NHS Shetland

Shetland NHS Board
Annual Report and Accounts
for the Year Ended 31 March 2020

INDEX

ANNUAL ACCOUNTS AND NOTES FOR YEAR ENDED 31 MARCH 2020

PERFORMANCE REPORT

1. Chief Executive's Statement

NHS Shetland has achieved a great deal in 2019-20 and should be rightly proud of its successes without losing sight of the challenges the year has brought.

Patient engagement, feedback and outcomes remain positive and our staff have demonstrated their unshakable commitment to delivering high quality services to the Shetland community. This has been achieved despite workforce challenges, and steps to address these will be expanded in the coming year as we must achieve a sustainable staffing model to ensure our future is built on a sound financial platform.

NHS Shetland has continued to deliver against a range of national performance targets as outlined in the Key Non-Financial Targets section, even when faced with increasing demand. Our performance compares favourably with other health and care systems in Scotland. This reflects the hard work and commitment of our staff and the responsiveness of the wider care system.

Whilst the picture for NHS Shetland remains overwhelmingly positive, a small number of key targets remain a challenge for the Board. We are committed to achieving these targets not just because it is a "target" but more importantly because behind every "target" is a patient who needs our care. It is vital that we as a Board do not lose sight of each and every single one of these patients.

Delivering health and care services in an island location poses unique challenges and ensuring we focus on the integration of services is a vital part of our plans moving forward. To support this aim NHS Shetland has agreed to fully fund its component of the Integration Joint Board to engender closer working relationships and to allow for surety in future plans.

Maintaining a sustainable workforce continues to pose challenges for NHS Shetland and by adopting innovative models of employment such as GP Joy and the Wanderers and Adventurers programme, we can work to overcome these. However unless the model of training for clinical staff changes in Scotland to respond to the needs of the remote and rural, the provision of the traditional care model will become unsustainable over the coming years. NHS Shetland needs to adapt ahead of this growing pressure. Without doubt the future of the workforce in NHS Shetland has to be the primary concern of the Board moving forward.

As a result of the hard work from NHS Shetland staff, we have again balanced our budget and delivered more than £3.4m in savings including repatriating services from mainland health Boards, changing staffing models and using technology to reduce travel costs.

To achieve financial security further work is required to focus on savings that are recurrent and fundamentally alter the model of care. To achieve a position of sustained financial balance we know that we will need to significantly redesign our services and take all opportunities to integrate services to achieve the best value for the Shetland community.

I would like to offer my thanks to Simon Bokor-Ingram who held the position of Interim Chief Executive for the majority of 2019.

It should be noted that parts of this report incorporate the early impact of the Covid-19 Pandemic, an unprecedented situation that NHS Shetland has risen to. I would like to offer my personal thanks to everyone in Shetland who has been a part of NHS Shetland's response as without this concerted and tireless effort I doubt we would be in such a strong position moving forward into 2020-21.

Michael Dickson
Chief Executive
NHS Shetland

2. Overview

The purpose of the Overview is to give the user a short summary that provides sufficient information to understand NHS Shetland, our purpose, the key risks to the achievement of our objectives, and our performance during 2019-20.

NHS Shetland is the operating name of Shetland Health Board that was established under the National Health Service (Scotland) Act 1978.

NHS Shetland is domiciled in Scotland and headquarters are based at:

Upper Montfield,
24 Burgh Road,
Lerwick,
Shetland,
ZE1 0LA.

The boundaries of NHS Shetland and Shetland Islands Council are co terminus. The map opposite shows the Shetland Islands which has a population of around 23,000 spread over 16 of the 100 islands. These islands cover a land mass of 567 square miles, are surrounded by the North Sea and have a coastline 1,679 miles long.

NHS Shetland is responsible for commissioning and providing healthcare services for the residents of Shetland Islands as outlined in Table 1 on page 3 below.

This includes NHS Shetland directly providing health care services from 15 sites across Shetland. Several of these services are co-located across our 10 health centres and Gilbert Bain Hospital.

Table 1 NHS Shetland at a glance	
Directly Provided Healthcare	**Commissioned Healthcare Services**
8 GP Practices, 19,426 registered patients	2 GP Practices, 3,522 registered patients
Community Healthcare Service	3 Ophthalmic Practices
Dental Services from 6 locations	1 Dental Practice
Gilbert Bain Hospital Acute and Maternity Services; 10,056 In patients bed days, 1,954 Day cases, 39,516 Out patients, 118 births and 7,832 A&E Attendances during 2019-20.	5 Pharmacy Contractors
	NHS Grampian Acute and Maternity Services
	NHS Grampian Mental Health Services
Child and Adolescent Community Mental Health Service	NHS Tayside Specialist Mental Health Services for Adults, Children and Adolescents
Adult Community Mental Health Service	Golden Jubilee, Orthopaedic Services
Public Health	Tertiary Specialist Services

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

The functions of the unified NHS Board comprise:

- strategy development;
- resource allocation;
- implementation of the Local Health Plan; and
- performance management.

During 2019-20 the work of the Board has focused on continuing the delivery of the agreed key Corporate Objectives to:

- continue to improve and protect the health of the people of Shetland;
- provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
- redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
- provide best value for resources and deliver financial balance; and
- ensure sufficient organisational capacity and resilience.

To address the first objective, the Board continues to implement a 10-year Public Health Strategy intended to create a step-change in the health of the local population. The Annual Operating Plan (AOP) identified the priorities that have been progressed to improve the quality of service provided. This included work in individual clinical services, the provision of services for older people and primary care and the development of arrangements to support Health and Social Care integration. The Board has continued to focus on using feedback from patients and their families or carers and learning from incidents and adverse events. The Board has continued to work with NHS Grampian and the NHS Waiting Times Centre to provide and develop pathways for patients referred outside Shetland.

The Board continues to progress the efficiency and the redesign of our services. This includes activity across three work streams of Whole Population, Sustainable Services and Organisational Issues. Resultant areas of redesign can be seen in Section 5 below and is also incorporated into the recently agreed Joint Strategic Commissioning Plan 2019-22.

In 2019-20 NHS Shetland has made the repatriation of services, and the minimising of patients having to travel to the mainland for care and treatment that can be provided locally, a high priority. This has resulted in significant cost avoidance but, more importantly, reduced travel for around 1,500 patients.

As outlined in Table 1, since opening in 1961, Gilbert Bain Hospital provides local access to Acute and Maternity Services in Shetland. In July 2019 the Board agreed the latest development to the hospital with an investment of £1.3m in an Ambulatory Care unit via refurbishment of the Day Surgical Unit to create more capacity. However at the October 2019 Board meeting the long-term future provision for local access to Acute and Maternity Services in Shetland was considered. The outcome was an agreement to carry out a new strategic assessment for the Gilbert Bain Hospital that may outline the potential need for change and the benefits that could be realised if that change was implemented. The Scottish Government is providing additional capital funding to the Board to take both these developments forward.

During 2019-20 NHS Shetland has continued to work closely with Shetland Islands' Health and Social Care Partnership, which is commonly referred to in Shetland as the IJB and Shetland Islands Council (SIC) on a number of projects.

The most significant area has been implementing our joint strategic commissioning plan, continuing to support the work done to shift the balance of care and to ensure that our focus on the whole health and care system is in line with the revised joint Strategic Commissioning Plan for 2019-2022 agreed by the IJB in March 2019, NHS Shetland in April 2019 and SIC in May 2019.

The plan sets out our shared joint Shetland Health and Care Vision:

Our Vision is that by 2025 everyone in Shetland is able to live longer healthier lives, at home or in a homely setting. We will have an integrated health and care system focused on prevention, supported self-management and reducing health inequalities. We will focus on supporting people to be at home or in their community with as much specialist care provided in Shetland and as close to home as possible. Care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions, everyone is supported in their community to live longer, healthier lives and we will have reduced health inequalities.

Alongside the nine National Health and Wellbeing Outcomes, there are now five new key local objectives to deliver as outlined in Table 2 below.

Table 2: Shetland Health and Care Local Objective
1. **Develop a single health and care system**: - We will have in place seamless services, wrapped around the needs of individuals, their families and communities, which are not restricted by organisational or professional boundaries. Where possible we aim to deliver a 'one stop shop' approach to health and care
2. **Maximise population health and wellbeing**: - People will be supported to look after and improve their own health and well-being, helping them to prevent ill health and live in good health for longer
3. **Develop a unified primary care service: -** with multidisciplinary teams working together to respond to the needs of local populations
4. **Streamline the patient's journey in hospital**: – we will work to make sure that people get the right care in the right place at the right time by maximising outpatient, ambulatory, day care services and minimising inpatient stays
5. **Achieve a sustainable financial position: -** by 2023

SIC and NHS Shetland have delegated agreed functions to the IJB, and the IJB is wholly responsible for carrying these out. The IJB is required to have regard to the National Health and Wellbeing Outcomes, the integration delivery principles, and the needs of localities within Shetland.

The relevant delegated services are:

- Social Work Functions: Residential Care – Older People, Extra Care Housing and Sheltered Housing (Housing Support provided), Intermediate Care, Supported Housing-Learning Disability, Rehabilitation-Mental Health, Day Services and Local Area Coordination-LD; Older People; Mental Health, Care at Home services and enablement–all client groups, Rapid Response, Telecare, Respite services-all client groups, Quality assurance and Contracts, Assessment and Care Management-including OT services, Specialist Services-Sensory Impairment, Drugs and Alcohol.
- Hospital services: (includes associated services – e.g. allied health professionals) A&E, general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine, psychiatry of learning disability, palliative care, hospital services provided by GPs, mental health services provided in a hospital with exception of forensic mental health services, and services relating to an addiction or dependence on any substance.
- Community Health Services: District nursing, services relating to addiction or dependence on any substance, services provided by allied health professionals, public dental service, primary medical services (GP), general dental services, ophthalmic services, pharmaceutical services, out-of-hours primary medical services, community geriatric medicine, palliative care, mental health services, continence services, and services to promote public health.

NHS Shetland will continue to directly carry out all its functions which have not been delegated to IJB. This includes scheduled hospital care, child health and support services.

In-line with statutory obligation the process to review Shetland Islands' Health and Social Care Partnership Integration Scheme began in August 2019 with the Board approving the process which will include stakeholder and public consultation.

Further information on health and social care integration can be accessed through this link: http://www.shetland.gov.uk/Health_Social_Care_Integration/default.asp

3. Risk and Uncertainty

The Board's 2019-20 Annual Operating Plan (AOP) summarised the key risks facing NHS Shetland in future years, the actions to be taken to mitigate these, and the KPIs that will be used to measure progress. Performance against these KPIs in 2019-20, plus mitigating issues and actions to address and resolve these, is outlined in section 5, Performance Against Key Non-Financial Targets.

The AOP focused on improvement and delivery in a number of key areas as set out in the context of the strategic direction agreed within the Joint Strategic Commissioning Plan. The priority areas were:

- Hospital, Acute and Specialist Services;
- Community Health and Social Care Services; and
- Public Health and Health Improvement Services.

The AOP recognised that NHS Shetland is working in a challenging context, with partners, in which there is a need to balance delivery of quality services with ambitious improvement targets and standards, while also living within the financial realities facing the public sector. This reflects the need for Health and Social Care Partnerships to develop a Joint Strategic Commissioning Plan. The AOP required by the Scottish Government is now very focussed on the actions to deliver key targets. The AOP was reviewed at the 16 April 2019 Board meeting and agreed at the 21 June 2019 Board meeting.

In 2019-20 NHS Shetland has continued to review how its governance and management arrangements should evolve. As an early part of this review the Board completed the National Blueprint for Corporate Governance Self-Assessment process and published this report at April 2019 Board meeting along with an update to the Board's principle overarching governance documentation, the Corporate Governance Handbook.

During 2019-20, to mitigate and manage risks that may arise from the United Kingdom withdrawal from the European Union (EU) the specific risk sub-committee created to co-ordinate local review of risks and mitigation actions available continued to meet. This sub-committee reports to the Risk Management Committee.

NHS Shetland's Risk Management Strategy for 2017-2020 was agreed on the 22 June 2018 Board Meeting. The aim of this strategy is to:

- minimise risk and, in particular, the risk of harm to patients;
- create a culture of continuous improvement;
- enable a positive approach to risk management;
- develop and promote policies and procedures that support practitioners and managers in risk decisions; and
- provide an educational framework that encourages the sharing of knowledge relating to both risk assessment and risk management.

Throughout 2019-20 the Board and all the Governance Committee have continued to monitor risk with the mid-year review report discussed at the public Board meeting on 10 December 2020. The annual review for 2019-20 will be presented to the Board in August 2020.

The top five highest ranked risks in NHS Shetland 2019-20 Corporate Risk Register are summarised in Table 3 on page 7. The principle theme among these risks relate to:

I. Workforce
II. Key Performance Target (detailed in section 5 Non Financial Performance Targets)
III. Quality

The impact of Brexit is referenced in two of these five risks and the Board will continue to plan to mitigate these perceived risks as the UK Government negotiates agreements for departure on 31 December 2020. The impact on the NHS should become clear during 2020.

Table 3: Top 5 Risks in NHS Shetland 2019-20 Corporate Risk Register	
Theme	**Risk Description**
Resources – workforce (Risk Ref: 506)	Inability to secure a sustainable future medical workforce due to inability to attract/engage/ retain substantive/non locum staff to working and living in Shetland because of local and national demographics/ local work patterns (i.e. levels of on call and generalism vs specialist services) and the potential impact of Brexit.
Resources – workforce (Risk Ref: 509)	Provision of a sustainable medical workforce (in particular managing the impact of changes to junior doctors and the ability to recruit and retain senior medical staff)
Compliance (Risk Ref: 27)	Board performance against key (HEAT) targets and interim trajectories deteriorates, resulting in less effective services to the local population
Resources – Workforce (Risk Ref: 17)	Inability to provide consistent, high quality, sustainable Out of Hours care in Primary care, Mental Health, Community Nursing, and Pharmacy leading to inability to respond to need in the community
Quality (Risk Ref: 1307)	Risk of interruption to service sustainability, provision and destabilising the Board's financial position as a result of Brexit

Workforce is a common theme under pinning all five of these risk as having the right staff in right place to meet either peaks in demand or provide continual service provision.

The recruitment and retention of staff is the most significant risk to both the delivery of quality patient centred services and sustainable recurring financial balance for NHS Shetland. Audit Scotland previously identified in their NHS Scotland workforce reviews that NHS Shetland has the highest staff turnover rate in Scotland at almost twice the Scottish average.

The use of agency and locum staff to fill essential clinical posts continues to be a financial cost pressure and creates a challenge in maintaining continuity in a patient's pathway. Although the cost of locum staff has decreased from £3.5m to £3.2m in 2019-20 this level of expenditure is not sustainable. To address this key issue NHS Shetland has:

- engaged international recruitment specialists via NHS Scotland initiatives;
- attended recruitment fairs and professional bodies' events to promote vacancies in Shetland;
- continued our work with the Promote Shetland website in addition to the standard NHS recruitment website;
- hosted a remote and rural GP recruitment hub that was started in partnership with three other North of Scotland Boards but since expanded to other Health Boards;
- been engaging locums on NHS national contract rates using a direct engagement model that is provided via a third party partner TempRe to reduce costs;
- increased the number of temporary medical staff engaged as NHS bank staff to ensure essential services have no gaps; and
- used the Island Medics BBC television series to promote vacancies in Shetland.

The outcome of future United Kingdom negotiations may impact upon our ability to recruit overseas staff following Brexit. When this detail becomes clear NHS Shetland will have to reflect upon the impact this may have in our future recruitment strategy to address key skill gaps.

To develop and retain staff, NHS Shetland continues to work with NHS Education for Scotland (NES) and the Open University developing training opportunities in a variety of clinical settings and courses. This is to address the skills gap in our remote and rural setting. NES also assists local training in Shetland through the visits of their mobile skills

unit. Training opportunities through the national apprenticeship scheme are also being explored along with other national educational opportunities for non-clinical staff groups.

NHS Shetland alongside our partners prepared for managing the impact of the Covid-19 Pandemic and implemented a local mobilisation plan to address our risk assessment. This plan was submitted to the Scottish Government on 18 March 2020.

In addressing the risk of virus transmission the local mobilisation plan curtailed elective hospital in-patient, day case and out-patient services that did impact upon the Board's waiting time performance. The move to "lock down" by the United Kingdom and Scottish Government further restricted elective hospital activity as containment of the Covid-19 virus was the primary focus. At 31 March 2020 there was 29 confirmed cases by a test of Covid-19 on the island. This then rose up to 54 confirmed cases by a test on 22 April 2020 and has remained static on this number for over three months.

The provision of adequate levels of Personal Protective Equipment (PPE) from NHS National Services Scotland (NSS) via the National Distribution Centre (NDC), along with redeploying local staff to ensure PPE stocks were in the right location, has assisted in ensuring local services were adequately supported in preventing the transmission of the virus through strictly following best practice barrier prevention infection control guidance.

The first iteration of the Board's remobilisation plan for the next phase of the Covid-19 Pandemic was submitted to the Scottish Government on 25 May 2020. This plan forms the initial route plan for the remobilisation of elective services whilst still managing containment of the Covid-19 virus spreading in the community. As there is a phased implementation to elective services, and a requirement to ensure Covid-19 and suspected Covid-19 patients are managed in separate pathways, we have created "Red" and "Green" pathways to ensure clear separation occurs. In practice this will not immediately address backlogs in elective services.

The second iteration of the Board's remobilisation plan for the next phase of the Covid-19 Pandemic was submitted to the Scottish Government on 31 July 2020. This outlines how elective services will implement a phased restart and look to address compliance against the Scottish Government key access targets whilst maintaining community suppression of the virus. Elective out-patients service were stepped down during Covid-19 lock own period so this will have impacted upon 12 and 18 week referral access targets.
The continuation of staff maintaining high compliance with guidance on infection control best practices will be key to preventing the spread of the virus and aid movement through the Scottish Government phases that will allow the full resumption of elective services. However the community compliance with social distancing and other preventative measures they are asked to follow will also have a significant impact on the ability of the NHS Shetland to re-introduce services. The use of technology in supporting patient pathways such as "Near Me" is one change resulting from the Covid-19 Pandemic that will have longer term community benefits.

The extension of the use of Near Me platform is also in-line with the strategic policy objectives set out in the Scottish Government National Islands Plan in respect of Strategic Objective 7 to improve and promote health, social care and wellbeing.

4. Performance Analysis

The Scottish Government requires NHS Boards to meet three key financial targets:

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

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in the Summary of Resource.

NHS Boards are required to contain their net expenditure within these limits, and will report on any variation from these limits as set. NHS Shetland's out-turn for the year against these limits was as follows:

	Limit as set by SGHSCD	Actual Outturn	Variance Under/(over)
	£'000	£'000	£'000
Core Revenue Resource Limit	63,053	63,012	41
Non-core Revenue Resource Limit	1,846	1,818	28
Total Revenue Resource Limits	**64,899**	**64,830**	**69**
Core Capital Resource Limit	985	979	6
Non-core Capital Resource Limit	0	0	0
Total Capital Resource Limits	**985**	**979**	**6**
Cash requirement	63,939	63,939	0

Memorandum for In Year Outturn	**£'000**
Core Revenue Resource Variance Surplus in 2019-20	41
Financial flexibility: funding banked with/(provided by) Scottish Government	161
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	**-120**
Percentage	**-0.2%**

A three year financial plan was initially submitted to Scottish Government by NHS Shetland on 31 March 2019. This was subsequently approved on 17 June 2019.

Excluding provision of financial flexibility provided by the Scottish Government, the Board's outturn would have been overspend on RRL of £0.1m (equivalent to 0.2%). This is within the one per cent flexibility afforded by the three-year financial planning and performance cycle, and will be managed within an overall breakeven position in the period to 2021-22.

The Core Capital Resource Limit covers additions to land and buildings or intangible assets or new equipment with a life greater than one year and a value greater than £5,000.

The Non-Core Revenue Resource Limit provides funding for more technical accounting entries that do not directly trigger a cash payment such as the depreciation or impairment of an asset or the creation of a provision for a future liability.

The Core Revenue Resource Limit (RRL) is the Scottish Government funding the Board receives to cover all its other activities, excluding certain Family Health services payments which are covered centrally by the Scottish Government, an example being the eyesight test fee.

Revenue Resource Limit

The Board delivered a £41k underspend against its Core Revenue Resource Limit for 2019-20. This compares with £161k underspend in 2018-19. This underspend from 2018-19 was carried forward and added to the Board's RRL in 2019-20. If the Board had not benefited non-recurrently from the carry forward of the 2018-19 underspend the out-turn position would equate to £120k over spend.

Although the services delegated to the IJB initially overspent the original delegated budget allocated by NHS Shetland, additional funding to bridge the gap was made in 2019-20. In 2019-20 the Scottish Government again increased the allocation funding for Primary Care by £1,200k. These funds were passed on to the IJB and brought direct funding for Primary Care in line with that of other island Health Boards.

The NHS Shetland financial plan for 2019-20 as agreed by the Board assumes that this £1,200k will be received on a recurrent basis for the Scottish Government to equitably fund our Primary Care Service. The financial plan delegates these funds to the IJB.

The IJB also carried forward £410k of resources originally allocated to NHS Shetland by the Scottish Government for services delegated to the IJB. This carry forward included funding for various initiatives including Action 15, Primary Care Improvement Fund and Rediscover the Joy of GP Practice.

However, the Board still carries an underlying recurring deficit in the resource budget for ongoing activities. At the close of 2019-20 this stood at £1,759k down from £1,861k in 2018-19. The Board's underlying deficit has decreased by 5.5% in the year.

The revised Financial Plan for 2019-20 included a recurring savings target of £2,579k, equivalent to 5% of the Board's baseline resource allocation. While there has been some slippage in progress against the recurring target at year end, progress has continued to be made and the overall target was exceeded with the inclusion of non-recurring savings. The in-year recurring savings delivered were £818k; in year achievement rate of 32% of the overall target. The savings achieved were below the original target due to delays in the start dates for some clinical redesign projects.

The full year effect of the savings achieved is £820k, still just 32% of the target, so the consequences of this are that a carry-forward recurring savings target of £1,759k has initially been included in the ongoing financial plan. A review of the Board's reserves and ability for non-recurring savings to be realised recurrently in 2020-21 is being undertaken and will reduce the underlying deficit. Delivery of savings remains a key risk for the Board.

In year non-recurrent savings of £2,660k were also achieved. These made a key contribution to addressing the £1,761k gap in recurring savings in year, and locum staff costs incurred to cover vacant posts as a result of the difficulties in recruitment of permanent clinical staff.

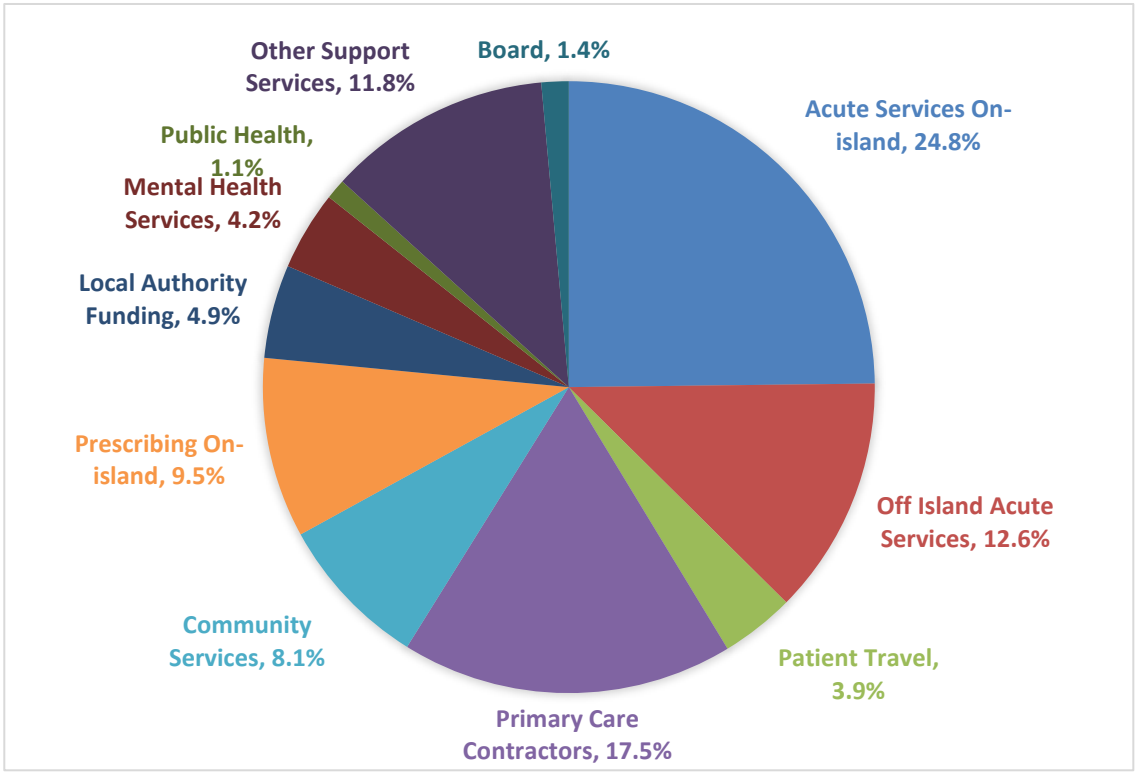
The principal areas causing staff cost pressures as a result of difficulties in recruitment to permanent clinical staff posts were General Practitioners (GPs) vacancies at Board-run practices, a consultant Mental Health post and consultant vacancies at Gilbert Bain Hospital for Physicians, Obstetricians and Anaesthetists.

Figure 1, on page 11, illustrates how the overall expenditure of the Board was spent in 2019-20 and also provides a comparison to 2018-19. The use of locum and bank consultants to fill consultant vacancies at Gilbert Bain Hospital is the primary cause for Acute Services on island spend increasing between these two years. The other factor causing on island Acute Services expenditure to grow was the repatriation of services from off island to on island that are highlighted in case studies on page 15. Use of locums is also part of the reason for the increase in Mental Health expenditure, however in addition to that

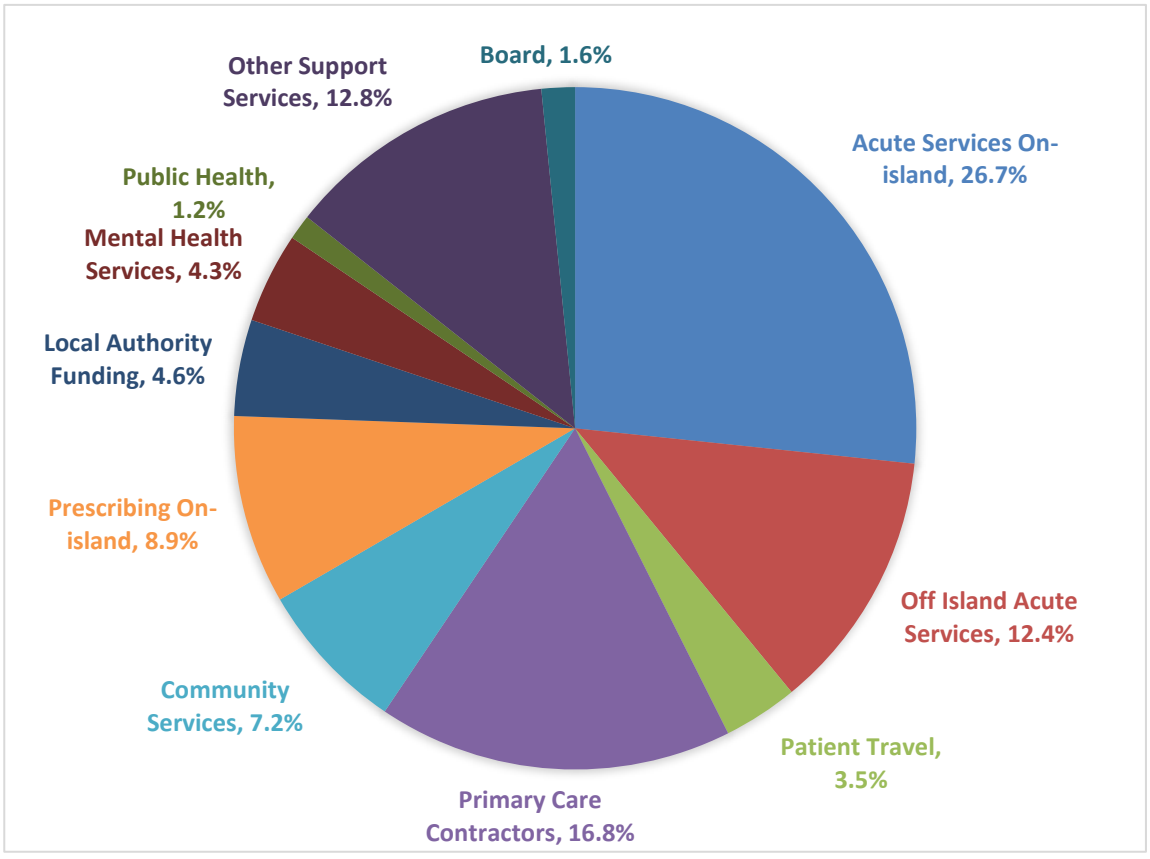
there was planned investment arising from the Scottish Government earmarked funding to deliver the Mental Health Strategy 2017-27 commitments.

Figure 1: Comparison of NHS Shetland Expenditure between 2018-19 to 2019-20

2018-19 Expenditure Analysis



2019-20 Expenditure Analysis



The Board's Financial Plan for the next three years 2020-21 to 2022-23 was submitted as part of the draft Annual Operating Plan to the Scottish Government in February 2020. Only

initial feedback on the Annual Operating Plan has been received from Scottish Government. This process has been significantly impacted by the Covid-19 Pandemic reprioritising immediate action. In March Boards were asked to submit Covid-19 Pandemic mobilisation plan to focus on addressing local service needs to mitigate the risks the Covid-19 virus presented to NHS capacity to treat cases that may arise and contain the spread of the virus. This plan was submitted to the Scottish Government on 18 March 2020. Plans were approved in principle and retrospective approval for the financial consequences was confirmed on 15 June 2020. The Scottish Government is actively monitoring expenditure against the mobilisation plans. The first iteration of NHS Shetland's remobilisation plan for the next phase of the Covid-19 Pandemic was submitted to the Scottish Government on 25 May 2020. It is anticipated that further plans will be submitted as movement through recovery phases progresses to cover potential services changes between August 2020 and March 2021.

The Board recognises its statutory financial obligation under section 85 of the National Health Services (Scotland) 1978 to achieve financial balance at the year end.

Significant management action will continue to ensure the achievement of financial balance at the year-end in 2020-21 and further updates to the Board on performance against the plan will occur throughout 2020-21. The redesign of clinical pathways will involve clinical staff and apply the principles of realistic medicine.

The Financial Plan for 2020-21 carries a significant degree of uncertainty in view of the overall position of public finances and with the full impact of the Covid-19 Pandemic remains unclear.

The ongoing risk associated with the delivery of the plan has been logged within the Board's corporate risk register: http://www.shb.scot.nhs.uk/Board/riskmanagement.asp

Capital Resource Limit

The Board's gross expenditure on capital assets during 2019-20 was £1,034k. This gross expenditure less capital receipts of £55k, from property sales, resulted in a net expenditure of £979k. This equates to a £6k surplus against the approved capital resource limit of £985k (equivalent to 0.6%). This compares to the Board's gross expenditure on capital assets during 2018-19 of £699k which was £6k below the approved capital resource limit (equivalent to 0.9%).

The key components of the capital programme are set out below in table 4.

Table 4: Capital Asset Programme 2019-20 Summary		
Project	**Amount £'000s**	**Narrative**
Gilbert Bain Hospital, Medical Equipment	647	Ultrasound Scanners £272k, Holter Analyser System £72k, Orthotics Scanners £83k, Ventilator 26k, Slit Lamp £46k and various other low value equipment
IT Equipment	221	Image Vault £39k, replacement Telephone System £152k, Servers and Storage Capacity £30k
Gilbert Bain Hospital, Plant and Equipment	166	Steam Generator £40k, Nurse Call System £31k, Portakabin for Covi-19 testing £12k, Pharmacy Fridges £14k and further expenditure on the Ambulatory Care project £69k
Gross Additions Total	**1,034**	

Statement of Financial Position

The Statement of Financial Position contains investments relating to Shetland Health Board Endowment Funds of £1,168k and an interest in the Shetland IJB of £489k. These figures have been excluded from the financial commentary below as they represent only 5% of the total assets.

The Board's net assets, excluding Endowments and IJB, at 31 March 2020 stood at £19,345k compared with £21,682k at 31 March 2019. This represents a decrease of £2,337k.

The three principal causes of this in year movement are:

1. Increase in Payables, Note 12, to other NHS Boards of £1,246k due to the timing of Service Level Agreement payments around year end.
2. Increase in Provisions, Note 13a, of £313k due to an increase in NHS Shetland's contribution towards the CNORIS national liability.
3. Decrease in the carrying value of property, plant and equipment of £248k due to depreciation and amortisation of £1,461k offset by asset additions of £1,034k.

As in previous years, the Board's Statement of Financial Position at 31 March 2020 shows negative net current assets/liabilities balance. The total at 31 March 2020 was £9,093k which is a change of £1,789k from the previous year's value of £7,304k.

Despite the negative net current assets/liabilities balance at 31 March 2020 and the future year challenges the going concern basis remains appropriate. The negative position is primarily due to the timing of payments to NHS Grampian in respect of a healthcare service level agreement and the mechanism whereby NHS Boards draw down their cash Note requirement during the year as opposed to holding significant cash balances throughout the year. NHS Shetland also has a strong record of achieving financial balance and with the added support from the Scottish Government during the Covid-19 pandemic that trend is expected to continue into 2020-21 and beyond.

At the year-end the Board carried four provisions totalling £2,084k (2018-19, £1,771k) for future liabilities:

1. £231k relating to estimated future liabilities associated with premature retirements, Note 13a.
2. £1,661k relating to the Board's proportion of NHS Scotland's overall total long-term risk share agreement in respect of CNORIS liabilities, Note 13b explains this in detail.

In Note 14 the Board has disclosed contingent liabilities totalling £63k (2018-19, £120k). This is in respect of less than five medical negligence claims ranked as low-risk by the Central Legal Office.

There are two events, Covid-19 and IJB integration scheme review, detailed in Note 15, after the reporting date to be disclosed in the financial statements.

5. Performance against Key Non-Financial Targets

The publication of activity information and performance against national targets has a time delay that does not always make information to 31 March 2020 fully available at the time the annual financial statements are prepared. The most up-to-date information is published at NHS Scotland NHS Performs website for selected statistics. Information is also published on the Information Services Division website (ISD Scotland) in more detail. An educational video has been published to explain how hospital waiting times are calculated. The August 2020 Board meeting will receive an annual Performance Report on all 2019-20 non-financial targets. In addition to performance reports the Board regularly receives quality reports.

Summary of Key Performance Statistics

Compliance	Movement	National Target	2018-19	2019-20
✖	↑	18 weeks from GP referral to out-patient appointment and/or treatment	83.6%	86.9%
✓	↓	The percentage of patients waiting less than six weeks for one or more of the eight key diagnostic tests	98.6%	98.0%
(1)	↑	Average percentage of beds occupied at the Gilbert Bain (Excluding maternity)	60.5%	62.9%
✓	↓	31 day standard from decision to treat to start of treatment for newly diagnosed primary cancers	98.6%	97.1%
✖	↑	62 day standard from receipt of referral to start of treatment for newly diagnosed primary cancers	78.2%	94.2%
✓	↓	A&E discharged within 4 hours	*96.3%*	95.2%
(1)	↑	Delayed discharges occupied bed days	1,375	1,505
(1)	↑	Delayed Discharges, number of people waiting more than 14 days to be discharged from hospital into a more appropriate care setting in year at census dates	12	19
✓	↓	Mental Health: 18 weeks referral to treatment for specialist Child and Adolescent Mental Health Services	97.8%	94.5%
✖	↓	Mental Health: 18 weeks referral to treatment for Psychological Therapies	58.5%	29.0%
✓	↔	Drug and alcohol patients seen within three weeks	95.0%	95.0%
✓	↓	Staff sickness absence rate	4.3%	3.8%

All clinical KPIs above compliance standard are 90%, except A&E and Cancer which are 95%.

Note (1): No specific compliance value on Scottish Government website

Analysis and commentary on the Clinical KPIs are set out on page 16 to 19 below and clicking links above take you directly to relative commentary.

Summary highlights of some key events and achievements at NHS Shetland during 2019-20

Repatriation of services to Shetland

The Gilbert Bain Hospital has a tele-health suite in the out-patients department and in the former Ronas ward. This will enable more patients to access specialist care via a live video link instead of them travelling to hospitals outside Shetland. In 2019-20 tele-health clinics prevented 970 off-island appointments as outlined:

Speciality	Orthopaedics	Pre-Assessment	Oncology	Haemtology	Sleep Clinics	Other
Attendances	464	126	82	86	120	92

NHS Shetland's plan to bring the injection service for "wet" age-related macular degeneration (AMD) and glaucoma to the Gilbert Bain Hospital started in May 2019, resulting in 481 attendances. Plans for the service provision in Lerwick were discussed with the newly-formed local branch of the Macular Society.

In addition the Board has begun implementing the Attend Anywhere system that will eventually allow remote island residents to have appointments by video conference without leaving their island to travel to the Gilbert Bain and UK mainland hospitals. This service is now called "Near Me" and as a result of service redesigns and the impact of the Covid-19 virus there are now 40 specialities using the platform, along with the 10 Health Centres, the Fair Isle Clinic and the Community Assessment Centre.

Covid-19 Community Response

As reported in both the local and national media, Shetland showed its community resilience during the Covid-19 appeal to make "Scrubs" for Hospital and Care Home staff to help meet the local need and raise the spirits of staff.

Diabetes Specialist Nurse Brings Home National Nurse of the Year Award:

NHS Shetland nurse Alison Irvine was named Nurse of the Year at the Scottish Health Award in Edinburgh on 14 November 2019. Alison is the Diabetes Nurse Specialist based at the Gilbert Bain Hospital and was awarded this accolade in recognition of the work that she does to support people with diabetes to manage their condition and live healthy, active lives. Alison was nominated for the award by a patient. After the announcement Alison said she still felt "gob-smacked". "This is a fantastic honour and a huge thing for me personally. What I must say is thank you to NHS Shetland who have trained me and supported me over many years. I am so proud to work where I do."

Queen's Nurse

Steve Mullay was selected as one of 20 exceptional nurses to be awarded the title of Queen's Nurse in 2019. The award is professional recognition of his skills and leadership by the Queen's Nursing Institute in Scotland.

Leadership Matters Week

Leadership Matters week took place at venues across Lerwick from June 17 to 20, 2019. This was an intensive week exploring the meaning of leadership for all communities in Shetland. The event, which was open to the public, was led by NHS Shetland and supported by a number of organisations, including Shetland Islands Council and Voluntary Action Shetland.

There was a raft of local speakers presenting sessions and workshops throughout the week with the event opened by Professor Michael West from the King's Fund. Prof West, an international expert on culture and leadership in organisations, team innovation and solutions for developing effective health care organisations, said it was up to leaders to entrench kindness and compassion in NHS culture.

"Caring For Bressay " Project involved jointly exploring the health and care needs of residents on Bressay in partnership in order to create a sustainable, affordable and clinically appropriate service model which meets the health and care needs of islanders both now and for the future.

The work recognised a number of drivers for change and through partnership work with Bressay Community Council, other agencies and the Bressay community developed the new service model.

It is now hoped to roll out a similar implementation approach of co-production methods with other communities throughout Shetland, appropriate to the particular community context.

Summary Analysis of Clinical Key Performance Statistics

Primary Care

The Scottish Government GP access *survey* took place in November 2019, however the result of the survey have not yet been published. The national access survey only occurs every two years so the last published survey results relates to November 2017.

In 2019-20 all practices continued to meet the 48-hour access target.

In respect of advanced booking, access to the GP Practice Team, NHS Shetland continues to perform below the NHS Scotland target.

NHS Shetland is now responsible for operating eight out of the 10 practices in Shetland. There are currently a number of vacancies in practices resulting in the use of locums. In addition to recruitment to these posts substantively, the Board, as part of an initiative funded by the Scottish Government, has created a remote and rural GP recruitment hub for both short-term and substantive posts in partnership with three other North of Scotland Boards to address our common challenge. NHS Shetland hosts the hub and has recruited GPs to some of the vacant posts as a result of this initiative.

Primary Care Improvement funding is being used to redesign local services in line with the new GP contract to improve access and quality of service provision across the isles. The purpose of this initiative is to create a focus on sustainable multi-disciplinary team working.

Mental Health

We have looked to continue to build on the previous investment the Board has made in our local Mental Health Service. This has remained challenging however, with ongoing difficulties in recruiting to all the substantive senior medical staff posts within the service.

Our performance against access to Psychological Therapies within 18 weeks of referral remains significantly below target at 29% at the end of March 2020. There were 25 patients waiting more than a year, with the longest wait at 102 weeks. This is a significant adverse movement in performance on last year's value that was also significantly below target at 59% at the end of March 2019. At that point 11 patients had waited for over one year for treatment, with the longest wait of 92 weeks. The Psychological Therapies team is recruiting new staff and has moved into a new dedicated premises in 2019-20. The service remains an area for focus and it is expected that this will improve in 2020-21 as patients who have waited a long time are finally seen and new arrangements are embedded such as Near Me for talking therapies.

Against the access target of 18 weeks Referral to Treatment for specialist Child and Adolescent Mental Health Services (CAMHS), the overall performance across the year was good at just under 95% of patients treated within 18 weeks. The average waiting period in 2019-20 was 8.9 weeks (2018-19, 10.2 weeks) with the longest wait being 30 weeks (2018,19, 18.4 weeks). At the end of March 2020 the longest wait on the waiting list was 30 weeks (2018-19, 13.9 weeks.)

We recognise that there remain ongoing issues associated with the fragility of our Mental Health services and we are continuing to work on addressing this with additional investment being received to implement the Scottish Government Mental Health Strategy 2017-2027.

Delayed Discharges

Reducing the number of patients delayed in hospital has been a key target in 2019-20 and at 31 March 2020 there was no patient in hospital as a result of delayed discharge.
Work to reduce delayed discharge has involved an increased focus through daily reporting and as part of our partnership work we have seen the creation of more dedicated Social

Work input to support the hospital and the development of an Intermediate Care Team using integration funding.

However, despite this work there has been an increase of 9.5% in the number of days occupied by patients delayed in hospital during 2019-20, along with the number of cases increasing by 7 compared to 2018-19. In respect of the patients delayed in hospital for longer than 14 days, on census days, this increased from 12 cases in 2018-19 to 19 cases in 2019-20. These numbers remain low however, and have not resulted in any significant sustained bed pressures during the year.

In comparison to the rest of Scotland, Shetland's bed days lost to delays, readmission rates and over 75 bed days are very favourable. 2019-20 reflects the impact of an ageing population, more complex cases, and a small number variation. Acute and community services are continuing to work collaboratively to minimise delays, and to move upstream with early intervention and re-ablement programmes.

While there has been some deterioration in year-on-year performance in 2019-20, the system is still coping despite the bed reductions made across acute and community services. Locally a more important driver is getting people back to the most appropriate community setting rather than a rapid discharge to avoid delay figures, which would otherwise result in more inappropriate use of residential care.

The Professional Alliance is looking at how we can make unscheduled care more effective, which will impact positively on admission avoidance.

Unscheduled Care

In 2019-20, 95.2% (2018-19, 96.3%) of patients attending the Accident and Emergency department were either discharged or admitted to a ward within four hours. However the 95.0% target was not met in every month as there were five months where performance was below the target, the lowest of which was October at 92.2%. The Board actively reviews each breach of this target and has a process in place to escalate cases when a patient is about to breach.

There was a small decrease of 2.9% in patient attendances at the Accident and Emergency department in 2019-20 compared to 2018-19. As a result the average number of patients seen in a day dropped from 22 to 21 patients. However, March 2020 accounts for 96.0% of the total annual reduction and is likely an impact from the Covid-19 Pandemic reducing Accident and Emergency attendances in-line with the rest of Scotland and the United Kingdom.

The Board successfully delivered services through the winter months with no significant disruption and has systems in place to actively monitor and manage services through periods of severe weather.

Waiting Times Targets – Secondary Care

During 2019-20 the Board attempted to maintain its comparatively strong track record on performance on waiting times for inpatients and day cases. However, there have been some short and medium-term pressures that have seen a number of patients exceed the targets.

During 2019-20, we have had significant challenges in meeting the 12 week access target to first outpatient appointment, standing at 90%. This has meant that we have also not been able to meet the Referral to Treatment Target (RTT) in a number of specialities which has impacted on our overall performance against the RTT.

At the year-end the Board performance against the 12-week target for out-patients in 2019-20 did though improve compared to 2018-19. As at 31 March 2020 there were 127 out-patients waiting longer than 12 weeks compared to 264 at 31 March 2019. In 2019-20 Ear

Nose and Throat (ENT) at 63 cases accounted for 50% of these delays. In comparison in 2018-19 ENT 67 cases accounted for only 25% of delays. The other primary specialities for treatment delays in 2018-19 were orthopaedics (45 cases), ophthalmology (62 cases), and rheumatology (51 cases). In 2019-20 recovery action plans reduced those waiting longer than 12 weeks for their first out-patient appointment to orthopaedics (5 cases), ophthalmology (26 cases), and rheumatology (0 cases).

In respect of these new out-patient cases, in 2019-20 there were 23 patients waiting longer than 26 weeks for their first appointment at 31 March 2020 which is significantly down on the 72 patients waiting over 26 weeks at 31 March 2019.

Recovery plans are in place to further reduce the number of patients waiting over 12 weeks using additional allocations from the Scottish Government that are ring-fenced to improve our access targets.

The impact of the outpatient target meant the Board only failed to achieve the 18 week RTT of 90% in two months during 2019-20, which is an improvement on 2018-19 out-turn when this target was never met. Our performance ranged from a low of 81.5% in April to a high of 90.5% in March. The overall annual average performance at 86.9% in 2019-20 is better than the 2018-19 performance of 83.6%. However the performance out-turn in 2019-20 is still below the required national performance target.

In respect of patients waiting less than six weeks for one or more of the eight key diagnostic tests, the Board had 100% compliance in the first 6 months of 2019-20 but in March 2020 compliance fell to 89.5%. This was the only month that compliance fell below the 90% target. During 2019-20 there have been 36 patients who had to wait longer than six weeks, primarily in respect of non-obstetric ultrasound. This means that 98.0% of all patients who received treatment received their key diagnostic tests within six weeks in 2019-20. This compares to 32 patients who had to wait longer than six weeks and 98.6% of all patients who received treatment received their key diagnostic tests within six weeks in 2018-19.

The Cancer targets require 95% of cases to start cancer treatment within 62 days of referral with suspected cancer and for patients diagnosed with cancer to receive their first treatment within 31 days of the "decision to treat".

For the second year in a row in 2019-20, the Board's joint pathways with NHS Grampian did not maintain 100% compliance with the 62-day Treatment Target for all twelve months, as three patients' treatment time wait exceeded 62 days. However this is a significant improvement on 12 cases in 2018-19. Access to diagnostic services provided by NHS Grampian was a principle factor behind the non-compliant activity and NHS Grampian is actively working to improve patient flow in this pathway for all the health Boards' cancer pathways they manage. Compliance with the 31-day Treatment Target was met in both 2019-20 and 2018-19.

We are actively participating in the Detecting Cancer Early Programme.

The Board continues to actively manage its general waiting times and cancer targets and is working closely with NHS Grampian to reduce delays and improve access. While overall the Board continues to have some of the best access target performance across Scotland, we recognise that particularly where individual visiting services have staffing issues, we will continue to experience risks in sustaining performance. Work continues to make all pathways sustainable and the additional requirement in 2020-21 to address backlogs caused by the initial focus during the Covid-19 Pandemic to contain the spread of the virus during lockdown and through the remobilisation phases out of lockdown.

The delivery of waiting times targets has been supported by our Performance Management Framework. Performance systems continue to be developed at every level from Board reporting through to discussion at operational meetings.

There are ongoing risks in maintaining our current performance on access associated, in particular, with recruitment and retention of key staff and because of the impact on performance by services provided by partners, for example NHS Grampian. These are set out for 2020-21 in our Annual Operational Plan and will continue to be monitored through our waiting times group, executive management team and the Board.

Summary Analysis of other Non-Financial Indicators

Public Health including Health Improvement and Tackling Health Inequalities

Shetland has traditionally had a good life expectancy and experience of health among the best in Scotland, reflecting the high quality of life in Shetland, as well as the quality of local services. However there has been a change in recent years with regard to women and healthy life expectancy. For men, the life expectancy at birth, using the three-year rolling average for 2016-18, increased to 79.5 years (from 78.3 years) exceeding the ambitious local target of 79.2 years. For women it only slightly increased to 83.4 years (from 83.2) not yet meeting the local target of 86.2 years. In this set of figures, NHS Shetland had the highest life expectancy for a Health Board in Scotland for both men and women, but it should be noted that there are wide confidence intervals because of the small size of population. However in terms of local authority areas, both East Dunbartonshire and East Renfrewshire had slightly higher life expectancies for men and women (life expectancies overall for Scotland are 77 years for men and 81.1 years for women).

We also measure 'healthy life expectancy', which takes into account how many years of life are spent in poor health compared to good health. Men in Shetland have a healthy life expectancy of 67.5 years, which is the highest in Scotland by Health Board, and means that an average of 12 years are spent in poor health. However, for women in Shetland , healthy life expectancy is only 58.4 years, which is the lowest in Scotland by Health Board (and only marginally higher than the local Authority area with the lowest figure of 58.2 years– Glasgow City) and means that on average, women spend 25 years (nearly a third of their life), in poor health. The Scottish average healthy life expectancy for men is 61.9 and 62.2 for women.

The performance indicators highlighted below (smoking to infection control) only represent a proportion of the Board's public health and health improvement work. Other health improvement work includes increasing physical activity (especially among the most inactive); promoting a healthy diet, type 2 diabetes prevention, falls prevention and mental health and wellbeing. Outcomes for these areas of work are difficult to measure on a short-term (annual) basis.

Health protection and emergency planning (resilience) work has also continued, including both strategic planning and reactive work dealing with day to day incidents. There has also been a significant focus on tackling health inequalities and supporting the most vulnerable in our community. This has included, for example, partnership working on poverty and exclusion; domestic abuse and sexual violence; early years; mental health issues and community justice. In addition the Public Health Team has been leading on Realistic Medicine within a multi-agency steering group since September 2018 and also took on responsibility for strategic planning within the health Board from autumn 2019.

Between January and March 2020, the Public Health Team was working on the response to the Covid-19 Pandemic. From March, the entire Public Health Team was working on Covid-19, including managing a significant local outbreak early on in the pandemic. The Health Improvement team was redeployed to other departments within NHS Shetland. Virtually no other Public Health or Health Improvement work was done during the period.

Given the nature of public health targets and indicators, we will not know the 2019-20 performance for most areas until later in the year or next year, so information below is the latest available statistics published in the last 12 months.

Smoking: Shetland's rate (based on GP data) reduced to 13.7% in 2019-20, from 14.6% in the past two years. This is in part due to the accuracy and completeness of data recorded on EMIS (the GP data collection system) improving. Tackling smoking is multi-factorial, requiring multi-agency working, but Government monitoring focuses on the three month quit rates for the more deprived areas in the Health Board (as measured by SIMD which is not a good reflection of deprivation in Shetland). We will not have the three month quit rates for smoking cessation in 2019-20 until after June 2020.

Alcohol: Tackling harmful alcohol use is also a multifactorial, multi-agency issue, but Government monitoring for the NHS focuses on alcohol brief interventions (ABIs). These are interventions taken once an individual is identified as having harmful drinking behaviour. We have not met the target for delivering ABIs again this year, despite doing well in earlier years. In 2019-20 only 80 ABIs were undertaken against a target of 261. This reflects a lack of activity in the primary care setting and there is continued work to try and improve this. The latest national data for alcohol-related admissions shows that the rate decreased during 2018-19 (most recent data). It was 618.4 out of 100,000 in 2018-19 against a rate of 631.1 in 2017-18 with a local target of 500. Work continues to prevent harm relating to substance misuse, including work with the local Licensing Board and work on a strategic needs assessment of drug and alcohol needs in Shetland.

Early years: There is a national target of 80% for pregnant women booking by 12 weeks (in each of the SIMD centiles). For the year ending 31 March 2019, 93.9% of women in the most deprived centile 1 had booked by 12 weeks (an increase from 84.8% last year); 89.3% in centile 2; 89.7% in centile 3; 90% in centile 4 and 97.1% in centile 5 (least deprived). These were all increased from last year.

The most recent annual figures for breastfeeding at 6-8 weeks show that the rate for breastfeeding in Shetland for year ending 31 March 2019 was 58.9%, a drop from 59.7% last year (exclusive breastfeeding also dropped to 43.5% from 47.4%). Although a reduction, the figure is still above the national target of 50% and just above our ambitious local target of 58%. The overall Scottish rate was 43.2% (32% for exclusive breastfeeding).

Figures for children out with the healthy BMI (both potentially under and overweight) in Primary 1 vary from year to year due to small numbers. The baseline was 19.5% in 2008-09; there was a peak in 2014-15 of 27.2% and the rate had reduced again to 25.3% in 2017-18 and then further again to 19.9% in 2018-19 (most recent data). In order to have an impact on Primary 1 children, risk of being overweight and obesity needs to be identified early enough for effective support to be provided. A programme of work is underway with health visitors who undertake the 27-30 month developmental checks and pre-school checks, to ensure accurate measuring and accurate reporting. Appropriate support must also be offered to parents, including the use children's plans where appropriate.

The most recent immunisation rates for babies and young children show uptake for the year 2019-2020 had improved compared to last year for one year olds (low rates last year appeared to be due to a recording issue). Uptake for this cohort of the different primary vaccines was between 93.6% and 95.5%, against a target of 95%. For those reaching the age of two, uptake was lower, between 79.2% and 88.2%. This appears to be a continued effect of the recording problem. Uptake of first dose MMR was 83.3% which is well below the target of 95% and the Scottish average of 94%. Uptake of the pre-school booster measured at age 5 years has been low for a number of years, and remains the same. However uptake of one dose of MMR had only dropped slightly to 94.5%. Uptake of two doses by age five was 83.2% (the Scottish average is 91.5%).

There is ongoing work to tackle the problems with the uptake of the preschool booster and MMR through the Vaccination Transformation Programme, along with continued awareness raising and publicity, but there needs to be a much bigger effort to get the immunisation rates high enough to provide herd immunity.

Suicide: Mental health is a significant area of concern in Shetland but we do not have good ways of measuring mental health and wellbeing in the community. Suicide is therefore used as a proxy measure. Suicide still remains a significant area of concern although the most recent available figures show a sustained reduction from 21.55 per 100,000 population in 2013 to 9 in 2017/8 (5 year rolling average 2014-2018).

A programme of prevention continues, including tackling stigma on mental health issues, training, and a local audit of all sudden deaths and suicides to help understand local risk factors and target our preventative work.

Cancer screening programme: uptake remains good with all our uptake rates amongst the highest in Scotland. The most recent published figures show uptakes of:

- 70.4% for bowel cancer screening, an increase from 67.9% and above the target of 60% (2017-2019) (Scotland 59.5%).
- 79.5% for cervical screening, an increase from 78.9% but still slightly below the target of 80% (2018-19) (Scotland 70.8%).
- 82.7% for breast screening, the same as the previous year based on a 3 year rolling average 2016-19 (Scotland 72.3%).

Flu immunisation: published figures for the uptake of seasonal flu vaccine for 2019-20 are not yet available, but the unpublished figures suggest vaccination rates for over 65s, all at risk people and carers have increased compared to last year. The rate for pregnant women has fallen slightly. Compared to Scotland, the uptake rates are all higher in Shetland except for over 65s. The target level of 75% uptake for over 65 has not been reached again. The uptake amongst children has increased significantly in the pre-school group, and much higher than the Scottish average. This was probably due to the considerable work that went into managing vaccine supply issues, but unexpectedly it resulted in increased uptake by the end of the season. The uptake amongst primary school children was also higher. By January, a total of 497 NHS staff had been vaccinated, representing 68.5% of the total workforce (65.5% at end of season last year), and 73.3% of frontline staff (74.3% at end of season last year).

Further information on Public Health activity is available through the Public Health Annual reports: www.shb.scot.nhs.uk/Board/publichealth/phars.asp

Infection Control

Healthcare Associated Infection (HAI) reports are presented at each Board meeting. Work to prevent Healthcare Associated Infections including Staphylococcus aureus bacteraemia (SAB), Clostridium difficile (C Diff) and E Coli Bacteraemias continues, with local surveillance and monitoring of every individual case both in hospital and in the community. Regular reports to the Board also include audit compliance performance data highlighting trends in hand hygiene, cleaning and estates monitoring.

Overall the data demonstrates a high standard of infection prevention and control in place in NHS Shetland with a strong audit programme to demonstrate compliance to national standards. Positive Healthcare Environment Inspectorate (HEI) inspection reports across the years reflect this.

As requested by Scottish Government, we have also reviewed our HAI performance and governance arrangements against the recommendations and requirements from the findings of the inspection at Queen Elizabeth University Hospitals, NHS Greater Glasgow and Clyde. The self-assessment did not identify any new local issues and the lessons learnt are being taken through our usual infection control governance arrangements and back out to staff working directly with patients and supporting the built environment.

6. 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 NHS Shetland 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. This supersedes 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 resources: https://sustainablescotlandnetwork.org/home and https://www.keepscotlandbeautiful.org/sporta/overview-of-climate-change-reporting/

The Board's climate change reports are available at https://sustainablescotlandnetwork.org/reports/nhs-shetland

The Board is committed to sustainability and to reducing its impact on the environment as laid down in the Scottish Health Technical Memorandum 07-02. In line with this, the Board has taken the following actions:

- Continued to implement our Sustainability and Environmental Management Policy with action plan;
- Joint appointment with Sustrans Scotland of a project officer post for active travel:
- Working in partnership with ZetTrans on progressing sustainable transport and active travel across Shetland;
- Ongoing monitoring of electricity and water consumption to reduce where possible;
- Gilbert Bain and Montfield accommodation, Lerwick Health Centre and Breiwick House continue to use the Shetland Heat Energy and Power (SHEP) district heating system, minimising carbon dioxide (CO2) emissions from heat energy;
- Reduced patient travel flights off island; and
- Expanding the scope of our e-bike scheme for staff travel to increase active travel.

The Board continues to develop its Carbon Management Plan. We work closely with Health Facilities Scotland to provide additional technical expertise and to review options for renewable energy. The Board's level of Carbon Dioxide (CO_2) emissions are below the level required to register for the EU emissions trading system (EU ETS). The Board does not therefore hold EU Greenhouse Gas Emission Allowances.

7. Payment Policy

The Scottish Government is committed to supporting business by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. The statistics below, which relate to all suppliers, are calculated using invoice received date as opposed to invoice date.

- In 2019-20 average credit taken was 16 days (compared with 17 days in 2018-19).
- In 2019-20 the Board paid 85.91% by value and 89.51% by volume within 30 days (compared with 89.39% by value and 88.95% by volume in 2018-19).
- In 2019-20 the Board paid 68.63% by value and 74.27% by volume within 10 days (compared with 75.03% by value and 73.40% by volume in 2018-19).

8. Pension Liabilities

The accounting policy note and disclosure of the costs is shown within the Staff Report, Note 19 and the Remuneration Report.

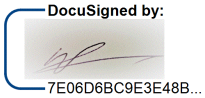
9. Events after the end of the reporting period

There were two significant event to occur after the end of the reporting period that are detailed in Note 15.

These are:

1. Covid-19 pandemic; and
2. the review of integration scheme for Shetland Islands' Health and Social Care Partnership (IJB), that was not completed by 30 June 2020 in-line with all three partners obligation under section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014 to review this before the fifth anniversary date that the scheme was approved on is reached.

10. Approval and signing of the Performance Report

Signed 

Date 18 August 2020

By Michael Dickson, Chief Executive as Accountable Officer

THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

11. Date of Issue

The Accountable Officer authorised these audited financial statements for issue on 18 August 2020 as that was the date the financial statements were approved by the Board.

12. 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. For the financial years 2016-17 to 2020-21 the Auditor General appointed Deloitte LLP to undertake the audit of Shetland Health Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

13. Board membership

Under the terms of the Scottish Health Plan, the Health Board is a Board of Governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise that enables them to contribute to the functions and decision-making process at a strategic level and reflects the partnership approach which is essential to improving health and healthcare. The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The Board Members' responsibilities in relation to the financial statements are set out in a statement following this report. The terms Board Members and Directors are interchangeable in this report.

The names and positions of the Board Members are set out below:

Executive Board Members	*Position Held*
Michael Dickson	Chief Executive (From 6 January 2020)
Ralph Roberts	Chief Executive (Until 19 April 2019)
Simon Bokor-Ingram	Interim Chief Executive (From 20 April 2019 until 5 January 2020)
Dr Brian Chittick	Interim Medical Director
Kathleen Carolan	Director of Nursing and Acute Services
Colin Marsland	Director of Finance
Lorraine Hall	Director of Human Resources and Support Services
Susan Webb	Director of Public Health
Non-Executive Board Members	
Gary Robinson	Chairman
Natasha Cornick	
Shona Manson	
Lisa Ward	(until 29 February 2020)
Jane Haswell	
Lincoln Carrol	(From 3 April 2019)
Colin Campbell	(From 1 March 2020)

Stakeholder Non Executive Board Members	
Ian Sandilands	Chair, Area Partnership Forum
Edna Watson	Chair, Area Clinical Forum
Malcolm Bell	Vice Chair / Shetland Islands Council Member

14. Board Members' and senior managers' Interests

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

15. Directors' third party indemnity provisions

The Board has not provided a qualifying third party indemnity provision for any of its Directors at any time during the financial year 2019-20 (2018-19, none).

16. Remuneration for non-audit work

Deloitte LLP did not undertake any non-audit work for the Board in 2019-20 (2018-19, none).

17. Value of Land

The value of land owned by the Board is included at current market value. (Note 7)

18. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government and listed Public Bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. NHS Shetland has met the requirements of the Public Services Reform (Scotland) Act 2010. The link below will guide users to the relevant documentation on NHS Shetland's external website: http://www.shb.scot.nhs.uk/Board/procurement.asp

19. Personal data related incidents reported to the Information Commissioner

During 2019-20 there were nine cases reported to the Information Commissioner's Office (ICO). In comparison, during 2018-19 there were three cases reported to the ICO. This increase reflects a greater organisational awareness of, and response to, the requirements of the Data Protection Act 2018. The ICO concluded that no further action was necessary in all nine cases. They made recommendations for improvements to procedures and, in cases involving human error, highlighted the importance of ensuring staff training was effective and up-to-date.

20. 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 auditor is aware of that information.

21. Financial instruments

Information in respect of the Financial Risk Management Objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 22.

THE STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

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

This designation carries with it responsibility for:

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

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

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the financial statements on a going concern basis; and
- confirm that as far as I am aware, there is no relevant audit information of which the entity's auditor is not aware.

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

I am responsible for ensuring proper records are maintained and that the financial statements are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter of June 2011.

THE STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

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

The Health Board Members are responsible for ensuring that proper accounting records are maintained which disclose, with reasonable accuracy at any time, the financial position of the Board and enable them to ensure that the financial statements 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 financial statements.

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 NHS Shetland's policies and promotes achievement of NHS Shetland's aims and objectives, including those set by Scottish Ministers. I am also responsible for safeguarding the public funds and assets assigned to NHS Shetland.

My accountability arrangement, with respect to the Scottish Government Health and Social Care Directorate (SGHSCD), is as set out in the extant guidance and includes full responsibility for all governance arrangements as well as the performance of the Board. This performance is formally reviewed by the Scottish Government on a yearly basis via the Annual Review process. In addition, a number of other external scrutiny arrangements are in place including ongoing scrutiny of a range of quality and service issues by Healthcare Improvement Scotland and other bodies. However, with the exception of External Audit, in 2019-20 there were no formal external reviews.

Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks to the achievement of NHS Shetland's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The System of Internal Control is designed to manage rather than eliminate the risk of failure to achieve NHS Shetland's policies, aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within NHS Shetland accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year up to the date of approval of the Annual Report and Accounts.
The SPFM is issued by the 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, emphasising the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Strategic Framework

NHS Shetland approved a 2025 Vision at the April 2019 Board meeting through agreeing the Shetland Islands Health and Social Care Partnership: Joint Strategic Commissioning Plan 2019-2022. The 2025 Vision sets out its aim that by 2025 everyone is supported in their community to live longer, healthier lives and we will have reduced health inequalities.

The Board's five corporate objectives are:

- continue to improve and protect the health of the people of Shetland;
- provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
- redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
- provide best value for resources and deliver financial balance; and
- ensure sufficient organisational capacity and resilience.

The delivery of these objectives is set out in three key planning documents.

Our Annual Operational Plan sets out intended actions and the risks associated with delivering key national targets and this is signed off by the Scottish Government.

The Board has agreed in partnership with Shetland Islands Council and Shetland Islands Health and Social Care Partnership agreement on the local Joint Strategic Commissioning Plan. This is now the key strategic document of the new Integration Joint Board and also acts as the strategic planning document for all health services including those directly managed and commissioned by the Health Board. At the Board meeting in April 2019 an updated shared vision and objectives for Health and Social care services in Shetland was agreed.

Finally, the Board, together with our partners in the Shetland Partnership, works to deliver Shetland's Local Outcome Improvement Plan. This describes the key actions that we deliver in partnership to improve the overall delivery of services and quality of life and outcomes in Shetland as set out in the Community Plan. The Board approved the Local Outcomes Improvement Plan 2018-2028 in June 2018.

Progress against each of these plans is monitored by the Board on an ongoing and regular basis through our performance monitoring framework.

Governance Framework

Under the terms of the Scottish Health Plan, an NHS Board is a Board of Governance. Its purpose is to ensure the efficient, effective and accountable governance for the local NHS system and to provide strategic leadership and direction for the system as a whole, focusing on agreed outcomes. The Board met seven times in public during 2019-20 (2018-19, six times) and all the reports and minutes considered by the Board are publicly available on the Board's website.

The Board's governance framework includes the committees outlined on pages 28 to 35 of the Accountability Report plus the Risk Management Group (RMG). The Board outlines the remit, role and responsibilities of these committees in the Corporate Governance Handbook and structure is outlined in the organisational governance chart on the Board's website.

At each public Board meeting the Board fulfils its performance management role by receiving and scrutinising reports on the Quality Strategy (this includes patient experience feedback), Service Performance (including national and local targets) and Financial Performance. The chairs of the Board's Governance Committees present the Board with the minutes from their Committee meetings and provide verbal escalation reports to make the Board aware of any control issues that merit its attention.

During 2018-19 the Board started a self-assessment against the Blueprint for Good Governance and developed an improvement action plan for delivery in 2019-20 that was agreed at the April 2019 Board meeting. Revisions to the Corporate Governance Handbook were agreed at the April 2019 Board meeting and the December 2019 Board meeting. The December paper included a review and update to the Board's Standing Financial Instructions and Scheme of Delegation.

Corporate Governance

In line with Scottish Government policy, in 2019-20, the Board had the following standing committees:

a. Clinical Care and Professional Governance Committee,
b. Audit Committee
c. Endowments Committee
d. Staff Governance Committee
e. General Medical Practitioners Committee
f. Reference Committee (for Primary Care contractors)

The Board's own Scheme of Committees also includes the:

- Remuneration Committee.

The Board's Corporate Governance handbook also refers to the relationship with the IJB that took on its full duties on 20 November 2015.

2019-20 saw some turnover in both executive and non-executive directors. This included the appointment of a new Chief Executive in November. There has been a review and updating of committee membership and leadership. Further information can be found in the Remuneration Report above.

The functions of the Board's committees are:

Clinical Care and Professional Governance Committee

The Clinical Care and Professional Governance Committee has two key roles:

- that the principles and standards of clinical governance are applied to the health improvement and health protection activities of the Board; and
- that appropriate mechanisms are in place for the effective engagement of representatives of patients and clinical staff.

The membership of the Clinical Care and Professional Governance Committee includes five non-executive Board Members and in 2019-20 has been chaired by Jane Haswell. The Committee met four times in the year (2018-19, four times). As part of the committee's approach to continuous development and improvement, the business plan includes time at each meeting for a development session to inform members' understanding of nominated topics.

The committee also provides assurance on social care services to Shetland Islands Council, through the IJB.

Audit Committee

The Audit Committee comprises five non-executive Board Members and until June 2020 was chaired by Natasha Cornick. Lincoln Carroll then took on the Chair role. The committee's prime function is to provide the Board with assurance that adequate control systems are in place to manage governance effectively. The committee meets four times per year to consider all aspects of control. As part of the committee's approach to continuous development and improvement, the business plan includes time at each meeting for a development session to inform members' understanding of nominated topics plus a dedicated training meeting to address training issues identified.

The committee receives and discusses reports from internal and external audit and scrutinises the Annual Report and Accounts in detail on behalf of the Board. The committee also meets jointly with Chairs of the other Governance committees for the purpose of considering the draft Director's Report and Governance Statement, as part of the final financial statements process in May. Due to Covid-19 the joint meeting did not occur in May 2020 and the fourth meeting of 2019-20 was deferred from 24 March to 24 June 2020.

Endowment Committee

The Endowment Committee comprises all members of the Board and the Chair was Lisa Ward until February 2020 when Lincoln Carroll was appointed Chair. The committee oversees the management of Shetland Health Board Endowment Fund. The committee met four times during 2019-20 (2018-19, five times).

The Endowment Fund is registered with the Office of the Scottish Charity Regulator; its charity reference number is SC011513. The Endowment Fund produces its own audited financial statements, however in line with IFRS 10 this has been consolidated with the Board's financial statements. Deloitte LLP does not audit these financial statements as part of this Audit. The A9 Partnership Limited C.A. based in Lerwick is the Auditor of these funds.

Staff Governance Committee

The Staff Governance Committee's function is to ensure appropriate governance and management of all staff and employment issues. The committee has an important role in ensuring consistency of policy and equity of treatment of all staff.

The membership of the Staff Governance Committee comprises four non-executive Board Members, one of whom is the Employee Director and three members from the Area Partnership Forum (two staff-side and one management representative). The Committee is chaired by Malcolm Bell. During 2019-20 the committee met on three occasions (2018-19, three times) and also participated in joint work with the Area Clinical Forum and Area Partnership Forum.

Reference Committee

The Board has a Reference Committee which has a general duty of deciding whether allegations of breach of terms of service made against Family Health Contractors should be made to a Discipline Committee. The Reference Committee was not required to meet in 2019-20 or during 2018-19. The committee Chair is a non-executive Board Member.

Remuneration Committee

The main function of the Remuneration Committee is to ensure the appropriate application and implementation of pay systems on behalf of the Board, as determined by the Scottish Government. During 2019-20 the committee met on two occasions (2018-19, two times) and is chaired by the Board Chair.

Risk and Control Framework

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control.

The Board's Corporate Governance Handbook contains the Board's System of Internal Control: Standing Orders, Standing Financial Instructions and approved Scheme of Delegation. This information is publicly available on the Board's website.

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers. The local risk management strategy was reviewed and a revised policy agreed by the Board in June 2018.

Risk arrangements are managed by the Risk Management Group and NHS Shetland has a Risk Management Strategy and annual work plan to embed risk management in the organisation. The work of the RMG is now overseen by the Audit Committee with individual corporate risks allocated to the relevant committee and an overall oversight maintained by the Board.

Our risk management process involves a robust prioritisation methodology based on risk ranking as defined in the Australia/New Zealand Risk Management Standards 4360:2004, the international standard required by Healthcare Improvement Scotland. However the Board is aware that ISO 31000 2018 Risk Management is the current international standard and will be incorporated in to the Board's risk management strategy in 2020-21. The SPFM though does not specifically reference this standard in respect of risk management.
Our risk management process uses a standard matrix with red, amber, green status that has been developed and is utilised organisation-wide. The output from this review is included in the Corporate Risk Register. The corporate risks are reviewed on a regular basis by both the RMG and the relevant governance committee along with the actions taken to mitigate the risk.

The Corporate Risk Register is aligned to the corporate objectives of the Board and is focussed on key strategic risks. The Corporate Risk Register is published on the Board's website: http://www.shb.scot.nhs.uk/Board/riskmanagement.asp and is formally reviewed by the Board and Audit Committee twice a year.

A small number of new corporate risks have been identified by governance committees and added to the Risk Register during the year.

The Board's risk management arrangements are supported by a staff training programme that includes input into both induction and compulsory refresher training; workplace risk management training and DATIX (Incident Reporting and Risk Management System) training.

More generally, the Board 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 2020 and up to the signing of the Annual Report and Accounts, the Board has:

- a sub group to co-ordinate risk management in respect of EU Withdrawal;
- introduced risk appetite in the reporting of Risk Management to the Board;
- a comprehensive Risk Management Training Programme, which includes induction and mandatory refresher training sessions held for all employees and specific session(s) which are built into management development; and
- a Service Improvement Forum which acts as a learning forum to focus on improvement in connection with LEAN, Quality and Patient Safety and Organisational Development (OD) activities.

Embedding risk management activity

Existing systems are now well embedded and continue to be audited. This includes monitoring the ongoing use of the DATIX Incidents module and implementing the Board's Risk Management Strategy and associated policies and procedures. The Board continues to develop its approach to the recording, investigation and management of incidents and how we learn from adverse events. In line with national guidance, the Board continues to progress updating of our Incident Reporting, Investigation and Management Policy.

The Board has a Risk Management strategy and work plan. Progress against this plan is monitored at each RMG and the Clinical Care and Professional Governance Committee receives quarterly Incident and Risk Management reports that summarise the activities/issues being addressed within clinical risk management for the Board. RMG now reports twice a year to the Audit Committee under its new terms of reference.

The organisation is committed to continuous development and improvement, enhancing systems in response to any relevant reviews and changes in best practice. In particular, during the year to 31 March and up to the signing of the financial statements, the organisation has undertaken:

- self-assessment against the Blueprint for Good Governance;
- reviews and updates to the Corporate Risk Register including being linked to corporate objectives, priorities and risk appetite;
- to improve the quality of Departmental Risk Registers;
- further work on clinical incident risk reviews and reviewing these at RMG;
- training and development in safety and risk management for staff;
- use of Health and Safety Control Books, which are the primary tool for ensuring each area/function/department meets its Health and Safety legal obligations; and
- training for staff in the use of the DATIX incident reporting system.

Clinical Governance

The Clinical Care and Professional Governance Committee has the key role in setting and ensuring the framework for clinical governance is in accordance with the policies of the

Board, statutory requirements, guidance issued by the Scottish Government and guidance issued by Healthcare Improvement Scotland. The Committee has the overall interest in clinical risk management.

At each meeting of the Board, in addition to receiving the minutes of the committee, a report is reviewed and considered on the Board's performance against targets on both the Quality Strategy and Healthcare Associated Infection.

The Board has delegated responsibility for service delivery of primary care, mental health and community services to the IJB. During 2019-20 we have continued to progress the way in which we ensure integrated clinical and care governance arrangements cover all our services, including those directly managed by the IJB.

The Board's Area Clinical Forum plays an important advisory role on clinical governance, representing the multi-professional views and ensuring the involvement of professions across the local NHS system.

Financial Governance

The Board has carried an underlying deficit for a number of financial years. Despite this, the Board has consistently met its financial duties through a combination of recurrent efficiencies and non-recurrent measures.

In 2019-20 the Board has delivered an efficiency programme that released £0.8m (2018-19, £1.6m) recurrent savings, equivalent to 1.6% (2018-19, 3.4%) of our baseline recurring funding. In addition we have delivered planned non-recurrent savings of £2.7m (2018-19, £2.2m) to offset the overall recurrent deficit in the Board's financial plan and the cost pressures arising from the need to use locum staff to cover key clinical vacancies in both community and hospital services.

The three principle service redesign or procurement projects to deliver recurring savings schemes in 2019-20 were reducing healthcare costs from off island services, prescribing and procurement initiatives and from support service reviews.

The plan is designed to allow the Board to remove the underlying deficit over a three year period, in line with our corporate priority to achieve a sustainable financial position by 2023. To assist in delivering this, the Board has a transformational change seed fund of £250k to co-ordinate non recurrent investment and produce the sustainable redesign of services to address the underlying deficit and release the required future recurring efficiency savings.

There is continued challenge in achieving efficiencies within our clinical services and responding to the impact of unavoidable cost pressures in small teams. This includes an over spend in the budgets managed by both the Acute and Specialised Services and Community Health and Social Care. There are risks associated with this as a significant proportion of these services have been delegated to the IJB.

Within the overall context of public finances and in addressing the underlying deficit, the Board will continue to face a major challenge over the next three years and this remains a corporate risk to the Board. This is dependent on service redesigns linked to the savings programme and a continued reliance on non-recurrent savings to aid in bridging the gap. In addressing this and implementing agreed service changes, it will also be essential that the Board is well sighted on the impact of this on services and corporate risk, as well as the overall delivery of the Scottish Government's Triple Aim of Better Health and Better Care as well as Better Value.

Role of the Audit Committee and Internal Audit

The Audit Committee agrees the Internal Audit Plan and sets its work plan to discharge its governance duties. It is also responsible for providing assurance to the Board based on

evidence gained from review, on the adequacy, efficiency and effectiveness of the local governance, risk management and internal control framework.

The Board's Internal Audit function is a contracted-out service, tendered for in partnership with three other health Boards across the North of Scotland. Scott Moncrieff is the Internal Auditor until 2021-22. The internal audit service conforms to the Public Sector Internal Audit Standards, which are based on the International Standards for the Professional Practice of Internal Auditing.

An Annual Report was produced and presented by Internal Audit to the Audit Committee meeting on 24 June 2020. Internal Audit's conclusion was NHS Shetland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance and internal control framework, the effective and efficient achievement of objectives and the management of key risks, subject to the implementation of the improvement actions from the Mental Health Services and Information Governance audits.

The 2019-20 Internal Audit plan consisted of five scheduled audit assignments. At each Audit Committee papers are presented by Internal Audit to outline progress against the annual audit plan and a progress report on the completion of follow-up actions identified from prior audits. At the beginning of the year there were 28 outstanding audit actions, 20 new audit actions were added and 24 audit actions were closed. This left eight audit actions partially complete and 16 audit actions were not yet due. Overall only eight of the 32 management actions due to be completed before 31 March 2020 were still outstanding so 75.0% of audit actions due have been completed in 2019-20. This is a significant improvement on 55.9% in 2018-19. Work though is on-going to improve management's delivery of agreed action plans to the Board's internal KPI of 70%.

During 2019-20 Internal Audit raised six high risk issues. The majority of these were in the Information Governance assignment, with three high risk issues whilst the Mental Health audit had two high risk issues. Overall in the five reports there were 12 moderate risk issues and two low risk issue. The Audit Committee approved four out of five of the internal reports. The Audit Committee did not believe the management action responses in the Mental Health report were robust enough or sufficiently precise in how actions will remedy the weaknesses raised in the report. The Audit Committee annual performance report highlights this matter to the Accountable Officer as a point of concern.

In respect of 19 prior year audit assignment management action points brought in to 2019-20, there are still seven outstanding that are overdue completion. In respect of these actions four risks are graded high and four risks are graded moderate.

All significant audit actions are incorporated into the Board's Risk Register which can be viewed in (Section 3, Risk and Uncertainty) of the Performance Report.

Annual Service Reports

A review of Annual Service Audit Reports is undertaken by National Services Scotland (NSS). These are intended to provide assurance to all Boards around the internal controls frameworks in place for a range of services provided on behalf of NHS Scotland. This includes payments to Practitioners, IT Services and Finance Ledger Systems. A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed. This year both the payments to Practitioners and IT Services service audits resulted in a qualified opinion. Please see below Review of Effectiveness for further information.

NHS Ayrshire and Arran hosts National Single Instance Financial Ledger Services and the annual service audit found it operated effectively throughout the period from 1 April 2019 to 31 March 2020.

Counter Fraud Services

During the year NHS Scotland Counter Fraud Services (CFS) carried out work to give an indication of the level of Family Health Services income not generated due to incorrect claims by patients for exemption from NHS charges. CFS extrapolation of the sample results for Shetland indicates that the level of income from dental and ophthalmic charges lost in the year to 31 December 2019 potentially decreased slightly to £8,633 from £11,080 in the year to 31 December 2018. The estimated potential fraud or error rate for NHS Shetland is below the NHS Scotland average. Shetland accounts for 0.43% of the Scotland population but in the extrapolation projections accounts for only 0.10% of the value for ophthalmic cases and 0.11% of the value for dental cases.

Information Governance

The Board has put in place a structure and processes for implementing the national Information Governance (IG) standards.

The IG work plan is monitored through the eHealth and Informatics Support Group (eISG) which has lead responsibility for information governance.

There are clear links between the IG framework and the clinical governance framework and the IG plan is presented at least annually to the Clinical Care and Professional Governance Committee along with an annual review of prior year activities against the prior year plan.

Progress has been made in the following areas during 2019-20:

- Implementing compliance measures consistent with the General Data Protection Regulation (EU) 2016/679;
- Public Records Scotland Act submission of our Progress Update Review (PUR) for assessment and comment by the Public Records (Scotland) Act 2011 Assessment Team;
- Creation of a new database on the status of Board's policies and procedures following our own internal governance review as part of our Public Records Scotland action plan;
- Production of information governance reports to managers on their staff group compliance with completing mandatory training; and
- Standard Information Governance dashboard reports submitted to each meeting of eISG.

The Public Records Scotland Assessment Team evaluation of our submission was they consider that NHS Shetland continues to take its statutory obligations seriously and is working to bring all the elements of records management arrangements into full compliance with the Act and fulfil the Keeper's expectations.

There have been a small number of "near miss" data security incidents during 2019-20. Actions have been taken to improve systems and remind staff of the importance of data security. While the physical security of our data has improved, we continue to work with staff to ensure they understand their responsibilities. This is done though our Induction and Compulsory Refresher training that covers information on IT security, Data Protection, Confidentiality, Subject Access Requests and the Freedom of Information Act (Scotland) 2002. Progress on implementing the Public Records (Scotland) Act 2011 has been via a project team. A scoping document has been developed to identify the gaps and areas for work required to implement the Act and this will remain a key issue for the Board over the next five years when implementing the plan agreed with the Keeper. The same team was responsible for the implementation of GDPR compliance and on-going systems maintenance.

During 2019-20 there were nine (2018-19, three) incidents reported to the Information Commissioners Office and these cases have all been closed.

Staff Governance

The Staff Governance Committee's role is to ensure appropriate governance and oversight of the management of all staff and employment issues. The Committee has an important role in ensuring consistency of policy and equity of treatment of all staff and assessing the Board's compliance with NHS Scotland Staff Governance standards to ensure compliance with all relevant laws and regulations. Activities undertaken within the Staff Governance action plan during the last year include updating relevant policies and work to improve the organisational culture and transparency.

Best Value

During 2019-20 the Board has maintained its approach to Best Value (BV) that provides me, as Accountable Officer, with confidence in our delivery of the nine BV characteristics. Our approach is based on a template developed by NHS Fife with input from the SGHSCD and the national Corporate Governance and Audit Forum. Responsibility for each characteristic is assigned to committees within the Board. These are primarily the formal sub-committees of the Board with a number of other groups identified as carrying responsibility or joint responsibility where appropriate. The framework has then been populated to identify evidence that could demonstrate our progress against each element. The chair of each committee has formally confirmed this reflects the work carried out against these elements. I can confirm that arrangements have been made to secure Best Value as set out in the SPFM.

Shetland Islands Health and Social Care Partnership

The Cabinet Secretary for Health, Wellbeing and Sport approved the local integration scheme and laid the relevant Order before the Scottish Parliament on 29 May 2015. The services to be covered by the IJB are outlined online at http://www.shetland.gov.uk/Health_Social_Care_Integration/Briefings.asp

The establishment of the partnership as an IJB was the culmination of a transition programme jointly managed by NHS Shetland and Shetland Island Council.

Following the approval of the Integration Scheme and agreement between the parties that the transition plan was appropriately progressed, the IJB agreed a Joint Strategic Plan for 2017-18 in February 2016 and an update to this plan covering 2018-19 to 2019-20 on 18 April 2017. The IJB agreed a new Joint Strategic Commissioning Plan 2019-2022 on 13 March 2019 with NHS Shetland ratifying the plan on 16 April 2019 and SIC on 18 May 2019. In line with the decision of the Board at its meeting on 18 August 2015, this allowed the IJB to take on its full responsibilities from 20 November 2015, as required in the Public Sector Reform (Scotland) Act 2010 and set out in the Integration Scheme and the Board's revised Corporate Governance Handbook.

The development of the IJB and the interaction between decisions made at the Health Board, IJB and Shetland Islands Council is an area of potential risk and therefore requires continued attention as experience is gained. To mitigate this risk the three parties have established a liaison group of senior members and officers that can meet as required to address and resolve any potential conflicts. This group meets on an as required basis and also provides an opportunity to review our progress in delivering the benefits of Integration.

Board Compliance with Scottish Public Finance Manual

I can confirm that the Board is compliant in all material respects with the aspects of the UK Corporate Governance Code as set out in the guidance issued by the Scottish Government Health and Social Care Directorate to Chief Executives as being applicable to NHS Boards.

This includes ensuring self-evaluation and Key Performance Indicators are in place to identify and address the development needs of Executive and Non-Executive Board Members.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and the quality of data used throughout the organisation. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditor, who submit to the organisation's Audit Committee regular reports which include Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Board's systems of internal control together with recommendations for improvement;
- comments made by the External Auditor in their management letters and reports; and
- The work of the service auditors in relation to the control frameworks operated by the following, which are reported through the Annual Service Audit Reports:
    - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards
    - Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards
    - NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2019-20, the Service Audit Report in relation to the NSI financial ledger services was unqualified. However, the reports in relation to PCFS and the IT Services were both qualified. The Board has considered the issues identified in the reports and concluded that they do not represent significant governance issues. The Board has received assurances from NSS that each point raised within the reports will be addressed as part of its continuous improvement programme of work.

As part of this process, the Directors and Committee Chairs have provided Certificates of Assurance for their relevant committees/areas of responsibility. This has highlighted a number of areas for further development and focus. These include the arrangements in place for management of completing internal audit action points to agreed timescales and Mental Health Internal Audit report management actions being referred back for review.

The ultimate test of the effectiveness of this system is the extent to which the Board achieves its corporate objectives. As described above, progress against these objectives is monitored by regular performance reports to the Board and these have demonstrated good progress over the past year. The RMG has maintained an overview of all risks. The Internal Auditor draws up reports that consider various aspects of the Board's control systems and reports findings to the Audit Committee. These reports consider the extent to which the Board's processes support its system control objectives and offer an opinion as to the degree of risk to which the Board is exposed.

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, the Clinical Care and Professional Governance Committee and RMG.

Appropriate action is in place to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

During the financial year, other than those covered below there are no other significant control weaknesses or issues that have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control that require to be reported to the Scottish Government.

1. The Chief Internal Auditors highlighted concerns in the internal audit report on Mental Health Services. In addition to that the Audit Committee also rejected the management action plan response. The revised management action plan was to be submitted to August Audit Committee with actions completed by 31 March 2021;
2. Waiting times' performance in Psychological Therapies falling significantly below the compliance standards highlighted above. A management action plan that involves service redesign with additional staff and greater use of technology is being implemented in 2020-21;
3. As highlighted by the Chief Internal Auditor, the internal audit report on Information Governance. The management action plan to remedy the compliance issues raised in the report are scheduled to be completed by 31 December 2020; and
4. Although the Board was working in partnership with our partners to complete the statutory obligation under section 44 of Public Bodies (Joint Working) (Scotland) Act 2014, to review the integration scheme for Shetland Islands Health and Social Care Partnership, it was not completed before the deadline date of 30 June 2020. The principle cause of the delay was the Covid-19 pandemic and a revised plan is in place to complete this by 31 December 2020.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION

Remuneration Committee membership (Unaudited)

The members of the Remuneration Committee are the Chairman and Vice-Chairman of the Board plus the Chairman of the Audit Committee and the Employee Director. The Director of Human Resources and Support Services is the Remuneration Committee's advisor on all matters (except those relating directly to her). The Chief Executive is in attendance except when matters pertaining to his own remuneration or performance are being discussed. The Committee meets as required to conduct its business. The Director of Human Resources and Support Services prepares an annual report for the Board on the work of the Remuneration Committee.

Remuneration policy for Senior Management (Unaudited)

The Committee agrees the annual objectives for the Board Chief Executive and then agrees with the Chief Executive the annual objectives for the other Executive Directors and staff on the Senior Manager pay scale. The Committee considers the performance against objectives and the remuneration of these staff, who are then remunerated in accordance with national guidance and pay scales. The evidence is subject to regular audit and is also made available to the National Performance Management Committee for ratification. The element of remuneration subject to performance conditions is low (averaging out at under five per cent). All managers in the Executive Cohort are under a National Contract that has a three-month notice period. There is provision in the contract for the Board to make a termination payment equivalent to three months' salary (in lieu of the notice period) if it so desires. This option is only used in exceptional circumstances. No such awards have been made to past senior managers.

The Committee also oversees the arrangements for the payment of discretionary points to locally employed consultant staff, including final decisions on payment in individual cases based upon professional advice and in accordance with current guidance issued by the Scottish Government Health Directorates.

SHETLAND NHS BOARD					
YEAR ENDED 31 MARCH 2020 (AUDITED INFORMATION)					
Director	**Directors Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration (bands of £5,000)**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Executive Members					
Chief Executive: Ralph Roberts [until 21/04/2019] [1]	5-10	0	5-10	0	5-10
Interim Chief Executive: Simon Bokor-Ingram [22/04/2019 until 05/01/2020] [2]	95-100	0	95-100	26	125-130
Chief Executive: Michael Dickson [from 06/01/2020] [3]	25-30	0	25-30	6	30-35
Medical Director: William Chittick [4]	120-125	0	120-125	30	150-155
Director of Nursing : Kathleen Carolan	90-95	0	90-95	25	115-120
Director of Finance: Colin Marsland	80-85	0	80-85	45	125-130
Director	**Directors Gross**	**Benefits in Kind**	**Total Earnings**	**Pension Benefits**	**Total Remuneration**

	Salary (bands of £5,000)		in Year		(bands of £5,000)
	£'000s	£'000s	£'000s	£'000s	£'000s
Executive Members continued					
Director of Human Resources and Support Services: Lorraine Hall	85-90	0	85-90	35	120-125
Director of Public Health: Susan Webb [5]	35-40	0	35-40	0	35-40
Non-Executive Members					
Chair: Gary Robinson	25-30	0	25-30	0	25-30
Colin Campbell [from 01/03/2020]	0-5	0	0-5	0	0-5
Lincoln Carroll	5-10	0	5-10	0	5-10
Malcolm Bell	5-10	0	5-10	0	5-10
Natasha Cornick	5-10	0	5-10	0	5-10
Shona Manson	5-10	0	5-10	0	5-10
Lisa Ward [until 29/02/2020]	5-10	0	5-10	0	5-10
Jane Haswell	5-10	0	5-10	0	5-10
Other Board Members					
Chair of Area Clinical Forum: Edna Watson [6]	70-75	0	70-75	15	85-90
Employee Director: Ian Sandilands [7]	55-60	0	55-60	25	80-85
Other Senior Employees					
Director of Community Health and Social Care: Jo Robinson [from 14/05/2019][8]	40-45	0	45-50	0	40-45
Total				**207**	

Notes in respect of 2019-20 disclosure:

[1] The full year equivalent salary of this Chief Executive is £105k-110k.

[2] This Interim Chief Executive was seconded from his substantive post of Director of Community Health & Social Care between 22/04/2019 and 05/01/2020. The full year salary is included above.

[3] The full year equivalent of this Chief Executive is £105k-110k.

[4] The Medical Director's salary includes £44k in respect of non-Board duties (Dental Director).

[5] The Director of Public Health is a joint post between NHS Shetland (NHSS) and NHS Grampian (NHSG). They are employed by NHSG and provide services to NHSS through a Service Level Agreement (SLA). The annual cost of the SLA is included above. Their full annual salary paid by NHS Grampian was £105-£110k.

[6] The Chair of the Area Clinical Forum salary includes £66k in respect of non-Board duties (Chief Nurse Community).

[7] The Employee Director's salary includes £52k in respect of non-Board duties (Clinical Team Leader).

[8] The Director Community Health and Social Care is a joint post between NHS Shetland (NHSS) and Shetland Islands Council (SIC). They are employed by SIC who recharge NHSS 50% of the gross cost. The annual cost to NHSS is £45-£50k and the full annual salary paid by SIC was £70-£75k.

[9] No bonus payments were made in 2019-20.

SHETLAND NHS BOARD					
PENSION VALUES (AUDITED INFORMATION)					
YEAR ENDED 31 MARCH 2020					
Director	**Accrued pension at age 60 as at 31/03/2020 (bands of £5,000) [1]**	**Real Increase in Pension at age 60 (bands of £2,500) [1]**	**CETV at 31/03/2020**	**CETV at 31/03/2019**	**Real Increase in CETV**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Executive Members					
Chief Executive: Ralph Roberts	40-45 (115-120)	0-2.5 (0)	906	880	26
Interim Chief Executive: Simon Bokor Ingram	30-35 (70-75)	0-2.5 (0-2.5)	644	595	49
Chief Executive: Michael Dickson	0-5 (0)	0-2.5 (0)	6	0	6
Medical Director: Dr William Chittick	0-10 (0)	0-2.5 (0)	102	73	29
Director of Nursing: Kathleen Carolan	20-25 (40-45)	0-2.5 (0-2.5)	360	326	34
Director of Finance: Colin Marsland	25-30 (65-70)	2.5-5 (2.5-5)	533	474	59
Director of Human Resources and Support Services: Lorraine Hall	15-20 (45-50)	0-2.5 (0-2.5)	380	332	48
Director of Public Health: Susan Webb [3]	N/A	N/A	N/A	N/A	N/A
Non-Executive Members [2]					
Other Board Members					
Chair of Area Clinical Forum: Edna Watson	25-30 (75-80)	0-2.5 (2.5-5)	547	505	42
Employee Director: Ian Sandilands	20-25 (60-65)	0-2.5 (2.5-5)	487	439	48
Other Senior Employees					
Director of Community Health and Social Care: Jo Robinson [3]	N/A	N/A	N/A	N/A	N/A
Total					**341**

Notes in respect of 2019-20 disclosure:

[1] Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.

[2] Non executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.

[3] Pension values are included in the financial statements of relevant employers NHSG and SIC.

Scottish Public Pensions Agency (SPPA) are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

During the year, the Government announced that public sector pension schemes will be required to provide indexation on the Guaranteed Minimum Pension element of the pension. SPPA has updated the methodology used to calculate CETV values as at 31 March 2020. The

impact of the change in methodology is included within the reported real increase in CETV for the year.

SHETLAND NHS BOARD					
YEAR ENDED 31 MARCH 2019 (AUDITED INFORMATION)					
Director	**Directors Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration (bands of £5,000)**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Executive Members					
Chief Executive: Ralph Roberts	105-110	0	105-110	40	145-150
Medical Director: Dr Gilbert Ozuzu [until 30/09/2018] [1]	80-85	0	80-85	25	105-110
Medical Director: William Chittick [from 01/09/2018] [2]	110-115	0	110-115	31	140-145
Director of Nursing : Kathleen Carolan	90-95	0	90-95	25	115-120
Director of Finance: Colin Marsland	75-80	0	75-80	32	105-110
Director of Human Resources and Support Services: Lorraine Hall	80-85	0	80-85	32	110-115
Director of Public Health: Susan Webb [3]	35-40	0	0	0	35-40
Non-Executive Members					
The Chair: Ian Kinniburgh [until 31/07/2018] [4]	5-10	0	5-10	0	5-10
Chair: Gary Robinson [from 1/08/2018] [4]	15-20	0	15-20	0	15-20
Marjorie Williamson	5-10	0	5-10	0	5-10
Malcolm Bell	5-10	0	5-10	0	5-10
Natasha Cornick	5-10	2.6	10-15	0	10-15
Shona Manson	5-10	0	5-10	0	5-10
Lisa Ward	5-10	0	5-10	0	5-10
Jane Haswell	5-10	0	5-10	0	5-10
Other Board Members					
Chair of Area Clinical Forum: Edna Watson [5]	70-75	0	70-75	20	90-95
Employee Director: Ian Sandilands [6]	55-60	0	55-60	16	70-75
Other Senior Employees					
Director of Community Health and Social Care: Simon Bokor-Ingram	95-100	0	95-100	20	115-120
Total				**241**	

Notes in respect of 2018-19 disclosure:

[1] This Medical Director's salary includes £35k in respect of non-Board duties (Dental Consultant Ophthalmologist).

[2] This Medical Director's salary includes £68k in respect of non-Board duties (Dental Director). This Medical Director has performed the role of Dental Director for the full year and from 28/09/18 combined this role with that of Interim Medical Director.

[3] The Director of Public Health is a joint post between NHS Shetland (NHSS) and NHS Grampian (NHSG). They are employed by NHSG and provide services to NHSS

through a Service Level Agreement (SLA). The annual cost of the SLA is included in the table above. Their full annual salary paid by NHS Grampian was £100k-£105k.

[4] The full year equivalent salary for the Chair is £29k.

[5] The Chair of the Area Clinical Forum salary includes £64k in respect of non-Board duties (Chief Nurse Community).

[6] The Employee Director's salary includes £50k in respect of non-Board duties (Clinical Team Leader).

[7] No bonus payments were made in 2018-19.

SHETLAND NHS BOARD					
PENSION VALUES (AUDITED INFORMATION)					
YEAR ENDED 31 MARCH 2019					
Director	**Accrued pension at age 60 as at 31/03/2019 (bands of £5,000) [1]**	**Real Increase in Pension at age 60 (bands of £2,500) [1]**	**CETV at 31/03/2019**	**CETV at 31/03/2018**	**Real Increase in CETV**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Executive Members					
Chief Executive: Ralph Roberts	40-45 (115-120)	2.5-5 (0-2.5)	880	822	58
Medical Director: Dr Gilbert Ozuzu	0-5 (0)	0-2.5 (0)	37	16	21
Medical Director: Dr William Chittick	5-10 (0)	0-2.5 (0)	73	50	23
Director of Nursing: Kathleen Carolan	20-25 (40-45)	0-2.5 (0-2.5)	326	299	27
Director of Finance: Colin Marsland	25-30 (60-65)	0-2.5 (0-2.5)	474	436	38
Director of Human Resources and Support Services: Lorraine Hall	15-20 (40-45)	0-2.5 (0-2.5)	332	294	38
Director of Public Health: Susan Webb [3]	N/A	N/A	N/A	N/A	N/A
Non-Executive Members [2]					
Other Board Members					
Chair of Area Clinical Forum: Edna Watson	25-30 (75-80)	0-2.5 (2.5-5)	505	470	35
Employee Director: Ian Sandilands	15-20 (55-60)	0-2.5 (2.5-5)	439	410	29
Other Senior Employees					
Director of Community Health and Social Care: Simon Bokor-Ingram	30-35 (70-75)	0-2.5 (-2.5-0)	595	563	32
Total					**301**

Notes in respect of 2018-19 disclosure:

[1] Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.

[2] Non executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.

[3] Pension values are included in the financial statements of relevant employer NHSG.

Fair Pay Disclosure (Audited Information)

The following table compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year.

2018-19		2019-20	
Range of staff remuneration (£000s)	17-189	Range of staff remuneration (£000s)	18-227
Highest Earning Director's Total Remuneration (£000s)	110-115	Highest Earning Director's Total Remuneration (£000s)	120-125
Median Total Remuneration (£s)	30,666	Median Total Remuneration (£s)	32,242
Ratio	1:4	Ratio	1:4

The remuneration figures used for this calculation represent the annualised whole time equivalent salary figures excluding employer's pension contributions. The figures disclosed earlier in this remuneration report represent actual earnings for the year inclusive of pension costs. In respect of staff with part-time employment the total pay used in the calculation of the median has been grossed-up to a whole time equivalent value (WTE) but staff with contracts of less than 2 hours were excluded as this can lead to very high annual salaries when grossed up that distort the median result. Arrears of staff pay have also been excluded as this may also distort the median. Agency staff are excluded, as they are not employees and are charged via invoice, not via payroll.

STAFF REPORT

a) Number of senior staff by band (Audited Information)

This information is provided by headcount and represents the Executive Board Members and Other Senior Employees from the Remuneration Report. This information represents full year equivalent salaries of Board Members and Senior Employees still in employment at 31 March 2020.

	2020	2019
Band (bands of £10,000)	**Number of Staff**	**Number of Staff**
£70,001 to £80,000	1	1
£80,001 to £90,000	2	1
£90,001 to £100,000	1	2
£100,001 to £110,000	2	2
£110,001 to £120,000	0	1
£120,001 to £130,000	1	0
Total	**7**	**7**

(b) Higher paid employees' remuneration (Audited Information)

Other employees whose remuneration fell within the following ranges:

2019		2020
Number		Number
	Clinicians	
7	£70,001 to £80,000	10
8	£80,001 to £90,000	9
6	£90,001 to £100,000	4
2	£100,001 to £110,000	1
3	£110,001 to £120,000	3
2	£120,001 to £130,000	3
2	£130,001 to £140,000	2
2	£140,001 to £150,000	2
2	£150,001 to £160,000	2
1	£160,001 to £170,000	2
0	£170,001 to £180,000	1
1	£180,001 to £190,000	0
0	£200,001 and above	1
	Other	
0	£70,001 to £80,000	2
0	£80,001 to £90,000	2
0	£90,001 to £100,000	1

(c) Staff costs (Audited Information)

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2020 TOTAL	2019 TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
STAFF COSTS								
Salaries and wages	369	92	24,256	0	0	0	**24,717**	**23,179**
Social security costs	52	3	2,618	0	0	0	**2,673**	**2,503**
NHS scheme employers' costs	75	0	4,436	0	0	0	**4,511**	**3,051**
Inward secondees	0	0	0	1,847	0	0	**1,847**	**1,261**
Agency and other directly engaged staff	0	0	0	0	3,164	0	**3,164**	**3,530**
Total	**496**	**95**	**31,310**	**1,847**	**3,164**	**0**	**36,912**	**33,524**
STAFF NUMBERS								
Whole time equivalent (WTE)	5	2	591	0	0	0	**598**	**592**
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							0	0
Included in the total staff numbers above were disabled staff of:							59	44
Included in the total staff numbers above were Special Advisers of:							0	0

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are included in Note 19

d) Staff composition (Unaudited Information)

Head Count of Staff	2020			2019		
	Male	Female	**Total**	Male	Female	**Total**
Executive Directors	3	3	**6**	3	3	**6**
Non-Executive Directors and Employee Director	5	4	**9**	2	5	**7**
Senior Employees	0	1	**1**	1	0	**1**
Other	123	602	**725**	124	590	**714**
Total Headcount	131	610	**741**	130	598	**728**

e) Sickness absence data (Unaudited Information)

	2020	2019
Sickness absence rate	3.8%	4.3%

The NHS Scotland AOP compliance standard for Boards to achieve is a sickness absence rate of 4.0% or less. NHS Shetland has positively moved from non-compliant in 2018-19 to compliant in 2019-20.

f) Staff policies applied during the financial year relating to the employment of disabled persons (Unaudited Information):

The Board gives full and fair consideration to applications for employment made by disabled persons, having a regard to their particular aptitudes and abilities.

The Board also continues the employment of and arranges appropriate training for employees of the Board who have become disabled persons during the period when they were employed.

Policies include 'Embracing Equality, Diversity and Human Rights' and 'Ensuring Safe and Fair Recruitment, Selection and Employment'. The link below will guide users to the relevant documentation on NHS Shetland's external website.
http://www.shb.scot.nhs.uk/Board/policies.asp

g) Exit packages (Audited Information)

None in 2019-20 or prior year.

h) The Trade Union (Facility Time Publication Requirements) Regulations 2017 (Unaudited Information)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force On 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31 July each year.

Relevant Union Officials	
Number of employees who were relevant union officials during the period 1 April 2019 to 31 March 2020	Full-time equivalent employee number
14	14
Percentage of time spent on facility time	
Percentage of time	Number of representatives
0%	0
1 - 50%	14
51-99%	0
100%	0
Percentage of pay bill spent on facility time	

	£000's
Total cost of facility time	11
Total pay bill	36,912
Percentage of the total pay bill spent on facility time	0.03%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	2%

i) Other Employee Matters (Unaudited Information)

The Board has policies and procedures in place for other employee matters such as other diversity issues and equal treatment in employment and occupation; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships; and human capital management such as career management and employability, pay policy etc. Policies include 'Eliminating Bullying and Harassment', 'Work Life Balance' and 'Health and Safety Policy'. The link below will guide users to the relevant documentation on NHS Shetland's external website.
http://www.shb.scot.nhs.uk/Board/policies.asp

Parliamentary Accountability Report (Audited Information)

There are no disclosures applicable, as NHS Shetland is not aware of any attempted fraud or irregular activities during 2019-20 or prior year that incurred a loss and only one payment was made within our delegated limits in respect of a medical negligence claim for under £50k. The Board as required has provided for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in Note 13.

Approval and signing of the Accountability Report

Signed DocuSigned by: 7E06D6BC9E3E48B... Date: 18 August 2020

By Michael Dickson, Chief Executive as Accountable Officer

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

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis of opinion

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

Emphasis of matter – Material uncertainty relating to valuation of land and buildings

We draw attention to note 1 (28), which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the NHS Shetland's land and building portfolio. As noted by the Board's external valuers, the outbreak has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the land and building portfolio at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual report and accounts

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

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the

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

Report on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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

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

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

Matters on which we are required to report by exception

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

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

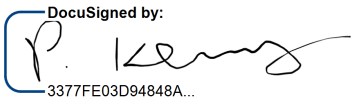
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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



Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street
Glasgow
G1 3BX
United Kingdom

August 2020

18 August 2020 | 18:10:45 BST
Date of signing.....

SHETLAND NHS BOARD
STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2020

2019			2020
£000		Note	£000
33,524	Staff costs	3a	36,912
	Other operating expenditure		
3,091	Independent Primary Care Services		3,171
7,482	Drugs and medical supplies		7,571
48,436	Other health care expenditure		50,683
92,533	Gross expenditure for the year		98,337
(30,163)	Less: operating income	4	(32,295)
(271)	Associates and joint ventures accounted for on an equity basis		(36)
62,099	**Net expenditure for the year**		**66,006**
OTHER COMPREHENSIVE NET EXPENDITURE (will not be reclassified subsequently to the SoCNE)			
2019			**2020**
£000			**£000**
(37)	Net (gain) / loss on revaluation of investments		179
0	Net gain on revaluation of property		(273)
(37)	**Other comprehensive expenditure**		(95)
62,062	**Comprehensive net expenditure**		**65,912**

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

SHETLAND NHS BOARD
SUMMARY OF RESOURCE OUTTURN
FOR THE YEAR ENDED 31 MARCH 2020

		2020	2020
SUMMARY OF CORE REVENUE RESOURCE OUTTURN	**Note**	**£000**	**£000**
Net expenditure	SoCNE		**66,006**
Total non core expenditure (see below)			(1,818)
Family Health Services non-discretionary allocation			(1,737)
Endowment net expenditure			525
Associates and joint ventures accounted for on an equity basis			36
Total core expenditure			**63,012**
Core Revenue Resource Limit			63,053
Saving against Core Revenue Resource Limit			**41**
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN			
Depreciation / amortisation		1,461	
Annually Managed Expenditure - impairments		25	
Annually Managed Expenditure - creation of provisions		294	
Annually Managed Expenditure - depreciation of donated assets	2a	23	
Annually Managed Expenditure - pension valuation		15	
Total Non Core Expenditure			**1,818**
Non Core Revenue Resource Limit			1,846
Saving / (excess) against Non Core Revenue Resource Limit			**28**

SUMMARY RESOURCE OUTTURN		**Resource**	**Expenditure**	**Saving / (Excess)**
		£000	**£000**	**£000**
Core		63,053	63,012	41
Non Core		1,846	1,818	28
Total		**64,899**	**64,830**	**69**

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

SHETLAND NHS BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
30,303	30,303	Property, plant and equipment	7c	30,055	30,055
9	9	Intangible assets	6a	0	0
		Financial assets:			
1,347	0	Available for sale financial assets	10	1,168	0
453	0	Investments in associates and joint ventures		489	0
32,112	**30,312**	**Total non-current assets**		**31,712**	**30,055**
		Current Assets:			
396	396	Inventories	8	505	505
		Financial assets:			
1,149	1,285	Trade and other receivables	9	1,224	1,322
281	142	Cash and cash equivalents	11	547	124
1,826	**1,823**	**Total current assets**		**2,276**	**1,951**
33,938	**32,135**	**Total assets**		**33,988**	**32,006**
		Current liabilities			
(445)	(445)	Provisions	13a	(467)	(467)
		Financial liabilities:			
(8,535)	(8,682)	Trade and other payables	12	(10,227)	(10,577)
0	0	Derivative financial liabilities	23	0	0
(8,980)	**(9,127)**	**Total current liabilities**		**(10,694)**	**(11,044)**
24,958	**23,008**	**Non-current assets plus / less net current assets / liabilities**		**23,294**	**20,962**
		Non-current liabilities			
(1,326)	(1,326)	Provisions	13a	(1,617)	(1,617)
(1,326)	**(1,326)**	**Total non-current liabilities**		**(1,617)**	**(1,617)**
23,632	**21,682**	**Assets less liabilities**		**21,677**	**19,345**
		Taxpayers' Equity			
9,217	9,217	General fund		7,063	7,063
12,465	12,465	Revaluation reserve		12,282	12,282
453	0	Other reserves - associates and joint ventures		489	0
1,497	0	Fund held on Trust		1,843	0
23,632	**21,682**	**Total taxpayers' equity**		**21,677**	**19,345**

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

The financial statements on pages 51 to 86 were approved by the Board on 18 August 2020 and signed on their behalf by

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Colin Marsland
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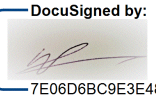
Director of Finance Date: 18 August 2020

DocuSigned by:

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Chief Executive Date: 18 August 2020

SHETLAND NHS BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

2019			2020	2020
£000		Note	£000	£000
	Cash flows from operating activities			
(62,099)	Net expenditure	SoCTE	(66,006)	
1,145	Adjustments for non-cash transactions	2a	1,439	
39	Investment income		41	
(408)	Movements in working capital	2c	1,839	
(61,323)	**Net cash outflow from operating activities**	26c		**(62,687)**
	Cash flows from investing activities			
(699)	Purchase of property, plant and equipment		(1,034)	
9	Proceeds of disposal of property, plant and equipment		89	
(256)	Investment additions		(119)	
255	Receipts from sale of investments		119	
(39)	Interest received		(41)	
(730)	**Net cash outflow used in investing activities**	26c		**(986)**
	Cash flows from financing activities			
62,126	Funding	SoCTE	63,957	
(8)	Movement in general fund working capital	SoCTE	(18)	
62,118	Cash drawn down		63,939	
62,118	**Net Financing**	26c		**63,939**
65	**Net Increase in cash and cash equivalents in the period**			266
216	**Cash and cash equivalents at the beginning of the period**			281
281	**Cash and cash equivalents at the end of the period**			**547**
	Reconciliation of net cash flow to movement in net debt/cash			
65	Increase in cash in year	11		266
216	Net debt / cash at 1 April			281
281	**Net debt / cash at 31 March**			**547**

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

SHETLAND NHS BOARD

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2019		9,217	12,465	453	1,497	23,632
Changes in taxpayers' equity for 2019-20						
Net gain on revaluation of property		0	273	0	0	273
Transfers between reserves		456	(456)	0	0	0
Net loss on revaluation of investments		0	0	0	(179)	(179)
Net operating (cost)/income for the year	CFS	(66,567)	0	36	525	(66,006)
Total recognised income and expense for 2019-20		(66,111)	(183)	36	346	(65,912)
Funding:						
Drawn down	CFS	63,939	0	0	0	63,939
Movement in General Fund creditor	CFS	18	0	0	0	18
Balance at 31 March 2020	SoFP	**7,063**	**12,282**	**489**	**1,843**	**21,677**

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – PRIOR YEAR

FOR THE YEAR ENDED 31 MARCH 2019

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2018		9,151	12,868	182	1,367	23,568
Changes in taxpayers' equity for 2018-19						
Transfers between reserves		403	(403)	0	0	0
Net gain on revaluation of investments		0	0	0	37	37
Net operating (cost)/income for the year	CFS	(62,463)	0	271	93	(62,099)
Total recognised income and expense for 2018-19		(62,060)	(403)	271	130	(62,062)
Funding:						
Drawn down	CFS	62,118	0	0	0	62,118
Movement in General Fund debtor	CFS	8	0	0	0	8
Balance at 31 March 2019	SoFP	**9,217**	**12,465**	**453**	**1,497**	**23,632**

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

Note 1 - ACCOUNTING POLICIES

1. Authority

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

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 28 below.

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

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

- IFRIC 23: Uncertainty over Income Tax Treatment
- Amendment to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-Term Interest in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle

(b) Standards, amendments and interpretation early adopted this year

There are no new standards, amendments or interpretations adopted early this year.

(c) Standards, amendments and interpretation not yet adopted this year

At the date of authorisation of these financial statements, the Board has not applied the following new and revised IFRS Standard that has been issued but is not yet effective:

- IFRS 16: Leases – HM Treasury have agreed to defer implementation until 1 April 2021
- IFRS 17: Insurance Contracts – applicable for periods beginning on or after 1 January 2021. Not yet endorsed for use in the EU.
- Amendments to References to the Conceptual Framework in IFRS Standards – applicable for period beginning on or after 1 January 2020
- Amendment to IFRS 3 (Definition of a Business) – applicable for periods beginning on or after 1 January 2020
- Amendments to IAS 1 and IAS 8 (Definition of Material) – applicable for periods beginning on or after 1 January 2020
- Amendments to IFRS 9, IAS 29 and IFRS 7 (Interest Rate Benchmark Reform) – applicable for periods beginning on or after 1 January 2020
- Amendment to IAS 1 (Classification of Liabilities as Current or Non-Current) – applicable for periods beginning on or after 1 January 2022. Not yet endorsed for use in the EU.

The Board does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods, except as noted below.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by the FReM from 1 April 2021. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland has elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. The Board

currently has no finance leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Board does not expect the implementation of this standard to have a material impact on the financial statements.

2. Basis of Consolidation

Consolidation

In accordance with IAS 27 – Separate financial statements, the financial statements consolidate the Shetland Health Board Endowment Funds and the Shetland Integration Joint Board which are both considered material to NHS Shetland.

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 Shetland Health Board Endowment Fund is a Registered Charity with the Office of the Scottish Charity Regulator (OSCR) and is required to prepare and submit Audited financial statements to OSCR on an annual basis.

The basis of consolidation used is merger accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation. Note 26 details how these consolidated financial statements have been calculated.

Unaudited financial statements for the Endowment Fund and IJB have been used as a basis for the calculations/consolidation.

The IJB was formally constituted on 27th June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB approved the 2019-2022 Strategic Commissioning Plan on 13 March 2019. The basis of consolidation used is the equity method.

3. Prior Year Adjustments

There have been no prior year adjustments.

4. Going Concern

The financial statements are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future. Approximately 95% of NHS Shetland costs are directly funded by allocations received from the Scottish Government. There is currently a general climate of uncertainty across NHS Scotland but there is no indication from the Scottish Government that the structure of Health Boards in Scotland will change. It is therefore likely that NHS Shetland will exist, in its current form, for the foreseeable future.

The Covid-19 outbreak which has developed rapidly in 2020 and the measures taken by various governments to contain the virus have negatively affected the global economy. In addition to the already known effects of the COVID-19outbreak and resulting government measures, the macroeconomic uncertainty causes disruption to economic activity, and it is unknown what the longer term impact on NHS Scotland may be. Based on the facts and circumstances known at this moment and the possible scenarios about

how the Covid-19 virus and resulting government measures could evolve, we have determined that the use of the going concern assumption is warranted.

EU Withdrawal has been considered by the Board but is not deemed a significant risk due to the security of the collective national approach being adopted across the country.

5. Accounting Convention

The financial statements 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 Commissioner 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 the following financial year, that income is deferred.

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

Non discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non discretionary expenditure is disclosed in the financial statements and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

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

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

7. Property, plant and equipment

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

Title to properties included in the financial statements 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 hospital would face an exceptional write-off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
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 fair value.

Valuations of all land and building assets are reassessed by valuers under a 3-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.

The Board changed from a 5-year to a 3–year programme of professional valuations during 2013-14 with the latest full valuation of the estate taking place as at 31 March 2020. This programme was deemed to be the most economically advantageous option during the contract renewal process. This will also ensure the value of the asset base more accurately reflects movements in the market. The next full valuation of the estate is scheduled to take place at 31 March 2023.

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).

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

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 an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

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

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

7.3 Depreciation

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

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

1) Freehold land is considered to have an infinite life and is not depreciated.
2) Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
4) Buildings, Dwellings 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) Plant and Machinery, Transport Equipment, Information Technology and Furniture and Fittings are depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Component	Useful Life
Land		Unlimited
Buildings [*]	Various	As determined by valuer
Dwellings		As above
Transport Equipment		5 to 15 years
Plant and Machinery		5 to 15 Years
Information Technology		5 to 10 years
Furniture and Fittings		5 to 15 years

[*] Buildings (and component parts of buildings) range in life from 4 years to 85 years as determined by the valuer.

8. Intangible Assets

8.1 Recognition

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

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

The main classes of intangible assets recognised are:

Software:

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

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 amortised historic cost.

Revaluation and impairment:

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

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

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

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.

All intangible assets have been purchased and amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

1) Information Technology Software. Amortised over their expected useful life.

   Amortisation is charged on a straight-line basis.

   The following asset lives have been used:

Asset Category	Useful Life
Software	10

9. Non-current assets held for sale

At the reporting date there were no assets held that met the definition of non-current assets held for sale.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current 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. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IAS17.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments

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

Operating leases

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

Leases of land and buildings

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

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 SOCNE 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.

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 (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.
Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

18. Clinical and Medical Negligence Costs

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

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

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

19. Related Party Transactions

Material related party transactions are disclosed in Note 24 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 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 reporting 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 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in Note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

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

Business model

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

Classification

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

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

This is the default basis for financial assets.

(b) Financial assets held at amortised cost

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

i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and

ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

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

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

i. the financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset; and

ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets

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

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

Recognition and measurement

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

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

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

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

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

(b) Financial assets held at amortised cost

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

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

Financial Liabilities

Classification

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

i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;

ii. they contain embedded derivatives; and/or

iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

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

Recognition and measurement

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

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

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

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

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

(b) Amortised costs

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

25. Segmental reporting

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

26. Cash and cash equivalents

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

27. Third party assets

NHS Shetland has no third party assets.

28. Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies.

Assumptions and sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Clinical and Medical Negligence Provision: The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Shetland. The provision covers all claims classified as category 3 and 50% of the value of claims in category 2 which have been assessed as having a probability of settlement. The share of the NHS Scotland CNORIS liability is estimated based on actual settlement trends in prior years.

Pension Provision: The pension provision is calculated using information received from the Scottish Public Pension Agency (SPPA) relating to former NHS Shetland employees for whom NHS Shetland have an ongoing pension liability. The liability is calculated using information obtained from SPPA and discount rates as per SGHSCD guidance.

Fair Value of Property, Plant & Equipment: NHS Shetland's land and property was fully revalued at 31 March 2020, shown in note 7. The professional valuer's estimates, assumptions and judgements are relied upon in relation to this valuation report. The valuer's report stated: "The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a 'Global Pandemic' on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a

judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' per VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainly – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration above has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation."

Critical judgements

The Board has concluded that there are no critical judgements required by management in applying accounting policies that may have a significant effect on the amounts recognised in the financial statements.

Note 2 – NOTES TO THE CASH FLOW STATEMENT

2a. Consolidated adjustments for non-cash transactions

2019			2020
£000		Note	£000
	Expenditure not paid in cash		
1,383	Depreciation	7a	1,452
9	Amortisation	6	9
24	Depreciation of donated assets	7a	23
0	Profit on disposal of property		(9)
(271)	Associates and joint ventures accounted for on an equity basis	SoCNE	(36)
1,145	**Total expenditure not paid in cash**	CFS	**1,439**

2b. Interest payable recognised in operating expenditure

2019			2020
£000			£000
0	**Interest payable**		0

2c. Consolidated movements in working capital

2019					2020
Net movement		Note	Opening balances	Closing balances	Net Movement
£000			£000	£000	£000
	INVENTORIES				
36	SoFP	8	396	505	
36	**Net decrease / (increase)**				**(109)**
	TRADE AND OTHER RECEIVABLES				
345	Due within one year	9	1,149	1,224	
0	Due after more than one year	9	0	0	
			1,149	1,224	
345	**Net decrease / (increase)**				**(75)**
	TRADE AND OTHER PAYABLES				
(371)	Due within one year	12	8,535	10,227	
0	Due after more than one year	12	0	0	
8	Less: General Fund creditor included in above	12	(142)	(124)	
			8,393	10,103	
(363)	**Net decrease / (increase)**				**1,710**
	PROVISIONS				
(426)	Statement of Financial Position	13a	1,771	2,084	
0	Transfer from provision to General Fund		0	0	
			1,771	2,084	
(426)	**Net decrease / (increase)**				**313**
(408)	**Net movement (decrease) / increase**	CFS			**1,839**

Note 3 – EXPENDITURE

3a. Staff costs				
2019			**2020**	**2020**
Total			**Board**	**Consolidated**
£000		**Note**	**£000**	**£000**
10,004	Medical and Dental		10,408	10,408
9,555	Nursing		10,905	10,905
13,965	Other Staff		15,599	15,599
33,524	**Total**	**SoCNE**	**36,912**	**36,912**

3b. Other operating expenditure				
2019			**2020**	**2020**
Total			**Board**	**Consolidated**
£000			**£000**	**£000**
	Independent Primary Care Services:			
995	General Medical Services [1]		1,092	1,092
934	Pharmaceutical Services		974	974
718	General Dental Services [2]		653	653
444	General Ophthalmic Services		452	452
3,091	**Total**		**3,171**	**3,171**
	Drugs and medical supplies:			
4,822	Prescribed drugs Primary Care		4,698	4,698
1,290	Prescribed drugs Secondary Care		1,532	1,532
1,370	Medical Supplies		1,341	1,341
7,482	**Total**		**7,571**	**7,571**
	Other health care expenditure			
28,637	Contribution to Integration Joint Boards		29,888	29,888
8,607	Goods and services from other NHS Scotland bodies		9,035	9,035
51	Goods and services from other UK NHS bodies		28	28
209	Goods and services from private providers		191	191
18	Goods and services from voluntary organisations		17	17
1,491	Resource Transfer		1,453	1,453
9,233	Other operating expenses		9,847	9,847
73	External Auditor's remuneration - statutory audit fee		75	75
13	External Auditor - other services – share of IJB audit fee		13	13
104	Endowment Fund expenditure		0	136
48,436	**Total**		**50,547**	**50,683**
59,009	**Total Other Operating Expenditure**		**61,289**	**61,425**

[1] This figure represents the costs of the independent GP practices only. The total cost of services in 2019-20, including Board run practices, is £5,609k (2018-19, £5,535k).

[2] This figure represents the costs of the independent dental practices only. The total cost of services in 2019-20, including Board run practices, is £3,177k (2018-19, £3,239k).

Note 4 – OPERATING INCOME

2019 Total £000		Note	2020 Board £000	2020 Consolidated £000
865	Income from other NHS Scotland bodies		940	940
168	Income from NHS non-Scottish bodies		125	125
26,789	Income for services commissioned by Integration Joint Board		28,507	28,507
307	Patient charges for primary care		304	304
0	Profit on disposal of assets		0	0
10	Contributions in respect of clinical and medical negligence claims		85	85
	Non NHS:			
28	Overseas patients (non-reciprocal)		27	27
197	Endowment Fund Income		0	661
1,799	Other		1,646	1,646
30,163	**Total Income**	**SoCNE**	**31,634**	**32,295**

Note 5 – SEGMENTAL ANALYSIS

	Directorate of Acute & Specialist Services	Directorate of Community Health & Social Care	Off Island Clinical Services	Public Health	Support Services	2020
	£000	£000	£000	£000	£000	£000
Net operating cost	17,732	25,060	12,513	779	9,922	**66,006**
If reported to Senior Management also disclose;						
Total assets	9,131	12,904	6,443	401	5,109	**33,988**
Total liabilities	(3,307)	(4,674)	(2,334)	(145)	(1,851)	**(12,311)**

SEGMENTAL ANALYSIS - PRIOR YEAR						
	Directorate of Acute & Specialist Services	Directorate of Community Health & Social Care	Off Island Clinical Services	Public Health	Support Services	2019
	£000	£000	£000	£000	£000	£000
Net operating cost	15,544	24,956	12,293	662	8,644	**62,099**
If reported to Senior Management also disclose;						
Total assets	8,495	13,639	6,718	362	4,724	**33,938**
Total liabilities	(2,580)	(4,142)	(2,040)	(110)	(1,434)	**(10,306)**

Note 6 – INTANGIBLE ASSETS

6a. INTANGIBLE ASSETS (NON-CURRENT) – CONSOLIDATED AND BOARD			
		IT – software	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2019		97	97
At 31 March 2020		**97**	**97**
Amortisation			
At 1 April 2019		88	88
Provided during the year		9	9
At 31 March 2020		**97**	**97**
Net book value at 1 April 2019		**9**	**9**
Net book value at 31 March 2020	SoFP	**0**	**0**

6b. INTANGIBLE ASSETS (NON-CURRENT) – CONSOLIDATED AND BOARD – PRIOR YEAR			
		IT – software	Total
	Note	£000	£000
Cost or Valuation:			
At 1 April 2018		97	97
At 31 March 2019		**97**	**97**
Amortisation			
At 1 April 2018		79	79
Provided during the year		9	9
At 31 March 2019		**88**	**88**
Net book value at 1 April 2018		**18**	**18**
Net book value at 31 March 2019	SoFP	**9**	**9**

Note 7a - PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED AND BOARD

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	589	27,237	1,484	0	5,437	1,159	30	60	35,996
Additions – purchased	0	0	0	0	744	221	0	69	1,034
Revaluations	0	(2,545)	20	0	0	0	0	0	(2,525)
Disposals – purchased	(12)	0	(43)	0	(211)	(186)	0	0	(452)
At 31 March 2020	**577**	**24,692**	**1,461**	**0**	**5,970**	**1,194**	**30**	**129**	**34,053**
Depreciation									
At 1 April 2019	0	1,807	90	0	3,036	730	30	0	5,693
Provided during the year – purchased	0	856	45	0	416	135	0	0	1,452
Provided during the year – donated	0	0	0	0	23	0	0	0	23
Revaluations	0	(2,663)	(135)	0	0	0	0	0	(2,798)
Disposals – purchased	0	0	0	0	(197)	(175)	0	0	(372)
At 31 March 2020	**0**	**0**	**0**	**0**	**3,278**	**690**	**30**	**0**	**3,998**
Net book value at 1 April 2019	**589**	**25,430**	**1,394**	**0**	**2,401**	**429**	**0**	**60**	**30,303**
Net book value at 31 March 2020	**577**	**24,692**	**1,461**	**0**	**2,692**	**504**	**0**	**129**	**30,055**
Open Market Value of Land in Land and Dwellings Included Above	577		0						
Asset financing:									
Owned – purchased	577	24,692	1,461	0	2,646	504	0	129	30,009
Owned – donated	0	0	0	0	46	0	0	0	46
Net book value at 31 March 2020	**577**	**24,692**	**1,461**	**0**	**2,692**	**504**	**0**	**129**	**30,055**

Note 7a PROPERTY, PLANT AND EQUIPMENT – CONSOLIDATED AND BOARD – PRIOR YEAR

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2018	589	27,237	1,484	23	5,325	1,094	30	60	35,842
Additions – purchased	0	0	0	0	546	153	0	0	699
Disposals – purchased	0	0	0	(23)	(434)	(88)	0	0	(545)
At 31 March 2019	**589**	**27,237**	**1,484**	**0**	**5,437**	**1,159**	**30**	**60**	**35,996**
Depreciation									
At 1 April 2018	0	951	45	23	3,095	678	30	0	4,822
Provided during the year – purchased	0	856	45	0	351	131	0	0	1,383
Provided during the year – donated	0	0	0	0	24	0	0	0	24
Disposals – purchased	0	0	0	(23)	(434)	(79)	0	0	(536)
At 31 March 2019	**0**	**1,807**	**90**	**0**	**3,036**	**730**	**30**	**0**	**5,693**
Net book value at 1 April 2018	**589**	**26,286**	**1,439**	**0**	**2,230**	**416**	**0**	**60**	**31,020**
Net book value at 31 March 2019	**589**	**25,430**	**1,394**	**0**	**2,401**	**429**	**0**	**60**	**30,303**
Open Market Value of Land in Land and Dwellings Included Above	589	0	0	0	0	0	0	0	
Asset financing:									
Owned – purchased	589	25,430	1,394	0	2,332	429	0	60	30,234
Owned – donated	0	0	0	0	69	0	0	0	69
Net book value at 31 March 2019	**589**	**25,430**	**1,394**	**0**	**2,401**	**429**	**0**	**60**	**30,303**

Note 7b - NON-CURRENT ASSETS HELD FOR SALE – CONSOLIDATED AND BOARD

NHS Shetland held no non-current assets held for sale during 2019-20 or during the prior year.

Note 7c - PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated	Board			Consolidated	Board
2019	2019			2020	2020
£000	£000		Note	£000	£000
		Net book value of property, plant and equipment at 31 March			
30,234	30,234	Purchased		30,009	30,009
69	69	Donated		46	46
30,303	**30,303**	**Total**	SoFP	**30,055**	**30,055**
589	589	Net book value related to land valued at open market value at 31 March		577	577
25,430	25,430	Net book value related to buildings valued at open market value at 31 March		24,692	24,692

Land and buildings were fully revalued by an independent valuer, Gerald Eve, at 31 March 2020 on the basis of fair value. A full revaluation will be carried out again on 31 March 2023 in line with the Board's three year cycle.

Valuations of land and building assets have been prepared having regard to the contents of the RICS Valuation- Global Standards UK (January 2020) and specifically the appropriate bases of valuation for International Financial Reporting Standards (IFRS). It is provided within these Standards (and associated RICS Practice Statements) that (a) for those properties that are owner-occupied and are of a non-specialised nature, the basis of valuation is Fair Value assuming ongoing operational use, (b) for properties which are either owned but not occupied by the Board or have been declared surplus, these are also to be valued on the basis of Fair Value. Fair value is defined as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date". (In this context, Fair Value is generally taken to be the equivalent of the RICS definition of Market Value) and (c) for properties that are owner-occupied but are of a specialist nature, where few, if any, open market transactions involving a continuation of the existing use occur, then the basis of valuation is also Fair Value but the Depreciated Replacement Cost method of valuation is appropriate set against the assumption of a continuation of the existing health care use for the foreseeable future.

A material uncertainty clause on the valuation of land and buildings has been included by the valuer for 2019-20 and further information is included in accounting policy 28. 'Key sources of judgement and estimation uncertainty' above.

Note 7d ANALYSIS OF CAPITAL EXPENDITURE

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
		Expenditure			
699	699	Acquisition of property, plant and equipment	7a	1,034	1,034
699	**699**	**Gross Capital Expenditure**		**1,034**	**1,034**
		Income			
9	9	Net book value of disposal of property, plant and equipment	7a	80	80
0	**0**	**Capital Income**		**0**	**0**
690	**690**	**Net Capital Expenditure**		**954**	**954**
		SUMMARY OF CAPITAL RESOURCE OUTTURN			
699	699	Core capital expenditure included above		979	979
705	705	Core Capital Resource Limit		985	985
6	**6**	**Saving against Core Capital Resource Limit**		**6**	**6**
0	0	Non core capital expenditure included above		0	0
0	0	Non core Capital Resource Limit		0	0
0	**0**	**Saving against Non Core Capital Resource Limit**		**0**	**0**
699	699	Total capital expenditure		979	797
705	705	Total Capital Resource Limit		985	985
6	**6**	**Saving against Total Capital Resource Limit**		**6**	**6**

Note 8 – INVENTORIES AND WORK IN PROGRESS

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
396	396	Raw materials and consumables		505	505
396	**396**	**Total inventories**	SoFP	**505**	**505**

Note 9 – TRADE AND OTHER RECEIVABLES

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
		Receivables due within one year			
		NHS Scotland			
221	221	Boards		327	327
221	**221**	**Total NHS Scotland Receivables**		**327**	**327**
31	31	NHS non-Scottish bodies		20	20
39	39	VAT recoverable		67	67
243	243	Prepayments		241	241
78	78	Accrued income		55	55
282	418	Other receivables		159	257
35	35	Reimbursement of provisions		100	100
220	220	Other public sector bodies		255	255

1,149	**1,285**	**Total Receivables due within one year**	**SoFP**	**1,224**	**1,322**
Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
0	0	**Receivables due after more than one year**		0	0
1,149	**1,285**	**TOTAL RECEIVABLES**		**1,224**	**1,322**
56	56	The total receivables figure above includes a provision for impairments of:		45	45

Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
		WGA Classification			
221	221	NHS Scotland		327	327
39	39	Central Government bodies		67	67
220	220	Whole of Government bodies		255	255
31	31	Balances with NHS bodies in England and Wales		20	20
638	774	Balances with bodies external to Government		555	653
1,149	**1,285**	**Total**		**1,224**	**1,322**
		Movements on the provision for impairment of receivables are as follows:			
28	28	At 1 April		56	56
30	30	Provision for impairment		7	7
0	0	Receivables written off during the year as uncollectable		0	0
(2)	(2)	Unused amounts reversed		(18)	(18)
56	**56**	At 31 March		**45**	**45**

As of 31 March 2020, receivables with a carrying value of £45,062 (2019: £56,482) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
0	0	3 to 6 months past due		0	0
56	56	Over 6 months past due		45	45
56	**56**			**45**	**45**

The receivables assessed as individually impaired were mainly 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 2020, receivables with a carrying value of £375,000 (2019: £466,000) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
462	462	Up to 3 months past due		344	344
1	1	3 to 6 months past due		21	21
3	3	Over 6 months past due		10	10
466	**466**			**375**	**375**

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, Local Authorities, Limited Companies and individuals. 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:

Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**	Counterparties with external credit ratings		**£000**	**£000**
1,149	1,285	Existing customers with no defaults in the past		1,224	1,322
1,149	**1,285**	Total neither past due or impaired		**1,224**	**1,322**

		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.			
Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
		The carrying amount of receivables are denominated in the following currencies:			
1,149	1,285	Pounds		1,224	1,322
1,149	**1,285**			**1,224**	**1,322**
All current receivables are due within 1 year (2018-19: 1 year) from the reporting date.					
The carrying amount of short-term receivables approximates their fair value.					
The fair value of long-term other receivables are £0 (2018-19: £0).					
The effective interest rate on non-current other receivables is 0% (2018-19: 0%). Pension liabilities are discounted at 0.5% (2018-19: 0.29%).					

Note 10 – INVESTMENTS

Consolidated	**Board**			**Consolidated**	**Board**
2019	**2019**			**2020**	**2020**
£000	**£000**			**£000**	**£000**
1,347	0	Other		1,168	0
1,347	**0**	**TOTAL**	**SoFP**	**1,168**	**0**
1,309	0	**At 1 April**		1,347	0
256	0	Additions	**CFS**	119	0
(221)	0	Disposals		(254)	0
3	0	Revaluation surplus / (deficit) transferred to equity	**SoCTE**	(44)	0
1,347	**0**	**At 31 March**		**1,168**	**0**
1,347	0	Non-current	**SoFP**	1,168	0
1,347	**0**	At 31 March		**1,168**	**0**

Note 11 – CASH AND CASH EQUIVALENTS

		2020	**2019**
	Note	**£000**	**£000**
Balance at 1 April		281	216
Net change in cash and cash equivalent balances	**CFS**	266	65
Balance at 31 March	**SoFP**	**547**	**281**
Total Cash - Cash Flow Statement		**547**	**281**
The following balances at 31 March were held at:			
Government Banking Service		90	96
Commercial banks and cash in hand		34	46
Endowment cash		423	139
Balance at 31 March		**547**	**281**

Note 12 – TRADE AND OTHER PAYABLES

Consolidated 2019 £000	Board 2019 £000		Note	Consolidated 2020 £000	Board 2020 £000
		Payables due within one year			
		NHS Scotland			
1,627	1,627	Boards		2,873	2,873
1,627	**1,627**	**Total NHS Scotland Payables**		**2,873**	**2,873**
11	11	NHS Non-Scottish bodies		20	20
142	142	Amounts payable to General Fund		124	124
1,363	1,363	FHS practitioners		1,419	1,419
321	321	Trade payables		352	352
1,765	1,765	Accruals		2,045	2,045
35	35	Deferred income		119	119
0	0	Payments received on account		2	2
628	628	Income tax and social security		759	759
423	423	Superannuation		583	583
664	664	Holiday pay accrual		715	715
899	899	Other public sector bodies		611	611
0	0	Clinical and medical negligence claims		10	10
(147)	0	Other payables		(350)	0
804	804	Other significant payables (pay accrual)		945	945
8,535	**8,682**	**Total Payables due within one year**	SoFP	**10,227**	**10,577**
0	0	**Payables due after more than one year**		0	0
8,535	**8,682**	**TOTAL PAYABLES**		**10,227**	**10,577**
		WGA Classification			
1,627	1,627	NHS Scotland		2,873	2,873
1,050	1,050	Central Government bodies		1,342	1,342
898	898	Whole of Government bodies		611	611
11	11	Balances with NHS bodies in England and Wales		20	20
4,949	5,096	Balances with bodies external to Government		5,381	5,731
8,535	**8,682**	**Total**		**10,227**	**10,577**
£000	**£000**	The carrying amount of payables are denominated in the following currencies:		**£000**	**£000**
8,535	8,682	Pounds		10,227	10,577
8,535	**8,682**			**10,227**	**10,577**

Note 13 – PROVISIONS

13a. PROVISIONS - CONSOLIDATED AND BOARD

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2020 Total
	£000	£000	£000	£000	£000
At 1 April 2019	239	85	1,417	30	1,771
Arising during the year	28	119	258	0	405
Utilised during the year	(23)	(42)	(14)	0	(79)
Unwinding of discount	13	0	0	0	13
Reversed unutilised	(26)	0	0	0	(26)
At 31 March 2020	**231**	**162**	**1,661**	**30**	**2,084**

Pensions arising from Staff Early Retirement

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate , currently 0.5% as advised by PES (2019) 11, (2018-19: 0.29%). The Board expects expenditure to be charged to this provision for a period of up to 16 years.

Clinical and Medical Legal Claims against NHS Board and Participation in CNORIS

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9. Further details are disclosed in Note 13b along with participation in NHS Scotland CNORIS.

Other

Relating to the 'payment as if at work' liability in respect of former employees of NHS Shetland.

Analysis of expected timing of discounted flows to 31 March 2020

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2020 Total
	£000	£000	£000	£000	£000
Payable in one year	23	162	282	0	467
Payable between 2 - 5 years	93	0	997	0	1,090
Payable between 6 - 10 years	84	0	299	0	383
Thereafter	31	0	83	30	144
At 31 March 2020	**231**	**162**	**1,661**	**30**	**2,084**

PROVISIONS - CONSOLIDATED AND BOARD (PRIOR YEAR)

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2019 Total
	£000	£000	£000	£000	£000
At 1 April 2018	251	112	1,449	385	2,197
Arising during the year	15	35	319	20	389
Utilised during the year	(24)	0	(91)	(29)	(144)
Unwinding of discount	(3)	0	(4)	0	(7)
Reversed unutilised	0	(62)	(256)	(346)	(664)
At 31 March 2019	**239**	**85**	**1,417**	**30**	**1,771**

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

Analysis of expected timing of discounted flows to 31 March 2019

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2019 Total
	£000	£000	£000	£000	£000
Payable in one year	24	85	306	30	445
Payable between 2 - 5 years	95	0	1,051	0	1,146
Payable between 6 - 10 years	93	0	59	0	152
Thereafter	27	0	1	0	28
At 31 March 2019	**239**	**85**	**1,417**	**30**	**1,771**

13b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)			
2019		**Note**	**2020**
£000			**£000**
85	Provision recognising individual claims against the NHS Board as at 31 March	**13a**	162
(35)	Associated CNORIS receivable at 31 March	**9**	(100)
1,417	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	**13a**	1,661
1,467	**Net Total Provision relating to CNORIS at 31 March**		**1,723**

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS Boards in Scotland.

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

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

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

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

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

Note 14 – CONTINGENT LIABILITIES

The following contingent liabilities have not been provided for in the financial statements:		
2019		**2020**
£000		**£000**
	Nature	
120	Clinical and medical compensation payments	63
120	**TOTAL CONTINGENT LIABILITIES**	**63**

Note 15 –EVENTS AFTER THE END OF THE REPORTING PERIOD

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on the 11 March 2020, has impacted global financial markets and travel restrictions have been implemented by many countries. In the UK, market activity is being impacted in all sectors. As at the reporting date the Scottish Government has expressed its willingness to cover additional cost pressures incurred as a result of Covid-19. This somewhat mitigates the financial risk to NHS Shetland but there is still a degree of uncertainty about the impact on the labour market and wider economic outlook. At the reporting date there is no known risk to the going concern of NHS Shetland.

NHS Shetland along with our partners started a review of Shetland Islands Health and Social Care Partnership integration scheme in line with section 44 of Public Bodies (Joint Working)

(Scotland) Act 2014 with a plan to complete this obligation before the 30 June 2020 to meet the fifth anniversary date of the implementation as outlined in the Act.
However the Covid-19 pandemic has significantly delayed this plan. This delay has been highlighted to the respective governance bodies of the three partner organisations.

The revised plan to meet the obligation to review the integration scheme now has a scheduled completion date set as 31 December 2020.

NOTE 16 – COMMITMENTS

Capital Commitments			
The Board has the following capital commitments which have not been provided for in the financial statements			
2019		**Property, plant and equipment Intangible assets**	**2020**
£000		**£000**	**£000**
	Contracted		
	Authorised but not Contracted		
367	Estates capital projects	211	211
365	Statutory compliance & backlog maintenance	567	567
205	Medical equipment	350	350
260	ICT Projects (Tangible)	105	105
0	ICT Projects (Intangible)	0	0
1,197	**Total**	**1,233**	**1,233**

NOTE 17 – COMMITMENTS UNDER LEASES

Operating Leases		
Total future minimum lease payments under operating leases are given in the table below for the each of the following periods:		
Obligations under operating leases comprise:		
2019		**2020**
£000		**£000**
	Land	
	None	
	Buildings	
53	Not later than one year	63
27	Later than one year, not later than two years	63
0	Later than two year, not later than five years	189
0	Later than five years	0
	Other	
65	Not later than one year	85
62	Later than one year, not later than two years	69
50	Later than two year, not later than five years	31
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
165	Hire of equipment (including vehicles)	167
114	Other operating leases	63
279	**Total**	**230**
Aggregate Rentals Receivable in the year		
2019		**2020**
£000		**£000**
75	Total of finance and operating leases	76

NOTE 18 – COMMITMENTS UNDER PFI / PPP CONTRACTS

NHS Shetland held no commitments under PFI / PPP Contracts during 2019-20 or during the prior year.

NOTE 19 – PENSION COSTS

	2020	2019
	£000	£000
Pension cost charge for the year	4,511	3,051
Additional costs arising from early retirement	15	13
Provisions / liabilities / prepayments included in the Statement of Financial Position	231	239

2020-21 Pension Cost Assumption

In the final year of the NHS Scotland 3 year pay agreement for staff on Agenda for Change terms and conditions employees will receive a 2.95% pay rise from 1 April 2020. As the majority of staff are employed under these terms in conditions it is likely the total for pension charge costs in 2020-21 will therefore also increase by around 2.95% to £4,644.

Staff engaged on Medical and Dental terms and conditions have a separate negotiation committee process. In late July it was announced employees on these terms and conditions will only receive a 2.80% increase back dated to 1 April 2020.

The significant increase in the Pension cost charge between 2018-19 and 2019-20 arose as a result of the scheduled actuarial review of the NHS Pension Scheme. The review identified that the Employer's contribution rate need to increase to meet future liabilities.

From 1 April 2019 the employer's contribution rate increased from 14.9% to 20.9%. The employer's contribution rate will remain unchanged in 2020-21 at 20.9%.

NOTE 20 – RETROSPECTIVE RESTATEMENTS

None.

NOTE 21 – RESTATED STATEMENT OF FINANCIAL POSITION, SOCNE AND STATEMENT OF CASHFLOWS

None.

NOTE 22 – FINANCIAL INSTRUMENTS

22a. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
AS AT 31 MARCH 2020					
Assets per Statement of Financial Position					
Investments	10		0	1,168	1,168
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	**9**	489	0	0	489
Cash and cash equivalents	**11**	547	0	0	547
		1,036	**0**	**1,168**	**2,204**

BOARD		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
AS AT 31 MARCH 2020					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	**9**	587	0	0	587
Cash and cash equivalents	**11**	124	0	0	124
		711	**0**	**0**	**711**

CONSOLIDATED (Prior Year)		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
At 31 March 2019					
Assets per Statement of Financial Position					
Investments	10	0	0	1,347	1,347
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	**9**	611	0	0	611
Cash and cash equivalents	**11**	281	0	0	281
		892	**0**	**1,347**	**2,239**

BOARD (Prior Year)		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
At 31 March 2019					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	**9**	747	0	0	747
Cash and cash equivalents	**11**	142	0	0	142
		889	**0**	**0**	**889**

Financial Liabilities					
CONSOLIDATED			**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note		**£000**	**£000**	**£000**
AS AT 31 MARCH 2020					
Liabilities per Statement of Financial Position					
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	**12**		0	5,893	5,893
BOARD			**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note		**£000**	**£000**	**£000**
AS AT 31 MARCH 2020					
Liabilities per Statement of Financial Position					
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	**12**		0	6,243	6,243
CONSOLIDATED (Prior Year)			**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note		**£000**	**£000**	**£000**
At 31 March 2019					
Liabilities per Statement of Financial Position					
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	**12**		0	5,822	5,822
	-		**0**	**5,822**	**5,822**
BOARD (Prior Year)			**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note		**£000**	**£000**	**£000**
At 31 March 2019					
Liabilities per Statement of Financial Position					
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	**12**		0	5,969	5,969
	-		**0**	**5,969**	**5,969**

22b. FINANCIAL RISK FACTORS

Exposure to Risk

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

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

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

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

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

a) Credit Risk
Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.
For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.
Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.
The utilisation of credit limits is regularly monitored.
No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.
b) Liquidity Risk
The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks.
c) Market Risk
The NHS Board has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NHS Board in undertaking its activities.
i) Cash flow and fair value interest rate risk
The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.
ii) Foreign Currency Risk
The NHS Board is not exposed to foreign currency price risk.
iii) Price risk
The NHS Board is not exposed to equity security price risk.
22c FAIR VALUE ESTIMATION
The fair value of financial instruments that are not traded in an active market (for example, over the counter derivative) is determined using valuation techniques. (Provide details of the technique used).
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.
The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

NOTE 23 – DERIVATIVE FINANCIAL INSTRUMENTS

NHS Shetland held no derivative financial instruments during the year ended 31 March 2020 or during the prior year.

NOTE 24 – RELATED PARTY TRANSACTIONS

The Board had material transactions with Shetland Islands Council during 2019-20. The Board's expenditure with Shetland Islands Council was £4,164k (2018-19: £4,980k) (of which £65k (2018-19: £898k) owed at year end). Malcolm Bell was a member of the Board and an elected member of Shetland Islands Council during the year. The Board has Endowment Funds that are managed by Trustees who are also directors of the Board. The total funds held in Endowments at the 31 March 2020 were £1,843k (2018-19: £1,497k). As disclosed in note 10 £1,168k (2018-19: £1,347k) of the Endowment Fund is held in investments. These investments are managed by Tilney's investment services for charities. The Board had material transactions with the Shetland Integration Joint Board (IJB) during 2018-19 as detailed in Notes 3 and 4 of the financial statements. Directors of the Board who were also voting members of the IJB during 2019-20 were Ms J Haswell, Ms N Cornick and Ms S Manson.

The Board Members declarations of interest are publicly available on NHS Shetland's internet site at http://www.shb.scot.nhs.uk/Board/interests.asp or can be viewed in person at the Board's Headquarters in Lerwick.

NOTE 25 – THIRD PARTY ASSETS

No third party assets are held. NHS Shetland does not currently hold any balances on patients' private funds.

NOTE 26 – CONSOLIDATION OF SUBSIDIARIES AND DISCLOSURE OF INTEREST IN ASSOCIATES AND JOINT VENTURES

26a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2019			2020	2020	2020	2020
£000		Note	£000	£000	£000	£000
	Total income and expenditure					
33,524	Employee expenditure	3a	36,912	0	0	36,912
	Other operating expenditure	3b				
3,091	Independent Primary Care Services		3,171	0	0	3,171
7,482	Drugs and medical supplies		7,571	0	0	7,571
48,436	Other health care expenditure		50,547	136	0	50,683
92,533	Gross expenditure for the year		98,201	136	0	98,337
(30,163)	Less: operating income	4	(31,634)	(661)	0	(32,295)
(271)	Associates and joint ventures accounted for on an equity basis		0	0	(36)	(36)
62,099	**Net Expenditure**		**66,567**	**(525)**	**(36)**	**66,006**

26b. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2019			2020	2020	2020	2020	2020
£000		Note	£000	£000	£000	£000	£000
	Non-current assets:						
30,303	Property, plant and equipment		30,055	0	0	0	30,055
9	Intangible assets	SoFP	0	0	0	0	0
	Financial assets:	SoFP					
1,347	Investments		0	1,168	0	0	1,168
453	Investments in associates and joint ventures	SoFP	0	0	453	36	489
32,112	**Total non-current assets**	SoFP	**30,055**	**1,168**	**453**	**36**	**31,712**
	Current Assets:						
396	Inventories	SoFP	505	0	0	0	505
	Financial assets:						
1,149	Trade and other receivables	SoFP	1,322	395	(493)	0	1,224
281	Cash and cash equivalents	SoFP	124	423	0	0	547
1,826	**Total current assets**		**1,951**	**818**	**(493)**	**0**	**2,276**
33,938	**Total assets**		**32,006**	**1,986**	**(40)**	**36**	**33,988**
	Current liabilities						
(445)	Provisions	SoFP	(467)	0	0	0	(467)
	Financial liabilities:						
(8,535)	Trade and other payables	SoFP	(10,577)	(143)	493	0	(10,227)
(8,980)	**Total current liabilities**		**(11,044)**	**(143)**	**493**	**0**	**(10,694)**
24,958	**Non-current assets plus / less net current assets/liabilities**		**20,962**	**1,843**	**453**	**36**	**23,294**

	Non-current liabilities						
(1,326)	Provisions	SoFP	(1,617)	0	0	0	(1,617)
	Financial liabilities:			0	0	0	
0	Trade and other payables	SoFP	0	0	0	0	0
(1,326)	**Total non-current liabilities**		**(1,617)**	**0**	**0**	**0**	**(1,617)**
23,632	**Assets less liabilities**		**19,345**	**1,843**	**453**	**36**	**21,677**
Consolidated			**Board**	**Endowment**	**Intra Group adjustment**	**Shetland IJB**	**Consolidated**
2019			**2020**	**2020**	**2020**	**2020**	**2020**
£000		**Note**	**£000**	**£000**	**£000**	**£000**	**£000**
	Taxpayers' Equity						
9,217	General fund	SoFP	7,063	0	0	0	7,063
12,465	Revaluation reserve	SoFP	12,282	0	0	0	12,282
453	Other reserves - joint venture	SoFP	0	0	453	36	489
1,497	Funds Held on Trust	SoFP	0	1,843	0	0	1,843
23,632	**Total taxpayers' equity**		**19,345**	**1,843**	**453**	**36**	**21,677**

PRIOR YEAR		**Board**	**Endowment**	**Intra Group adjustment**	**Shetland IJB**	**Consolidated**
		2019	**2019**	**2019**	**2019**	**2019**
		£000	**£000**	**£000**	**£000**	**£000**
Non-current assets:						
Property, plant and equipment	SoFP	30,303	0	0	0	30,303
Intangible assets	SoFP	9	0	0	0	9
Financial assets:						
Investments	SoFP	0	1,347	0	0	1,347
Investments in associates and joint ventures		0	0	182	271	453
Total non-current assets		**30,312**	**1,347**	**182**	**271**	**32,112**
Current Assets:						
Inventories	SoFP	396	0	0	0	396
Financial assets:						
Trade and other receivables	SoFP	1,285	173	(309)	0	1,149
Cash and cash equivalents	SoFP	142	139	0	0	281
Total current assets		**1,823**	**312**	**(309)**	**0**	**1,826**
Total assets		**32,135**	**1,659**	**(127)**	**271**	**33,938**
Current liabilities						
Provisions	SoFP	(445)	0	0	0	(445)
Financial liabilities:						
Trade and other payables	SoFP	(8,682)	(162)	309	0	(8,535)
Total current liabilities		**(9,127)**	**(162)**	**309**	**0**	**(8,980)**
Non-current assets plus / less net current assets/liabilities		**23,008**	**1,497**	**182**	**271**	**24,958**
Non-current liabilities						
Provisions	SoFP	(1,326)	0	0	0	(1,326)
Total non-current liabilities		**(1,326)**	**0**	**0**	**0**	**(1,326)**
Assets less liabilities		**21,682**	**1,497**	**182**	**271**	**23,632**
Taxpayers' Equity						

General fund	SoFP	9,217	0	0	0	9,217
Revaluation reserve	SoFP	12,465	0	0	0	12,465
Other reserves - joint venture	SoFP	0	0	182	271	453
Funds Held on Trust	SoFP	0	1,497	0	0	1,497
Total taxpayers' equity		**21,682**	**1,497**	**182**	**271**	**23,632**

26c. CONSOLIDATED STATEMENT OF CASHFLOWS

Consolidated		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2019		**2020**	**2020**	**2020**	**2020**	**2020**
£000		**£000**	**£000**	**£000**	**£000**	**£000**
	Cash flows from operating activities					
(62,099)	Net operating expenditure	(66,567)	525	0	36	(66,006)
1,145	Adjustments for non-cash transactions	1,475	0	0	(36)	1,439
39	Investment income	0	41	0	0	41
(408)	Movements in working capital	1,839	0	0	0	1,839
(61,323)	**Net cash outflow from operating activities**	**(63,253)**	**566**	**0**	**0**	**(62,687)**
	Cash flows from investing activities					
(699)	Purchase of property, plant and equipment	(1,034)	0	0	0	(1,034)
(256)	Investment additions		(119)	0	0	(119)
9	Proceeds of disposal of property, plant and equipment	89	0	0	0	89
255	Receipts from sale of investments		119	0	0	119
(39)	Interest received	0	(41)	0	0	(41)
(730)	**Net cash outflow from investing activities**	**(945)**	**(41)**	**0**	**0**	**(986)**

Consolidated		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2019		**2020**			**2020**	**2020**
£000		**£000**			**£000**	**£000**
	Cash flows from financing activities					
62,126	Funding	63,957	0	0	0	63,957
(8)	Movement in general fund working capital	(18)	0	0	0	(18)
62,118	Cash drawn down	63,939	0	0	0	63,939
62,118	**Net Financing**	**63,939**	**0**	**0**	**0**	**63,939**
65	**Net increase/(decrease) in cash and cash equivalents in the period**	(259)	525	0	0	266
216	**Cash and cash equivalents at the beginning of the period**	215	66	0	0	281
281	**Cash and cash equivalents at the end of the period**	**(44)**	**591**	**0**	**0**	**547**
	Reconciliation of net cash flow to movement in net cash					
65	Increase in cash in year	266	0	0	0	266
216	Net cash at 1 April	215	66	0	0	281
281	**Net cash at 31 March**	**481**	**66**	**0**	**0**	**547**

26c. CONSOLIDATED STATEMENT OF CASHFLOWS

PRIOR YEAR	Board	Endowment	Shetland IJB	Consolidated
	2019	**2019**	**2019**	**2019**
	£000	**£000**	**£000**	**£000**
Cash flows from operating activities				
Net operating expenditure	(62,463)	93	271	(62,099)
Adjustments for non-cash transactions	1,416	0	(271)	1,145
Investment income	0	39	0	39
Movements in working capital	(408)	0	0	(408)
Net cash outflow used in operating activities	**(61,455)**	**132**	**0**	**(61,323)**
Cash flows from investing activities				

Purchase of property, plant and equipment	(699)	0	0	(699)
Investment additions	0	(256)	0	(256)
Proceeds of disposal of property, plant and equipment	9	0	0	9
Receipts from sale of investments	0	255	0	255
Interest received	0	(39)	0	(39)
Net cash outflow from investing activities	**(690)**	**(40)**	**0**	**(730)**
PRIOR YEAR	**Board**	**Endowment**	**Shetland IJB**	**Consolidated**
	2019	**2019**	**2019**	**2019**
	£000	**£000**	**£000**	**£000**
Cash flows used in financing activities				
Funding	62,126	0	0	62,126
Movement in general fund working capital	(8)	0	0	(8)
Cash drawn down	62,118	0	0	62,118
Net Financing	**62,118**	**0**	**0**	**62,118**
Net (decrease)/increase in cash and cash equivalents in the period	(27)	92	0	65
Cash and cash equivalents at the beginning of the period	150	66	0	216
Cash and cash equivalents at the end of the period	**123**	**158**	**0**	**281**
Reconciliation of net cash flow to movement in net debt / cash				
Increase in cash in year	65	0	0	65
Net cash at 1 April	150	66	0	216
Net cash at 31 March	**215**	**66**	**0**	**281**

Glossary of commonly abbreviated terms and acronyms in the report

Acronym:	*Narrative Explanation:*
A&E	Accident and Emergency Department
AME	Annually managed expenditure (a type of non-core funding allocation received by Boards)
AOP	Annual Operating Plan, replaced local delivery plan
BMI	Body Mass Index
Brexit	British Exit from the European Union
BV	Best Value
CAMHS	Child and Adolescent Mental Health Services
CCPGC	Clinical Care and Professional Governance Committee
CFS	NHS Scotland Counter Fraud Services , when used in reference to fraud
CFS	Consolidated Statement Of Cash Flows, when referenced in the financial notes
CNORIS	Clinical Negligence and Other Risks Indemnity Scheme
CO_2	Carbon Dioxide
DATIX	Board's Incident Reporting and Risk Management Information System
eISG	eHealth and Informatics Support Group
ENT	Ear Nose and Throat
EU	European Union
FReM	Government Financial Reporting Manual
GDPR	General Data Protection Regulation (EU) 2016/679
GP	General Practitioner
HAI	Healthcare Associated Infection
HEI	Healthcare Environment Inspectorate
HIS	Healthcare Improvement Scotland
ICO	Information Commissioner's Office
IJB	Shetland Islands Health and Social Care Partnership also referred to as Integration Joint Board
IG	Information Governance
ISD Scotland	Information Services Division that is part of NHS National Services Scotland
IT	Information Technology
IFRSs	International Financial Reporting Standards
ISAs	International Standards on Auditing
JSCP	Joint Strategic Commissioning Plan
LOIP	Local Outcome Improvement Plan
MMR	Safe and effective combined vaccine that protects against 3 separate illnesses – measles, mumps and rubella (German measles) – in a single injection. The full course of MMR vaccination requires 2 doses
NDC	National Distribution Centre, NHS NSS National Procurement store
NES	NHS Education for Scotland
NHS	National Health service
NHS NSS	NHS National Shared Service
NHS Perform	Website on NHS Scotland information that is produced by NHS National Services Scotland
NHS Shetland	Shetland Health Board
OSCR	Office of the Scottish Charity Regulator
PAO	Principal Accountable Officer
PAIAW	Payment As If At Work
PPE	Property Plant and Equipment
Acronym:	Narrative Explanation:

RICS	Royal Institution of Chartered Surveyors
RMG	Risk Management Group
RAG	standard matrix with red, amber, green to indicate the level of performance outturn achieved
RRL	Revenue Resource limit
RTT	Referral to Treatment Target
SoCNE	Statement of Consolidated Comprehensive Net Expenditure
SoCTE	Summary of Resource Outturn
SoFP	Consolidated Statement of Financial Position
SFIs	Standing Financial Instructions
SGHSCD	Scottish Government Health and Social Care Directorate
SIC	Shetland Island Council
SPFM	Scottish Public Finance Manual
Telehealth	Is the use of digital information and communication technologies, such as computers and mobile devices, to access health care services remotely and manage your health care. These may be technologies you use from home or that your doctor uses to improve or support health care services.
VAT	Value Added Tax
WTE	whole time equivalent value for NHS staff

DIRECTION BY THE SCOTTISH MINISTERS

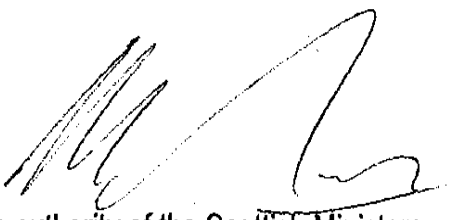
1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.

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