November 2016.

This measure has been superseded by target H3B

Target No. H3B – 23 November 2016 to 31 March 2017

➔ % of immediately life-threatening incidents responded to within 8 minutes (23 November 2016 to 31 March 2017)

Target	2016/17	2015/16
75%	63.8%	Target not previously measured

Purple and Red are the highest two levels of response in the new clinical response model which are part of the immediately life threatening (ILT) response category.

Purple	69.7%	Highest priority ILT response with an anticipated high potential for cardiac arrest
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Red	62.9%	Second tier of ILT response with an anticipated high need for resuscitation on scene, to prevent deterioration to cardiac arrest
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Measured from November 2016 following the introduction of the new clinical response model.

This measure replaces target H3A.

Target No. H4 – To 20 November 2016

➔ % of Category B incidents responded to within 19 minutes (1 April to 20 November 2016)

Target	2016/17	2015/16
95%	79.3%	81.7%



Measured prior to the introduction of the new clinical response model in November 2016.

Following the introduction of the new Clinical Response Model in November 2016, Category B calls are no longer subject to time measures.

## NHS Scotland Objective 2: Efficiency and Governance improvements – continually improve the efficiency and effectiveness of the NHS

### Target No. E2

➔ Reduce sickness absence to a target of 5%

Target	2016/17	2015/16
<5%	7.6%	7.6%



Promoting attendance remains a priority for the Service. Through the delivery of our Employee Wellbeing Delivery Plan, commitment of resources to manage work pressures and specific actions on underpinning causes of absence, we aim to improve this position in 2017/18.

## NHS Scotland Objective 4: Treatment appropriate to individuals – ensure patients receive high quality services that meet their needs

### Target No. T1

➔ % of unscheduled cases managed by telephone or face-to-face assessment

Target	2016/17	2015/16
28%	n/a	n/a



This measure was in development throughout 2016/17 and will be reported from April 2017.

### Target No. T2

➔ % of hyper acute stroke patients who receive the pre hospital care bundle.

Target	2016/17	2015/16
90%	n/a	n/a



This measure was in development throughout 2016/17 and will be reported from April 2017.

### Target No. T3

➔ % of recorded use of peripheral vascular cannula (PVC) insertion care bundle

Target	2016/17	2015/16
78%	82.5%	79%



PVC compliance continues to be recorded and achieved above target at 82.5%.

A PVC insertion pack has been introduced with the aim of further improving PVC bundle compliance. This is currently being trialled in one division.

We aim to further improve to 85% in 2017/18



### 3. Sustainability and environmental reporting

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

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

<http://www.keepsotlandbeautiful.org/sustainability-climate-change/sustainable-scotland-network/climate-change-reporting/>

### 4. Equality and diversity

Our five year strategic framework “Towards 2020: Taking Care to the Patient” describes how we plan to deliver our frontline service providing emergency, unscheduled and scheduled care 24/7. Our mission is to deliver the best ambulance services for every person, every time. Our goals to improve access to healthcare, evidence a shift in the balance of care by taking more care to the patient and improving outcomes for patients cannot be achieved without a firm commitment to continue to progress our equalities work now and in the future.

Our equality outcomes were published for the first time in April 2013. These were developed with input across a number of sources including our patients, members of the public, senior managers, staff and staff side colleagues. These set out our focus for equality and diversity work between 2013 – 2017. An update on progress against these outcomes was published in April 2015. Work is underway to develop equality outcomes for 2017 – 21. This helps us to demonstrate that we meet the general duty under the Equality Act 2010 to have due regard to; eliminating discrimination, advancing equality of opportunity and fostering good relations. This work is key as we strive to deliver better person-centred care and contribute to the reduction of health inequalities.

We continue to monitor the Scottish Ambulance Service Anti-Bullying and Harassment Campaign. The aim of this campaign is to raise awareness of unacceptable behaviour and encourage staff to raise any concerns / issues at the earliest opportunity in order to resolve problems as soon as possible.

The Equality and Diversity Steering Group

continues to meet bi-monthly to take the key areas of work forward. Membership includes representatives from across the Divisions.

### 5. Social, community and human rights

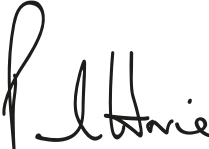
The challenge for the Scottish Ambulance Service is to translate the legislative requirements into an approach to mainstreaming equality and human rights into health policy and practice, which aims in turn to tackle health inequalities and improve health outcomes. The work of the Scottish Ambulance Service is explicitly aligned with existing NHS and Scottish Government policy priorities, linking this to national evidence where possible, and integrating into current performance management systems where relevant.

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

The Scottish Ambulance Service Equality Impact Assessment policy ensures that the impact of equality and health inequalities is embedded and integrated into the decisions and actions of the Board. The recognised principles of fairness, respect, equality, dignity and autonomy are firmly included in our organisational values. These are considered in our work specifically around service redesign to meet the 2020 Workforce Vision, developing ways patients can provide feedback, training and education programmes, staff appraisal, stakeholder engagement and involvement with patient groups as well as our work on equality and diversity.

Human rights principles are also incorporated, although not explicitly, in the development of employment policies, partnership working, working with vulnerable adults and children and developing person-centred care for our patients; including the way we communicate and gain consent to treatment.

I confirm that this Performance Report is an accurate summary of the information reported therein.

Signed: 

Date: 28 June 2017

Mrs Pauline Howie OBE  
Chief Executive

# SCOTSTAR

Our SCOTSTAR neonatal, paediatric and adult retrieval teams continue to work together to provide safe, effective person-centred retrieval and critical care services to communities across Scotland.

## Adult Team

Our Emergency Medical Retrieval Service (EMRS) provides adult retrieval services 24 hours a day. EMRS comprises two teams, each led by a consultant accompanied by a senior medical trainee or a Critical Care Practitioner.

## Neonatal Team

Our neonatal team work nationally across three regions: north, east and west. They undertake transfers and retrievals of babies up to five kilograms, with a team comprising up to three clinicians, including consultants, advanced nurse practitioners, middle grade doctors and transport nurses.

## Paediatric Team

Our Paediatric Retrieval Service provides a service for newborn babies and patients up to 16 years old. Typically, the team is consultant-led, supported by trainees, nurse practitioners and nurses. The team also works closely with Paediatric Intensive Care Unit (PICU) partners to provide telephone advice to referring clinicians.

## Adult Transfer and Retrieval Activity

During 2016/2017, our Adult Retrieval Team, EMRS, received 1151 calls and was activated on a total of 850 missions, making this the busiest year ever for the service and an increase of 130 missions over the previous year.

- The team performed 51 primary pre-hospital general anaesthetics and gave pre-hospital blood transfusions to 28 patients, in addition to enhanced-response critical care team interventions and senior clinical decision maker input.
- 144 secondary retrieval patients were intubated and ventilated for transfer, with 95.7% of the secondary retrievals taking place by air, with 58% helicopter and 42% by fixed wing aircraft.

- Advice calls with remote and rural clinicians meant only those patients who needed care in a specialist unit were transferred outside their community. As a result, 94 patients were able to remain near their home location, and receive ongoing medical care, at their local hospital.

## Neonatal Transfer and Retrieval Activity

In 2016/2017, our Neonatal Transfer Team performed a total of 1372 missions.

- 511 of these missions were repatriations, allowing babies to be cared for at a unit closer to their families. Of these transfers, the regional teams each carried out the following:

West: 685 transfers (50%)

East: 488 transfers (35.5%)

North: 199 transfers (14.5%)

- 95.4% of the transfers were undertaken by road, with an average mission duration of four hours eight minutes.
- 431 missions were Intensive-Care Level transfers, with 232 intubated, ventilated babies.
- Additionally, 204 babies were transferred on other advanced respiratory support.

## Paediatric Transfer and Retrieval Activity

Our Paediatric Retrieval Team undertook a total of 281 missions in 2016/2017, visiting a total of 36 hospital sites across Scotland.

Of these transfers, 216 were Intensive-Care Level transfers and 42 were High-Dependency Transfers.

- 170 transfers were of intubated, ventilated children
- The average mission duration was four hours and two minutes.
- 72% of transfers were undertaken by road, with 18% by fixed-wing aircraft and 10% by helicopter.

# Accountability Report

## Corporate Governance Report Directors' Report

### 1. Accounting convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified to reflect changes in the value of fixed assets and in accordance with the 2016/17 FRM. The Accounts have been prepared under a direction issued by Scottish Ministers, which is included at the end of the accounts.

The statement of the accounting policies, which are in line with the International Financial Reporting Standards (IFRS) and have been adopted, are shown at Note 1.

### 2. Naming convention

Scottish Ambulance Service is the common name for the Scottish Ambulance Service Board.

### 3. Principal activities and review of the business and future developments

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Performance Report, which is incorporated in this report by reference.

### 4. Date of issue

Audited Financial Statements were approved and authorised for issue by the Board on 28 June 2017.

### 5. Appointment of auditor

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 has appointed Grant Thornton UK LLP to undertake the audit of the Scottish Ambulance Service. 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.

### 6. Corporate governance

The Board meets regularly during the year to progress

the business of the Scottish Ambulance Service Board. This includes: reviewing of performance against the key targets for the organisation; considering the key strategies and policies the organisation wishes to develop; and seeking assurance that principal decisions are governed and implemented, as planned. In order to support the work of the Board and to provide a framework of assurance, the following governance committees report to the Board:

- Clinical Governance;
- Audit;
- Staff Governance; and
- Remuneration.

#### Clinical Governance Committee

The Clinical Governance Committee of the Board has two key roles:

- Systems assurance – to ensure that clinical governance mechanisms are in place and operate effectively throughout the Scottish Ambulance Service System; and
- Public health governance – to ensure that the principles and standards of clinical governance are applied to the health improvement activities of the NHS Board.

The Clinical Governance Committee comprised four Non-Executive Directors: Ms Moi Ali (Chair), Ms Neelam Bakshi; Mr Martin Togneri; Dr Francis Tierney and the Chairman, Mr David Garbutt (ex officio member). Mr Anwar Din was appointed as Public/Patient Representative in November 2016. The committee meets at least four times per year to monitor standards of care and measure the effectiveness of pre-hospital treatment.

#### Audit Committee

The Audit Committee comprised four Non-Executive Directors: Mr Edward Frizzell (Chair); Ms Moi Ali; Councillor David Alexander (until December 2016), Ms Esther Robertson and Ms Cecil Meiklejohn (from December 2016). The committee meets four times per year to consider the various reports from both

internal and external auditors to assess the risks and internal controls in the Scottish Ambulance Service.

### Staff Governance Committee

The Staff Governance Committee comprised four Non-Executive Directors: Ms Neelam Bakshi (Chair); Mr John Riggins (Employee Director); Councillor David Alexander (until November 2016); Ms Esther Robertson; Mr Martin Togneri (from January 2017); the Chairman, Mr David Garbutt (ex officio member) and three lay officials (in an ex officio capacity). The Committee meets four times per year to ensure effective monitoring of staff governance within the organisation.

### Remuneration Committee

The Remuneration Committee comprised the chairman Mr David Garbutt and four Non-Executive Directors: Mr Martin Togneri (Chair); Mr Edward Frizzell; Mr John Riggins (Employee Director); Councillor David Alexander (until November 2016) and Cecil Meiklejohn (from January 2017). The committee meets at least twice per year to consider the evaluation of performance and pay awards for Executive Directors. It has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level.

## 7. Board membership

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

The Board has collective responsibility for the performance of the Scottish Ambulance Service as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The Scottish Ambulance Service Board comprised during 2016/17:

David Garbutt QPM	Chairman
Pauline Howie OBE	Chief Executive
Councillor David Alexander	Non-Executive Director (to 30 November 2016)
Moi Ali	Non-Executive Director
Neelam Bakshi	Non-Executive Director
Edward Frizzell CB	Non-Executive Director
Theresa Houston	Non-Executive Director (to 30 September 2016)
Councillor Cecil Meiklejohn	Non-Executive Director (from 1 December 2016)
Esther Robertson	Non Executive Director
Dr Francis Tierney	Non-Executive Director
Martin Togneri	Non-Executive Director
John Riggins	Employee Director
Gerry O’Brien	Director of Finance & Logistics
Dr Jim Ward	Medical Director
Daren Mochrie QAM	Director of Service Delivery (to 31 March 2017)

### New Appointments

Non-Executive Director Councillor Cecil Meiklejohn was appointed from 1 December 2016.

The Board members’ responsibilities in relation to the accounts are set out in a statement following this report.

## Board members' and senior managers' interests

The following interests have been declared by Board members and senior managers:

Board Member	Directorships	Ownerships
David Garbutt	<ul style="list-style-type: none"> <li>Chartered fellow of the Chartered Institute of Personnel and Development</li> <li>Fellow Scottish Police College</li> <li>Visiting Fellow Australian Institute of Police Management</li> </ul>	Self Employed Consultant
Pauline Howie	<ul style="list-style-type: none"> <li>Honorary Air Commodore of 612 (County of Aberdeen) Royal Auxiliary Air Force Squadron</li> <li>Non Executive Director, SACRO</li> </ul>	None
Councillor David Alexander (to 30 November 2016)	<ul style="list-style-type: none"> <li>Member and local Office Bearer Scottish National Party</li> <li>Member C.N.D. Scotland</li> <li>Vice Chair, Fife and Forth Valley Criminal Justice Authority</li> <li>Elected Member Falkirk Council</li> </ul>	None
Moi Ali	<ul style="list-style-type: none"> <li>Governor, Napier University</li> <li>Non Executive Director, Scottish Police Authority (to February 2017)</li> <li>Non Executive member of Education Scotland's management board</li> <li>Non Executive Director, Professional Standards Authority for Health and Care</li> </ul>	Self Employed Consultant
Neelam Bakshi	<ul style="list-style-type: none"> <li>Member BBC Audience Council Scotland</li> <li>Lay Member Employment Tribunals Scotland</li> <li>Reserve Forces Tribunal</li> <li>Public Appointments Advisor, Commissioner for Ethical Standards</li> <li>Board member, Judicial Appointments Scotland</li> </ul>	NB Associates Owner
Edward Frizzell	<ul style="list-style-type: none"> <li>Chair of Court of Abertay University, Dundee</li> <li>Visiting Professor, Queen Margaret University, Edinburgh</li> </ul>	None
Theresa Houston (to 30 September 2016)	None	None
Councillor Cecil Meiklejohn (from 1 December 2016)	<ul style="list-style-type: none"> <li>Member of the Scottish National Party</li> <li>Elected member Falkirk Council</li> <li>Non Executive Director, Care Inspectorate</li> <li>Member, Mobility and Access Committee for Scotland</li> </ul>	None
Esther Roberton	<ul style="list-style-type: none"> <li>Chair of NHS 24</li> <li>Non Executive Director, Scottish Government (to January 2017)</li> </ul>	None
Dr Francis Tierney	<ul style="list-style-type: none"> <li>GP Locum</li> <li>GP Out of Hours</li> <li>GP Appraisal</li> <li>Member of Children's Panel</li> </ul>	None
Martin Togneri	<ul style="list-style-type: none"> <li>Board member, Scottish Fire and Rescue Service (to October 2016)</li> <li>Trustee of the Scottish Waterways Trust (to December 2016)</li> <li>Trustee, Scotland's Charity Air Ambulance</li> </ul>	None
Gerry O'Brien	None	None
John Riggins	None	None

Board Member	Directorships	Ownerships
Dr Jim Ward	<ul style="list-style-type: none"> <li>Sessional GP, Greater Glasgow and Clyde Out of Hours service</li> </ul>	None
Daren Mochrie (31 March 2017)	<ul style="list-style-type: none"> <li>Trustee, Scotland's Charity Air Ambulance</li> <li>Specialist Advisor/Inspection Chair, Care Quality Commission</li> </ul>	None
Rebecca Chalmers (to 31 December 2016)	None	None
Pat O'Connor	<ul style="list-style-type: none"> <li>Director Quality Improvement Discovery Consultancy</li> <li>Editorial Board Member – Clinical Risk Journal;</li> <li>Honorary Professor, University of Dundee Business School</li> </ul>	None
Linda Douglas (from 5 December 2016)	None	None

## 8. Public Services Reform (Scotland) Act 2010

The Public Services Reform (Scotland) Act came into being in October 2010. In Sections 31 and 32 it placed a duty on all public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. These items include:

- Overseas Travel;
- Public Relations;
- Hospitality and Entertainment; and
- External Consultancy.

In order to comply with this Act, the Scottish Ambulance Service places on its external website the information relating to the expenditure incurred under these headings since 1 April 2011.

In addition, public bodies are required to publish cash payments made to external parties that exceed £25,000 on a monthly basis, as soon as the monthly accounts are available. A list of these payments is also placed on our External Website. The following link will take readers to the relevant information:

<http://www.scottishambulance.com/TheService/act.aspx>

Payments made to staff that exceed £100k per annum should also be disclosed. This information is contained in the remuneration report. No other members of staff currently earn more than £100k per annum.

## 9. Remuneration for non-audit work

Grant Thornton UK LLP, the Scottish Ambulance Service's External Auditor, have undertaken no non-audit related work during 2016/17.

## 10. Related party transactions

Details of all related party transactions are set out in Note 25 of the accounts.

## 11. Personal data related incidents reported to the information commissioner

There have been no incidents that have required to be reported to the Information Commissioner during the year.

## 12. Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditor is unaware; and each director has taken all the steps that he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

## 13. Events after the end of the reporting period

There have been no significant events after the end of the financial year that would materially impact on the information contained within the accounts.

## 14. Financial instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Scottish Ambulance Service to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 24.

## Corporate Governance Report Statement Of The Chief Executive's Responsibilities As The Accountable Officer Of The Health Board

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

This designation carries with it responsibility for:

- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at the Board's disposal; 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 Scottish Ministers including the relevant accounting 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.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letters to me of 24 June 2008 and 5 November 2009.

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## Corporate Governance Report Statement Of Board Members' Responsibilities In Respect Of The Accounts

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Under the National Health Service (Scotland) Act 1978, the Scottish Ambulance Service 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 Scottish Ambulance Service Board as at 31 March 2017 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- apply on a consistent basis the accounting policies and standards approved for 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; and

- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Scottish Ambulance Service 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.

## Corporate Governance Report 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 Scottish Ambulance Service's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

### Purpose of System 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.

In terms of enabling me to discharge my responsibilities as Accountable Officer, the following governance arrangement and processes have been in place throughout the financial year:

- A Board which meets regularly to discharge its governance responsibilities; set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the senior management of the organisation and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and

good clinical practice are high priorities for Scottish Ambulance Service;

- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board and subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Implementation of organisation wide risk management arrangements in line with the Board's Risk Management Policy;
- Consideration by the Board of regular reports from the chairs of the performance governance, patient focus and public involvement, staff governance, clinical governance, and audit committees concerning any significant matters on governance, risk and internal controls;
- A strong focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Regular review of performance against key national targets;
- Clear allocation of responsibilities for ensuring that we continue to review and develop our organisational arrangements and services in line with national standards and guidance;
- Allocation of responsibilities for the implementation of improvement actions to lead directors and sector management across our clinical and non-clinical activities;
- Consultation on service change proposals is undertaken with stakeholders and used to inform decision making; and
- A patient feedback service and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches.

### Governance Framework

The Scottish Ambulance Service has set out its vision of how the service will be delivered in the future through its Strategy '*Towards 2020: Taking Care to the Patients*' and has consulted widely with stakeholders including the public, other Health Boards and the Scottish Government both in the preparation of this document and also in the progress made with the strategy.



The Scottish Ambulance Service Board is supported in its governance responsibilities by the following committees:

Committee	Responsibilities
Staff Governance	Is conducted in Partnership, chaired by a Non Executive Director with the Employee Director as deputy.
Audit Committee	Looks after the review of Standing Financial Instructions, Estates Policy, Procurement, Fraud and Risk matters as well as the Scheme of Internal Controls operating within the organisation.
Clinical Governance	Looks after the clinical controls that are required to be in place, as well as assessment of new clinical practices and clinical development of staff.
Remuneration Committee	Examines the pay and benefits of senior staff within the organisation.
Information Governance Committee	The Information Governance Committee is chaired by the Director of Care Quality & Strategic Development and the main objective of the Committee is to ensure a framework is in place to bring together all of the requirements, standards and best practice that apply to the handling of information.

The Board also examines its own effectiveness in line with current best practice, approves the scheme of delegation and ensures compliance with current legislation. The Board through defining the roles and responsibilities of members sets out clear areas of responsibility and levels of delegated authority.

The Board in conjunction with the Scottish Government Health and Social Care Directorate sets a series of performance measures that enables the Board to report to the public on the quality of services provided and how year on year these are improving.

The Board has a whistle blowing policy and makes it clear that staff will be supported when they raise genuine areas of concern in respect of patient safety and quality of service. The Scottish Government have a whistle blowing help line in place to assist NHS Scotland staff in raising appropriate concerns. This help line continued throughout 2016/17.

Each of the Executives and Non-Executives as Board members have key objectives to deliver each year and they are formally appraised, in the case of the Executives, by the Chief Executive and the Non – Executives by the Chairman. The Chief Executive is appraised by the Chairman also. From these appraisals, Personal Development Plans are prepared and acted upon. The Board development sessions provide an opportunity for the Board to develop as a collective.

Various channels of communication exist to enable effective communication with stakeholders, these vary from the Chief Executive’s Bulletin, to internal

stakeholders, to one to one meetings with key stakeholders at Scottish Government.

The Board has endeavoured to ensure compliance with the UK Scottish Public Finance Manual (SPFM) and is assured that it is in compliance with all relevant areas of this code that impact on NHS public bodies. In addition the Board is aware of its responsibilities in respect of the Bribery Act.

### Risk Management

All 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 a successful Risk Management Strategy are set out in the SPFM.

The Board’s Risk Management Strategy for 2016 – 2020 was approved by the Board in March 2016 and included a reviewed risk register and inclusion of ‘risk appetite’ for the Organisation. The Scottish Ambulance Service aims to control, eliminate or reduce significant risk to an acceptable level by creating a culture founded upon assessment and prevention rather than reaction and remedy.

The Service has adopted the principles and guidelines set out in BS ISO 31000:2009 International Standards for Risk Management which superseded the Australia / New Zealand (AUS/NZ) Risk Management Standards 4360:2004. These are commonly used in NHS Scotland.

The Scottish Ambulance Service aims to control, eliminate or reduce significant risk to an acceptable level by creating a culture founded upon assessment and prevention rather than reaction and remedy. Effective management of risk will:

- Help to ensure the safety of patients, staff and the public;
- Protect the services and finances of the Scottish Ambulance Service;
- Enhance the reputation and public image of the Service; and
- Improve ongoing delivery of emergency and patient care transport services.

An acceptable level of risk is defined as a level in keeping with national strategy and relevant guidelines and compliance with national standards, guidelines and legislation. Processes will be in place to reduce very high risks to an acceptable level.

#### Risk Management Principles

- The Service will positively support all staff to take personal responsibility for their own learning for risk management;
- The Service will create an environment which encourages and supports staff to report adverse / near miss events, including their own human errors, so that learning and improvement can take place;
- The Service will not blame staff for their errors it will promote a fair and just culture, providing that they are not wilful, criminal or the result of negligence;
- The Service will make non-threatening arrangements for the open discussion of events with the sole purpose of identifying what can be done to prevent it happening again;
- The Service will make suitable and inclusive arrangements to ensure that our learning is used to improve procedures and processes and share the lessons learned;
- All staff have a personal responsibility to perform their duties properly and in accordance with any procedures, rules or instructions provided;
- Consideration of risk should not inhibit innovation; and
- The Service will endeavour to understand the risks faced and be aware of the cost of risk to the Organisation.

A Board risk workshop, facilitated by Scott-Moncrieff our internal auditors, reviewed the corporate risk register and identified new risks for the Service for the coming year as part of their annual work plan. The key risks identified are prioritised through a risk matrix scoring methodology that examines likelihood and impact. Thereafter, the key risks have controls and mitigating actions developed which allow the organisation to manage these risks. The risks are reviewed on a bi-monthly basis as part of the Services 2020 Steering Group which includes the Executive Team and a cross section of senior managers, they review the current risks, monitor action taken/to be taken and discuss if there are any risks requiring escalation. As from November 2016 the SAS Board approve the corporate risk register at each Board meeting.

During 2016 the Service reviewed the governance arrangements for risk management and therefore implemented a risk management governance group which formally reports to the Audit Committee. The audit committee receive a quarterly update from the group which includes an update on the risk management work plan. The Audit Committee also receive updates on the corporate risk register. Internal Audit utilise the corporate level register and the findings from the annual risk workshop to develop their work plan for the forthcoming year. This process ensures that Internal Audit is focused on areas of greatest risk to the organisation.

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

- Continue to progress the Service's framework for the management of adverse events;
- SAS engaged with Healthcare Improvement Scotland on the management of adverse events;
- Implemented a risk management governance group which met 4 times throughout the year;
- Quarterly Clinical Governance Risk Management and Patient Safety reports have been presented to the Clinical Governance Committee and Audit Committee on a quarterly basis;
- A regular programme of facilitated workshops to identify and keep up to date the record of risks facing the organisation;
- Managers and staff have been trained to use the Service's risk management system - Datix for the management of adverse events and risks;

Corporate Risk Register

Risk Description	Current Controls	Risk Ranking
<p>There is a risk that the configuration, ergonomics and physical constraints of the existing Ambulance Control Centre (ACC) estates will limit the ability for SAS to introduce changing services resulting in the full benefits of the strategy not being realised. Examples include current difficulty expanding clinical hub at Cardonald (to facilitate changed clinical advisor shift rosters); effects on staff welfare.</p>	<p><b>Actions to mitigate the risk</b> Continue to progress issues and concerns in partnership, local drive for engagement with facilities managers.</p> <p><b>Actions to monitor the risk</b> Highlighted to Executives regularly as a high risk and constraint to performance and development. Fall back for North ACC is complete however the move of North Divisional Headquarters may have an impact.</p>	<p>High</p>
<p>There is a risk of poor decision making in the application of changing clinical decision making protocols, resulting in patient harm.</p>	<p><b>Actions to mitigate the risk</b> Pilot ongoing in Hawick Station with the Clinical Decision Making Framework. Initial Pilot complete. Now working to spread feedback model to front line staff re safe decision making for non-conveyed patients. Stroke bundle rolled out in all divisions, focussing on clinical care rather than time based targets. Tests of change regarding appropriate clinical deployment of specialists being designed and delivered April 2017. Updated UK Ambulance Service Guidelines issued to staff and implemented on 1st July 2016.</p> <p><b>Actions to monitor the risk</b> Clinical Services Transformation Group will monitor progress and report through the 2020 Steering Group.</p>	<p>High</p>
<p>There is a risk of SAS failing to deliver safe and effective services during the transitional programme, including remote and rural areas resulting in patient harm.</p>	<p><b>Actions to mitigate the risk</b> Pilot ongoing in Hawick Station with the Clinical Decision Making Framework. Pilot complete. Now working to spread feedback model to front line staff re safe decision making for non-conveyed patients. Stroke bundle rolled out in all divisions, focussing on clinical care rather than time based targets. Tests of change re appropriate clinical deployment of specialists being designed and delivered April 2017. Specialist program has emerged from SAS' Practitioner model work, which largely was developed in remote and rural settings. Robust Governance arrangements in place within the Organisation and clear prioritisation of the local delivery plan process. General Managers engaged throughout the process.</p> <p><b>Actions to monitor the risk</b> Clinical Services Transformation Group will monitor progress and report through the 2020 Steering Group.</p>	<p>High</p>

<p>There is a risk that SAS does not get the necessary funding in future years, because of changing political priorities, resulting in the failure to deliver the strategy or to resource existing commitments.</p>	<p><b>Actions to mitigate the risk</b> Service prioritises key areas of impact through its Corporate Governance structures.</p>	<p>High</p>
<p>There is a risk that SAS is unable to engage staff in changes in working practices and effect cultural change necessary for the delivery of the new model of care resulting in delays in Service delivery, poor decision making, patient harm and a negative impact on staff morale.</p>	<p><b>Actions to monitor the risk</b> Considering strategic workforce engagement and cultural issues at the Organisational level through the workforce development steering group and the National Partnership forum. In additional local engagement initiatives are being progressed through local partnership forums and through implementation of the iMatter programme and patient Safety Walk rounds feedback. Excellent feedback is being received from current staff engagement.</p>	<p>High</p>
<p>There is a risk that the public does not understand SAS's role because of insufficient engagement with the public and partners about new models of care and care pathways, resulting in reputational damage, adverse publicity and patients being over-treated.</p>	<p><b>Actions to monitor the risk</b> Communication and Engagement Strategy for our stakeholders is complete. Senior Managers are actively engaged with integrated Joint Board (IJBs) Partners.</p>	<p>High</p>
<p>There is a risk that new technologies do not adequately support the delivery of SAS's strategy resulting in patient harm and inconsistent Service delivery.</p>	<p><b>Actions to mitigate the risk</b> Enabling technology work stream in place to ensure appropriate governance arrangements are in place and changes documented. Tele-Health phase 1 complete. <b>Actions to monitor the risk</b> User satisfaction survey in place.</p>	<p>Medium</p>
<p>There is a risk to staff and patient safety due to an increase in demand on the on call stations resulting in staff or patient harm.</p>	<p><b>Actions to mitigate the risk</b> Fatigue policy in place to reduce the risk to staff</p>	<p>Medium</p>

**Review of Adequacy and Effectiveness**

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

- the executive and senior managers who are responsible for developing implementing and maintaining internal controls across their areas;
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports;
- establishment of key performance and risk indicators, including the requirement for all projects to be managed according to PRINCEII project management methodology;
- maintenance of an organisation-wide risk register formally reviewed by the Board annually and the Risk Management Steering Group meets at the Senior Management Team meetings three times per annum;
- the operation of a comprehensive performance appraisal system for all staff with personal objectives and development plans designed to support the Board in the attainment of the corporate objectives set out in the Health Plan and Delivery Plan. In addition, Personal Development Plans for all staff are being developed in line with

the NHS Agenda for Change Knowledge and Skills Framework;

- an efficient government programme which aims to achieve cash releasing savings and productivity improvements (e.g. overtime management); and
- the operation of a continuous improvement strategy.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, Clinical Governance Committee, Staff Governance Committee and Information Governance Committee. Appropriate action is in place to address weaknesses identified and to ensure the continuous improvement of the system.

## Best Value

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, Directors and Managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual.

## Disclosures

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

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## Remuneration And Staff Report Remuneration Report

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### Board members' and senior managers' remuneration

The remuneration of Board members and senior employees is determined in accordance with the NHS MEL(2000)25 – *Pay and Conditions of Service*. This document sets out the pay arrangements for Board members and senior employees of NHS Boards. The arrangements referred to in this document are mandatory from 1 April 2000. The information in this remuneration report is subject to audit.

Performance appraisal for Board members and senior employees is conducted in accordance with HDL(2002)64 – *Appraisal arrangements for staff on Executive pay ranges*.

As stated above, the Remuneration Committee meets at least twice per year to consider the evaluation of

performance and pay awards for Executive Directors. This committee comprises the Chairman and four Non-Executive Directors: Mr. John Riggins, Mr. Edward Frizzell, Councillor David Alexander (until November 2016) Mr. Martin Togneri and Councillor Cecil Meiklejohn, (from December 2016).

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

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2016/17.

## Remuneration report

### For the year ended 31 March 2017

#### Current year 2016/17

Director	Remuneration Table					Pension Values				
	Gross Salary	Benefits in Kind £'000	Total in year Earnings	Pension benefits – Note (1)	Total remuneration Note (2)	Accrued pension at age 60 as at 31/03/17	Real increase in pension at age 60	CETV at 31/03/17	CETV at 31/03/16	Real Increase in CETV
Executive Directors	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Chief Executive: Pauline Howie	125-130	1.4	125-130	50	175-180	35-40	2.5-5	749	684	65
Director of Service Delivery: Daren Mochrie (to 31 March 2017)	100-105	2.8	105-110	35	140-145	35-40	2.5-5	608	564	44
Medical Director: James Ward	150-155	2.2	150-155	15	165-170	60-65	0-2.5	No longer in SPPA scheme	1,119	No longer in SPPA scheme
Director of Finance & Logistics: Gerry O'Brien	85-90	3.3	90-95	29	120-125	30-35	0-2.5	639	589	38
Non-Executive Directors	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Chairman: David Garbutt	25-30	0	25-30	0	25-30	Non-Executive Directors are not eligible to become members of the pension scheme				
Esther Robertson	5-10	0	5-10	0	5-10					
David Alexander (to 30 November 2016)	5-10	0	5-10	0	5-10					
Moi Ali	5-10	0	5-10	0	5-10					
Neelam Bakshi	5-10	0	5-10	0	5-10					
Edward Frizzell	5-10	0	5-10	0	5-10					
Martin Togneri	5-10	0	5-10	0	5-10					
Francis Tierney	5-10	0	5-10	0	5-10					
Cecil Meiklejohn (from 1 December 2016)	0-5	0	0-5	0	0-5					
Theresa Houston (to 30 September 2016)	0	0	0	0	0					
Employee Director: John Riggins	50-55	0	50-55	7	55-60	10-15	0	287	281	2
Other Senior Employees	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Director of HR: Rebecca Chalmers (to 30 November 2016)	30-35	0	30-35	17	45-50	15-20	0-2.5	284	265	20
Director of Care Quality & Strategic Development: Patricia O'Connor	95-100	4.1	100-105	101	200-205	45-50	5-7.5	1,109	1,022	75
Director of HR: Linda Douglas (from 05/12/2016)	25-30	0	25-30	6	30-35	0-5	0-2.5	7	0	7

#### Note (1) - Pension Benefits

This figure represents the value of pension benefits accrued during the year. It does not represent the contributions to the scheme by either employee or employer. Instead it represents the value of benefits to be received in the future by the employee over the expected lifetime of the pension. It is calculated as [(Real increase in pension x 20) less (Employees Superannuation Contributions for the year)]

#### Note (2) - Total Remuneration

This figure is calculated as: (Gross Salary + Bonus Payments + Benefit in Kind + Pension Benefits) = Total Remuneration. As this includes Pension Benefits per Note (1) above, this is not the salary paid to the employee during the year but the salary plus the employee's pension benefits over the life of the pension.

#### Bonus Payments

There were no bonus payments received during the year 2016/17

## Remuneration report

### For the year ended 31 March 2017

### Prior year 2015/16

Director	Remuneration Table					Pension Values				
	Gross Salary	Benefits in Kind £'000	Total in year Earnings	Pension benefits – Note (1)	Total remuneration Note (2)	Accrued pension at age 60 as at 31/03/16	Real increase in pension at age 60	CETV at 31/03/16	CETV at 31/03/15	Real Increase in CETV
Executive Directors	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Chief Executive: Pauline Howie	120-125	1.6	120-125	21	140-145	35-40	0-2.5	656	593	46
Director of Service Delivery: Daren Mochrie	100-105	2.6	100-105	28	130-135	30-35	0-2.5	497	445	39
Medical Director: James Ward	155-160	2.4	155-160	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Director of Finance & Logistics: Gerry O'Brien	85-90	1.6	85-90	67	150-155	30-35	0-2.5	570	493	66
Non-Executive Directors	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Chairman: David Garbutt	25-30	0	25-30	0	25-30	Non-Executive Directors are not eligible to become members of the pension scheme				
Andrew Richmond	0-5	0	0-5	0	0-5					
Esther Robertson	5-10	0	5-10	0	5-10					
David Alexander	5-10	0	5-10	0	5-10					
Moi Ali	5-10	0	5-10	0	5-10					
Neelam Bakshi	5-10	0	5-10	0	5-10					
Edward Frizzell	5-10	0	5-10	0	5-10					
Martin Togneri	5-10	0	5-10	0	5-10					
Francis Tierney	0-5	0	0-5	0	0-5					
Theresa Houston	0	0	0	0	0					
Employee Director: John Riggins	50-55	0	50-55	0	40-45					
Other Senior Employees	Bands of £5,000	£'000	Bands of £5,000	£'000	Bands of £5,000	Bands of £5,000	Bands of £2,500	£'000	£'000	£'000
Director of HR: Rebecca Chalmers (part time)	50-55	0	50-55	0	40-45	15-20	0-2.5	241	237	4
Director of Care Quality & Strategic Development: Pat O'Connor (from 01/07/15)	65-70	3.6	70-75	134	205-210	45-50	5-7.5	999	884	153
Director of Strategic Planning & Quality Improvement: Heather Kenney	15-20	0.4	15-20	(b)	(b)	Retired 12/06/15				

#### Notes

- (a) James Ward's Pension Information was not available at the time of publishing these Accounts.  
 (b) Individuals who left the Service or retired during the year therefore pension information not available

#### Note (1) - Pension Benefits

This figure represents the value of pension benefits accrued during the year. It does not represent the contributions to the scheme by either employee or employer. Instead it represents the value of benefits to be received in the future by the employee over the expected lifetime of the pension. It is calculated as [(Real increase in pension x 20) less (Employees Superannuation Contributions for the year)]

#### Note (2) - Total Remuneration

This figure is calculated as: (Gross Salary + Bonus Payments + Benefit in Kind + Pension Benefits) = Total Remuneration. As this includes Pension Benefits per Note (1) above, this is not the salary paid to the employee during the year but the salary plus the employee's pension benefits over the life of the pension.

#### Bonus Payments

There were no bonus payments received during the year 2015/16

## Fair Pay Disclosure

	Current Year 2016/17	Prior Year 2015/16
Range of staff remuneration	8,169 – 142,073	8,088 - 147,017
Highest earning Director's total remuneration (£000s)	142,073	147,017
Median Total Remuneration	29,768	30,597
Ratio	4.773	4.805

## Remuneration And Staff Report Staff Report

### Higher Paid Employees' Remuneration

Clinical	2016/17	2015/16	Other	2016/17	2015/16
50-60	116	119	50-60	19	18
60-70	40	40	60-70	3	6
70-80	5	5	70-80	5	5
80-90	5	6	80-90	1	2
90-100	2	0	90-100	2	0
130-140	0	0	100-110	1	1
150-160	1	1	120-130	1	1
	<b>169</b>	<b>171</b>		<b>32</b>	<b>33</b>
			<b>Total</b>	<b>201</b>	<b>204</b>



## Staff Costs

	Executive Board Members	Non Executive Board Members	Permanent Staff	Inward Secondees	Other staff	Outward Secondess	2017 Total	2016 Total
Staff Costs	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and Wages	470	83	141,263	0	0	(425)	141,391	135,120
Social Security costs	60	2	14,097	0	0	(48)	14,111	10,455
NHS scheme employers' costs	47	0	17,923	0	0	(55)	17,915	17,174
Inward secondees	0	0	0	4,426	0	0	4,426	4,903
Agency Staff	0	0	0	0	59	0	59	101
	<b>577</b>	<b>85</b>	<b>173,283</b>	<b>4,426</b>	<b>59</b>	<b>(528)</b>	<b>177,902</b>	<b>167,753</b>
Compensation for loss of office or early retirement	0	0	22	0	0	0	22	205
Pensions to former board employees	0	0	100	0	407	0	507	303
<b>TOTAL</b>	<b>577</b>	<b>85</b>	<b>173,405</b>	<b>4,426</b>	<b>466</b>	<b>(528)</b>	<b>178,431</b>	<b>168,261</b>
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							274	171
<hr/>								
Whole time equivalent (WTE)	4	2	4,510	55	4	(8)	4,473	4,292
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							7	5
Included in the total staff numbers above were disabled staff of:							83	91
Included in the total staff numbers above were Special Advisers of:							0	0

## Staff Composition

	2016/17			2015/16		
	Male	Female	Total	Male	Female	Total
Executive Directors	3	1	4	3	1	4
Non-Executive Directors and Employee Director	5	4	9	6	4	10
Senior Employees	0	2	2	0	2	2
Other	2,886	1,878	4,764	2,825	1,746	4,571
<b>Total Headcount</b>	<b>2,894</b>	<b>1,885</b>	<b>4,779</b>	<b>2,834</b>	<b>1,753</b>	<b>4,587</b>

## Sickness Absence Data

	2016/17	2015/16
Sickness Absence Rate	7.6%	7.6%

### Staff policies applied during the financial year relating to the employment of disabled persons

#### For giving full and fair consideration to applications for employment by the Board made by disabled persons, having a regard to their particular aptitudes and abilities;

The Scottish Ambulance Service (SAS) is committed to the recruitment and retention of disabled people. The annual disability symbol review took place in August 2016 and in September 2016 we moved from operating the 'Positive about disabled people' initiative to being registered as a Disability Confident employer. The disability confident symbol is included on all job advertisements.

Under the Disability Confident scheme we operate the job interview guarantee initiative. Applicants who wish to be covered under this initiative will be interviewed if they meet the minimum criteria for the post. Adjustments are made in accordance with individual needs to ensure applicants are able to fully participate in the recruitment process.

The standard NHS Scotland application form is used for all applicants and this includes a section on equality monitoring which enables us to monitor the number of disabled applicants and to establish success rates in order to consider any actions that need to be taken forward to address any issues.

In partnership with Glasgow Centre for Inclusive Living SAS has employed a disabled graduate under the Professional Careers Programme. This is a 2 year employment opportunity designed to help set up the individual for a long term sustainable career.

#### For continuing the employment of, and for arranging appropriate training for, employees of the Board who have become disabled persons during the period when they were employed by the Board;

Reasonable adjustments are put in place for those staff who become disabled during the course of their

employment. For example; changing hours of work, providing specific equipment or supporting staff to complete assessments, e.g. for dyslexia. Support is also provided for disabled staff who are absent under the Attendance Management Policy to enable additional assistance to be put in place where appropriate.

SAS has developed a Redeployment Policy and actively encourages the redeployment of staff who are no longer able to carry out their current role and staff are advised of alternative roles and provided with assistance to move.

All disabled staff have access to Occupational Health Services, Confidential Harassment Advisers and the Employee Assistance Programme.

#### Otherwise for the training, career development and promotion of disabled persons employed by the Board;

All staff receive an annual review letter giving them the opportunity to self declare a disability or health issue which can be discussed with their line manager in order to identify any support required. Staff have an annual performance review under the knowledge and skills framework system. The discussion covers developmental opportunities and access to these. Any disabled staff attending a course at SAS Academy, Glasgow Caledonian University will have access to the Student Support Centre where additional assistance can be provided.

During any internal recruitment there is an open progression policy allowing all staff the opportunity for advancement and any staff requiring additional assistance can discuss this with their line manager or HR representative.

The Equality, Diversity and Human Rights Policy, Guidance for the Recruitment and Employment of staff with Diabetes and Managers Recruitment Guide provide additional guidance for all staff who have a disability.

## Exit Packages

Exit Package Cost Band	2016/17			2015/16		
	Number of Compulsory Redundancies	Number of departures agreed	Total Number of exit packages by cost band	Number of Compulsory Redundancies	Number of departures agreed	Total Number of exit packages by cost band
<£10,000	0	2	2	0	7	7
£10,000 - £25,000	0	1	1	0	0	0
£25,000 - £50,000	0	0	0	0	4	4
£50,000 - £100,000	0	0	0	0	0	0
£100,000 - £150,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total Number of exit packages by type	0	3	3	0	11	11
<b>Total resource cost (£'000)</b>	<b>0</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>205</b>	<b>205</b>

All settlements agreed by the Scottish Ambulance Service are in accordance with Scottish Government Guidance.

## Parliamentary Accountability Report

### Losses and Special Payments

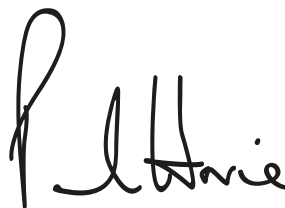
On occasion, the Board is required to write-off balances which are no longer recoverable. Losses and special payments over £250k require formal approval to regularise such transactions and their notation in the annual accounts.

There were no such losses written off in the 2016/17 financial year.

### Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, the Scottish Ambulance Service Board charges for services provided on a full costs basis, wherever applicable.

I confirm that this Accountability Report (incorporating the Corporate Governance Report and Remuneration and Staff Report) is an accurate summary of the information reported therein



Signed:  
Date: 28 June 2017

Mrs Pauline Howie OBE  
Chief Executive

# Independent Auditor's Report

## Independent auditor's report to the members of Scottish Ambulance Service Board, the Auditor General for Scotland and the Scottish Parliament

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

### Report on the audit of the financial statements

#### Opinion on financial statements

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

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of affairs of the board and its group as at 31 March 2017 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

#### Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the board 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 Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

As explained more fully in the Statement of the Chief Executive's 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.

#### Auditor's responsibilities for the audit of the financial statements

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

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

### Other information in the annual report and accounts

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

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

### Report on regularity of expenditure and income

#### Opinion on regularity

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

#### Responsibilities for regularity

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

## Report on other requirements

### Opinions on other prescribed matters

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

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

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

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

### Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

GRANT THORNTON UK LLP

Joanne Brown  
(for and on behalf of Grant Thornton UK LLP)

110 Queen Street, Glasgow G1 3BX  
United Kingdom

28 June 2017

# Financial Statements

## Consolidated Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Restated 2016 £'000		Note	2017 £'000	2017 £'000
230,762	Hospital and Community	4	240,888	
(6,921)	Less: Hospital and Community Income	7	(6,586)	
223,841				234,302
<b>223,841</b>	<b>Total Clinical Services Costs</b>			<b>234,302</b>
1,787	Administration Costs	5		1,936
5,952	Other Non Clinical Services	6	6,990	
(4,046)	Less: Other Operating Income	7	(2,094)	
1,906				4,896
<b>227,534</b>	<b>Net Operating Costs</b>			<b>241,134</b>

### Other comprehensive net expenditure

2016 £'000		2017 £'000
225	Net loss on revaluation of Property Plant and Equipment	(290)
225	Other Comprehensive Expenditure	(290)
<b>227,759</b>	<b>Total Comprehensive Expenditure</b>	<b>240,844</b>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

## Consolidated summary of resource outturn

Summary of core revenue resource outturn	2017 £'000	2017 £'000
Net Operating Costs		241,134
Total Non Core Expenditure (see below)		(20,115)
Donated Assets Income		50
Endowment Net Operating Costs		46
<b>Total Core Expenditure</b>		<b>221,115</b>
Core Revenue Resource Limit		221,165
<b>Saving against Core Revenue Resource Limit</b>		<b>50</b>

Summary of non core revenue resource outturn	2017 £'000	2017 £'000
Depreciation/Amortisation	13,000	
Annually Managed Expenditure - Impairments	(657)	
Annually Managed Expenditure - Creation of Provisions	6,703	
Annually Managed Expenditure - Depreciation of Donated Assets	69	
Additional SGHSCD non-core funding	1,000	
<b>Total Non Core Expenditure</b>		<b>20,115</b>
Non Core Revenue Resource Limit		20,120
<b>Saving against Non Core Revenue Resource Limit</b>		<b>5</b>

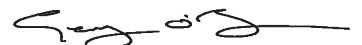
Summary resource outturn	Resource £'000	Expenditure £'000	Saving £'000
Core	221,165	221,115	50
Non Core	20,120	20,115	5
<b>Total</b>	<b>241,285</b>	<b>241,230</b>	<b>55</b>

## Balance Sheet

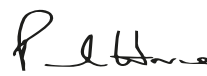
Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
<b>Non-Current Assets</b>					
70,729	70,729	Property, plant and equipment	10d	80,852	80,852
1,293	1,293	Intangible assets	9	1,062	1,062
Financial assets:					
3,037	3,037	Trade and other receivables	12	3,516	3,516
<b>75,059</b>	<b>75,059</b>	<b>Total non-current assets</b>		<b>85,430</b>	<b>85,430</b>
<b>Current Assets</b>					
136	136	Inventories	11	157	157
Financial assets:					
15,737	15,736	Trade and other receivables	12	18,133	18,072
657	60	Cash and cash equivalents	13	696	60
85	85	Assets classified as held for sale	10c	85	85
<b>16,615</b>	<b>16,017</b>	<b>Total current assets</b>		<b>19,071</b>	<b>18,374</b>
<b>91,674</b>	<b>91,076</b>	<b>Total assets</b>		<b>104,501</b>	<b>103,804</b>
<b>Current liabilities</b>					
(1,803)	(1,803)	Provisions	15	(2,771)	(2,771)
Financial liabilities:					
(15,235)	(15,201)	Trade and other payables	14	(20,489)	(20,402)
<b>(17,038)</b>	<b>(17,004)</b>	<b>Total current liabilities</b>		<b>(23,260)</b>	<b>(23,173)</b>
<b>74,636</b>	<b>74,072</b>	<b>Non-current assets plus net current assets</b>		<b>81,241</b>	<b>80,631</b>
<b>Non-current liabilities</b>					
(11,199)	(11,199)	Provisions	15	(14,153)	(14,153)
<b>(11,199)</b>	<b>(11,199)</b>	<b>Total non-current liabilities</b>		<b>(14,153)</b>	<b>(14,153)</b>
<b>63,437</b>	<b>62,873</b>	<b>Assets less liabilities</b>		<b>67,088</b>	<b>66,478</b>
<b>Taxpayers' Equity</b>					
58,200	58,200	General fund	SOCTE	61,988	61,988
4,673	4,673	Revaluation reserve	SOCTE	4,490	4,490
564	0	Other reserves	SOCTE	610	0
<b>63,437</b>	<b>62,873</b>	<b>Total taxpayers' equity</b>		<b>67,088</b>	<b>66,478</b>

Adopted by the Board on 28 June 2017

Director of Finance



Chief Executive



The Notes to the accounts numbered 1 to 27, form an integral part of these Accounts.



## Statement of Consolidated Cash Flow

Restated 2016 £'000	2017 £'000	2017 £'000
<b>Cash flows from operating activities</b>		
(227,534) Net operating cost	(241,134)	
13,965 Adjustments for non-cash transactions (Note 3)	13,173	
110 Add back: interest payable recognised in net operating cost	71	
(1) Deduct: interest receivable recognised in net operating cost	(1)	
(6,713) Increase in trade and other receivables	(2,875)	
32 (Increase)/Decrease in inventories	(21)	
5,705 (Decrease)/Increase in trade and other payables	(3,134)	
2,346 Increase in provisions	3,922	
<b>(212,090) Net cash outflow from operating activities</b>		<b>(229,999)</b>
<b>Cash flows from investing activities</b>		
(10,134) Purchase of property, plant and equipment	(14,472)	
(471) Purchase of intangible assets	(179)	
140 Proceeds of disposal of property, plant and equipment	264	
0 Interest received	1	
<b>(10,465) Net cash outflow from investing activities</b>		<b>(14,386)</b>
<b>Cash flows from financing activities</b>		
222,717 Funding	244,495	
222,717 Cash drawn down	244,495	
(110) Interest paid	(71)	
<b>222,607 Net Financing</b>		<b>244,424</b>
52 <b>Net Increase in cash and cash equivalents in the period</b>		<b>39</b>
605 <b>Cash and cash equivalents at the beginning of the period</b>		<b>657</b>
<b>657 Cash and cash equivalents at the end of the period</b>		<b>696</b>
<b>Reconciliation of net cash flow to movement in cash</b>		
52 Increase in cash in year		39
605 Net cash at 1 April		657
<b>657 Net cash at 31 March</b>		<b>696</b>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2016		58,200	4,673	564	63,437
<b>Changes in taxpayers' equity for 2016/17</b>					
Net gain on revaluation/indexation of property, plant and equipment	10	0	290	0	290
Impairment of property, plant and equipment	10	0	(343)	0	(343)
Revaluation & impairments taken to operating costs	3	0	343	0	343
Transfers between reserves		473	(473)	0	0
Net operating cost for the year		(241,180)	0	46	(241,134)
<b>Total recognised income and expense for 2016/17</b>		<b>(240,707)</b>	<b>(183)</b>	<b>46</b>	<b>(240,844)</b>
<b>Funding:</b>					
Drawn down		244,495	0	0	244,495
Movement in General Fund Creditor	cfs	0	0	0	0
<b>Balance at 31 March 2017</b>	BS	<b>61,988</b>	<b>4,490</b>	<b>610</b>	<b>67,088</b>

Prior year	Note	General Fund £'000	Revaluation Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2015		62,753	5,018	535	68,306
<b>Changes in taxpayers' equity for 2015/16</b>					
Net (loss) on revaluation/indexation of property, plant and equipment	10	0	(225)	0	(225)
Impairment of property, plant and equipment	10	0	(971)	0	(971)
Revaluation & impairments taken to operating costs	3	0	971	0	971
Transfers between reserves		120	(120)	0	0
Transfer of non current assets from other bodies		173	0	0	173
Net operating cost for the year		(227,563)	0	29	(227,534)
<b>Total recognised income and expense for 2015/16</b>		<b>(227,270)</b>	<b>(345)</b>	<b>29</b>	<b>(227,586)</b>
<b>Funding:</b>					
Drawn down		222,717	0	0	222,717
Movement in General Fund Creditor		0	0	0	0
<b>Balance at 31 March 2016</b>	BS	<b>58,200</b>	<b>4,673</b>	<b>564</b>	<b>63,437</b>

The Notes to the Accounts, numbered 1 to 27, form an integral part of these Accounts.

# Notes To The Accounts

## 1. Accounting Policies

### 1. Authority

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 29 below.

### Standards, Amendments and Interpretations of International Accounting Standards in 2016/17

There are no new accounting standards in 2016/17 however, a number of standards have been amended:

IAS 1	Presentation of Financial Statements
IAS 16	Property, plant and equipment
IAS 19	Employee benefits
IAS 27	Equity method in separate financial statements
IAS 34	Interim Financial Reporting
IAS 38	Intangible Assets
IFRS 5	Non-current assets held for sale and discontinued operations
IFRS 10, IFRS 12, IAS 28	Investment entities; applying the consolidation exception
IFRS 7	Financial instruments; disclosures
IFRS 11	Joint Arrangements

At the date of authorisation of these financial statements, the following Standards and Interpretations which are of relevance to the Scottish Ambulance Service, were in issue but not yet effective. They have not been applied in these financial statements.

IAS 7	Statement of Cashflows
IAS 28	Investments in associates and joint ventures
IAS 40	Investment Properties
IFRS 9	Financial Instruments
IFRS 12	Disclosure of interests in other entities
IFRS 15	Revenue from contracts with customers
IFRS 16	Leases

### 2. Basis of Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the financial statements consolidate the Scottish Ambulance Service 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 Scottish Ambulance Service Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation is Merger Accounting. Any intra-group transactions or balances between the Board and the Endowment Fund have been eliminated on consolidation.

Note 27a to the Annual Accounts details how these consolidated financial statements have been prepared.

### 3. Prior Year Adjustments

Prior year comparatives have been restated to reflect the requirement to consolidate the Board Endowment Fund.

#### 4. Going Concern

The principal risks and uncertainties faced by the Board are outlined in the Strategic Report and addressed within the Governance Statement. The main factor which would affect going concern is the level of government funding. The budget for the 2017/18 year has been approved and we foresee no funding issues in the immediate future. Therefore the accounts are prepared on a going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

#### 5. Accounting Convention

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

#### 6. Funding

Most of the expenditure of the Health Board as Provider is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the Board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in full or part in the following financial year, the element relating to the future period is deferred.

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

Funding for the acquisition of capital assets received from the Scottish Government is credited 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.

#### 7. Property, Plant and Equipment

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

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

#### 7.1 Recognition

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

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000;
2. In cases where a new station 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; and
3. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

#### 7.2 Measurement

##### Valuation:

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

All assets are measured subsequently at fair value as follows:

- Specialised NHS land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM;
- Non-specialised land and buildings, such as offices, are stated at existing use value;
- Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and 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 insofar as these terms are consistent with the agreed requirements of the Scottish Government;

- Non-specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices); a depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both); and
- Assets under construction are valued at historic cost.

To meet the underlying objectives established by the Scottish Government, the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

#### Subsequent Expenditure:

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

#### Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse any 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.

Decreases in asset values and 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.

Gains and losses recognised in the revaluation exercise are reported in the Statement of Other Comprehensive Expenditure.

### 7.3 Depreciation

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

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

1. Freehold land is considered to have an infinite life and is not depreciated.
2. Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
3. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
4. 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.
5. Equipment is depreciated over the estimated life of the asset.
6. Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

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

Asset Category/Component	Useful Life (Years)
<b>Buildings</b>	
Structure	11-71
Engineering	2-47
External Works	7-48
<b>Transport Equipment</b>	4-7
Emergency Vehicles	4-7
Patient Transport Vehicles	5-10
Communications Equipment	5-10
IT Equipment	5-10
<b>Plant &amp; Machinery</b>	
Medical Equipment	5-10
Mechanical	5-10
Furniture and furnishings	10
Fixtures and Fittings	4-17

**8. Intangible Assets**

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

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

The main classes of intangible assets recognised are:

**Software:**

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

**Software Licences:**

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

**8.2 Measurement**

**Valuation:**

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

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

**Revaluation and Impairment:**

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

Decreases in asset values and 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. Permanent impairments are charged to the Statement of Changes in Taxpayers Equity.

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’.

**8.3 Amortisation**

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

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

1. Internally generated intangible assets: amortised on a systematic basis over the period expected to benefit from the project.
2. Software: amortised over their expected useful life.
3. Software licences: amortised over the shorter term of the licence and their useful economic lives.
4. Other intangible assets: amortised over their expected useful life.
5. Intangible assets which have been reclassified as ‘Held for Sale’ cease to be amortised upon the reclassification.

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

Asset Category/Component	Useful Life (Years)
Software Licences	5
Information Technology Software	5

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

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

## 10. Donated Assets

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

## 11. Sale of Property, Plant and Equipment, Intangible Assets and Non-Current Assets Held for Sale

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

## 12. Leasing

### 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. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. 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 annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to interest payable in the Statement of Comprehensive Net Expenditure.

### 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.

## 13. Impairment of Non-Financial Assets

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

#### 14. General Fund Receivables and Payables

Where the 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.

#### 15. Inventories

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

#### 16. Losses and Special Payments

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

#### 17. Employee Benefits

##### Short-term Employee Benefits

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

##### Pension Costs

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

in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary and determines the rate of contributions required. Details of the most recent actuarial valuation which took place in the year to 31 March 2012, are published by the Scottish Public Pensions Agency.

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

#### 18. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above the 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.

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

As a result of participation in the CNORIS scheme, the Service should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in Note 15a.

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 15a 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>



## 19. Related Party Transactions

Material related party transactions are disclosed in the note 23 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in note 4.

## 20. Value Added Tax

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

## 21. Provisions

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

## 22. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 17 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 17, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## 23. Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of

Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

## 24. Financial Instruments

### Financial assets

#### Classification

The Board classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

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

#### (b) Loans and receivables

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

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

### Recognition and Measurement

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

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

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

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

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Net Expenditure. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Net Expenditure when the Board's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between

the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Net Expenditure. Impairment losses recognised in the Statement of Comprehensive Net Expenditure on equity instruments are not reversed through the income statement.

**Financial Liabilities**

Classification:

The Board classifies its financial liabilities in the following categories: at fair value through profit or loss, and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

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

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

(b) Other financial liabilities

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

Recognition and measurement:

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

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

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

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

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

(b) Other financial liabilities

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

## 25. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board. Operating segments are unlikely to relate to the analysis of expenditure shown in notes 4 to 6 for Hospital & Community, Other Non-Clinical Services and Administration Costs, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

## 26. Cash and Cash Equivalents

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

## 27. Foreign Exchange

The functional and presentational currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

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

expenditure in the period in which they arise.

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

## 28. Third Party Assets

Assets belonging to third parties are not recognised in the accounts since the Board has no beneficial interest in them.

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

## 29. Key sources of judgement and estimation uncertainty

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

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

The Board also relies on the professional judgement of specialists engaged for specific activities to estimate certain matters. For example the Service's property advisors who determine the likely value of property owned by the organisation (see 7.2) also legal advisors in determining the likely estimates of legal liabilities (see Note 15). The organisation therefore is dependent on these specialists and the advice they provide.

The Board also considers the asset lives of ICT equipment and intangible assets whilst historically, lives of between 5-10 years were given to these assets the rapid changing environment of technology means that judgements have to be taken at the initial capitalisation of the asset that may not materialise.

Provisions are made for potential liabilities that are likely to settle in future years, here the organisation relies on information from our professional advisors as to the likely levels of any future settlements to create the general provision.

## 2. Staff Costs

Total staff costs for the year to 31 March 2017 were £178,431k (2016: £168,261k). Further detail and analysis of staff costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

## 3. Other Operating Costs

2016 £'000		Note	2017 £'000
<b>Expenditure Not Paid In Cash</b>			
12,642	Depreciation	10a	12,590
358	Amortisation	9	410
67	Depreciation Donated Assets	10b	69
1,529	Impairments on PPE charged to SOCNE	10	1,173
(558)	Reversal of impairments on PPE charged to SOCNE	10	(830)
(154)	Funding Of Donated Assets	10b	(50)
(92)	Profit on disposal of property, plant and equipment		(189)
173	Transfer of Assets from Other Health Boards		0
<b>13,965</b>	<b>Total Expenditure Not Paid In Cash</b>	CFS	<b>13,173</b>
<b>Interest Payable</b>			
5	Bank and other interest payable		3
105	Provisions - Unwinding of discount		68
<b>110</b>	<b>Total</b>		<b>71</b>
<b>Statutory Audit</b>			
77	External auditor's remuneration and expenses		77
<b>77</b>			<b>77</b>

## 4. Hospital And Community Health Services

2016 £'000		Note	2017 £'000
<b>By Provider</b>			
230,484	Treatment in Board area of NHSScotland Patients		240,600
<b>230,484</b>	<b>Total NHS Scotland Patients</b>		<b>240,600</b>
278	Treatment of UK residents based outside Scotland		288
<b>230,762</b>	<b>Total Hospital &amp; Community Health Service</b>	SOCNE	<b>240,888</b>

## 5. Administration Costs

<b>2016</b>		<b>2017</b>
<b>£'000</b>	<b>Note</b>	<b>£'000</b>
659 Board members' remuneration		662
76 Administration of Board Meetings and Committees		80
268 Corporate Governance and Statutory Reporting		283
369 Health Planning, Commissioning and Performance Reporting		384
138 Treasury Management and Financial Planning		152
98 Public Relations		141
179 Other		234
<b>1,787 Total administration costs</b>	SOCNE	<b>1,936</b>

## 6. Other Non Clinical Services

<b>Restated 2016</b>		<b>2017</b>
<b>£'000</b>	<b>Note</b>	<b>£'000</b>
3,243 Compensation payments - Clinical		2,990
(99) Compensation payments - Other		242
508 Pension enhancement & redundancy		1,504
1,906 Emergency Planning		1,640
31 Loss on disposal of non-current assets		12
30 Endowment Expenditure		151
333 Other		451
<b>5,952 Total Other Non Clinical Services</b>	SOCNE	<b>6,990</b>

## 7. Operating Income

Restated 2016 £'000	Note	2017 £'000
<b>Hospital and Community Health Services Income</b>		
<b>NHS Scotland Bodies</b>		
4,573	Boards	4,452
41	NHS Non-Scottish Bodies	63
<b>Non NHS</b>		
577	Compensation Income	684
1,730	Other Hospital and Community Health Services income	1,387
<b>6,921</b>	<b>Total Hospital and Community Health Services Income</b>	<b>6,586</b>
	SOCNE	
<b>Other Operating Income</b>		
3,049	Contributions in respect of clinical and medical negligence claims	673
123	Profit on disposal of non current assets	201
71	Donated Asset Additions	50
59	Endowment Income	197
744	Other	973
<b>4,046</b>	<b>Total Other Operating Income</b>	<b>2,094</b>
	SOCNE	
<b>10,967</b>	<b>Total Income</b>	<b>8,680</b>
<b>4,573</b>	<b>Of the above, the amount derived from NHS Scotland bodies is</b>	<b>4,452</b>

## 8. Analysis Of Capital Expenditure

2016 £'000	Note	2017 £'000
<b>Expenditure</b>		
471	Acquisition of Intangible Assets	179
10,266	Acquisition of Property, plant and equipment	22,860
154	Donated Asset Additions	50
<b>10,891</b>	<b>Gross Capital Expenditure</b>	<b>23,089</b>
<b>Income</b>		
48	Net book value of disposal of Property, plant and equipment	75
71	Donated Asset Income	50
<b>119</b>	<b>Capital Income</b>	<b>125</b>
<b>10,772</b>	<b>Net Capital Expenditure</b>	<b>22,964</b>

## 8. Analysis Of Capital Expenditure, Cont.

### Summary Of Capital Resource Outturn

2016 £'000		Note	2017 £'000
10,689	Core capital expenditure included above		22,964
10,690	Core Capital Resource Limit		22,965
<b>1 Saving against Core Capital Resource Limit</b>			<b>1</b>
83	Non Core capital expenditure included above		0
83	Non Core Capital Resource Limit		0
<b>0 Saving against Non Core Capital Resource Limit</b>			<b>0</b>
10,772	Total Capital Expenditure		22,964
10,773	Total Capital Resource Limit		22,965
<b>1 Saving against Total Capital Resource Limit</b>			<b>1</b>

## 9. Intangible Assets (Non Current) Consolidated & Board

	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
<b>Cost or Valuation:</b>					
As at 1st April 2016		1,208	8,249	38	9,495
Additions		147	32	0	179
Completions		0	38	(38)	0
<b>At 31st March 2017</b>		<b>1,355</b>	<b>8,319</b>	<b>0</b>	<b>9,674</b>
<b>Amortisation</b>					
As at 1st April 2016		513	7,689	0	8,202
Provided during the year		183	227	0	410
<b>At 31st March 2017</b>		<b>696</b>	<b>7,916</b>	<b>0</b>	<b>8,612</b>
<b>Net Book Value at 1st April 2016</b>		<b>695</b>	<b>560</b>	<b>38</b>	<b>1,293</b>
<b>Net Book Value at 31 March 2017</b>	B S	<b>659</b>	<b>403</b>	<b>0</b>	<b>1,062</b>
<b>Classification of Assets under development</b>				<b>Net Book Value</b>	
Information technology - software				£'000	
				0	
				0	

**9. Intangible Assets (Non Current), Cont. - Prior Year Consolidated & Board**

	Note	Software Licences £'000	IT - software £'000	Assets Under Development £'000	Total £'000
<b>Cost or Valuation:</b>					
As at 1st April 2015		669	7,906	110	8,685
Additions		215	218	38	471
Completions		0	110	(110)	0
Transfers		324	15	0	339
<b>At 31st March 2016</b>		<b>1,208</b>	<b>8,249</b>	<b>38</b>	<b>9,495</b>
<b>Amortisation</b>					
As at 1st April 2015		385	7,459	0	7,844
Provided during the year		128	230	0	358
<b>At 31st March 2016</b>		<b>513</b>	<b>7,689</b>	<b>0</b>	<b>8,202</b>
<b>Net Book Value at 1st April 2015</b>		<b>284</b>	<b>447</b>	<b>110</b>	<b>841</b>
<b>Net Book Value at 31 March 2016</b>	B S	<b>695</b>	<b>560</b>	<b>38</b>	<b>1,293</b>
<b>Classification of Assets under development</b>				<b>Net Book Value</b>	
Information technology - software				£'000	
				38	
				38	



**10. (a) Property, Plant And Equipment (Purchased Assets) - Consolidated & Board**

	Note	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation:</b>									
At 1 April 2016		4,794	22,993	72,413	13,147	13,103	2,356	4,688	133,494
Additions		0	0	9,483	587	292	96	12,402	22,860
Completions		0	0	2,631	15	1,270	0	(3,916)	0
Transfers		0	0	(67)	67	0	0	0	0
Revaluation		51	(127)	0	0	0	0	0	(76)
Impairment Charge		0	(449)	(340)	(51)	(6)	0	0	(846)
Impairment Reversal		6	355	0	0	0	0	0	361
Disposals		(25)	0	(4,810)	(643)	(31)	(230)	0	(5,739)
<b>At 31 March 2017</b>		<b>4,826</b>	<b>22,772</b>	<b>79,310</b>	<b>13,122</b>	<b>14,628</b>	<b>2,222</b>	<b>13,174</b>	<b>150,054</b>
<b>Depreciation</b>									
At 1 April 2016		0	525	42,760	8,923	9,670	1,267	0	63,145
Provided during the year		0	814	9,282	1,311	1,027	156	0	12,590
Transfers		0	0	(36)	36	0	0	0	0
Revaluation		0	(366)	0	0	0	0	0	(366)
Impairment Charge		0	(276)	651	(48)	0	0	0	327
Impairment Reversal		0	(469)	0	0	0	0	0	(469)
Disposals		0	0	(4,760)	(643)	(31)	(230)	0	(5,664)
<b>At 31 March 2017</b>		<b>0</b>	<b>228</b>	<b>47,897</b>	<b>9,579</b>	<b>10,666</b>	<b>1,193</b>	<b>0</b>	<b>69,563</b>
<b>Net book value at 1 April 2016</b>		<b>4,794</b>	<b>22,468</b>	<b>29,653</b>	<b>4,224</b>	<b>3,433</b>	<b>1,089</b>	<b>4,688</b>	<b>70,349</b>
<b>Net book value at 31 March 2017</b>	<b>B S</b>	<b>4,826</b>	<b>22,544</b>	<b>31,413</b>	<b>3,543</b>	<b>3,962</b>	<b>1,029</b>	<b>13,174</b>	<b>80,491</b>
Open Market Value of Land Included Above		0							
<b>Asset financing:</b>									
Owned		4,826	22,544	31,413	3,543	3,962	1,029	13,174	80,491
<b>Net Book Value at 31 March 2017</b>		<b>4,826</b>	<b>22,544</b>	<b>31,413</b>	<b>3,543</b>	<b>3,962</b>	<b>1,029</b>	<b>13,174</b>	<b>80,491</b>

**10. (a) Property, Plant And Equipment (Purchased Assets) - Consolidated - Prior Year & Board**

Note	Land	Buildings	Transport	Plant &	Information	Furniture	Assets	Total
	(including under buildings) £'000	(excluding dwellings) £'000	Equipment £'000	Machinery £'000	Technology £'000	& Fittings £'000	Under Construction £'000	
<b>Cost or Valuation:</b>								
At 1 April 2015	4,770	23,430	72,617	11,744	10,985	1,442	3,867	128,855
Additions	18	736	2,364	248	249	59	6,592	10,266
Completions	0	1,908	1,376	0	2,487	0	(5,771)	0
Transfers	0	(2,017)	0	1,162	(339)	855	0	(339)
Revaluation	(3)	(302)	0	0	0	0	0	(305)
Impairment Charge	0	(860)	(750)	0	0	0	0	(1,610)
Impairment Reversal	9	98	0	0	0	0	0	107
Disposals	0	0	(3,194)	(7)	(279)	0	0	(3,480)
<b>At 31 March 2016</b>	<b>4,794</b>	<b>22,993</b>	<b>72,413</b>	<b>13,147</b>	<b>13,103</b>	<b>2,356</b>	<b>4,688</b>	<b>133,494</b>
<b>Depreciation</b>								
At 1 April 2015	0	328	37,696	6,908	8,962	653	0	54,547
Provided during the year	0	901	8,228	1,961	969	583	0	12,642
Transfers	0	(92)	0	61	0	31	0	0
Revaluation	0	(80)	0	0	0	0	0	(80)
Impairment Charge	0	(81)	0	0	0	0	0	(81)
Impairment Reversal	0	(451)	0	0	0	0	0	(451)
Disposals	0	0	(3,164)	(7)	(261)	0	0	(3,432)
<b>At 31 March 2016</b>	<b>0</b>	<b>525</b>	<b>42,760</b>	<b>8,923</b>	<b>9,670</b>	<b>1,267</b>	<b>0</b>	<b>63,145</b>
<b>Net book value at 1 April 2015</b>	<b>4,770</b>	<b>23,102</b>	<b>34,921</b>	<b>4,836</b>	<b>2,023</b>	<b>789</b>	<b>3,867</b>	<b>74,308</b>
<b>Net book value at 31 March 2016</b>	<b>B S 4,794</b>	<b>22,468</b>	<b>29,653</b>	<b>4,224</b>	<b>3,433</b>	<b>1,089</b>	<b>4,688</b>	<b>70,349</b>
Open Market Value of Land Included Above	0 (a)							
<b>Asset financing:</b>								
Owned	4,794	22,468	29,653	4,224	3,433	1,089	4,688	70,349
<b>Net Book Value at 31 March 2016</b>	<b>4,794</b>	<b>22,468</b>	<b>29,653</b>	<b>4,224</b>	<b>3,433</b>	<b>1,089</b>	<b>4,688</b>	<b>70,349</b>

(a) Open Market value of Land has been restated from £200k to £Nil as it is not surplus land.

This is in accordance with the revised guidance issued in the Unified Boards Accounts Manual 2015/16 - "This is the value of land included above in the value of Land, Buildings and Dwellings that has been declared surplus."

**10. (b) Property, Plant And Equipment (Donated Assets) - Consolidated & Board**

	Note	Transport Equipment £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation:</b>					
As at 1st April 2016		358	198	0	556
Additions		0	0	50	50
<b>At 31st March 2017</b>		<b>358</b>	<b>198</b>	<b>50</b>	<b>606</b>
<b>Depreciation</b>					
As at 1st April 2016		149	27	0	176
Provided during the year		46	23	0	69
<b>At 31st March 2017</b>		<b>195</b>	<b>50</b>	<b>0</b>	<b>245</b>
<b>Net Book Value at 1st April 2016</b>		<b>209</b>	<b>171</b>	<b>0</b>	<b>380</b>
<b>Net Book Value at 31 March 2017</b>	B S	<b>163</b>	<b>148</b>	<b>50</b>	<b>361</b>
<b>Asset financing:</b>					
Owned		163	148	50	361
<b>Net Book Value at 31 March 2017</b>		<b>163</b>	<b>148</b>	<b>50</b>	<b>361</b>

**10. (b) Property, Plant And Equipment (Donated Assets) - Consolidated & Board - Prior Year**

	Note	Transport Equipment £'000	Plant & Machinery £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation:</b>					
As at 1st April 2015		287	115	0	402
Additions		71	83	0	154
<b>At 31st March 2016</b>		<b>358</b>	<b>198</b>	<b>0</b>	<b>556</b>
<b>Depreciation</b>					
As at 1st April 2015		105	4	0	109
Provided during the year		44	23	0	67
<b>At 31st March 2016</b>		<b>149</b>	<b>27</b>	<b>0</b>	<b>176</b>
<b>Net Book Value at 1st April 2015</b>		<b>182</b>	<b>111</b>	<b>0</b>	<b>293</b>
<b>Net Book Value at 31 March 2016</b>	B S	<b>209</b>	<b>171</b>	<b>0</b>	<b>380</b>
<b>Asset financing:</b>					
Owned		209	171	0	380
<b>Net Book Value at 31 March 2016</b>		<b>209</b>	<b>171</b>	<b>0</b>	<b>380</b>

## 10. (c) Assets Held For Sale

Assets Held For Sale - Consolidated & Board	Note	Property, Plant & Equipment £'000	Total £'000
<b>At 1 April 2016</b>		85	85
Disposals of non-current assets held for sale		0	0
<b>At 31st March 2017</b>	B S	<u>85</u>	<u>85</u>

The Asset held for sale at 31/03/17, is the former Falkirk Ambulance Station. It is expected that this asset will sell during 2017/18.

Assets Held For Sale (Prior Year)- Consolidated & Board	Note	Property, Plant & Equipment £'000	Total £'000
<b>At 1 April 2015</b>		85	85
Disposals of non-current assets held for sale	10a	0	0
<b>At 31st March 2016</b>	B S	<u>85</u>	<u>85</u>

## 10. (d) Property, Plant And Equipment Disclosures - Consolidated & Board

Consolidated 2016 £'000	Board 2016 £'000		Note	Total £'000
<b>Net book value of property, plant and equipment at 31 March</b>				
70,349	70,349	Purchased	10a	80,491
380	380	Donated	10b	361
<u>70,729</u>	<u>70,729</u>	<b>Total</b>	B S	<u>80,852</u>

Property was fully revalued by the Valuation Office Agency (independent valuer) at 31 March 2017 on the basis of Existing Use Value (EUV) for non specialised properties and Depreciated Replacement Cost (DRC) for a number of specialised properties. The remaining specialised properties not revalued were indexed at that date using indices supplied by the Building Cost Information Service (BCIS). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase in value of £947k, (2015/16: £446k decrease) of which £290k (2015/16: £225k debited) was credited to the revaluation reserve and £657k (2015/16: £221k) charged to the Statement of Comprehensive Net Expenditure. The net charge of £657k to the Statement of Comprehensive Net Expenditure was comprised of £173k (2015/16: £779k) impairment losses and £830k (2015/16: £558k) reversal of previous impairment losses.

## 11. Inventories

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
136	136	Consumables		157	157
<u>136</u>	<u>136</u>	<b>Total Inventories</b>	B S	<u>157</u>	<u>157</u>

## 12. Trade And Other Receivables

Consolidated 2016 £'000	Board 2016 £'000	Note	Consolidated 2017 £'000	Board 2017 £'000
<b>Receivables due within one year</b>				
<b>NHS Scotland</b>				
2,560	2,560	Boards	4,540	4,540
<b>2,560</b>	<b>2,560</b>	<b>Total NHS Scotland Receivables</b>	<b>4,540</b>	<b>4,540</b>
34	34	NHS Non-Scottish Bodies	19	19
2,255	2,255	VAT recoverable	1,629	1,629
9,619	9,619	Prepayments	10,321	10,321
364	363	Accrued income	637	576
(124)	(124)	Bad Debts Provision	(174)	(174)
442	442	Other Receivables	642	642
373	373	Reimbursement of provisions	400	400
108	108	Reimbursement of Accruals and Payments	52	52
106	106	Other Public Sector Bodies	67	67
<b>15,737</b>	<b>15,736</b>	<b>Total Receivables due within one year</b>	<b>18,133</b>	<b>18,072</b>
<b>Receivables due after more than one year</b>				
672	672	Accrued income	702	702
(148)	(148)	Bad Debts Provision	(161)	(161)
2,513	2,513	Reimbursement of Provisions	2,975	2,975
<b>3,037</b>	<b>3,037</b>	<b>Total Receivables due after more than one year</b>	<b>3,516</b>	<b>3,516</b>
<b>18,774</b>	<b>18,773</b>	<b>TOTAL RECEIVABLES</b>	<b>21,649</b>	<b>21,588</b>
272	272	The total receivables figure above includes a provision for impairments of :	335	335
<b>WGA Classification</b>				
2,560	2,560	NHS Scotland	4,540	4,540
2,349	2,349	Central Government Bodies	1,688	1,688
11	11	Whole of Government Bodies	8	8
34	34	Balances with NHS Bodies in England and Wales	19	19
13,820	13,819	Balances with bodies external to Government	15,394	15,333
<b>18,774</b>	<b>18,773</b>	<b>Total</b>	<b>21,649</b>	<b>21,588</b>
Movements on the provision for impairment of receivables are as follows:				
The provision for impairment includes the sum of <b>£233k</b> in respect of income from the NHS Cost Recovery Scheme accrued at year-end in the gross value of <b>£1,015k</b> .				
259	259	At 1 April	272	272
58	58	Provision for impairment	170	170
(15)	(15)	Receivables written off during the year as uncollectible	(6)	(6)
(30)	(30)	Unused amounts reversed	(101)	(101)
<b>272</b>	<b>272</b>	<b>At 31 March</b>	<b>335</b>	<b>335</b>
As of 31 March 2017, receivables with a carrying value of <b>£335,520</b> (2016: £272,148) were impaired and provided for. The amount of the provision was <b>£335,520</b> (2016: £272,148). The aging of these receivables is as follows:				
26	26	3 to 6 months past due	27	27
246	246	Over 6 months past due	308	308
<b>272</b>	<b>272</b>		<b>335</b>	<b>335</b>

## 12. Trade And Other Receivables (cont.)

Consolidated 2016 £'000	Board 2016 £'000	Note	Consolidated 2017 £'000	Board 2017 £'000
		The receivables assessed as individually impaired were mainly English, Welsh and Irish NHS Trusts/ Health Authorities, other Health Bodies, overseas patients, research companies 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 2017, receivables with a carrying value of <b>£2,520,439</b> (2016: £918,814) were past their due date but not impaired. The aging of receivables which are past due but not impaired is as follows:		
161	161	Up to 3 months past due	14	14
453	453	3 to 6 months past due	648	648
305	305	Over 6 months past due	1,858	1,858
<b>919</b>	<b>919</b>		<b>2,520</b>	<b>2,520</b>
		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;		
		<b>Counterparties with external credit ratings:</b>		
15,941	15,941	Existing customers with no defaults in the past	16,713	16,713
<b>15,941</b>	<b>15,941</b>	Total neither past due or impaired	<b>16,713</b>	<b>16,713</b>
		The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.		
		<b>The carrying amount of receivables are denominated in the following currencies:</b>		
18,774	18,773	Pounds	21,649	21,588
<b>18,774</b>	<b>18,773</b>		<b>21,649</b>	<b>21,588</b>
		All non-current receivables are due within 6 years (2015/16: 6 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 <b>£Nil</b> (2015/16: £Nil)		

### 13. Cash And Cash Equivalents - Consolidated

	Note	2017 £'000	2016 £'000
<b>At 1 April</b>		657	605
Net change in cash and cash equivalent balances		39	52
<b>At 31st March</b>	B S	<u>696</u>	<u>657</u>
The following balances at 31 March were held at:			
Government Banking Service		58	58
Commercial Banks and Cash in Hand		2	2
Endowment Cash		636	597
<b>At 31st March</b>		<u>696</u>	<u>657</u>

## 14. Trade And Other Payables

Consolidated 2016 £'000	Board 2016 £'000		Note	Consolidated 2017 £'000	Board 2017 £'000
		<b>Payables due within one year</b>			
		<b>NHS Scotland</b>			
429	429	Boards		785	785
<b>429</b>	<b>429</b>	<b>Total NHS Scotland Payables</b>		<b>785</b>	<b>785</b>
60	60	Amounts Payable to General Fund		60	60
8,547	8,547	Trade Payables		11,215	11,215
3,044	3,039	Accruals		3,640	3,564
29	0	Deferred income		152	141
200	200	Income tax and social security		200	200
416	416	Holiday Pay Accrual		424	424
194	194	Other Public Sector Bodies		352	352
149	149	Other payables		158	158
2,167	2,167	Short Term Pay Costs		3,503	3,503
<b>15,235</b>	<b>15,201</b>	<b>Total Payables due within one year</b>	B S	<b>20,489</b>	<b>20,402</b>
<b>15,235</b>	<b>15,201</b>	<b>TOTAL PAYABLES</b>		<b>20,489</b>	<b>20,402</b>
		<b>WGA Classification</b>			
429	429	NHS Scotland		785	785
380	380	Central Government Bodies		695	695
14	14	Whole of Government Bodies		21	21
14,412	14,378	Balances with bodies external to Government		18,988	18,901
<b>15,235</b>	<b>15,201</b>	<b>Total</b>		<b>20,489</b>	<b>20,402</b>
		The carrying amount of short term payables approximates their fair value.			
		The carrying amount of payables are denominated in the following currencies:			
15,235	15,201	Pounds		20,489	20,402
<b>15,235</b>	<b>15,201</b>			<b>20,489</b>	<b>20,402</b>



## 15. Provisions - Current Year - Consolidated And Board

	Pensions and similar obligations £'000	Injury Benefit £'000	Clinical & Medical Legal Claims against NHS Board £'000	Employer Liability £'000	Participation in CNORIS £'000	Motor Insurance £'000	2017 Total £'000
At 1 April 2016	3	8,038	2,906	226	1,492	337	13,002
Arising during the year	0	207	1,590	154	3,015	411	5,377
Utilised during the year	0	(402)	(56)	(29)	(232)	(163)	(882)
Unwinding of discount	0	110	(39)	0	(3)	0	68
Change in Discount Rate	0	1,159	0	0	0	0	1,159
Reversed unutilised	0	(99)	(1,041)	(32)	(503)	(125)	(1,800)
<b>At 31 March 2017</b>	<b>3</b>	<b>9,013</b>	<b>3,360</b>	<b>319</b>	<b>3,769</b>	<b>460</b>	<b>16,924</b>

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 12.

### Analysis of expected timing of discounted flows to 31 March 2017

	Pensions and similar obligations £'000	Injury Benefit £'000	Clinical & Medical Legal Claims against NHS Board £'000	Employer Liability £'000	Participation in CNORIS £'000	Motor Insurance £'000	2017 Total £'000
Payable in one year	0	409	360	244	1,298	460	2,771
Payable between 2 - 5 years	2	1,625	3,000	75	2,321	0	7,023
Payable between 6 - 10 years	1	2,009	0	0	128	0	2,138
Thereafter	0	4,970	0	0	22	0	4,992
<b>Total as at 31 March 2017</b>	<b>3</b>	<b>9,013</b>	<b>3,360</b>	<b>319</b>	<b>3,769</b>	<b>460</b>	<b>16,924</b>

### Pensions and similar obligations

The Board has in the past met the cost of additional benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retired early in the interests of the service by paying the required amounts annually to the Scottish Public Pensions Agency with the estimated value of all future payments being provided in the year the premature retiral was approved. Only one premature retiral case remains in payment and due to the immaterial sum involved the payments have not been discounted but are currently projected over a remaining life greater than nine years.

### Injury Benefit

The Board has provided for permanent injury benefit awards based upon advised annual rates supplied by the Scottish Public Pensions Agency under the National Health Service Superannuation Scheme for

Scotland and estimated remaining lives of recipients derived from interim life tables for Scotland produced annually by National Statistics which give period life expectancy by age and sex. Each life table is based upon population estimates, births and deaths data for a period of three consecutive years. The sum provided for each individual is recalculated annually based upon changes in their annual rates and period life expectancy at the balance sheet date. As the period life expectancies are typically for a considerable number of years during which the claimants will receive payments the actuarially calculated amounts are discounted using the provision discount rate as set by HM Treasury, which was 0.24% as at the balance sheet date. As at the balance sheet date the life expectancy varied between ten years and thirty-nine years.

### Clinical & Medical

The Board provides in full for Clinical & Medical Negligence claims designated by the Central Legal

Office as being Category 3, provision is also made for 50% of the estimated settlement costs of claims categorised by the Central Legal Office as Category 2 claims.

### Employer Liability

The Board provides in full for Employer's Liability claims designated by the Central Legal Office as being Category 3, provision is also made for 50% of the estimated settlement costs of claims categorised by the Central Legal Office as Category 2 claims. Claims provided for are not discounted as they have all been estimated as likely to settle within twelve months of the balance sheet date.

### Participation in CNORIS

As a result of participation in the scheme, boards

should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made based upon a share of overall scheme liabilities as advised by SGHSCD.

### Motor Insurance

Provision has been made for insurance reserve costs relating to third parties as notified by the Board's insurers on the basis of 100% of third party vehicle damage costs and third party personal injury costs. It has been assumed that outstanding claims will reach settlement with twelve months of the balance sheet date and therefore the costs have been classified as current.

## 15. Provisions - Prior Year - Consolidated And Board

	Pensions and similar obligations £'000	Injury Benefit £'000	Clinical & Medical Legal Claims against NHS Board £'000	Employer Liability £'000	Participation in CNORIS £'000	Motor Insurance £'000	2016 Total £'000
At 1 April 2015	3	8,215	562	46	1,408	422	10,656
Arising during the year	0	207	2,751	225	448	242	3,873
Utilised during the year	0	(402)	(169)	(22)	(150)	(224)	(967)
Unwinding of discount	0	107	0	0	(2)	0	105
Change in Discount Rate	0	(72)	0	0	0	0	(72)
Reversed unutilised	0	(17)	(238)	(23)	(212)	(103)	(593)
<b>At 31 March 2016</b>	<b>3</b>	<b>8,038</b>	<b>2,906</b>	<b>226</b>	<b>1,492</b>	<b>337</b>	<b>13,002</b>

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 12.

### Analysis of expected timing of discounted flows - to 31 March 2016

	Pensions and similar obligations £'000	Injury Benefit £'000	Clinical & Medical Legal Claims against NHS Board £'000	Employer Liability £'000	Participation in CNORIS £'000	Motor Insurance £'000	2016 Total £'000
Payable in one year	0	406	357	226	477	337	1,803
Payable between 2 - 5 years	1	1,569	2,549	0	575	0	4,694
Payable between 6 - 10 years	2	1,845	0	0	51	0	1,898
Thereafter	0	4,218	0	0	389	0	4,607
<b>Total as at 31 March 2016</b>	<b>3</b>	<b>8,038</b>	<b>2,906</b>	<b>226</b>	<b>1,492</b>	<b>337</b>	<b>13,002</b>

## 15a. Clinical Negligence And Other Risks Indemnity Scheme (CNORIS)

2016 £'000		Note	2017 £'000
3,132	Provision recognising individual claims against the NHS Board as at 31 March	15	3,679
(2,886)	Associated CNORIS receivable at 31 March	12	(3,375)
1,492	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	15	3,769
<b>1,738</b>	<b>Net Total Provision relating to CNORIS at 31 March</b>	B S	<b>4,073</b>

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The 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 i.e. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is

required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

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

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

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

## 16. Movement On Working Capital Balances

2016 Net Movement £'000	Note	Opening Balances £'000	Closing Balances £'000	2017 Net Movement £'000
<b>Inventories</b>				
32	Balance Sheet	136	157	
<b>32</b>	<b>Net Decrease</b>			(21)
<b>Trade And Other Receivables</b>				
(4,319)	Due within one year	15,736	18,072	
(2,395)	Due after more than one year	3,037	3,516	
		18,773	21,588	
<b>(6,714)</b>	<b>Net Decrease/(Increase)</b>			<b>(2,815)</b>
<b>Trade And Other Payables</b>				
5,814	Due within one year	15,201	20,402	
(132)	Less: Property, Plant & Equipment (Capital) included in above	(245)	(8,633)	
0	Less: General Fund Creditor included in above	(60)	(60)	
		14,896	11,709	
<b>5,682</b>	<b>Net (Decrease)/Increase</b>			<b>(3,187)</b>
<b>Provisions</b>				
2,346	Balance Sheet	13,002	16,924	
<b>2,346</b>	<b>Net Increase</b>			<b>3,922</b>
<b>1,346</b>	<b>NET MOVEMENT Increase</b>			<b>(2,101)</b>

## 17a. Contingent Liabilities

2016	Nature	At 1 April 2016	Increase in year	Liabilities crystallised in year	Obligation expired in year	At 31 March 2017
£'000		£'000	£'000	£'000	£'000	£'000
3,061	Clinical and medical compensation payments	3,061	1,600	(79)	(1,122)	3,460
595	Employer's liability	595	666	(76)	(285)	900
<p>The Service is currently contesting through Central Legal Office a number of negligence claims arising from normal activities. These claims have been assessed by the Central Legal Office as at 31 March 2017 and for those which have been deemed likely to require settlement the estimated amount has been included within the provisions note. In addition to those claims provided for there are further Clinical and Medical Negligance claims with an estimated value of £3.46m and Employer Liability claims with an estimated value of £0.9m which have not been provided for as they have been judged unlikely to result in any settlement.</p>						
<b>3,656</b>		<b>3,656</b>	<b>2,266</b>	<b>(155)</b>	<b>(1,407)</b>	<b>4,360</b>

## 17b. Contingent Assets

2016		At 1 April 2016	Increase in year	Liabilities crystallised in year	Obligation expired in year	At 31 March 2017
£'000		£'000	£'000	£'000	£'000	£'000
2,830	Clinical and medical compensation payments	2,830	1,600	0	(1,055)	3,375
205	Employer's liability	205	260	0	(80)	385
<p>A contingent asset consisting of amounts recoverable from the CNORIS scheme associated with the contingent liability disclosed above in the value of £3.46m for Clinical and medical compensation payments and £0.9m for Employer's Liability compensation payments would be receivable if these claims had to be settled at their current estimated values.</p>						
<b>3,035</b>		<b>3,035</b>	<b>1,860</b>	<b>0</b>	<b>(1,135)</b>	<b>3,760</b>

## 18. Events After The End Of The Reporting Year

There were no events after the end of the reporting period that would have a material effect on the accounts.

## 19. Commitments

2016 £'000		Property, plant and equipment £'000	2017 Total £'000
<b>Capital Commitments</b>			
The Board has the following Capital Commitments which have not been included for in the accounts			
<b>Contracted</b>			
956	Telehealth Project - Stage 2	0	0
0	Dunfermline	394	394
0	Building Works	75	75
0	Vehicle Charging Points	20	20
0	Vehicles	11,407	11,407
<b>956</b>	<b>Total</b>	<b>11,896</b>	<b>11,896</b>
<b>Authorised but not Contracted</b>			
630	Information Technology	0	0
1,135	Property	0	0
235	Other Equipment	0	0
77,809	Vehicles	46,518	46,518
<b>79,809</b>	<b>Total</b>	<b>46,518</b>	<b>46,518</b>

### Ambulance Telehealth

The Ambulance Telehealth programme will provide cab based technology to facilitate enhanced reporting and transmission of patient data, more effective use of telehealth and improved clinical diagnostics. The programme has been split into two phases to match the funding profile. Phase 1 completed during 2016/17. The business case for Phase 2 was approved by Scottish Government in April 2016 and phase 2 will deliver a new patient record form and a paramedic app which gives details of pathways. The capital works for Phase 2 completed during 2016/17.

### Fleet Business Case

The new Fleet Business Case was approved by the SAS Board and Scottish Government in February 2016. The business case covered the funding requirements over the next 5 years for the annual replacement of all

types of vehicles used by SAS. Total funding over the 5 years will be around £77.809m to replace 991 vehicles.

### Dunfermline Station

The existing Dunfermline Ambulance Station is in poor condition and located in the wrong district of Dunfermline. A new industrial unit in a preferred location was sourced in 2016/17 and refurbishment works commenced during Q4 of 2016/17. These are due to complete by the end of Q2 2017/18.

### Financial Guarantees, Indemnities and Letter of Comfort

The Scottish Ambulance Service has not entered into any other quantifiable guarantees, indemnities or provided letters of comfort prior to the date of publication of the accounts.

## 20. Commitments Under Leases

2016 £'000		2017 £'000
<b>Operating Leases</b>		
Total future minimum lease payments under operating leases are given in the table below for each of the following periods.		
<b>Obligations under operating leases comprise: Land</b>		
197	Not later than one year	218
113	Later than one year, not later than 2 years	137
318	Later than two years, not later than five years	378
843	Later than five years	947
<b>Buildings</b>		
1,127	Not later than one year	1,060
977	Later than one year, not later than 2 years	864
2,854	Later than two years, not later than five years	2,461
5,926	Later than five years	6,078
<b>Other</b>		
3,714	Not later than one year	3,925
3,724	Later than one year, not later than 2 years	3,740
7,014	Later than two years, not later than five years	3,788
0	Later than five years	0
<hr/>		
<b>Amounts charged to Operating Costs in the year were:</b>		
3,283	Hire of equipment (including vehicles)	3,888
1,553	Other operating leases	1,604
<b>4,836</b>	<b>Total</b>	<b>5,492</b>

The major components included within Other Operating Lease obligations are the fixed and rotary wing aircraft contracted for under the managed Air Ambulance service. Whilst the managed service contract is not in the legal form of an operating lease, in adopting an IFRIC 4 approach, these aircraft have been adjudged in substance to have the characteristics of leased assets and have therefore been classified under IAS 17 as operating lease assets. Other elements of the managed Air Ambulance service are not considered to be within scope of IAS17.

## 21. Pension Costs

The NHS board participates in the National Health Service Superannuation Scheme for Scotland which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary; details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS board will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19. The Scottish Ambulance Service has no liability for other employers' obligations to the multi-employer scheme.

### SPPA Scheme

For the current year, normal employer contributions of £17.9m were payable to the SPPA (prior year £17.2m) at the rate of 14.9% (prior year: 14.9%) of total pensionable salaries. In addition, during the accounting period the Scottish Ambulance Service board incurred additional costs of £296 (prior year £296) arising from the early retirement of staff. The most recent actuarial valuation discloses a balance of £1.4 billion to be met by future contributions from employing authorities.

Provisions amounting to £3k are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

### The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2016/17 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

### The old NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS

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

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

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

### National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which were from £5,824 up to £43,000 in 2016/17 but are 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.

	Employee Contribution	Employer Contribution
1st March 2013	1%	1%
1st April 2018	3%	2%
1st April 2019	5%	3%

Annual contribution to a NEST retirement fund was limited to £4,900 for the 2016/17 tax year this includes member and employer contributions. The Annual Contribution Limit (ACL) was adjusted annually in line with average earnings in 2016/17 however the ACL was removed completely going forward from April 2017.



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.

## SPPA

	2017 £'000	2016 £'000
Pension cost charge for the year	17,970	17,174
Additional Costs arising from early retirement	0	0
Provisions included in the Balance Sheet	3	3

## 22. Exceptional Items And Prior Year Adjustments

As stated in Note 1, Accounting Policies, the prior year comparatives have been restated to reflect the requirement to consolidate the Board Endowment Fund.

The consolidation has required the restatement of prior year comparatives.

## 23a. Restated SOCNE

	Note	Restarted Board 2016 £'000	Endowments 2016 £'000	Consolidated 2016 £'000
Hospital and Community	4	230,762	0	230,762
Less: Hospital and Community Income	7	(6,921)	0	(6,921)
		223,841	0	223,841
<b>Total Clinical Services Costs</b>				
Administration Costs	5	1,787	0	1,787
Other Non Clinical Services	6	5,922	30	5,952
Less: Other Operating Income	7	(3,987)	(59)	(4,046)
		3,722	(29)	3,693
<b>Net Operating Costs</b>		<b>227,563</b>	<b>(29)</b>	<b>227,534</b>

Restated opening Board Position is a reclassification between Notes 4 and 6.

**23a. Restated Balance Sheet**

	<b>Board 2016 £'000</b>	<b>Endowments 2016 £'000</b>	<b>Group 2016 £'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	70,729	0	70,729
Intangible assets	1,293	0	1,293
Financial assets:			
Trade and other receivables	3,037	0	3,037
	<b>75,059</b>	<b>0</b>	<b>75,059</b>
<b>Current Assets</b>			
Inventories	136	0	136
Financial assets:			
Trade and other receivables	15,736	1	15,737
Cash and cash equivalents	60	597	657
Assets classified as held for sale	85	0	85
	<b>16,017</b>	<b>598</b>	<b>16,615</b>
<b>TOTAL ASSETS</b>	<b>91,076</b>	<b>598</b>	<b>91,674</b>
<b>Current Liabilities</b>			
Provisions	(1,803)	0	(1,803)
Financial liabilities:			
Trade and other payables	(15,201)	(34)	(15,235)
<b>Total Current Liabilities</b>	<b>(17,004)</b>	<b>(34)</b>	<b>(17,038)</b>
<b>Non-Current Assets Plus/Less Net Current Assets/Liabilities</b>	<b>74,072</b>	<b>564</b>	<b>74,636</b>
<b>Non-current liabilities</b>			
Provisions	(11,199)	0	(11,199)
<b>Total non-current liabilities</b>	<b>(11,199)</b>	<b>0</b>	<b>(11,199)</b>
<b>Assets less liabilities</b>	<b>62,873</b>	<b>564</b>	<b>63,437</b>
<b>Taxpayers' Equity</b>			
General Fund	58,200	0	58,200
Revaluation Reserve	4,673	0	4,673
Other Reseves	0	564	564
<b>Total taxpayers' equity</b>	<b>62,873</b>	<b>564</b>	<b>63,437</b>

## 23b. Restated Cash Flow Statement

	<b>Board 2016 £'000</b>	<b>Endowments 2016 £'000</b>	<b>Group 2016 £'000</b>
<b>Cash flows from operating activities</b>			
Net operating cost	(227,563)	29	(227,534)
Adjustments for non-cash transactions	13,965	0	13,965
Add back: interest payable recognised in net operating cost	110	0	110
Deduct: interest receivable recognised in net operating cost	0	(1)	(1)
(Increase) / decrease in trade and other receivables	(6,714)	1	(6,713)
Decrease in inventories	32	0	32
Increase in trade and other payables	5,682	23	5,705
Increase in provisions	2,346	0	2,346
<b>Net cash outflow from operating activities</b>	<b>(212,142)</b>	<b>52</b>	<b>(212,090)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(10,134)	0	(10,134)
Purchase of intangible assets	(471)	0	(471)
Proceeds of disposal of property, plant and equipment	140	0	140
<b>Net cash outflow from investing activities</b>	<b>(10,465)</b>	<b>0</b>	<b>(10,465)</b>
<b>Cash flows from financing activities</b>			
Funding	222,717	0	222,717
Cash drawn down	222,717	0	222,717
Interest paid	(110)	0	(110)
<b>Net Financing</b>	<b>222,607</b>	<b>0</b>	<b>222,607</b>
<b>Net Increase in cash and cash equivalents in the period</b>	<b>0</b>	<b>52</b>	<b>52</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>545</b>	<b>605</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>60</b>	<b>597</b>	<b>657</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
Increase in cash in year	0	52	52
Net cash at 1 April	60	545	605
<b>Net cash at 31 March</b>	<b>60</b>	<b>597</b>	<b>657</b>

## 24. Financial Instruments

### (a) Financial Instruments By Category - Consolidated

#### Financial Assets

	Note	Loans and Receivables £'000	Total £'000
<b>At 31 March 2017</b>			
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	12	1,784	1,784
Cash and cash equivalents	13	696	696
		2,480	2,480

	Note	Loans and Receivables £'000	Total £'000
<b>At 31 March 2016</b>			
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	12	1,454	1,454
Cash and cash equivalents	13	657	657
		2,111	2,111

#### Financial Liabilities

	Note	Other financial liabilities £'000	Total £'000
<b>At 31 March 2017</b>			
<b>Liabilities per balance sheet</b>			
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	14	19,352	19,352
		19,352	19,352

	Note	Other financial liabilities £'000	Total £'000
<b>At 31 March 2016</b>			
<b>Liabilities per balance sheet</b>			
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	14	14,577	14,577
		14,577	14,577

## 24. Financial Instruments

### (a) Financial Instruments By Category - Board

#### Financial Assets

	Note	Loans and Receivables £'000	Total £'000
<b>At 31 March 2017</b>			
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	12	1,723	1,723
Cash and cash equivalents	13	60	60
		1,783	1,783

	Note	Loans and Receivables £'000	Total £'000
<b>At 31 March 2016</b>			
<b>Assets per balance sheet</b>			
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	12	1,453	1,453
Cash and cash equivalents	13	60	60
		1,513	1,513

#### Financial Liabilities

	Note	Other financial liabilities £'000	Total £'000
<b>At 31 March 2017</b>			
<b>Liabilities per balance sheet</b>			
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	14	19,276	19,276
		19,276	19,276

	Note	Other financial liabilities £'000	Total £'000
<b>At 31 March 2016</b>			
<b>Liabilities per balance sheet</b>			
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	14	14,572	14,572
		14,572	14,572

## 24. Financial Instruments (Cont.)

### (b) 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.

#### (i) Credit Risk

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

For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

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

#### (ii) 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.

	Consolidated		Board	
	At 31 March 2017 £'000	At 31 March 2016 £'000	At 31 March 2017 £'000	At 31 March 2016 £'000
Trade and other payables excluding statutory liabilities	19,352	14,577	19,276	14,572
<b>Total</b>	<b>19,352</b>	<b>14,577</b>	<b>19,276</b>	<b>14,572</b>

### (iii) 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.

#### 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.

#### Foreign Currency Risk

The NHS Board is not exposed to foreign currency risk.

#### Price risk

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

### (C) Fair Value Estimation

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

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.

### 25. Related Party Transactions

The Board had various material transactions with other government departments and other central government bodies during the year.

No Board member, key manager or other related party has undertaken any material transactions with the Board during the year.

The Board members both Executive and Non-Executive members, are also trustees of the Scottish Ambulance Service Endowment Fund (Charity) Accounts.

As stated in Note 1, Accounting Policies, the prior year comparatives have been restated to reflect the requirement to consolidate the Board Endowment Fund.

The consolidation has required the restatement of prior year comparatives including consolidating the Opening Balance Sheet as at 1 April 2015.

### 26. Segmental Information

	North Division £'000	West Central Division £'000	East Central Division £'000	South West Division £'000	South East Division £'000	National £'000	Endowment £'000	2017 £'000
Net operating cost	32,234	37,541	28,612	35,147	23,466	84,180	(46)	241,134

#### Segmental Information - Prior Year - Restated For Consolidation

	North Division £'000	West Central Division £'000	East Central Division £'000	South West Division £'000	South East Division £'000	National £'000	Endowment £'000	2016 £'000
Net operating cost	30,558	35,412	26,876	33,425	21,829	79,463	(29)	227,534

The reported segments have been selected as this is the basis used for Scottish Ambulance Service internal management reporting of operating and functional activity.

## 27a. Group SOCNE

Group 2016 £'000		Note	Board 2017 £'000	Endowments 2017 £'000	Consolidated 2017 £'000
230,762	Hospital and Community	4	240,888	0	240,888
(6,921)	Less: Hospital and Community Income	7	(6,586)	0	(6,586)
223,841			234,302	0	234,302
<b>223,841</b>	<b>Total Clinical Services Costs</b>		<b>234,302</b>	<b>0</b>	<b>234,302</b>
1,787	Administration Costs	5	1,936	0	1,936
5,952	Other Non Clinical Services	6	6,839	151	6,990
(4,046)	Less: Other Operating Income	7	(1,897)	(197)	(2,094)
1,906			4,942	(46)	4,896
<b>227,534</b>	<b>Net Operating Costs</b>		<b>241,180</b>	<b>(46)</b>	<b>241,134</b>



**27b. Group Balance Sheet**

Group 2016 £'000	Note	Board 2017 £'000	Endowment 2017 £'000	Consolidated 2017 £'000
<b>Non-current assets</b>				
70,729	Property, plant and equipment	80,852	0	80,852
1,293	Intangible assets	1,062	0	1,062
Financial assets:				
3,037	Trade and other receivables	3,516	0	3,516
<b>75,059</b>		<b>85,430</b>	<b>0</b>	<b>85,430</b>
<b>Current Assets</b>				
136	Inventories	157	0	157
Financial assets:				
15,737	Trade and other receivables	18,072	61	18,133
657	Cash and cash equivalents	60	636	696
85	Assets classified as held for sale	85	0	85
<b>16,615</b>		<b>18,374</b>	<b>697</b>	<b>19,071</b>
<b>91,674</b>	<b>TOTAL ASSETS</b>	<b>103,804</b>	<b>697</b>	<b>104,501</b>
<b>Current Liabilities</b>				
(1,803)	Provisions	(2,771)	0	(2,771)
Financial liabilities:				
(15,235)	Trade and other payables	(20,402)	(87)	(20,489)
<b>(17,038)</b>	<b>Total Current Liabilities</b>	<b>(23,173)</b>	<b>(87)</b>	<b>(23,260)</b>
<b>Non-Current Assets Plus/Less Net Current Assets/Liabilities</b>				
<b>74,636</b>		<b>80,631</b>	<b>610</b>	<b>81,241</b>
<b>Non-current liabilities</b>				
(11,199)	Provisions	(14,153)	0	(14,153)
<b>(11,199)</b>	<b>Total non-current liabilities</b>	<b>(14,153)</b>	<b>0</b>	<b>(14,153)</b>
<b>63,437</b>	<b>Assets less liabilities</b>	<b>66,478</b>	<b>610</b>	<b>67,088</b>
<b>Taxpayers' Equity</b>				
58,200	General Fund	61,988	0	61,988
4,673	Revaluation Reserve	4,490	0	4,490
564	Other Reseves	0	610	610
<b>63,437</b>	<b>Total taxpayers' equity</b>	<b>66,478</b>	<b>610</b>	<b>67,088</b>


**27c. Group Cash Flow Statement**

Board 2016 £'000	Endowment 2016 £'000	Consolidated 2016 £'000		Board 2017 £'000	Endowment 2017 £'000	Consolidated 2017 £'000
<b>Cash flows from operating activities</b>						
(227,563)	29	(227,534)	Net operating cost	(241,180)	46	(241,134)
13,965	0	13,965	Adjustments for non-cash transactions	13,173	0	13,173
110	0	110	Add back: interest payable recognised in net operating cost	71	0	71
0	(1)	(1)	Deduct: interest receivable recognised in net operating cost	0	(1)	(1)
(6,714)	1	(6,713)	(Increase) / decrease in trade and other receivables	(2,815)	(60)	(2,875)
32	0	32	(Increase) / decrease in inventories	(21)	0	(21)
5,682	23	5,705	(Decrease) / Increase in trade and other payables	(3,187)	53	(3,134)
2,346	0	2,346	Increase in provisions	3,922	0	3,922
<b>(212,142)</b>	<b>52</b>	<b>(212,090)</b>	<b>Net cash outflow from operating activities</b>	<b>(230,037)</b>	<b>38</b>	<b>(229,999)</b>
<b>Cash flows from investing activities</b>						
(10,134)	0	(10,134)	Purchase of property, plant and equipment	(14,472)	0	(14,472)
(471)	0	(471)	Purchase of intangible assets	(179)	0	(179)
140	0	140	Proceeds of disposal of property, plant and equipment	264	0	264
0	0	0	Interest received	0	1	1
<b>(10,465)</b>	<b>0</b>	<b>(10,465)</b>	<b>Net cash outflow from investing activities</b>	<b>(14,387)</b>	<b>1</b>	<b>(14,386)</b>
<b>Cash flows from financing activities</b>						
222,717	0	222,717	Funding	244,495	0	244,495
222,717	0	222,717	Cash drawn down	244,495	0	244,495
(110)	0	(110)	Interest paid	(71)	0	(71)
<b>222,607</b>	<b>0</b>	<b>222,607</b>	<b>Net Financing</b>	<b>244,424</b>	<b>0</b>	<b>244,424</b>
<b>0</b>	<b>52</b>	<b>52</b>	<b>Net Increase in cash and cash equivalents in the period</b>	<b>0</b>	<b>39</b>	<b>39</b>
60	545	605	Cash and cash equivalents at the beginning of the period	60	597	657
<b>60</b>	<b>597</b>	<b>657</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>60</b>	<b>636</b>	<b>696</b>
<b>Reconciliation of net cash flow to movement in net cash</b>						
<b>0</b>	<b>52</b>	<b>52</b>	Increase in cash in year	<b>0</b>	<b>39</b>	<b>39</b>
60	545	605	Net cash at 1 April	60	597	657
<b>60</b>	<b>597</b>	<b>657</b>	<b>Net cash at 31 March</b>	<b>60</b>	<b>636</b>	<b>696</b>

# Direction by the Scottish Ministers

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



Signed by the authority of the Scottish Ministers

Dated 10/2/2006