

# Annual Report and Accounts for the Year Ended 31 March 2023



## Contents

|   |     |
|---|-----|
| Performance Report  | 1   |
| Overview  | 1   |
| Performance Analysis  | 20  |
| Accountability Report   | 36  |
| Corporate Governance Report   | 36  |
| 1) Directors Report   | 36  |
| 2) Statement of Board Members Responsibilities                                | 38  |
| 3) Statement of Chief Executive's Responsibilities as the Accountable Officer | 39  |
| 4) Governance Statement   | 40  |
| Remuneration and Staff Report   |     |
| 1) Remuneration Report  | 52  |
| 2) Staff Report   | 60  |
| Parliamentary Accountability Report   | 66  |
| Independent Auditors Report   | 67  |
| Financial Statements  |     |
| Statement of Comprehensive Net Expenditure                                    | 72  |
| Statement of Financial Position   | 73  |
| Statement of Cashflows  | 74  |
| Statement of Changes in Taxpayers Equity                                      | 75  |
| Notes to the Accounts   | 76  |
| Direction by Scottish Ministers   | 113 |
| Glossary of terms   | 115 |

# Performance Report

## Overview

We are delighted to present this report covering what has been an exceptional year. We are particularly grateful to our staff who, together with our partners across the public sector and beyond, demonstrated the highest levels of professionalism and commitment in delivering our objectives and in improving population health and reducing health inequalities. The purpose of this overview is to outline the role and purpose of NES, the outcomes and objectives we are seeking to achieve and our performance in delivering against those throughout 22/23.

At NES, we help people who work in health and social care to undertake the education, training and skills development they need to provide high quality care for people in Scotland. This year, we worked nationally and locally with partners, including people with lived experience and carers, to make a positive and lasting impact to improving peoples' wellbeing.

We engaged with stakeholders to help understand where we should focus our post-COVID recovery efforts while establishing new ways of working and shaping our future ambition and strategic intent.

As the education, training, workforce development and technology provider for the NHS in Scotland and playing a similarly important role in social care and social work, we used our data and intelligence to help our partners plan for the workforce of today and for the future. We used our technology expertise and insights to support the best clinical and social care practice through education and training.

For us, 2022/23 was a year in which we made significant progress to deliver for the people of Scotland. This year, we:

- Deepened and broadened our partnership with the NHS Golden Jubilee through the NHS Scotland Academy. The partnership delivers accelerated training to meet the clinical and care needs of people across Scotland, with a focus on immediate workforce priority needs. Programmes included endoscopy training, perioperative skills, ultrasound training, and clinical skills for pharmacists.
- Continued to expand our digital services and support for organisations across the country. In November 2022, we launched the National Digital Platform, on behalf of the Scottish Government. This brings together cloud-based digital components and services, making it easier to build or enhance technology solutions for the public sector in Scotland. With better access to data, staff can make better decisions about care, whatever the setting.
- Invested in our network of trainers and educators across Scotland. These staff manage training programmes, facilitate placements, support practice education, and provide an infrastructure to ensure that our training meets the highest standards. Training, provided online and in person, has now largely returned to pre COVID-19 levels.
- Continued our work to attract people to the sector, including recruitment for specific careers, such as medicine, dental, pharmacy, psychology and healthcare science. While recruitment in dental core training has been challenging, in other areas, we have seen excellent fill rates. More medical training posts were filled in 2022 than in any other year since records began in 2013.

- Delivered essential learning across many fields that reflects the increasingly multi-disciplinary nature of health and social care, including, nursing, midwifery, allied health professionals and healthcare support workers.
- Established our Social Care Directorate, recognising the need to work across all sectors to support better health and wellbeing in Scotland. The directorate will promote engagement beyond the NHS and help us improve our services to the wider care sector.
- Worked to develop a new corporate strategy for 2023-26, consulting widely with partners and staff to create a compelling vision for the future.

These achievements are covered in more detail in the attached report, and we commend it to you.



**Prof. Karen Reid**  
Chief Executive



**Dr David Garbutt**  
Board Chair

## How we work

Within our organisation we are structured into nine Directorates, along with the NHS Scotland Academy. Details of the main activities across the year by directorates is shown below:



### NES Technology

- Development of a new, digital by default, technical environment and commensurate digital services to all NES stakeholders
- Support and development of fit for purpose, corporate systems and services to allow NES teams to deliver their strategic outcomes
- Communication, support and leadership in all digital and technical disciplines
- Impact assessment of all new technology based services and systems
- Research and development as appropriate.



### Nursing, Midwifery and Allied Health Professionals

- Commission education programmes
- Support the delivery of education and training in the workplace
- Create and provide educational materials, resources and learning opportunities
- Provide workforce and education data analysis to better understand workforce requirements



### NHS Scotland Academy

- Draws on strengths of both NHS Golden Jubilee and NHS Education for Scotland
- Supports NHS Scotland and social care providers to develop additional capacity and new capabilities
- Offers immersion training for rapid upskilling
- Delivers attractive training programmes linked to recruitment and career progression



## Finance and Procurement

---

- Leading on financial management issues across the organisation, playing an important role in corporate governance including Risk Management and development of Audit Plans
- Ensuring best value is achieved across the commissioning of goods and services and providing stewardship of financial resources across the board
- Providing expert financial advice, technical guidance, analytical analysis and pro-active decision support to develop the Board's financial plans and business cases
- Ensuring a strong and effective internal control environment across all transactional processing and statutory reporting



## Psychology

---

- Commissioning and delivery of education programmes
- Supporting health boards to deliver psychological therapies and interventions for the health and social care workforce throughout Scotland
- Leading the National Trauma Training Programme develop a trauma informed and responsive workforce
- Workforce development and delivery of appropriate educational infrastructure



## Planning and Corporate Resources

---

- Corporate Governance
- Feedback, Complaints, Concerns and Whistleblowing
- Corporate Communication & Engagement
- Strategic and Operational Planning
- Performance and Risk Management



## Workforce

---

- Planning, attracting, engaging, training, developing, supporting and retaining a talented NES workforce
- Leading on organisation development, continuous improvement and the management of change
- Support the recruitment and employment of Doctors and Dentists in Training in NES's capacity as Lead Employer
- Leading to Change
- Centre for Workforce Supply



### **Dentistry, Healthcare Science and Optometry**

- Undergraduate placements in clinical settings
- Management of postgraduate and other training programmes
- Continuing professional development
- Development of evidence based guidelines
- Support for dental registrants in difficulty



### **Medicine, Pharmacy, Quality Improvement and Patient Safety**

- Undergraduate placements in clinical settings
- Management and commissioning of postgraduate and other education and training programmes
- Provision of a Trainee Development and Wellbeing Service (TDWS)
- Continuing professional development
- Management and support of revalidation



### **Social Care**

- Support extension of the NES's education, training, workforce development, knowledge services and digital solutions to the social care workforce in Scotland.
- Partner others to design, develop and deliver resources that meet the needs of the social care workforce
- Develop approaches that take account of the specific operating conditions, purpose, opportunities and challenges for social care services in Scotland

Our work is aligned under five strategic themes, in line with the NES Strategy 2019-2024:

1. A high-quality learning and employment environment.
2. National infrastructure to improve attraction, recruitment, training, and retention.
3. Education and training for a skilled, adaptable, and compassionate workforce.
4. A national digital platform, analysis, intelligence, and modelling.
5. A high performing organisation (NES).

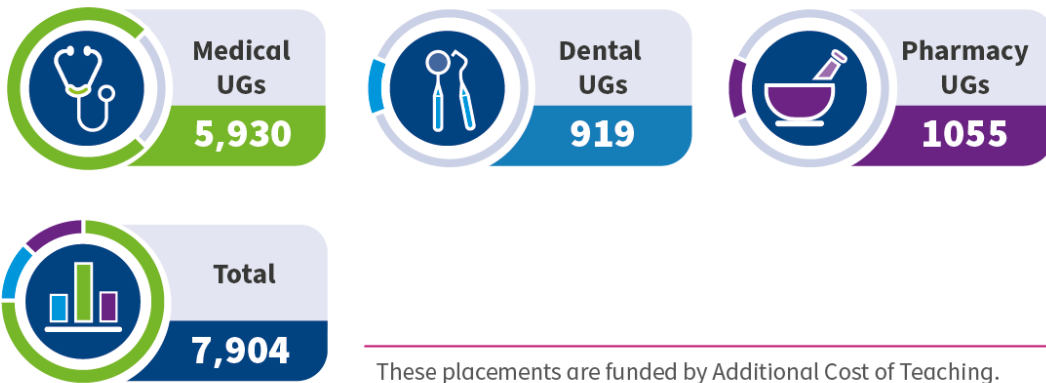
During 2022/23, we worked on developing a new corporate strategy for 2023-26 and commenced a consultation process to shape this ahead of finalising during the first quarter of 2023/24.

# 1 Providing placement opportunities

for undergraduate students, recruiting, and managing progression through structured post-graduate training programmes.

## UNDERGRADUATE EDUCATION PLACEMENTS

Support for Undergraduate Education Placements

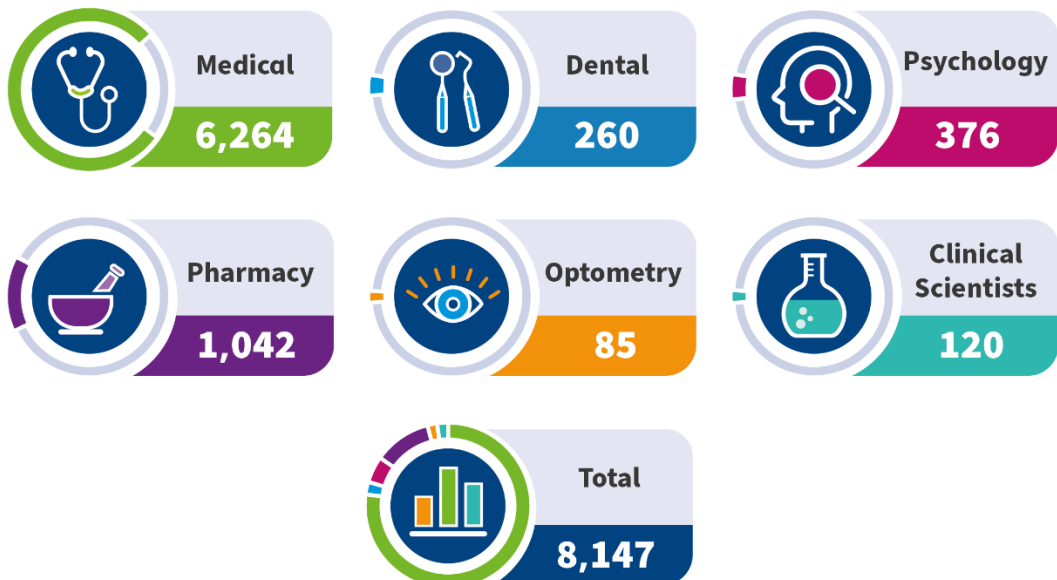


These placements are funded by Additional Cost of Teaching.

The investment from the Medical Additional Costs of Teaching (ACT) has increased by £10 million (2021/22: £11.5 million) to £136m. The increase in the expenditure reflects inflationary increases related to pay and the increased student numbers as a result of Scottish Government policy on the numbers of Medical students.

## POSTGRADUATE TRAINING PROGRAMMES

Support for Postgraduate Training Programmes

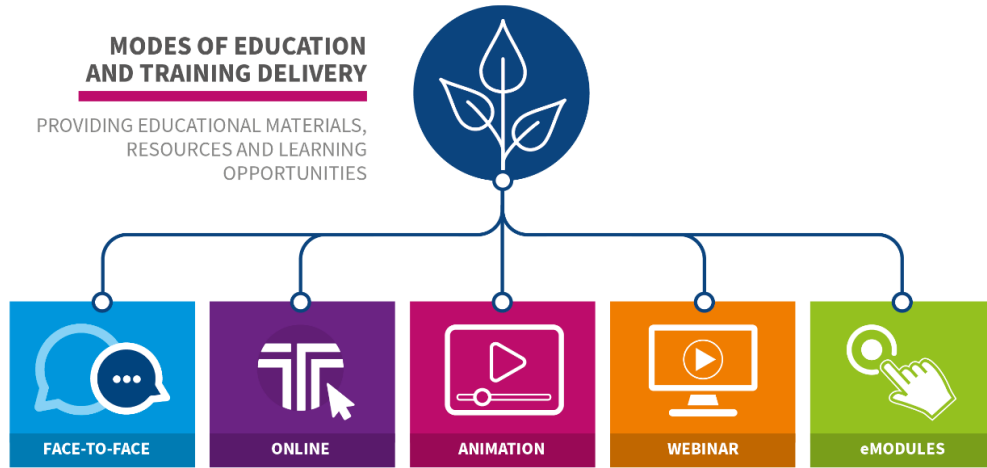


The expenditure relating to the above activities can be found in Note 4.



## 2 Providing educational materials, resources and learning opportunities

We provide a range of educational resources and interventions, which can be accessed in many ways, to support the health and social care workforce in formats that suit them.



### 2.1 Face to Face

All Quality Improvement programmes continued to be delivered in 2022/23 using a blended approach of virtual and face to face. This included the annual Scottish Improvement Leader graduation event. There are currently 153 members of the Devolved Scottish Improvement Foundation Skills (SIFS) channel who are engaging with the core material to deliver locally.

A successful Quality Improvement Alumni face to face networking event was held in May, attracting nearly 200 registrants.

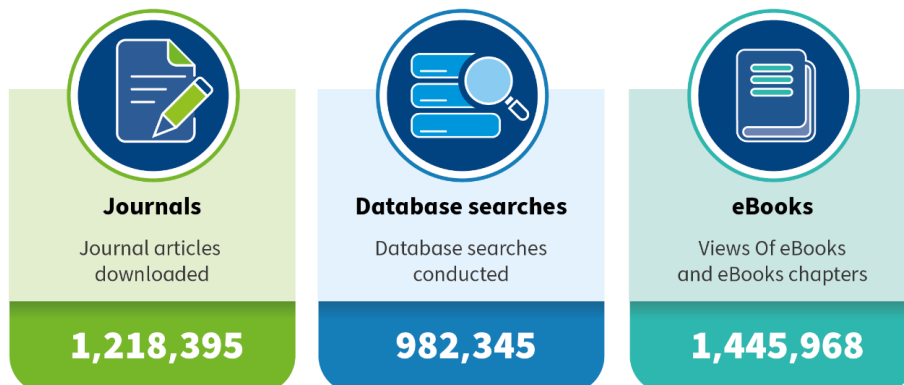


### 2.2 Online

The Knowledge Network is the national knowledge management platform for health and social care in Scotland. It is developed and maintained by the Knowledge Services group within NES. Through a blend of web-based resources, we continue to put information at users' fingertips.

**THE KNOWLEDGE  
NETWORK**

## Use of Subscription Resources



The Knowledge Network digital library [www.knowledge.scot.nhs.uk](http://www.knowledge.scot.nhs.uk) continues to make resources available across NHS Scotland and Social Care. The latest 3-year contract for library subscriptions began in April 2022.

To support better access to these resources we have introduced some improvements to our service over the last year, most notably the ability for NHS Scotland staff to sign-in to OpenAthens to access digital library services (including e-journals, databases, and evidence summaries) using their NHS Scotland work email address and password. In addition to this, we have purchased the LibKey service which provides quicker and easier access to journal articles and eBooks from The Knowledge Network as well general web searches.

The Knowledge Services Team continue to deliver most training online with webinars ranging from short demos to in depth information literacy sessions. This team are beginning to move back to offering face-to-face training with 2 sessions provided this year and welcome more requests in the coming year. In total 1301 people attended 85 training sessions.

Open badges which are hosted on the Scottish Social Services Council (SSSC) platform, support social care staff in their continuous professional development. Over the year 162 badges were awarded to staff in areas such as research skills, finding evidence to support practice and use of digital library services.

### 2.3 eLearning Development

The eLearning team, based in the Knowledge Management and Discovery Unit with the NES Technology Services directorate, builds and maintains eLearning modules for a wide range of stakeholders. In 2022/23, the team:

- built or rebuilt 99 modules, which are now all live and available to learners
- tested 237 modules
- updated or fixed bugs in 62 modules

A support network has recently been established for staff across a variety of organisations (including NHS Boards, Further and Higher Education) who are building eLearning modules – this provides a knowledge sharing community to promote best practice and skills development. A similar group has already been in place for NES eLearning builders for

some time, and the learning from this group informed the development of the wider community.

The eLearning team continue to manage access to the organisational Vyond and Articulate licenses (used for the development of animations and eLearning resources) and have recently undertaken the management of a NES-wide Shutterstock license, which provides access to a wide range of high quality images for use in learning materials.

### 2.4 Turas Learn Content

The Turas Learn platform is now the learning management platform for ten health boards hosting resources and providing compliance reports, with three boards joining in 2022/23. Many other organisations use the platform to host materials for health and care staff. There are now nearly 22,000 resources available including:

- 1,776 eLearning modules, up from 1,390 last year
- 1,974 videos, up from 1,497 last year
- 6,420 courses, up from 5,327 last year

The number of users successfully completing learning activities are as follows:

|                    | 2021/22 | 2022/23 | % change     |
|--------------------|---------|---------|--------------|
| Course             | 26,837  | 33,611  | 25% increase |
| eLearning          | 108,046 | 132,809 | 23% increase |
| Learning programme | 33,919  | 31,467  | 7% decrease  |

- Turas Learn user access by device type:
  - 74% desktop/laptop
  - 24% mobile
  - 2% tablet

Infection, Prevention and Control Foundation Layer continues to be the most visited site with 401,958 pageviews which is 13% increase on the previous year.

- Google analytics for Learn show that activity has grown compared to the previous year:
  - Total number of sessions: 3,615,396 up 4% on the previous year
  - Total number of pageviews: 20,415,407 up 16% on the previous year
  - Total number of unique pageviews: 13,619,118 up 18% on the previous year

### 2.5 Technology Enhanced Learning (TEL) Team

The Technology Enhanced Learning (TEL) team, based in the Knowledge Management and Discovery Unit with the NES Technology Services Directorate, is delivering a workplan of activities which aim to effectively embed the continued use of technology enhanced learning approaches in the organisation. The 2022/23 workplan was developed to meet the Operational Performance Indicators, listed below.

TEL Operational Performance Indicators:

- Learner Satisfaction
- Staff have skills and confidence in TEL
- Embedding Digital Learning Standards to support TEL activities
- Embedding of TEL Evaluation Tools
- Development of advanced technologies to support particular education needs
- Development of an active TEL community across NES

- Supporting TEL skills within Board

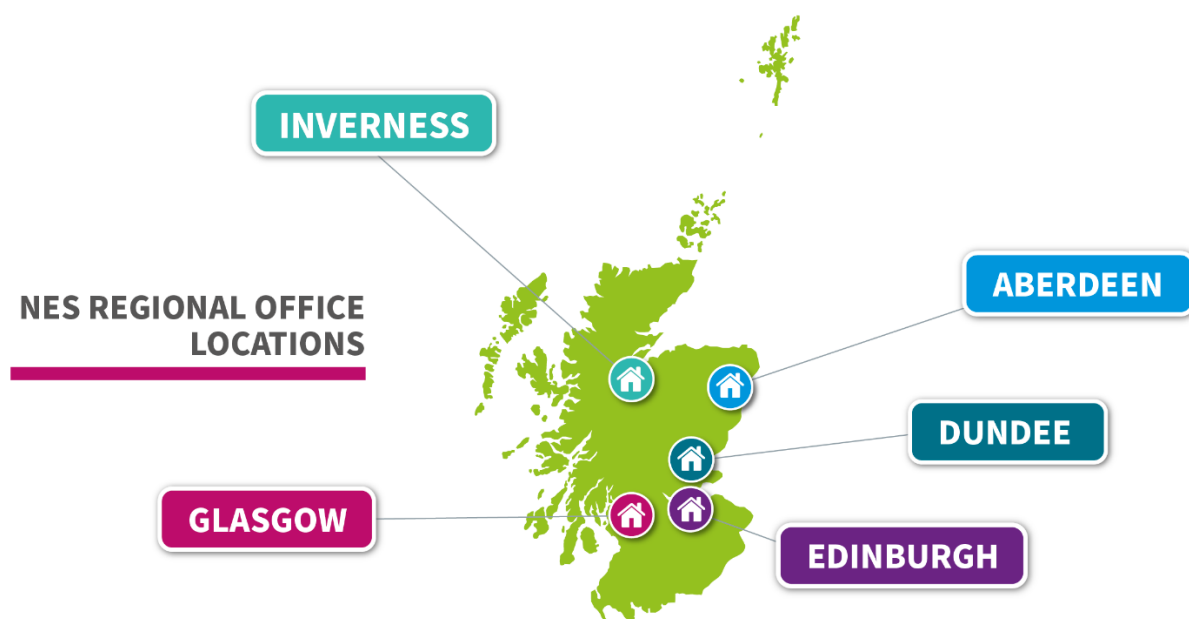
Key deliverables of the team have focused on guidance, educational materials and contextual support to help individuals, teams and Directorates with their TEL needs. A core priority has been the development of evidence-based, learner-centred educational modules covering key aspects of technology within education, and these are hosted on the [Technology Enhanced Learning Design and Facilitation Turas Learn pages](#). As of the end of March, a total of 173 learners had interacted with these modules, which are designed to be accessed either as a full suite of modules or as individual units on a just-in-time basis. They are accessible to staff across health and care.

A robust support model has been established to provide a wide variety of help and advice covering elements including planning, design, programme administration, workflows, storyboarding, evaluation and use of data. The Digital Learning Helpdesk, launched in August 2022, provides a one-stop-shop for queries related to TEL, eLearning and Turas Learn content.

### 3 Provision of physical, people and digital infrastructures

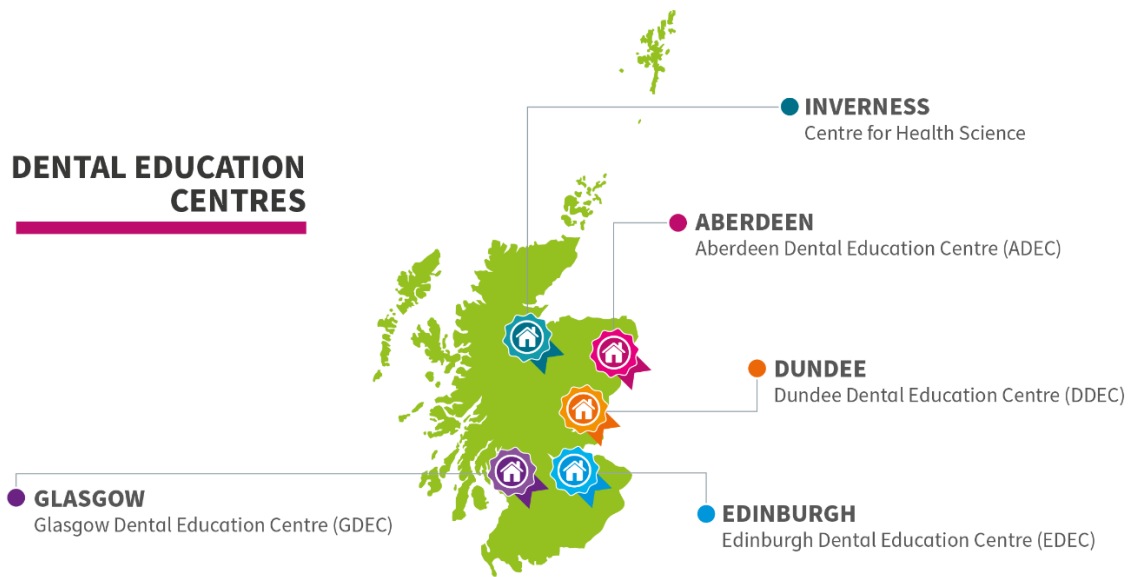
#### 3.1 Physical Infrastructure

We have offices and Education Centres across Scotland and continue to work with other NHS Boards and partner organisations to consider office and learning requirements in response to our commitment to being a remote friendly organisation and new ways of working and learning following the COVID-19 pandemic.



From 1 March 2022 face to face training events began to take place again in the Dental Centres but in a reduced capacity to pre-pandemic levels. This activity has continued to increase but with a recognized shift to on-line delivery remaining for some topics. Where necessary,

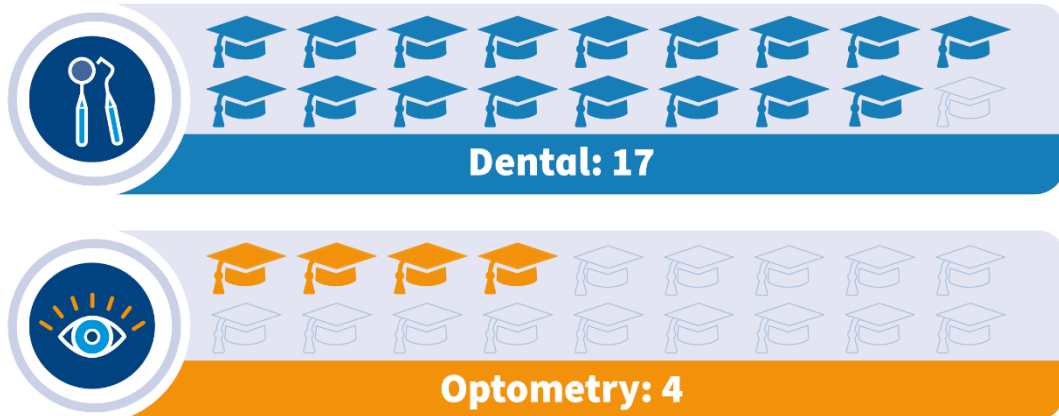
appropriate COVID-19 safety precautions remain in place. Hybrid working is being adopted by staff across all Centres especially where there are business needs to support on-site activities.



The Teach and Treat centres we support normally provide teaching opportunities for undergraduate and postgraduate practitioners.

**TEACH AND TREAT CENTRES**

Providing teaching opportunities for UG and PG Practitioners



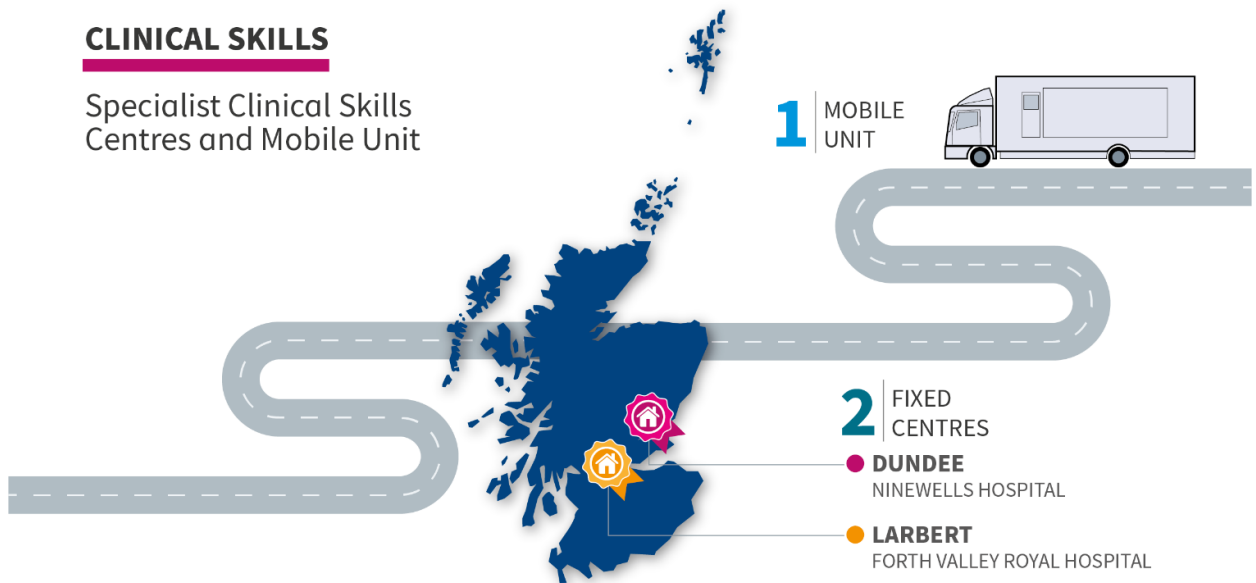
COVID-19 significantly impacted on undergraduate Dental teaching during 2021/22, particularly for aerosol generating procedures; however, during the 2022/23 academic year, the majority of Outreach centres have now been able to return to, or close to, levels of activity consistent with pre-pandemic levels. Those centres which still have some infection control protocols in place, or had been repurposed by NHS Scotland during the pandemic, are anticipating a return to pre-pandemic levels of training delivery ahead of or during the 2023/24 academic year.

We have four traditional Optometry Centres, in the North, East, South East and West of Scotland and these clinics supported 149 optometrists practicing in Scotland, in completing

their clinical placement element of the Independent Prescribing qualification. In addition to our traditional Teach and Treat Centres, 2022/23 saw the start of simulated placements with 67 optometrists utilising state of the art technology to aid achieving their clinical placement.

Our NES Glaucoma Award Training Teach and Treat continued to build on our specialist optometrist-led sessions to our Teach and Treat Centres. We employed both optometrists and ophthalmologists as supervisors across 10 health boards in Scotland for this specialist qualification allowing community glaucoma care.

We also support specialist clinical skills centres and provide a mobile unit which supports training in remote and rural locations.



**NHS Scotland Academy**

NHS Education for Scotland and NHS Golden Jubilee formed the NHS Scotland Academy in 2021/22, a national joint initiative that will support the implementation of NHS Scotland’s Recovery Plan. The partnership capitalises on the existing strengths of both parent Boards and focuses on areas of workforce pressures requiring accelerated training to meet the clinical and care needs of citizens across Scotland. In addition to using the facilities within NHS Golden Jubilee University Hospital, training is delivered at sites across Scotland.

**3.2 People Infrastructure: Trainers and Educators**

We have a network of staff who work for us across Scotland. These staff manage training programmes, facilitate placements, support practice education, and provide an infrastructure to ensure that our training meets regulatory requirements.

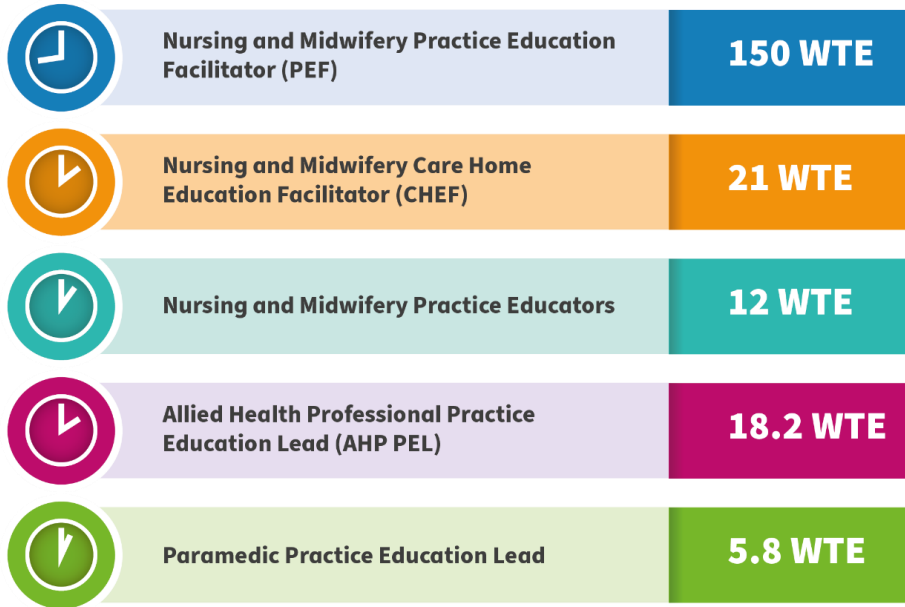
Nursing, Midwifery and Allied Health Professionals (NMAHP) continues to sustain, develop, and enhance the national Practice Education infrastructure within health and care settings (see figure below) to support training and education programmes, increase capacity and recovery of placements, support practice education, and provide an infrastructure to ensure that our

training and education meets regulatory requirements.

**NMAHP EDUCATION NETWORK**

WTEs Within NMAHP Education Network

We provide support to nursing, midwifery and AHP undergraduate students via our Practice Education infrastructure of Practice Education Facilitators (PEFs) and Care Home Education Facilitators (CHEFs)



This was the final year of the additional Allied Health Professionals (AHP) Practice Education Leads and Practice Education Facilitators / Care Home Education Facilitators resource funded by Scottish Government (7.2 WTE Leads, 50 WTE Facilitators, and 7 WTE Care Home Facilitators). It supported recovery and retrieval of placements for pre-registration AHP, nursing and midwifery students, across health and social care settings in Scotland. A priority was increasing diversity of placements to reflect contemporary roles and practice across health and social care settings. For example, the AHP uni-professional practice education projects resulted in 14,000 additional placement weeks including 50 new education opportunities being delivered and 30 new resources developed to support practice-based learning infrastructure for AHPs.

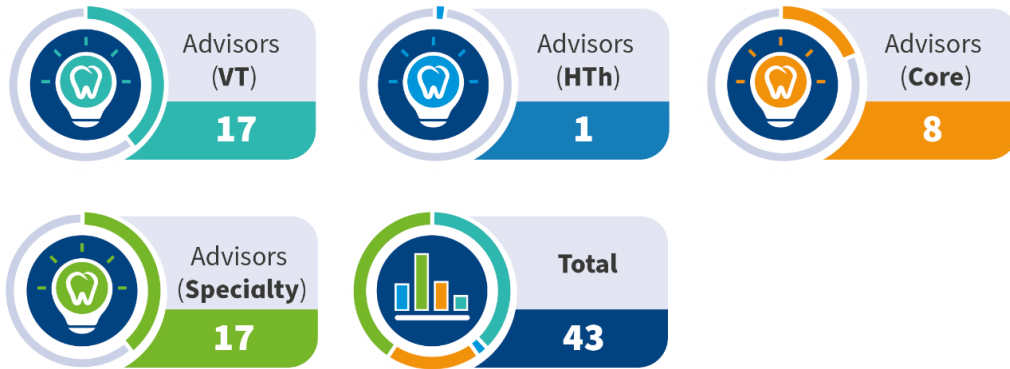
There was also a focus on increasing numbers of registered midwives in Practice Education Facilitator posts in all Boards to provide targeted support to contextualise the new Nursing and Midwifery Council pre-registration midwifery education standards, build supervision and assessment capacity and the expansion of practice learning experiences such as using hub and spoke models.

**MEDICAL**

Training Programme Directors



**DENTAL** Training Programme Directors headcount

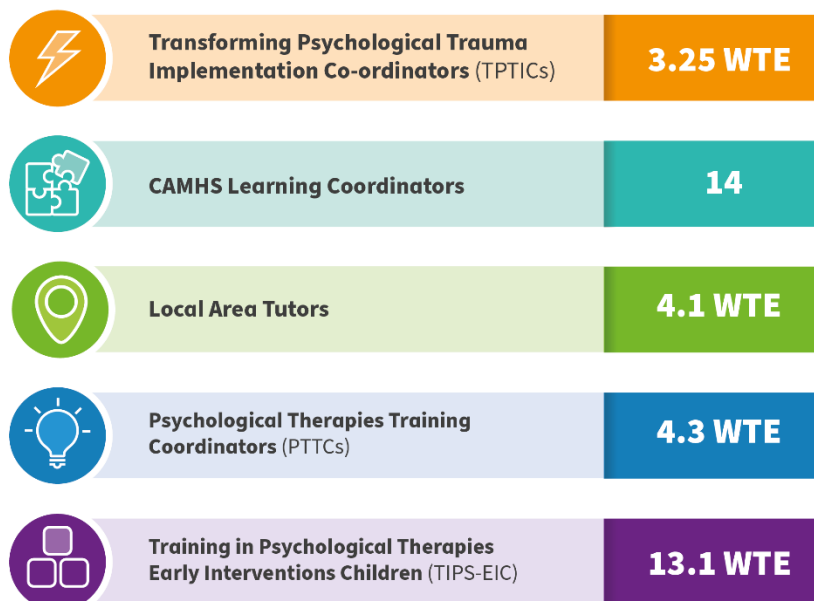


The Advisors support the one-year Vocational Training programme, which graduates must satisfactorily complete to enable them to be eligible to work as an associate or principal in NHS General Dental Practice. In addition, there is a single Therapy Advisor, who supports a part time Vocational Training Scheme for recent Dental Therapy Graduates, which was extended by four months in 21-22 due to the impact of COVID-19. They also supported a programme of educational activities available for 2021 graduates during 2022/23 to prepare them for the Scottish Workforce due to no Therapy Vocational Training taking place. Advisors (Core) support trainees who successfully apply to enter the Hospital and Public Dental Service through a core training placement. The Advisors (Specialty), support Dentists who are undertaking Specialty Training.

These advisors continued to support trainees in post throughout 2022/23 through the delivery of additional training resources to complement their clinical training.

**Psychology Education Network**

**Psychology** Psychology Education Network





- Transforming Psychological Trauma Implementation Co-ordinators, 3.25 WTE nationally, enabling delivery of over 4400 trauma training places supporting multi-sector multi professional workforce.
- Funded network of 14 Child and Adolescent Mental Health Services (CAMHS) Learning Coordinators (headcount/part-time) supporting multidisciplinary CAMHS staff.
- Local Area Tutors, 4.1 WTE across 11 NHS Scotland Boards, to provide support for the training of pre-registration clinical psychologists through liaison/interface between NHS supervisors/ services and Programme providers, as well as placement planning and monitoring, and supervisor training and development.
- Psychological Therapies Training Coordinators, 4.3 WTE in 14 health boards, to work with local strategic planning groups to support the increase in access to Psychological Therapies required to enable boards to meet the Local Development Plan Psychological Therapies Waiting Times Standard.
- Training in Psychological Therapies – Early Interventions Children trainer network, 13.1 WTE, to deliver training, education, practice and implementation support.

### 3.3 Digital Infrastructure

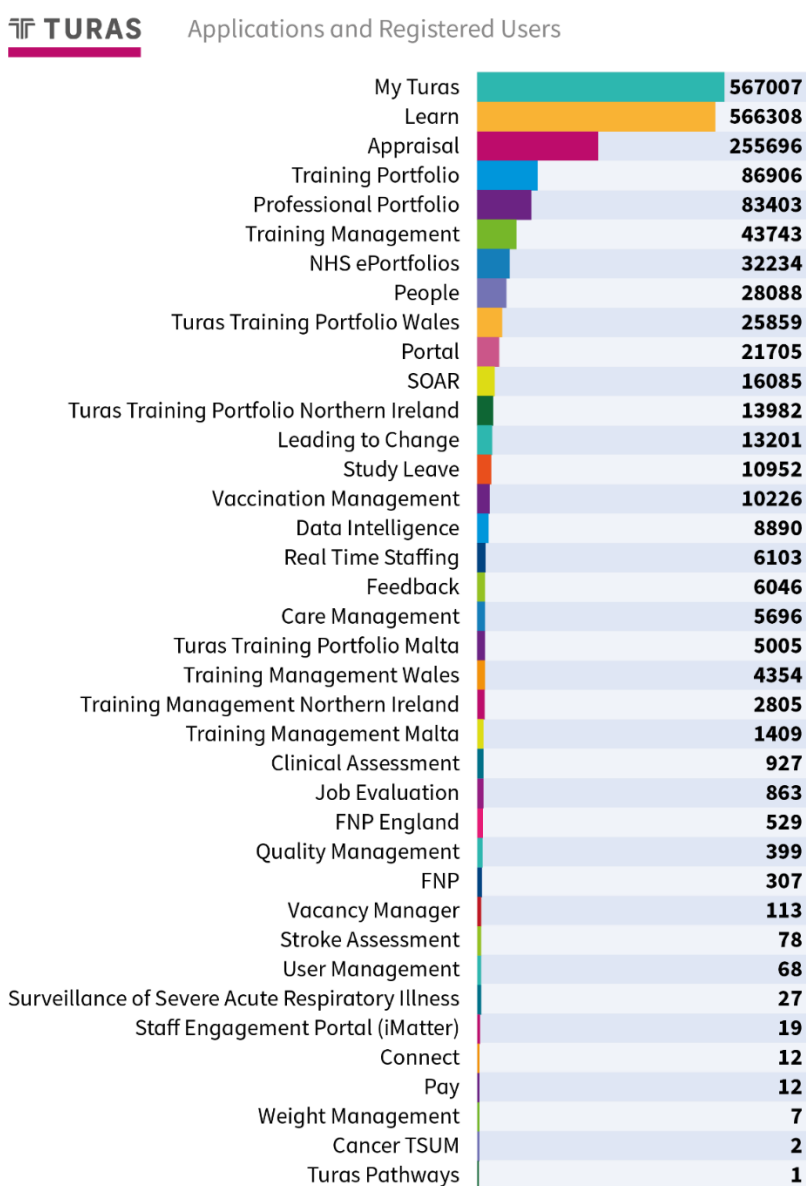
The NES Technology Service remained focused on further development of existing services and deployment of new digital technology which has included:

- The rapid development and deployment of a new application in support of Scottish Government Chief Nursing Officer Directorate to capture Real Time Staffing. This is to ensure appropriate reporting at Board level as part of the Safe Staffing legislation. The application has so far been rolled out to Nursing services in Critical Care, Mental Health, Adult In-Patients and Maternity (including Community services). The tool is live in all 14 Territorial Boards.
- The strategic work to develop and deliver the OpenEyes ophthalmology electronic patient record continues, working in close partnership with NHS Greater Glasgow & Clyde who are live with the v4 of the hospital based application and will be upgraded to v6 (which offers additional functionality) within Quarter 1 of 2023/24. NHS Greater Glasgow & Clyde are also live with the OpenEyes offering to support the Community Glaucoma Service which offers a technical solution to support Community Optometrists who have successfully completed the accredited training with NES Glaucoma Award Training. Further national rollout of hospital and community based use of OpenEyes will continue at pace in 2023/24.
- In support of The Scottish Government Vaccination Programme, NTS continued the development of the Vaccination Management Tool and the underpinning National Clinical Data Store. As part of this work, this year the focus has been on establishing integrations with new systems to allow the data to be visible in further settings. The application interface which sits on the National Clinical Data Store has been developed to allow two different use cases, direct access to data and subscribe to changes in data. These two patterns mean that the programme can now integrate with patient administration systems and offline clinical systems.
- A fully redeveloped and migrated ReSPECT application went live in Forth Valley and is now available for roll out to all NHS Scotland Health Boards and related (especially GP) organisations. The NES team continue to engage successfully with the Scottish Government policy team on the technical solution to support the policy around Future Care Planning.
- The Scottish Care Information (SCI) Diabetes team was successfully transferred from NHS Tayside into the NTS technology group. Work has commenced on the required technical migration from the current national managed technology (ATOS) to the Azure

public cloud environment used by NTS to run the Turas platform. The team successfully delivered the development of the initial, next phase of SCI-Prevent (diabetes), a weight management application to replace an existing, out of life, spreadsheet service.

In support of the National Digital Platform programme commissioned by Scottish Government, the directorate maintain a common runtime environment, a demographics service, multiple data storage solutions, identity and access management and the NDP integration service. The platform sits on the Cloud and supports all of the above workloads in different capacities. The platform was formally launched at Digifest in November 2022.

Below is the list of available applications and users running from the NES Turas Platform as of April 2023 representing more than 1.8 million users of 38 different applications. This is an increase of 200,000 users over the 2021/22 position demonstrating achievement in respect of growing the reach of our digital learning products over the course of the year.



The Turas Dashboard, which has been renamed ‘My Turas’, is the single point of access to all of the different applications, services and learning resources available to a user.

During 2023 NES Technology Service has focused on further developments as follows:

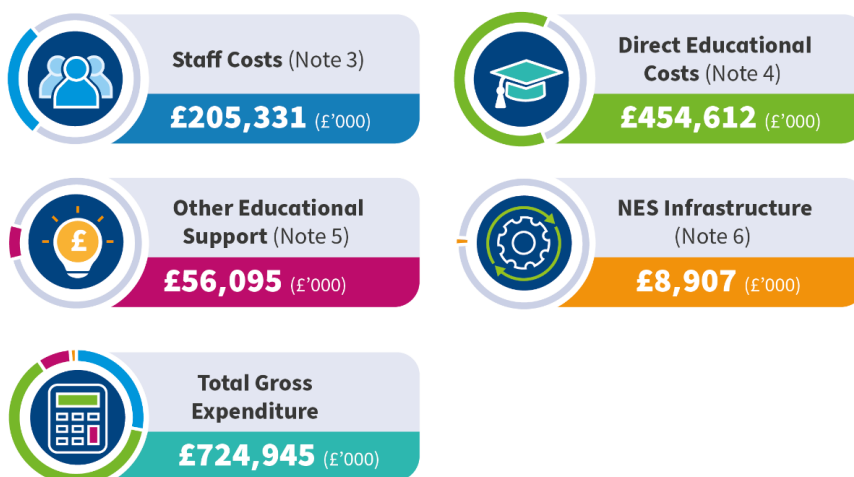
- Turas Learn – further NHS Boards onboarded including NHS National Services Scotland, Scottish Ambulance Service, NHS Forth Valley, NHS Orkney and NHS Western Isles. Continuation of work to facilitate the transfer from Portal system
- Turas Training Portfolio – initial pilot of ePAD for Dundee University student nurses and midwives, Inhalation Sedation for Dental Nurses, NHS Academy Perioperative Portfolio, PDA Intravenous Sedation and Orthodontic Therapy
- Turas Study Leave – implementation of a study leave application for junior doctors and dentists which introduced a more streamlined application, approval and payment process which removed the need for NES to produce and issue cheques in respect of payment
- Training Programme Management – updates made to allow the continued recording of those in formal training programmes and their trainers to allow NES to continue to meet their regulatory recording and reporting requirements including the recording of Pharmacy prescribers
- Websites – continued to work with NES Directorates to rebuild and host websites including Drug Prescribing, Veterans Portal and Careers Framework
- Moodle – completed an upgrade of the previous version of Moodle currently used by NES
- The Knowledge Network – implemented single sign on
- Quality Management – implemented identified product improvements to improve the user experience
- Turas People – implementation of Dental Vocational Training trainees inclusion in the Lead Employer model

### Expenditure in 2022/23

The expenditure relating to all activities during the year is reflected in the Statement of Comprehensive Net Expenditure (SOCNE) and Notes to the Accounts numbered 3 to 6 which are summarised below:

**EXPENDITURE**  
(PER NOTES 3 TO 6)

Summary statement of comprehensive expenditure



The Direct Educational Expenditure in Note 4 of £454,612k (2021/22: 423,706k) flows to Health Boards and Medical and Dental General Practices. The expenditure relating to Other Educational Support in Note 5 of £56,095k (2021/22: £50,368k) is predominantly paid to NHS Scotland Health Boards and Scottish Universities.

### **Developments in our Operating Environment**

Throughout 2022/23 NES has focused on supporting frontline health and social care services through education and learning materials, digital technologies, wellbeing resources and support for learners and trainees as well as our staff. While doing this we engaged with stakeholders to help understand where we should focus our recovery efforts while establishing new ways of working and shaping our future ambition and strategic intent.

We consolidated our working arrangements with NHS Golden Jubilee through the NHS Scotland Academy, supporting the implementation of NHS Scotland's Recovery Plan. Focusing initially on supporting the immediate workforce priority needs of NHS Scotland, including supporting the recruitment of an additional 1500 National Treatment Centre staff and identified accelerated learning.

The Centre for Workforce Supply, hosted by NES, provided support to meet the ongoing international recruitment of NHS staff as well as developing a proposal for expansion into social care international recruitment for 23/24. In the longer term, the centre will support Boards to have the people with the right skills in the right place at the right time through the development of resourcing strategies and services which tackle national and place-based workforce supply challenges.

### **Key Issues and Risks**

During 2022–2023, NES continued to manage the residual effects of the COVID-19 pandemic on training and workforce supply. These were reflected in our strategic and operational risk registers, which documented the consequences of increased pressure on services resulting from the pandemic. The strategic risk register also recorded the potential effects of the pandemic on NES's operations and our ability to demonstrate the impact of our work. During the year, COVID-19 related risks were absorbed by directorate risk registers and managed on a 'business as usual' basis. The Board agreed that the COVID-19 annex to the strategic risk register would be discontinued following confirmation that all remaining risks were addressed by directorates and/or recorded in local risk registers.

NES managed several other strategic risks during the year as captured in the Strategic risk register. These included several strategic and financial risks relating to increasing cost pressures and uncertainty about funding for NES future activities. Controls were in place to mitigate the impact and/or likelihood of each corporate risk materialising.

Following a review of NES's risk management by external consultants, work commenced on the redevelopment of the strategic risk register and the format of risk reports. This work is designed to ensure closer alignment of corporate risks with NES's strategic priorities, as set out in the emerging NES Strategy. A new risk log format will also enhance Board assurance by improving the quality and layout of risk information. This work is being led by the Director of Finance as Executive Lead and is supported by the cross-directorate Risk Management Group.

At the March 2023 meeting of the NES Board, a revised set of Strategic Risks and refreshed Risk Appetite Matrix was presented and approved. This document can be accessed at: <https://www.nes.scot.nhs.uk/media/4b5ek4as/all-papers-nes-board-2023-03-23-public-meeting-revised-updated.pdf>

Strategic Risks are outlined in respect of strategic plan misalignment, workforce capacity and capability, succession planning, employee engagement, corporate support infrastructure, business continuity, cyber security, information governance, financial pressures, policy, legislative, economic and societal change, quality of learning outcomes and inability to meet the changing needs of learners, investment in learning platforms, capacity and skills of NES Technology Service and Board governance. Mitigating actions have been defined in respect of all risks with active reporting and oversight through our governance structures.

## Performance Analysis

NHS Education for Scotland measures performance against a varied set of key financial and non-financial performance indicators.

### 1.1 Financial Performance and Position

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

- Revenue Resource Limit (RRL) - a resource budget for ongoing operations split between core and non-core. Non-core is for accounting adjustments which do not require a cash payment, such as depreciation or annually managed expenditure, where a provision is created for a potential future liability. All other budgets are considered to be core. Any underspend on non-core RRL cannot be carried forward to future years. Further detail can be found in the Summary of Resource Outturn.
- Capital Resource Limit (CRL) – a resource budget for net capital investment, split between core and non-core. In 2022/23 all the NES CRL was classified as core.
- Cash Requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

The performance of NES against each of these limits is set out in the table below:

|                                     | Limit as set<br>by SGHCD | Actual<br>Outturn | Variance<br>(Over)/<br>Under |
|-------------------------------------|--------------------------|-------------------|------------------------------|
|                                     | £'000                    | £'000             | £'000                        |
| Revenue Resource Limit - Core       | 619,933                  | 617,926           | 2,007                        |
| Revenue Resource Limit - Non Core   | 2,042                    | 2,042             | 0                            |
| <b>Total Revenue Resource Limit</b> | <b>621,975</b>           | <b>619,968</b>    | <b>2,007</b>                 |
| Capital Resource Limit - Core       | 2,607                    | 2,606             | 1                            |
| Cash Requirement                    | 613,980                  | 613,980           | 0                            |

| Memorandum for In-Year Outturn                                  |              |
|---|--------------|
|   | £'000        |
| Core Revenue Resource Variance in 2022/23                       | 2,007        |
| Financial Flexibility : funding provided by Scottish Government | 0            |
| <b>Underlying Surplus against Core Revenue Resource Limit</b>   | <b>2,007</b> |
| Percentage  | <b>0.32%</b> |

The most significant element of the underspend of £2m occurred as a result of the non-implementation of the UK Government's planned 1.25% increase in employers' national insurance from November 2022. The Scottish Government left core funding with Boards, and NES treated this as a planned underspend, with a value of £1.1m in 2022/23 and made no further spending commitments against that funding. Furthermore, the vacancy lag target from higher than anticipated vacancies accounted for another £1m of underspend against budget.

## 1.2 Summary of key items from the Financial Statements

### Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets and in accordance with the Financial Reporting Manual (FRM). The Accounts have been prepared under a direction issued by Scottish Ministers, which is reproduced at Page 113 of these accounts.

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

### Going Concern Basis

Under these accounting arrangements, health boards must show liabilities for future years in their accounts without showing funding anticipated from the SGHSCD. This has resulted in net liabilities on the Statement of Financial Position. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government.

### Outstanding Liabilities

NES has recognised a dilapidation liability of £3,730k (2012/22: £4,046k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Glasgow, Edinburgh, Aberdeen, and Inverness. Further information is in Note 13a.

### Legal Obligations

CNORIS is the Clinical Negligence and Other Risk Indemnity Scheme on behalf of the NHS in Scotland. Legal obligations under Medical Negligence claims are reported within Note 13a. The total provision for claims against NES as at 31 March 23 is £50k (2021/22: £376k).

### Prior Year Adjustments

There are no prior year adjustments.

### Significant Changes in Non-Current Assets

Intangible:

NES invested £538k in the development of Real Time Staffing Software for use across NHSScotland

Property, Plant and Equipment:

NES has invested £813k in total - comprising Slit Lamps (£348k) for Optometry Trainees, a Teaching Lab (£59k) for Dental Trainees, a TURP Simulator (£132k), IT Equipment including Wi-Fi structure upgrade and Surface Hubs (274k)

### Post Statement of Financial Position Items

There are no post Statement of Financial Position items

### Impact of Lead Employer Arrangements

Within these accounts we have approximately £86m of expenditure (2022: £79m) relating to NES as one of four Lead Employers for all Doctors in Training within NHS Scotland

The impact of this is reflected in the Statement of Comprehensive Net Expenditure (SoCNE) in staff expenditure and income. The expenditure relating to GP and Dental Trainees, whilst they are in a hospital placement and National Programme Trainees is recharged to the Placement Health Board and offset by an increase in income from NHSScotland boards. The increase in

expenditure reflects the inflationary increase as well as onboarding 150 Dental Vocational Trainees who became employed by NES in August 2022.

### 1.3 Performance Against Key Non-Financial Targets

#### Payment Policy

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

Actual performance in respect of non-NHS Trade Creditors is reported in the table below:

| NON NHS SUPPLIERS                             | 2022/23 | 2021/22 |
|---|---------|---------|
| Average credit taken                          | 7 days  | 10 days |
| % of invoices (by value) paid within 30 days  | 97%     | 97%     |
| % of invoices (by volume) paid within 30 days | 97%     | 97%     |
| % of invoices (by value) paid within 10 days  | 84%     | 93%     |
| % of invoices (by volume) paid within 10 days | 90%     | 92%     |

Supplier payment performance figures have been impacted by issues that arose as a consequence of an upgrade to both the accounting and procurement software in the year. After the accounting software upgrade in January 2023, NES were unable to capture and process invoices automatically which led to reverting to manual procedures to manage the backlog. There continued to be delay and service interruption until year end. The upgrade to the procurement software caused delays to goods receipting of some purchase orders. As a result, invoices paid within 10 days has reduced since prior year however the aspirational target to pay 85% of undisputed invoices, by volume, within 10 days was exceeded, as was the target of paying 95% of undisputed non-NHS Trade Creditor invoices within 30 days.

#### NES Essential Learning Completion Rates as at 31 March 2023

Since March 2022, the Internal Learning & Development team have been working on improvements to the organisation and management of Essential Learning. We identified a range of challenges to increase our essential learning uptake and impact the overall experience for learners across NES.

Progress will continue to be made to improve the learner experience and uptake of essential learning across NES, regularly measuring and reporting progress to executive and senior management who hold the responsibility for achieving compliance with targets.

- NES has achieved an 87% compliance rate for overall Essential Learning by the end of Q4 2023, a significant increase from the 69% compliance rate at the end of Q3. The improved compliance rate can be attributed to concentrated work for the first part of 2023 to improve learner experience and associated data through a range of actions such as:



- Additional and more targeted staff communications on compliance, emphasising the importance of completing Essential Learning and involving staff in data quality ‘clean up’ activity.
- Redesigning a number of our existing modules including release of a single NES Health & Safety module, refreshing Corporate Induction and ongoing work on a new Counter fraud for Manager module.

**ESSENTIAL LEARNING**

NES Essential Learning completion rates



**Social Matters**

As a public body, NES’s requirements in respect of Social Responsibility are encompassed within the Scottish Government’s Fair Work Framework which are reflected in our education delivery and application of the Staff Governance Standard which was benchmarked against the Framework during the year. We also incorporate the Fair Work Framework into NES’s Ethical Procurement Framework.

NES is committed to applying the highest standards of ethical conduct and integrity in its business activities. Every employee and individual acting on NES’s behalf is responsible for maintaining the organisation’s reputation, and for conducting NES business honestly and professionally.

NES considers that bribery and corruption have a detrimental impact by undermining good governance. Transparent, fair conduct helps to foster trust between NES and our partners and is vital for our reputation and future growth. NES has a Standards of Business Conduct Policy, incorporating Hospitality Guidance, which outlines our position in relation to preventing and prohibiting bribery, and reporting suspected instances of bribery.

**Sustainability and Environmental Reporting**

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. In 2020 ‘The Climate Change (Scotland)’

Amendment Order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets.

All designated Major Players (of which NHS Education for Scotland is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually, and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032, while national reports can be found at the following resource:  
<http://sustainablesotlandnetwork.org>.

The report submitted by NES for 2021/22, the most recent year reported, as well as for prior years, can be found at:

<https://sustainablesotlandnetwork.org/reports/nhs-education-for-scotland>

The 2021/22 report showed that emissions from business travel, NES' main source of carbon emissions, rose by 23% from the previous year, as activity increased post-pandemic. However, that source of emissions was down by 84% compared to 2019/20, the year before the Covid-19 pandemic as NES continues with remote and hybrid working as our predominant method of working for most staff. Similarly, emissions from energy usage reduced very significantly from pre-pandemic levels, and we will work to drive forward this reduced in consumption as we continue with our remote/hybrid working approach and as we reconfigure our estate.

#### **1.4 Performance Against Key Operational Targets during 2022/23**

##### **Operational Performance Management**

Throughout 2022/23 we continued to deliver education, training, and workforce support, whilst acknowledging the ongoing pressure on frontline services. During the year we continued to performance report to the NES Board quarterly using RAG status against the targets which were set in our detailed operational and financial plan for 2022/23 and covered all NES activities and programmes. From this detailed operational and financial plan, we identified our priority activities and performance targets.

During 2022/23 we began consulting on our new strategy for 2023-26; and developing the Key Performance Indicators (KPIs) that will demonstrate delivery of our strategy over its 3 year lifespan. The outcome of this improvement work will be enhanced performance reporting and assurance, providing the NES Board and Scottish Government with clearer measures of our performance against our business priorities and strategy. The ongoing development and monitoring of KPIs will also help us drive continuous improvement. The 2022/23 targets by strategic theme are shown below and as can be seen the majority of targets have been delivered in year.

**ALL TARGETS** Summary By Strategic Theme



Overall, there were 549 performance targets, of which 78 (14%) were identified as priority targets. Of all 549 targets, 27 were red, 46 were amber and 476 were green at the end of Quarter 4, giving an overall position of 87% of targets being achieved. This is a 7% improvement on 2021/22 performance. Of all targets reported as red at year end, 15 (55%) were as a result of changes in funding or policy changes. The majority of red targets are linked to the strategic risks in respect of workforce capacity and capability and the capacity and skills of NES Technology Service.

Of all the 78 priority targets, 2 were red, 8 were amber and 68 were green at the end of Quarter 4.

**PRIORITY TARGETS** Summary By Strategic Theme



The 2 red priority targets are outlined below along with the reason for delay. Overall, 87% of priority targets were delivered in year. The majority of these targets related to quality assuring standards of training and supporting the continuing professional development of staff in all healthcare professions. There was also successful delivery in enhancing the knowledge and skills of staff working in remote, rural and island locations and delivery of the Centre for Workforce Supply, supporting the achievement of successful recruitment outcomes.

| Area                             | Priority Targets not achieved (Red)                                | Reason for delay   |
|----------------------------------|--|--|
| Optometry (1)                    | To provide accredited glaucoma training for 75% of optometrists.   | This work was not funded and therefore did not progress to delivery.           |
| National Technology Services (1) | To establish a single medical record in at least one health board. | This work has been paused while funding and resource constraints are reviewed. |

The following key non-financial targets reflect the main areas of NES activity as outlined in the Performance Report Overview.

### 1.4.1 Recruitment to and Progression through Key Training Programmes

The following information outlines our recruitment to and progression through key training programmes. As for the majority of these programmes intakes are aligned with the start of the academic year, the data quoted relates to August 2022.

#### **TRAINING GRADES** Medical

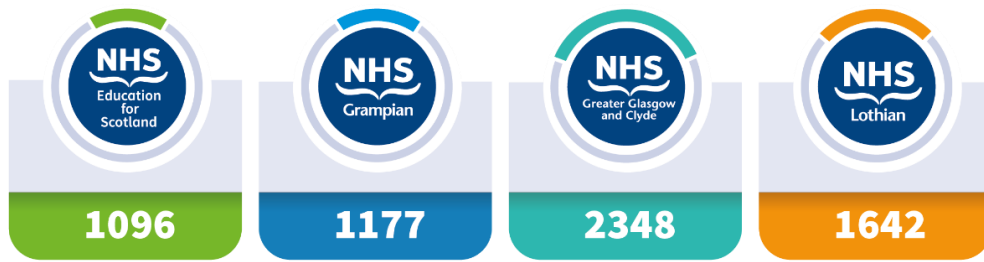


\*There was an agreement to accept additional foundation trainees over and above the agreed target to ensure that the national oversubscription to posts was managed and every medical student who had applied for foundation training was allocated to a post.

The establishment figures above relate to the overall number of posts in Core and GP / Specialty Training programmes, due to training programmes being a length of between 3 and 7 years only a percentage of posts become available to recruit to on an annual basis. The number of posts accepted reflects the number of posts that have been filled in the recruitment round for that particular year. The number of posts filled against establishment reflects the number of trainees that are currently in the training programme plus the number that have been recruited into the vacant posts. Therefore, the percentage of posts filled against establishment reflects the overall fill rate of the training programme, with a fill rate in excess of 90% being achieved in all cases.

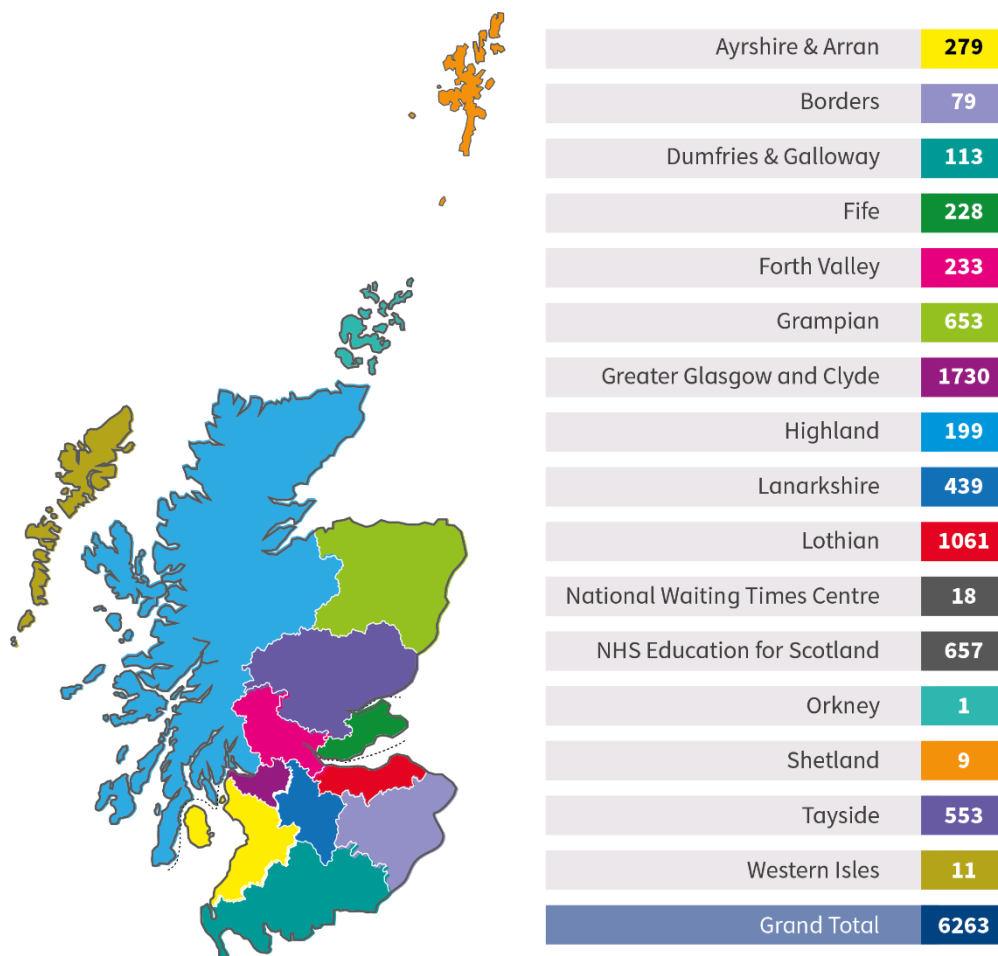
**DOCTORS IN TRAINING**

Trainees per employing board August 2022



**DOCTORS IN TRAINING**

Trainees per placement board August 2022



**Dentistry**

Dental graduates must satisfactorily complete a one-year Dental Vocational Training (DVT) programme to enable them to be eligible to work as an associate or principal in NHS General Dental Practice. The target for vocational training is to provide a sufficient number of places, which at least matches the output of the Dental Schools in Scotland, where those students wish to train in Scotland.

After Vocational Training, Dentists can progress to Dental Core and then to Specialty Training. NES also provides training for Dental Nurses, Orthodontic Therapists, and funds training for Dental Therapists.

## **TRAINING GRADES** Dental



\*152 DVTs commenced training in August 2022. As of March 2023, there are currently 148 in post due to one resignation, two of those commencing additional training in August 2022 having now obtained satisfactory completion and one not completing the additional training time. One VDP did not take up additional training in August 2022 and a suitable post is still being sought.

Dental Core & Specialty Trainee posts are recruited via a UK wide national process. In 2022, the number of successful applicants matching to Scottish posts was reduced in comparison with previous years. Subsequently, a small number of late withdrawals resulted in only 68 of 90 posts being occupied at the post commencement date. Some units attempted to fill vacancies locally, with limited success. A small number of trainees leaving during the training year, means that we have carried a greater number of vacancies in this training year.

For Vocational Training, opportunities for patient treatments, and opportunities for the delivery of full care plans from planning to execution are now close to pre COVID-19 levels. This has meant training has been largely uninterrupted and Vocational Dental Practitioner (VDPs) have had a similar training experience to previous cohorts.

Dental Vocational Trainees are expected to gain appropriate experience and proficiency required to meet the standards for award of Satisfactory Completion. BDS 5 tutors are confident that this year’s cohort will be well prepared for vocational training.

Recruitment to dental core training posts has been challenging with 68 commencing and 22 posts vacant in September 2022, particularly in Oral and Maxillofacial Surgery Units. This increased to 70 in post in March 2023 by successful local recruitment to some vacancies. Improving recruitment rates remains an area of focus for NES.

Training has now largely returned to pre COVID-19 levels.

The review of competence progression (RCP) assesses the progress trainees have made over the year and of the dental core trainees completing training in August 2022, 62 were assessed as having completed the training year satisfactorily and only 1 trainee had not made satisfactory progress. During the period April 2022 to March 2023, 56 Dental Specialty trainees were training in 10 of the 13 dental specialties. Each of these trainees had at least 1 review of progression during this period and the majority of trainees made satisfactory progress.

In this timeframe, 14 trainees completed Specialty training and one left their training post. The Dental Care Professional (DCP) Workstream provide new trainee dental nurses commencing employment with regular access to undertake the NES Dental Nurse Induction blended learning programme. Once successfully completed trainees are considered for a training place to commence the next available NES Pre-registration dental nurse training programme.

Uptake of places is dependent on external recruitment within general dental practice and NHS boards. This dictates demand for training places and is out with our control.

In dental nursing, there has been an increase in recruitment of trainee dental nurses who commenced in September 2022. The achieved % stated represents the number of trainees that commenced the NES Pre-registration programme.

NES make the provision of places available for trainees to access pre-registration training, however as NES does not employ pre-registration dental nurse trainees the actual intake is essentially demand led and we have limited influence on what the sector does in terms of recruiting new starts.

Trainees became NES employees in August 2022, they are placed in general dental practices or Health Boards, working clinically alongside a dentist and or therapist, for a minimum of 15 hours per week.

## **Optometry**

Of the circa 1,650 Optometrists and Ophthalmic medical practitioners on the list of Ophthalmic practitioners in Scotland, 1,601 completed the 2022 Mandatory Training module and reflective exercise with NES which is a resource focused on clinical risk and patient safety.

NES Optometry funded 23 practice staff members in achieving a SQA 5 or SQA7 Optical Assistant qualification.

## **Psychology**

NES is responsible for the pre-registration training of Psychologists for the NHS in Scotland and has a commissioning and direct delivery role. Pre-registration training includes:

- Training of mental health disciplines (e.g., mental health nursing, psychiatry, clinical psychology).
- Mental health training for healthcare disciplines including those in primary care settings (general medical practitioners, general practice nurses, health visitors, school nurses).



- Mental health training for multidisciplinary health staff, social care and third sector staff (including care home/residential staff).

**TRAINING GRADES** Applied Psychology



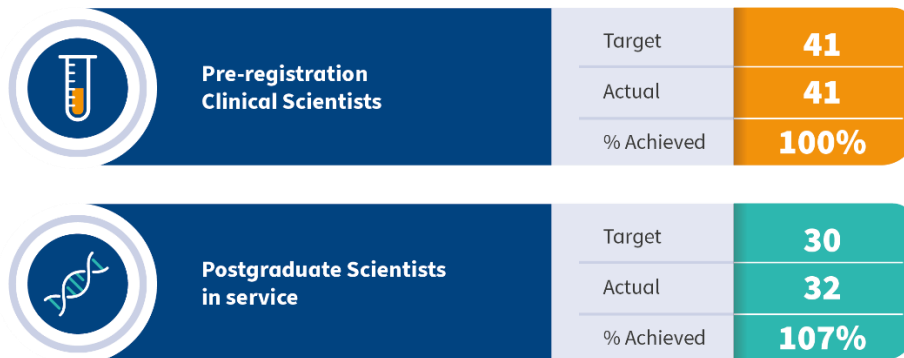
Targets are set in these areas on an annual basis and achievement of these targets is affected by unknown periods of absence such as sick leave, or maternity leave, that result in the need for extensions. People who require extensions to enable them to complete their training programme are not captured in 'actual' as they did not complete by the 31 March. They are likely to complete at a later date and will be reported in future years reporting.

Clinical placements for all trainees continued to encompass elements of remote and digital delivery of supervised clinical practice throughout the year to ensure trainees were obtaining the required experience, and that training was meeting regulatory and professional standards.

## Healthcare Science

NES funds Clinical Scientists who are post-graduate scientists across a range of disciplines in Diagnostic Laboratories, Medical Physics and Clinical Physiology, typically on three-year programmes leading to Health and Care Professions Council (HCPC) registration. Other post-graduate scientist trainees are bursary-supported by NES. We monitor the state of training, irrespective of funding sources. We provide CPD support to trainers and offer other resources specific to the scientific disciplines.

### **TRAINING GRADES** Healthcare Scientists



## Pharmacy

In Scotland there is currently a four-year degree programme for Pharmacy, which must be followed by a pre-registration year as Trainee Pharmacist (known as the Foundation Training Year, FTY). Successful completion of this pre-registration year and passing the General Pharmaceutical Council (GPhC) registration assessment allows registration as a Pharmacist.

### **TRAINING GRADES** Pre-registration Pharmacy



Continued online delivery has increased accessibility to trainees, especially those in remote health boards and has enabled training to continue. A blended/hybrid approach including the return to some face-to-face elements will form the immediate future delivery model. NES has had to extend support for the Provisional registrant cohort (previous PRPS Trainees whose final assessment was delayed by the Pharmacy regulator) with the final impacted group completing in this summer sitting.

### **NHS Scotland Academy (NHSSA)**

During 2022/23 NHS Scotland Academy continued to focus on immediate workforce priority needs:

#### National Endoscopy Training Programme (NETP):

- Upskilling for colonoscopy courses have been delivered in NHS Grampian and NHS Tayside, with 40 learners. 32 Trainers have attended Train the Colonoscopy Trainer Courses as we build faculty.
- Immersion Training is going well with 21 having completed and 29 more signed up. New Consultants and Trainees closest to achieving their Certificate of Completion of Training (CCT) are being prioritised.
- ENTS (Endoscopy Non-Technical Skills) Training is meeting a clear need with 21 people having attended the first courses and 63 on the waiting list.
- National Faculty - all Boards have completed SLAs for round one of recruitment, and appointments have been made for round two, with SLAs being put in place for all Boards but NHS Greater Glasgow and Clyde, who have asked for a different approach that they will clarify.
- National Assistant Practitioner Programme (Endoscopy) – the first cohort of 8 learners is complete and the impact will be evaluated in due course. Cohort two has commenced in April 2023.

#### National Clinical Skills Programme for Pharmacists:

- Four days of Clinical Skills, using the University of Dundee curricula, are delivered most months and we have scheduled in dates for all of 2023. We usually deliver a minimum of 60 learner-places each month and have now delivered over 1,200 learner places to 520 learners.

#### National Treatment Centre Perioperative Workforce Programme:

- We are providing up to 12 places per cohort across the programmes of Foundations in Perioperative Practice, Surgical First Assistant, and Anaesthetic Practitioner.
- The business case for the related workstream to support staff to move from band 2 to band 4 roles in the perioperative environment has been approved and content is being developed.

#### Nursing and Midwifery Council Objective Structured Clinical Examination Preparation:

- The adult nursing resources have been used by 307 learners and 207 educators in 16 Boards (Territorial and National). Feedback from users has been very positive.
- Resources to support midwives and mental health nurses have recently been launched, and well-received.

National Ultrasound Training Programme (NUTP):

- The programme commenced with 9 learners, who have delivered over 1,500 ultrasound supervised procedures as part of training lists whilst participating in immersion training in NHS Golden Jubilee (NHSGJ). Each learner is able to access 5 weeks of immersion training through this programme.
- The Boards with longest waiting times have been prioritised to be offered an ultrasound at NHSGJ and this is already having a positive impact across NHS Scotland.

Introduction to roles in health and social care digital learning programme:

- This resource remains in use with positive feedback and an average of 200 new learners each month (and over 3,600 in total).

NHS Scotland Youth Academy:

- The Skills Development Scotland Healthcare Pathway pilot qualification for senior phase school students was developed, and recruitment has begun. The qualification focuses on three challenge projects: spaces and places, community and wellbeing, and creativity. The pilot will run in five regions, with 100 students taking part.

**1.4.2) Providing Educational Resources and Learning Materials**

- Development of a Healthcare Support Worker (HCSW) Development and Education Framework designed for all NMAHP HCSWs in NHSScotland which supports the development of core knowledge, skills, and behaviours in the four pillars of practice. It enables specific and specialist knowledge, skills and behaviours to be added for all NMAHP HCSWs working in Career Framework Levels 2, 3 and 4.
- 90 new Perinatal and Infant Mental Health Champions have been trained and Phase 1 of a Trauma Informed Maternity Care Pathfinder project has been completed.
- Development of Public Protection education resources to support the health workforce in relation to child and adult protection responsibilities and help them understand and respond appropriately.
- 174 obstetric and neonatal courses have been delivered to 1,655 maternity care and pre-hospital professionals, as well as ongoing activity to support the realisation of the “Best Start” recommendations for maternity HCSWs and supporting birth in the community.
- Development of the Skilled Level Facilitation Resources ‘Supporting a person at risk of distress or crisis, suicide prevention and self-harm’ and an immersive technology digital resource supporting skills development in the assessment of suicide risk. Both are due to launch Spring 2023.
- Development of resources to support Public Health, Health Protection and Infection Prevention and Control (including Vaccination, Antimicrobial Resistance and the Healthcare Built Environment).
- Development of Knowledge and Skills Framework and education resources to support the enactment of the Health and Care (Staffing) (Scotland) Act (2019).
- Development and delivery of “compassionate communications” training programme aimed at health staff involved in adverse events and challenging and supporting the compassionate engagement of patients and families.

- Unpaid carers: education resources have been refreshed to support health and social care staff to meaningfully involve family carers as equal partners in care.
- Held an AHP event to celebrate outputs of the recovery work and highlight the work underway to support the five pillars of the national workforce strategy. 193 attended virtually and 140 attended in person with others viewing the workshop material via the learning toolbox.
- The Scottish Dental Clinical Effectiveness Programme (SDCEP) published the following in 2022/23:
  - Management of Dental Patients Taking Anticoagulants or Antiplatelet Drugs - Published March 2022 (2nd Edition)
  - Conscious Sedation in Dentistry - Reviewed and unchanged December 2022
  - The Dental Prescribing app has been replaced by a new website January 2023
  - The Dental Companion app is being replaced by a new website on 25 April 2023

There has also been continued work on inclusive learning for the health and care workforce in support of the Digital Health and Care Strategy (Domain D) including online resources, education standards and pathways. This has been delivered in partnership with SSSC, the Digital Office for Local Government, the Scottish Council for Voluntary Organisations and the Digital Health and Care Institute (DHI).

*Karen Reid*

**Prof. Karen Reid**  
Chief Executive

29 June 2023

# Accountability Report

## Corporate Governance Report

### 1) Directors' Report

#### Date of Issue

Audited financial statements were approved and authorised for issue by the Board on 29 June 2023.

#### Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Carole Grant, Audit Director, Audit Scotland to undertake the audit of NHS Education for Scotland for the financial years 2022/23 to 2026/27. 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 for Scotland.

#### Board Membership

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

The Board has collective responsibility for the performance of the organisation as a whole, and reflects the partnership approach, which is essential to the achievement of the organisation's objectives.

**Non-Executive Directors of the Board**

| NAME              | DESIGNATION   | DATE OF APPOINTMENT |
|-------------------|---|---------------------|
| MR D GARBUTT      | Non-Executive Director and Board Chair  | Apr-18              |
| MRS L GRIEVE      | Employee Director & Non-Executive Director  | Apr-20              |
| MR D HUTCHENS     | Non-Executive Director and Board Vice Chair   | Mar-15              |
| MS A CURRIE       | Non-Executive Director & Equality, Diversity and Human Rights Champion                  | Sep-18              |
| MRS J FORD        | Non-Executive Director  | May-19              |
| MRS G MAWDSLEY    | Non-Executive Director (Whistleblowing & Climate Emergency and Sustainability Champion) | Feb-20              |
| MS A GUNNER LOGAN | Non-Executive Director  | Nov-21              |
| MS O CLAYTON      | Non-Executive Director  | May-23              |
| MR A BOYLE        | Non-Executive Director  | May-23              |
| MR N HENDERSON    | Non-Executive Director  | May-23              |

**Non-Executive Directors who left in the year**

| NAME         | DESIGNATION                              | DATE OF APPOINTMENT | DATE OF LEAVING |
|--------------|--|---------------------|-----------------|
| MRS L DUNION | Non-Executive Director (until 31 Oct 22) | Jun-18              | Oct-22          |
| MS S WALKER  | Non-Executive Director (until 31 Dec 22) | Jun-18              | Dec-22          |
| MS V NAIRN   | Non-Executive Director (until Oct 22)    | May-19              | Oct-22          |

**Executive Directors of the Board**

| NAME          | DESIGNATION                                  | DATE OF APPOINTMENT |
|---------------|--|---------------------|
| PROF K REID   | Chief Executive and Accountable Officer      | Feb-21              |
| PROF E WATSON | Director of Medicine                         | Apr-22              |
| MR J BOYLE    | Director of Finance                          | Feb-22              |
| MRS K WILSON  | Director of Nursing & Deputy Chief Executive | Jan-18              |

## 2) Statement of Board Members' Responsibilities

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

In preparing these accounts the Directors are required to:

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

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

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

### **Board Members' and Senior Managers' Interests**

Details of any material interests of Board Members, senior managers, and other senior staff in contracts or potential contractors with the organisation, as required by IAS 24 "related party disclosures" are disclosed in Note 19. The Board Members Register of Interests is published annually on the external public website [Our board | NHS Education for Scotland](#)

### **Remuneration for Non-Audit Work**

There was no such work performed in the year by the appointed auditor.

### **Public Services Reform (Scotland) Act 2010**

The information which requires to be published under this Act for 2022/23 can be accessed at [www.nes.scot.nhs.uk](http://www.nes.scot.nhs.uk) from 31 October 2023.

### **Personal Data Related Incidents**

There was one reportable incident in 2022/23.

On 5 April 2022, NES discovered an outage on the Atlassian JIRA Service Management system, impacting on the Digital Service Desk, Workforce Service Desk and Turas Service Desk. The outage was caused by maintenance work undertaken by Atlassian. Users were unable to raise tickets during this period. The incident was reported to the Information Commissioner's Office (ICO) for awareness.

### **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 auditors are unaware; and each director has taken all the steps that he/she ought reasonably to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Board's Auditors are aware of that information.



### 3) Statement of Chief Executive's Responsibilities as the Accountable Officer

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 NHS Education for Scotland.

This designation carries with it responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual 2022/23 published in particular, to:

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

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

I am responsible for ensuring proper records are maintained, and that the Accounts are prepared under the principles and in the format directed by the Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter to me of the 26<sup>th</sup> January 2021.

## 4) Governance Statement

### Scope of Responsibility

As Accountable Officer, I am responsible for the propriety and regularity of financial transactions and for the economical, efficient and effective use of resources. This is achieved by maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. I am responsible for safeguarding the public funds and assets assigned to the organisation.

### Approach to Governance

NES has met its Annual Operating Plan objectives during 2022/23 and delivered under budget despite the strict and challenging fiscal environment.

The work to develop a new Strategy for the Board, associated Strategic Key Performance Indicators and a Communication and Engagement Strategy, has continued and progressed over the 2022/23 period. The Board Development meeting on 27 October 2022 discussed the developing strategy and key performance indicators. The draft strategy, key performance indicators and the developing communication and engagement strategy were discussed at the 20 February 2023 Board Development meeting. These key strategic papers were approved at the 25 May 2023 Public Board meeting.

An "active governance" Board Development session, aligned with the NHS Corporate Governance Blueprint, was delivered to the Board on the 30 June 2022 and the NES Board Assurance Framework improvements were discussed. Work to progress the development of the Board and Committee assurance frameworks has been on-going during the 2022/23 business year.

Work associated with the setting of strategic risk and risk appetite has been progressed during 2022/23. The Board considered the findings of an external consultancy report on risk at the Board Development meeting held on 30 June 2022 and further discussed the setting of risk appetite and reviewed draft strategic risks at the Board Development meeting that took place on 20 February 2023. Risk appetite and strategic risks were approved at the 23 March 2023 Board meeting.

An executive lead and non-executive champion were identified by the Board in line with the Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development DL (2021) 38. The non-executive champion role was homologated by the Board at the 18 August 2022 Board meeting. The Audit and Risk Committee has the main delegated remit for this agenda. The Terms of Reference were amended to align with the 2021 policy and the non-executive champion for Climate Emergency and Sustainability became a member of the Audit and Risk Committee as of the meeting held on 6 October 2022.

The Board received a presentation on the new Model Code of Conduct and approved the new Code at the 26 May 2022 Board meeting. The Board continues to review the whole corporate governance pack annually. The 16 February 2023 Board meeting reviewed, and approved changes made to the Standing Orders, Standing Financial Instructions, Board Scheme of Delegation, Board Code of Conduct and the Committee Terms of Reference.

The Board homologated a change of name for the Digital and Information Committee to the Technology and Information Committee at the 24 November 2022 Board meeting, in order to more accurately reflect the work of this Committee.

As the work of and relationships associated with the NHSS Academy had matured considerably, the Board, in partnership with the NHS Golden Jubilee Board, dissolved the NHSS Academy Joint Strategic Programme Board.

Three non-executive directors retired from the Board during quarter three of the financial year, before their expected tenure was due to complete. However, all Board and Committee meetings have been able to take place as quorate and the Vice Chair has received a six-month extension to term to support member numbers and experience. Working with the Public Appointments Unit, four new non-executive directors to the Board have been recruited, with three commencing in May 2023, and the fourth starting in September 2023.

The work of the Board Committees has continued during 2022/23 with broader, thematic and strategic remits reflected in the Terms of Reference. Committee remits have been aligned with schedules of business, used to develop the prioritisation of agendas.

From 1 January 2023 a revised cover paper format and revised author guidance incorporating the DL (2021) 31 Model Meeting Paper Template and Guidance was adopted. Board and Committee papers continue to use the SBAR approach (Situation/Purpose; Background; Assessment/Key Issues and Recommendations), and emergency climate change and sustainability has been incorporated into the checklist section. The Fairer Scotland Duty: Guidance for Public Bodies and Corporate Parenting as per the Children and Young People (Scotland) Act 2014 has also been added to the checklist section.

Further to the COVID-19 global pandemic, all 2022/23 Committee meetings have taken place virtually using Microsoft Teams. All Public Board meetings have taken place using a hybrid approach to enable in person access to meetings for members of the public (in addition to remote access) if required.

The Board has developed a corporate governance process and approach to respond to calls for evidence to the UK and the Scottish COVID-19 Public Inquiries.

Throughout 2022/23 the key focus has been on managing risk including new and emerging risks and maintaining effective, proportionate, and robust governance and scrutiny.

**Purpose of Internal Control**

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



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

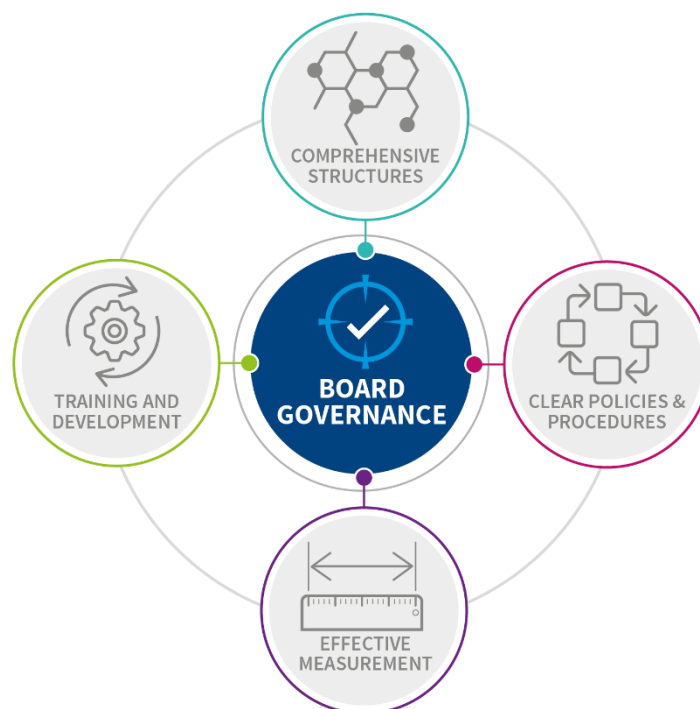
The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the financial year and up to the date of approval of the annual report and accounts.

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

### Operation of the Board

NES uses the NHS Scotland Health Boards and Special Health Boards – Blueprint for Good Governance Second Edition (issued through [DL \(2022\) 38](#)). As such NES recognises the importance of robust corporate governance and in turn how this will contribute to the delivery of a consistent, effective and transparent governance approach across NHS Scotland. NES acknowledges the interdependencies of the three core aspects of the blueprint's corporate governance approach; the functions of good governance and the enablers and systems required to support it, as part of the organisation's overall Board governance system.

NES has in place a comprehensive corporate governance framework, which includes the following elements:



### Comprehensive Structures

- A clearly articulated NES strategy which sets and communicates the Board's vision and intended outcomes covering the period 2019-2024 supplemented by an Annual Operating Plan (AOP). A new NES Strategy was approved by the Board in May 2023. The strategy will be underpinned by a 3 year Medium Term Plan and annual delivery plans.
- A robust Risk Management Strategy which includes a review of the Corporate Risk Register on a quarterly basis by the Board.
- A performance management framework, which records progress against performance targets for each planned outcome, and which is used to produce quarterly reports to the NES Board is in

place. Significant work has been undertaken in 2022/23 to develop more robust strategic performance reporting which is now available for use in 2023/24.

- A comprehensive structure of standing Committees of the Board with agreed Terms of Reference.
- The Board received the corporate governance package as a whole document at the 16 February 2023 meeting. This covered all the corporate governance documents that had been through Committees for annual review and development, including the Board Standing Orders; the Board Code of Conduct; the Board Scheme of Delegation; the Standing Financial Instructions; the Audit and Risk Committee Terms of Reference (ToRs); the Staff Governance Committee ToRs; the Remuneration Committee ToRs; the Education and Quality ToRs and the Technology and Information Committee ToRs.
- In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report. Details of the membership; the attendance record and the coverage of work for all other Committees is contained in the Governance Framework section of this report.

### **Clear Policies and Procedures**

- Clear definition of the roles and responsibilities of the Board are set out in the Board Standing Orders and the Board Scheme of Delegation. These key documents are reviewed and updated on an annual basis.
- Comprehensive Standing Financial Instructions; Procurement regulations; Risk Management Strategy; and supporting procedures and manuals; define how decisions are taken and how associated risks are managed, are regularly reviewed and updated at least annually.
- The new Model Code was approved by the Board in May 2022. Changes were made to the categories included in the Board Register of Interest form and this was updated and published on the website in August 2022.
- Clear complaints policies with annual reporting of Feedback, Comments, Concerns and Complaints.
- The National Whistleblowing Standards have been implemented. The NES Board has delegated the governance of Whistleblowing to the Staff Governance Committee who receive quarterly reports and progress updates. The Board began receiving quarterly Whistleblowing updates through the Chief Executives report at the 18 August 2022 Board meeting. An Annual Whistleblowing Report is scrutinised by the Staff Governance Committee and sequenced through Board for approval.
- The Board is making progress with the implementation of the Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development DL (2021). An executive lead and non-executive champion have been identified and the remit of the Audit and Risk Committee expanded to receive quarterly and annual reports. The Board receive and annual report from the Climate Emergency and Sustainability executive lead and from 16 February 2023 the CEO report includes a section on progress.
- Policies and procedures to manage compliance with relevant laws, regulations and internal arrangements.
- The participation and involvement in key strategic planning groups such as the NHS CEO and Chairs meetings. Existence of clear channels of communication with all stakeholders including Strategic Liaison and Performance Management meetings with the Scottish Government Sponsor Division; Royal colleges and UK regulators, universities and partners such as the Scottish Funding Council, COSLA, NHS Board, Cabinet Secretary Systems Pressure Meetings and the Scottish Social Service Council.

### **Effective Measurement**

- Reliable data from key information systems, which are subject to regular reconciliation, integrity checking and audit; enabling management of the financial resources, human resources and performance of the organisation.

- Regular reports, including a verbal update from all Committee Chairs at each Board meeting highlighting key strategic points from their most recent Committee meeting, Committee approved minutes are made available at the relevant public Board for homologation (with the exception of the Remuneration Committee Minutes).
- A comprehensive annual report from each Committee describing how it has discharged its remit, the impact its work has had on the organisation; and identifying areas for development, is considered by the Audit and Risk Committee as part of its review of the whole system of internal control.
- The Board continued to embed the Blueprint for Good Governance through the connected governance work in the on-going developmental areas of a new NES Strategy; strategic key performance indicators; risk management and strategic risks and the Board and Committee assurance frameworks.
- A comprehensive programme of internal audit review to give assurances concerning compliance with relevant laws, legislation, internal policies and procedures.
- The preparation of an annual report covering the work of the Board.

### **Training and Development**

- The new Chair of the Staff Governance Committee received induction training to the role of Chair, the Staff Governance Committee and the Remuneration Committee. The new member of the Audit and Risk Committee received induction training.
- Role descriptors were developed for the Equality, Human Rights and Diversity champion and the Climate Emergency and Sustainability champion.
- The Board received a presentation on the new Model Code of Conduct. Board members received the Standards Commission guidance and advice notes and an additional NES Board guidance note. Members also received regular newsletters from the Standards Commission for their information.
- Board Development meetings took place on 21 April 2022; 30 June 2022; 25 August 2022 and 20 February 2023. Two sessions took place on the 27 October 2022, a Board Development and a briefing session.
- In order to reach as many Board members as possible, Annual Report and Accounts Workshops were offered on 4 occasions. Two workshops ran on 23 May 2022 and two further workshops took place on 8 June 2022 and 14 June 2022.
- Non-executive Directors had their appraisal review and development discussion with the Board Chair during April – May 2022.
- Processes for identifying and addressing the development needs of Executive Directors and Directors took place via regular one-to-one meetings with the Chief Executive throughout 2022/23. The formal end of year reviews for 2021/22 took place during April and May 2022.
- A culture of continuous improvement, including the adoption of the principles of Best Value and the establishment of new ways of working has been supported through the establishment of a corporate improvement programme and programme management office, which is working collaboratively across NES to facilitate a cohesive, Once for NES approach.

### **Assessment of Board Governance**

- The business of the Board was conducted with the full Committee complement during the 2022/23 period, with the exception of the NHSS Academy Joint Strategic Programme Board.
- The NHS Scotland Academy Joint Strategic Programme Board, was established by the NES and NHS Golden Jubilee parent Boards to provide joint governance for the work of the NHS Scotland Academy in its developmental phase. As a consequence of discussion between both Boards, it was agreed that the NHS Scotland Academy and the relationship between the two parent Boards had reached a level of maturity that no longer required the Joint Strategic Programme Board to be in place. The governance of the NHS Scotland Academy is remitted to the NES Education and Quality Committee and the NHS Golden Jubilee Strategic Portfolio Governance Committee and any strategic overview to each of the parent Boards. The NHS Scotland Academy Joint Strategic Programme Board was dissolved by agreement of the NES Education and Quality Committee, the

NHS Golden Jubilee Strategic Portfolio Governance Committee and the NES and NHS Golden Jubilee Boards. Joint senior manager strategic performance review remains in place through the NHS Scotland Academy Executive Group.

- The Board continued to progress major aspects of governance development in relation to the creation of a new corporate strategy, revised strategic engagement and communication plans, risk management development, risk appetite, strategic key performance indicator development and initiated developmental work on the Board and Committee Assurance frameworks.
- The Board noted the revised Good Governance Second Edition (issued through [DL \(2022\) 38](#)) and amendments were accordingly made to key corporate governance documents. The Self-Assessment against the Blueprint was paused on a national basis during 2022/23 whilst the revisions were made to the second edition.
- The Audit and Risk Committee agreed that a separate 2022/23 Self-Assessment of Effectiveness Annual Report would not be conducted by the Standing Committees (other than the Audit and Risk Committee, as per the requirements of the Audit Handbook). This was in light of the already comprehensive annual reports prepared the Standing Committees. The Audit and Risk Committee advised that all Standing Committees add a standing item of Committee Effectiveness to their agendas and use standardised questions. The Audit and Risk noted the intention of the National Corporate Governance Blueprint Group to progress Board Self-Assessments in the next financial year.

### Review of Adequacy and Effectiveness

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

|                                      |  |
|--------------------------------------|--|
| <b>Executive and Senior Managers</b> | responsible for developing, implementing and maintaining internal controls across their areas;   |
| <b>Audit and Risk Committee</b>      | evaluation of the assurance arrangements in place, through their review of the development of our Assurance Framework, and their review of the annual reports of all Board Standing Committees;  |
| <b>Internal Auditors</b>             | who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and |
| <b>External Auditors</b>             | who provide an Independent Report to the Audit and Risk Committee and the Board.   |

In reviewing the adequacy and effectiveness of the system of internal control I have taken assurance from the following processes and mechanisms:

- Assurances from each Director that there have been no significant or un-investigated breaches of controls in their Directorate.
- The production of an annual report from each Standing Committee of the Board to the Audit and Risk Committee containing a self-reflective evaluation of the way in which they have discharged their remit during the year and the impact of their work. Information is also included on any external reviews or other evidence which they have received.
- The work of the Audit and Risk Committee in receiving reports from the Internal Auditors and in producing an annual report to the Board which pulls together all sources of assurance, including the annual reports from the other governance committees of the Boards and which provides overall assurances to inform this Governance Statement.

- The work of the Audit and Risk Committee in considering the arrangements which the organisation has in place to secure Best Value and the work in reviewing all Counter Fraud activity including anti-bribery and corruption provisions.
- Consideration by the relevant Board Committees and the Executive Team of all internal audit reports and follow up / improvements of any areas of concern.
- The work of the NES Board in considering the corporate risk register at each of its meetings.
- The work of the NES Board in the further development of the Board and Committee Assurance Frameworks to align with newly identified strategic risks and the new strategic outcomes.
- The consideration by the NES Board of its formal report covering the way in which it has discharged its remit (Standing Orders) during the year.
- The opinion of Internal Audit that NES has a framework of controls in place that provides significant assurance with minor improvements regarding the effective and efficient achievement of the organisation's objectives and the management of key risks.
- The work of Internal Audit, who submit to the organisation's Audit and Risk Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement, scrutiny of responses from management in response to recommendations made by both internal and external auditors and follow up to demonstrate that agreed actions are implemented timeously.
- A number of recommendations have arisen from our internal audit reports which we have accepted, and which have been addressed, improved and be implemented.
- We have also received unqualified assurance reports from Service Auditors in respect of services provided to NES by other organisations and have concluded that there is no risk of misstatement within the NES Annual Report and Accounts.
- The national finance system used across NHSScotland was upgraded during the year which created some operational issues, but internal controls were not affected.
- The opinion expressed by External Audit in the Independent Auditor Report and the actions to address any comments made in the '*Communication of Audit Matters with Those Charged with Governance*'.

I believe that, overall, we have maintained an adequate and effective system of internal control throughout the year with appropriate adjustments to reflect the impact of COVID-19. As Chief Executive of NES I am content with the Governance arrangements of the organisation during 2022/23.

### **Risk Management**

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 general principles for a successful risk management strategy are set out in the Scottish Public Finance Manual.

The NES Risk Management Strategy is regularly reviewed and updated to respond to internal developments and to audit recommendations. Several elements of the corporate approach are:

The **Strategic Risk Register** was maintained throughout the year and was regularly reviewed by the Executive Team, Audit & Risk Committee and the NES Board. As in previous years this captured a number of risks to the achievement of NES's strategic aims and the associated mitigating controls.

The COVID-19 risk annex to the Strategic Risk Register was reviewed during the year and a number of these risks were deleted as no longer relevant or subsumed into directorate risks registers as business as usual items.



Work commenced during the year on a new format for the Strategic and Directorate Risk Registers, to provide senior staff and non-executive Board members with greater assurance regarding the recording and management of individual risks

**Directorate Risk Registers** were maintained during the reporting period, enabling managers to record, review and report the risks to the achievement of their objectives, to regularly review the ratings associated with those risks, to identify the controls in place to mitigate the risks and to indicate the further steps they are taking to manage those risks. As with the Strategic Risk register, the format and system used to record and report risks was the subject of significant review and redevelopment work during the year. This was designed to support more active management of directorate risks.

The **categorisation of risks** into 'Primary 1', 'Primary 2', 'Contingency', 'Housekeeping' or 'Low', enabling prioritisation of those risks that are both high likelihood and high impact above those that are either high likelihood but low impact, or low likelihood but high impact;

The **articulation by the NES Board of the 'risk appetite'** of the organisation as it relates to different categories of risk, which is used to assess the residual risk associated with individual items on the Corporate Risk Register against the level of risk which has been deemed acceptable, thus enabling the organisation to focus resources on managing the risks that are unacceptable; The NES strategic risks, aligned to the new draft **strategic direction** and risk appetite, set out in the NES Risk Management Strategy, was approved by the NES Board at the meeting of 23 March 2023.

The **matrix approach** to the management of risk appetite, enabling a greater tolerance for risk during the development phase of new activities or ways of working, was maintained throughout the reporting period. This approach was useful in assessing the effectiveness of mitigating controls and identifying actions to further control risks.

**Risk Champions** for each directorate continued to play a role in recording risks and maintaining risk records during the year. They were supported by members of the Risk Management Group who were able to provide advice and guidance on risk management practice, and in relation to the recording of specific risks.

Risk awareness training continues to be a feature of the **Corporate Induction Programme** for all new staff.

Our **Information Governance & Security (IG&S)** business unit, utilises the functionality of Azure DevOps to manage IG&S risks, reporting any mitigated 'Primary 2' risks, or above, to the NES Information Security Forum to determine whether the risks require to be included on the Corporate Risk Register. Azure DevOps is a digital tool to support the planning, tracking and collaboration of work, including the management of risks with teams and project stakeholders.

In response to a review of NES's risk maturity undertaken by external consultants, NES established a cross directorate **Risk Management Group (RMG)** to support the Director of Finance in his role as Executive Lead for Risk Management. The RMG maintains and enhances the efficacy of risk management at corporate and local level, providing the required levels of assurance to the Board, senior management and other stakeholders. During the reporting period the RMG has instituted a process of rolling review of local, directorate risks registers and substantially revised the system and format for recording and reporting risks. The RMG also provides an overview of risks to identify emerging themes and to recommend the escalation of significant issues to the corporate risk register.

The Board's corporate risks are categorised as Strategic & Policy risks; Operational & Service delivery risks; Financial Risks; Reputational risks and Accountability & Governance risks. A new 'Technology' risk category was agreed by the Board at its meeting on 23 March 2023. The corporate risk register details both the inherent and residual risk ratings against all risks identified in each category and

compares the residual risk assessed against the level of tolerance of risk for each category (the risk appetite) that the Board has defined.

During the year to 31st March 2023, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. It has been identified that additional training is required in risk management to ensure that risks are being raised appropriately and that they are visible to the senior management team.

The organisation remained committed to continuous development and improvement in its risk management systems and processes and implemented significant enhancements (as detailed above) in response to an external review conducted by Azets consultants and internal review by the Risk Management Group.

During 2022/23, three suspected cases of fraud were reported to Counter Fraud Services. Upon investigation, fraud was ruled out for two cases. The third case related to an employee undertaking paid work with another employer whilst on sickness absence from NES. This case is being taken forward in line with NES policies.

## Governance Framework

### Board

There have been 6 formal public meetings and 6 formal private meetings of the Board. All formal Board meetings were quorate. The attendance by members at these meetings is detailed below.

| NAME              | DESIGNATION   | PUBLIC BOARD | PRIVATE BOARD |
|-------------------|---|--------------|---------------|
| MR D GARBUTT      | Non-Executive Director and Board Chair  | 6/6          | 6/6           |
| MRS L GRIEVE      | Non-Executive and Employee Director   | 5/6          | 5/6           |
| MR D HUTCHENS     | Non-Executive Director and Board Vice Chair   | 6/6          | 6/6           |
| MS L DUNION       | Non-Executive Director (retired Oct 22)   | 4/4          | 3/3           |
| MS S WALKER       | Non-Executive Director (retired Dec 22)   | 4/4          | 4/4           |
| MS A CURRIE       | Non-Executive Director (Equality, Diversity and Human Rights Champion)  | 5/6          | 5/6           |
| MS V NAIRN        | Non-Executive Director (retired Oct 22)   | 4/4          | 3/3           |
| MRS J FORD        | Non-Executive Director  | 4/6          | 3/6           |
| MS G MAWDSLEY     | Non-Executive Director (Whistleblowing Champion, Climate Emergency and Sustainability Champion (from Sep 22)) | 4/6          | 5/6           |
| MS A GUNNER LOGAN | Non-Executive Director  | 6/6          | 5/6           |
| PROF K REID       | Chief Executive   | 6/6          | 6/6           |
| PROF E WATSON     | Director of Medicine  | 4/6          | 5/6           |
| MR J BOYLE        | Director of Finance   | 6/6          | 6/6           |
| MS K WILSON       | Director of Nursing & Deputy Chief Executive  | 5/6          | 5/6           |

The NES Board Standing Orders as per DL (2019)24, state that “subject to any direction issued by Scottish Ministers, the Board shall appoint such committees (and sub-committees) as it thinks fit.

Corporate Governance Committees of an NHS Board are:

- Audit and Risk Committee
- Staff Governance (Remuneration Sub – Committee)
- Clinical Governance (NES equivalent Education and Quality Committee)

In addition, the NES Board have a Technology and Information Committee and the NHS Scotland Academy Joint Strategic Programme Board in partnership with NHS Golden Jubilee. The Board also has a Remuneration Committee, the membership details of which can be found on page 53.

### Audit and Risk Committee

The Audit and Risk Committee independently supports the Accountable Officer and the Board by reviewing the comprehensiveness and reliability of assurances provided in relation to the governance, the risk management, the control environment and the integrity of the Annual Report and Accounts, Finance, Procurement and Properties and Facilities.

The Audit and Risk Committee met four times during the 2022/23 period. The meetings considered: Internal control; risk management; corporate governance; financial accounting matters; draft budget; counter fraud; climate emergency and sustainability reports and received reports from the internal and external auditors.

All meetings were quorate. The membership and attendance of the Audit and Risk Committee during 2022/23 was as follows:

| NAME          | DESIGNATION  | MEETINGS          |
|---------------|--|-------------------|
| MRS J FORD    | Non-Executive Director and Chair   | 4/4               |
| MS S WALKER   | Non-Executive Director (retired Dec 22)  | 3/3               |
| MRS L DUNION  | Non-Executive Director (retired Oct 22)  | 3/3               |
| MS A CURRIE   | Non-Executive Director (Equality, Diversity and Human Rights Champion)                           | 4/4               |
| MS G MAWDSLEY | Non-Executive Director (Whistleblowing Champion & Climate Emergency and Sustainability Champion) | 2/2               |
| NAME          | ATTENDEE DESIGNATION   | MEETINGS ATTENDED |
| PROF K REID   | Chief Executive and Accountable Officer  | 4/4               |
| MR J BOYLE    | Director of Finance  | 4/4               |

### Staff Governance Committee

The Staff Governance Committee meets four times per year and has an important role in ensuring consistency of policy and equity of treatment of staff across the organisation, in line with the National Staff Governance Standard. All meetings were quorate and the membership and attendance of the Staff Governance Committee during 2022/2023 was as follows:

| NAME            | DESIGNATION  | MEETINGS ATTENDED |
|-----------------|--|-------------------|
| MRS L GRIEVE    | Non-Executive & Employee Director  | 3/4               |
| MRS L DUNION    | Non-Executive Director and Chair (to Oct 2022)   | 2/2               |
| MS A CURRIE     | Non-Executive Director (Chair from Nov 2022)   | 4/4               |
| MRS J FORD      | Non-Executive Director   | 3/4               |
| MRS G MAWDSLEY  | Non-Executive Director (Whistleblowing Champion & Climate Emergency and Sustainability Champion) | 4/4               |
| MR D CUNNINGHAM | Ex-Officio Member (retired Jul 22)   | 1/1               |
| MR J MCCANN     | Ex-Officio Member  | 4/4               |

### Education and Quality Committee

The Education and Quality Committee's main purpose is to advise the Board on matters relating to education and the management of educational quality. The Committee scrutinises the strategic planning of relevant aspects of education and educational quality and maintains oversight of the implementation of approved programmes including the educational governance and quality of the NHS Scotland Academy educational and training programmes.

The Education and Quality Committee meets four times a year. All meetings were quorate. The membership and attendance of the Educational and Quality Committee during 2022/23 was as follows:

| NAME              | DESIGNATION   | MEETINGS ATTENDED |
|-------------------|---|-------------------|
| MR D HUTCHENS     | Non-Executive Director and Chair  | 4/4               |
| MR D GARBUTT      | Non-Executive Director (Committee member from Dec 22)   | 2/2               |
| MS V NAIRN        | Non-Executive Director (retired Oct 22)   | 2/2               |
| MS S WALKER       | Non-Executive Director (retired Dec 22)   | 3/3               |
| MS G MAWDSLEY     | Non-Executive Director (Whistleblowing Champion & Climate Emergency and Sustainability Champion) (Until Sep 22) | 2/2               |
| MS A GUNNER LOGAN | Non-Executive Director  | 3/4               |

### Technology and Information Committee

The Technology and Information Committee (previously the Digital and Information Committee) provides assurance to the Board as to the effective strategic management and delivery of NES's technology work in relation to strategic key performance indicators, resource allocation, strategic risk identification and mitigation and service delivery, Scottish Government commissions and information governance and security, including the Caldicott guardian report and cybersecurity.

The Digital and Information Committee agreed at the October 2022 meeting, to change the name of the Committee to Technology and Information Committee. All meetings were quorate. The membership and attendance of the Technology and Information Committee during 2022/23 was as follows:

| NAME          | DESIGNATION                                  | MEETINGS ATTENDED |
|---------------|--|-------------------|
| MR D GARBUTT  | Non-Executive Director and Chair             | 4/4               |
| MRS J FORD    | Non-Executive Director                       | 3/4               |
| MR D HUTCHENS | Non-Executive Director                       | 4/4               |
| MS V NAIRN    | Non-Executive Director (Retired Oct 22)      | 1/2               |
| MR A McCANN   | Co-opted Non Executive Director, NHS Lothian | 3/4               |

### NHS Scotland Academy Joint Strategic Programme Board

The NHS Scotland Joint Strategic Programme Board was dissolved as per the joint agreement of the NES and NHS Golden Jubilee Boards and therefore only met once during the 2022/23 period. The governance of the NHS Scotland Academy is remitted to the NES Education and Quality Committee and the NHS Golden Jubilee Strategic Portfolio Governance Committee and any strategic overview to each of the parent Boards.

The membership and attendance of the NHS Scotland Joint Strategic Programme Board during 2022/23 was as follows:

| NAME               | DESIGNATION                               | ATTENDED |
|--------------------|---|----------|
| MR D GARBUTT       | Non-Executive Director & Co Chair (NES)   | 1/1      |
| MS S DOUGLAS-SCOTT | Non-Executive Director & Co Chair (NHSGJ) | 1/1      |
| MR D HUTCHENS      | Non-Executive Director (NES)              | 0/1      |
| MS L SEMPLE        | Non-Executive Director (NHSGJ)            | 1/1      |

### Gender Representation on Public boards (29 May 2022 – 30 April 2023)

Under the reporting requirements of the Gender Representation on Public Boards (Scotland) Act 2018, we are required to prepare and publish a report for the period 29 May 2022 – 30 April 2023.

2.2 Section 1 of the Act sets a "gender representation objective" that a Board has 50% of non-executive members who are women. The table below sets out how NES has responded to those requirements:

| Gender Representation Requirement                    | NES Response                    |
|--|---------------------------------|
| Has the Gender Representation on the Board been met? | Yes                             |
| Number of Non-Executive Director vacancies?          | 4                               |
| Number of Competition Rounds?                        | 1                               |
| Number of Applications from Women?                   | 41 Applications - 25 from women |
| Was an Appointment made?                             | Yes - 4                         |
| Was Appointment Made to a Woman?                     | Yes - 2                         |

# Remuneration and Staff Report

## 1) Remuneration Report

### Determination of Senior Employees' Remuneration

Senior employees' remuneration is determined by the Scottish Government. For senior staff on Executive or Senior Managers pay arrangements, pay and conditions are determined by ministerial direction and are mandatory. It is the responsibility of the Remuneration Committee to ensure that the performance of staff in this cohort is formally assessed at the end of the performance year and to submit its recommendations to the National Performance Management Committee for approval.

#### 1. Employment Contracts and Business Interests

The notice period for the Chief Executive and all other senior managers is three months' notice of termination of contract. No contract contains any provision for compensation for early termination.

Any business interests required to be disclosed are noted in Section 1, Accountability Report - Board Members' and Senior Managers' Interests of the Directors' Report and on Note 18.

#### 2. Membership and Remit of the Remuneration Committee

The remit of the Remuneration Committee is reviewed annually. The following was approved by the Board in February 2023:

- In relation to Executive Directors and Directors, to:
  - review and approve all Terms and Conditions of Employment, including job descriptions, terms and conditions of employment, basic pay, performance pay (if applicable) and all benefits associated with each post;
  - seek assurance that remuneration, benefits and employment related terms and conditions are in line with and fair, whether on an individual or collective basis, in terms of the national system and arrangements for determining those matters and to seek redress if this is determined to not be the case.
  - confirm that individual annual SMART performance objectives are in place aligned to the organisations corporate vision, goals, purpose and values.
  - review and approve individual annual SMART performance objectives, including overseeing the review of performance against these objectives at the mid-year point and agreeing any revisions to the objectives during the course of the year.
  - consider and approve proposals on the assessment of performance at the year-end (taking into account any factors which the Committee consider to be relevant and which may not have been known by the relevant parties at the time when objectives, including their weighting were agreed or at the mid-year point) and any changes to the remuneration or the Terms and Conditions of Employment arising from this assessment of performance during the review period. The Remuneration Committee will sign off the final versions, following discussion, which will then be sent to the National Performance Management Committee (NPMC). Following the initial assessment by the NPMC, the Remuneration Committee will sign off any documents which have been returned for amendment.
  - delegate responsibility to a sub-group of the Committee to act as a final appeals body for the Chief Executive and Executive Directors who have raised a grievance regarding their remuneration, benefits, performance grading or terms and conditions of employment.

- seek assurance on application of the performance review and development process
- In relation to any other staff employed under Executive Managers' or Consultants' pay arrangements to maintain an overview of remuneration arrangements for staff falling within these categories.
- Comply with any Scottish Government Health Directorates directions and take into consideration any relevant guidance on remuneration, benefits or terms and conditions of employment, including the guidance contained in the [Remuneration Committee Self-Assessment Pack](#) published by the Scottish Government and Audit Scotland in 2007
- Review NES policy as appropriate regarding the remuneration, benefits, terms and conditions in the light of any guidance issued by Scottish Government or NHS Scotland.
- Provide assurance to the Board, through the Staff Governance Committee, that systems and procedures are in place to manage the issues set out in Scottish Government guidance so that overarching staff governance responsibilities can be discharged. The Staff Governance Committee will not be given the detail of confidential employment issues that are considered by the Remuneration Committee.
- Review submissions from the Chief Executive for the terms of any Settlement Agreement. Such agreements may also require the approval of the Scottish Government, in accordance with procedures applicable across the public sector.
- Review and approve submissions from the accountable officer for redundancy payments under contractual entitlements which are in excess of £95,000 (noting that these will have been approved by the accountable officer prior to submission to the Remuneration Committee).
- Receive for noting an anonymised annual report on voluntary severance agreements and any other voluntary resignations with a financial consideration that have been approved through the extant Scottish Government business case process and authorised by the NES CEO as Accountable Officer. The Committee shall receive this report in advance of the inclusion of the associated data in the Annual Accounts.
- Subject to the limits laid down in the Scheme of Delegation, all early retirements, that meet the requirement for a two year maximum pay back period and result in additional costs being borne by the employer will be submitted to the Remuneration Committee for consideration and recommendation to the NES Board. Whilst ill health retirements are approved by SPPA and are usually out with the remit of the Remuneration Committee, in any rare and exceptional case where additional costs may be borne by NES, this will be submitted to the Remuneration Committee for consideration and recommendation to the NES Board.
- The Remuneration Committee will act in accordance with the applicable pension scheme rules and regulations, and NHSS pay policy applicable to NES employees.
- The membership and attendance for the Remuneration Committee in 2022/23 was as follows:

| NAME          | DESIGNATION                                | MEETINGS ATTENDED |
|---------------|--|-------------------|
| MR D HUTCHENS | Non-Executive Director and Chair           | 1/1               |
| MR D GARBUTT  | Board Chair & Non-Executive Director       | 1/1               |
| MRS A CURRIE  | Non-Executive Director (from Nov 22)       | 0/0               |
| MRS L DUNION  | Non-Executive Director (retired Oct 22)    | 1/1               |
| MRS L GRIEVE  | Non-Executive Director & Employee Director | 1/1               |

### **3. Policy, Assessment and Performance Appraisal in relation to the Remuneration of Senior Managers**

Senior managers are remunerated in accordance with the Felt Fair Panel's recommendations. Additionally, performance related pay may be awarded in accordance with the appraisal arrangements for staff on executive pay ranges. Further information can be referenced in two related circulars which are extant: HDL (2006) 54, PCS(ESM)2019/, and the Good Practice Guide to Performance Management.

Assessment and performance appraisal are carried out in accordance with the guidance set out in the above circulars.

### **4. Explanation of Any Significant Awards Made to Past Senior Employees**

There were none during 2022/23.

### **5. Cash Equivalent Transfer Values (CETV)**

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individuals have accrued as a consequence of their total membership of the scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NHS scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

#### **The Real Increase in the Value of CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The opening figure is recalculated each year, based on the new market factors, therefore it does not agree to the closing balance in the previous year.



## Remuneration Table For the Year Ended 31 March 2023 – Current Year (Audited Information)

In accordance with the FReM and the Companies Act, this calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20-year period, which is the estimated life span following retirement.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in 2022/23.

Notes:

| REMUNERATION OF:  |                                      |   |                          |  |                               |   |
|---|--------------------------------------|---|--------------------------|--|-------------------------------|---|
|   | Gross Salary<br>(bands of<br>£5,000) | Bonus<br>Payments<br>(bands of<br>£5,000) | Benefits<br>in kind<br>£ | Total<br>Earnings in<br>year<br>(bands of<br>£5,000) | Pension<br>Benefits<br>£000's | Total<br>Remunera<br>tion<br>(bands of<br>£5,000) |
| <b>EXECUTIVE MEMBERS</b>  |                                      |   |                          |  |                               |   |
| Chief Executive<br>Prof K Reid  | 145-150                              | 0   | 0                        | 145-150  | 36                            | 185-190   |
| Director of Medicine<br>Prof E Watson <sup>1</sup>                                  | 180-185                              | 0   | 0                        | 180-185  | 28                            | 205-210   |
| Director of Finance<br>Mr J Boyle   | 105-110                              | 0   | 0                        | 105-110  | 30                            | 135-140   |
| Director of Nursing & Deputy Chief Executive<br>Ms K Wilson <sup>2</sup>            | 120-125                              | 0   | 0                        | 120-125  | 36                            | 155-160   |
| <b>NON EXECUTIVE MEMBERS</b>  |                                      |   |                          |  |                               |   |
| Mr D Garbutt (Chair)  | 35-40                                | 0   | 0                        | 35-40  | n/a                           | 35-40   |
| Mr D Hutchens (Vice Chair)  | 10-15                                | 0   | 0                        | 10-15  | n/a                           | 10-15   |
| Ms A Currie   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Ms J Ford   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Ms G Mawdsley (Whistleblowing Champion)   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Ms A Gunner Logan   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Mrs L Grieve, Employee Director <sup>3</sup>  | 60-65                                | 0   | 0                        | 60-65  | 17                            | 75-80   |
| Ms S Walker (until 31 Dec 2022)   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Ms L Dunion (until 31 Oct 2022)   | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| Ms V Nairn (until 31 Oct 2022)  | 5-10                                 | 0   | 0                        | 5-10   | n/a                           | 5-10  |
| <b>SENIOR EMPLOYEES</b>   |                                      |   |                          |  |                               |   |
| Director of Workforce & Deputy Chief Executive<br>Ms T Ashworth-Davies <sup>2</sup> | 105-110                              | 0   | 0                        | 105-110  | 31                            | 135-140   |
| <b>TOTAL</b>  |                                      |   |                          |  | <b>178</b>                    |   |

1. Prof E Watson was appointed as Director of Medicine on 1 Apr 2022
2. MS K Wilson and Ms T Ashworth-Davies were appointed Deputy Chief Executive on 1 Apr 2022
3. Mrs L Grieve's total salary and associated pension benefits have been disclosed above. The employee Director's salary includes £50-55k in respect of non-board duties.

## Remuneration Table – Pension Related Benefits For the Year Ended 31 March 2023 – Current Year (Audited Information)

| Pension Benefits (£'000)  |   |   |   |   |  |
|---|---|---|---|---|--|
|   | Total accrued pension and related lump sum at pensionable age at 31 March 2023<br>(bands of £5,000) | Real increase in pension and related lump sum at pensionable age at 31 March 2023 | Cash Equivalent Transfer Value (CETV) at 31 March 2022<br>£'000 | Cash Equivalent Transfer Value (CETV) at 31 March 2023<br>£'000 | Real increase in CETV in the year<br>£'000 |
| <b>EXECUTIVE MEMBERS</b>  |   |   |   |   |  |
| Chief Executive<br>Prof K Reid  | 5-10<br>No lump sum   | 0-5<br>No lump sum  | 82  | 120   | 38   |
| Director of Medicine<br>Prof E Watson <sup>1</sup>                                  | 50-55<br>No lump sum  | 0-5<br>No lump sum  | 710   | 757   | 47   |
| Director of Finance<br>Mr J Boyle   | 0-5<br>No lump sum  | 0-5<br>No lump sum  | 6   | 37  | 31   |
| Director of Nursing & Deputy Chief Executive<br>Ms K Wilson <sup>2</sup>            | 15-20<br>No lump sum  | 0-5<br>No lump sum  | 236   | 283   | 47   |
| <b>NON EXECUTIVE MEMBERS</b>  |   |   |   |   |  |
| Mr D Garbutt (Chair)  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Mr D Hutchens (Vice Chair)  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms S Walker (until 31 Dec 2022)   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms L Dunion (until 31 Oct 2022)   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms A Currie   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms J Ford   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms V Nairn (until 31 Oct 2022)  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms G Mawdsley (Whistleblowing Champion)   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms A Gunner Logan   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Mrs L Grieve<br>Employee Director <sup>3</sup>                                      | 15-20<br>No lump sum  | 0-5<br>No lump sum  | 164   | 180   | 16   |
| <b>SENIOR EMPLOYEES</b>   |   |   |   |   |  |
| Director of Workforce & Deputy Chief Executive<br>Ms T Ashworth-Davies <sup>2</sup> | 0-5<br>No lump sum  | 0-5<br>No lump sum  | 30  | 65  | 35   |
| <b>TOTAL</b>  |   |   |   |   | <b>214</b>                                 |

## Notes:

1. Prof E Watson was appointed as Director of Medicine on 1 Apr 2022
2. Ms K Wilson and Ms T Ashworth-Davies were appointed Deputy Chief Executive on 1 Apr 2022
3. Mrs L Grieve's total salary and associated pension benefits have been disclosed above. The employee Director's salary includes £50-55k in respect of non-board duties.

## Remuneration Table For the Year Ended 31 March 2022– Prior Year (Audited Information)

| REMUNERATION OF:   |                                      |  |                          |  |                               |   |
|--|--------------------------------------|--|--------------------------|--|-------------------------------|---|
|  | Gross Salary<br>(bands of<br>£5,000) | Bonus Payments<br>(bands of<br>£5,000) | Benefits<br>in kind<br>£ | Total<br>Earnings in<br>year<br>(bands of<br>£5,000) | Pension<br>Benefits<br>£000's | Total<br>Remunera<br>tion<br>(bands of<br>£5,000) |
| <b>EXECUTIVE MEMBERS</b>   |                                      |  |                          |  |                               |   |
| Chief Executive<br>Ms K Reid   | 145-150                              | 0                                      | 0                        | <b>145-150</b>                                       | 35                            | <b>180-185</b>                                    |
| Deputy Chief Executive/Dir of Medicine<br>Prof S Irvine <sup>1</sup> | 205-210                              | 0                                      | 0                        | <b>205-210</b>                                       | 15                            | <b>215-220</b>                                    |
| Director of Finance<br>Mr J Boyle <sup>2</sup>                       | 20-25                                | 0                                      | 0                        | <b>20-25</b>   | 5                             | <b>25-30</b>                                      |
| Interim Director of Finance<br>Mrs J Sinclair <sup>2</sup>           | 95-100                               | 0                                      | 0                        | <b>95-100</b>  | 66                            | <b>160-165</b>                                    |
| Director of Finance<br>Ms A McColl <sup>3</sup>                      | 35-40                                | 0                                      | 0                        | <b>35-40</b>   | 12                            | <b>45-50</b>                                      |
| Director of Nursing<br>Ms K Wilson                                   | 110-115                              | 0                                      | 0                        | <b>110-115</b>                                       | 30                            | <b>140-145</b>                                    |
| <b>NON EXECUTIVE MEMBERS</b>   |                                      |  |                          |  |                               |   |
| Mr D Garbutt (Chair)   | 35-40                                | 0                                      | 0                        | <b>35-40</b>   | n/a                           | <b>35-40</b>                                      |
| Dr D Steel (Vice Chair until Aug 21)                                 | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Mr D Hutchens (Vice Chair from Sep 21)                               | 10-15                                | 0                                      | 0                        | <b>10-15</b>   | n/a                           | <b>10-15</b>                                      |
| Ms S Walker  | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms L Dunion  | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms A Currie  | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms J Ford  | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms V Nairn   | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms G Mawdsley (Whistleblowing Champion)                              | 5-10                                 | 0                                      | 0                        | <b>5-10</b>  | n/a                           | <b>5-10</b>                                       |
| Ms A Gunner Logan <sup>4</sup>                                       | 0-5                                  | 0                                      | 0                        | <b>0-5</b>   | n/a                           | <b>0-5</b>  |
| Mrs L Grieve, Employee Director <sup>5</sup>                         | 55-60                                | 0                                      | 0                        | <b>55-60</b>   | 19                            | <b>75-80</b>                                      |
| <b>TOTAL</b>   |                                      |  |                          |  | <b>182</b>                    |   |

1. Prof S Irvine retired on 31<sup>st</sup> March 2022
2. The salary and associated Pension benefits disclosed above for Mr J Boyle relate to the time from appointment as Director of Finance Designate on 17<sup>th</sup> January 2022 then Director of Finance on 1<sup>st</sup> February 2022 to the 31<sup>st</sup> March 2022. The annual equivalent salary is in the range £100k-£105k. Mrs J Sinclair was Interim Director of Finance from 09<sup>th</sup> July 2021 to 31<sup>st</sup> January 2022. The figures above reflect a full year.
3. The salary and associated Pension benefits disclosed above for Ms A McColl are until her resignation date of 31<sup>st</sup> July 2021. The annual equivalent salary is in the range £105k-£110k.
4. Ms Gunner Logan was appointed to the Board of Directors on 1st November 2021
5. Mrs L Grieve's total salary and associated Pension Benefits have been disclosed above. The employee Director's salary includes £45k-£50k in respect of non-board duties

## Remuneration Table – Pension Related Benefits For the Year Ended 31 March 2022 – Prior Year (Audited Information)

| Pension Benefits (£'000)   |   |   |   |   |  |
|--|---|---|---|---|--|
|  | Total accrued pension and related lump sum at pensionable age at 31 March 2022<br>(bands of £5,000) | Real increase in pension and related lump sum at pensionable age at 31 March 2022 | Cash Equivalent Transfer Value (CETV) at 31 March 2021<br>£'000 | Cash Equivalent Transfer Value (CETV) at 31 March 2022<br>£'000 | Real increase in CETV in the year<br>£'000 |
| <b>EXECUTIVE MEMBERS</b>   |   |   |   |   |  |
| Chief Executive<br>Ms K Reid   | 0-5<br>No lump sum  | 0-5<br>No lump sum  | 6   | 41  | 35   |
| Deputy Chief Executive/Dir of Medicine<br>Prof S Irvine <sup>1</sup> | 55-60<br>165-170 lump sum   | 0-5<br>7.5-10 lump sum  | 1,302   | 1,364   | 62   |
| Director of Finance<br>Mr J Boyle <sup>2</sup>                       | 0-5<br>No lump sum  | 0-5<br>No lump sum  | 0   | 6   | 6  |
| Interim Director of Finance<br>Ms J Sinclair <sup>3</sup>            | 35-40 and<br>100-105 lump sum   | 2.5-5 and<br>5-7.5 lump sum   | 771   | 858   | 87   |
| Director of Finance<br>Ms A McColl <sup>4</sup>                      | 45-50<br>No lump sum  | 0-2.5<br>No lump sum  | 645   | 670   | 25   |
| Director of Nursing<br>Mrs K Wilson                                  | 10-15<br>No lump sum  | 0-2.5<br>No lump sum  | 176   | 214   | 38   |
| <b>NON EXECUTIVE MEMBERS</b>   |   |   |   |   |  |
| Mr D Garbutt (Chair)   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Dr D Steel (Vice Chair until Aug 21)                                 | n/a   | n/a   | n/a   | n/a   | n/a  |
| Mr D Hutchens (Vice Chair from Sep 21)                               | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms S Walker  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms L Dunion  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms A Currie  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms J Ford  | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms V Nairn   | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms G Mawdsley (Whistleblowing Champion)                              | n/a   | n/a   | n/a   | n/a   | n/a  |
| Ms A Gunner Logan <sup>5</sup>                                       | n/a   | n/a   | n/a   | n/a   | n/a  |
| Mrs L Grieve<br>Employee Director <sup>6</sup>                       | 10-15<br>No lump sum  | 0-5<br>No lump sum  | 138   | 154   | 16   |
| <b>TOTAL</b>   |   |   |   |   | <b>269</b>                                 |

1. Prof S Irvine retired on 31<sup>st</sup> March 2022
2. Mr J Boyle was appointed as Director of Finance Designate on 17<sup>th</sup> January 2022 then Director of Finance on 1<sup>st</sup> February 2022 to the 31<sup>st</sup> March 2022. The disclosures above relate to Pension benefits from his appointment until the 31<sup>st</sup> March 2022
3. Mrs J Sinclair was Interim Director of Finance from 09<sup>th</sup> July 2021 to 31<sup>st</sup> January 2022. The figures above are calculated on a full year's salary.
4. The salary and associated Pension benefits disclosed above for Ms A McColl are until her resignation date of 31<sup>st</sup> July 2021.
5. Ms Gunner Logan was appointed to the Board of Directors on 1st November 2021
6. Ms L Grieve's pension benefits disclosed above are in respect of her non-board duties.

The value of pension benefits accrued during any year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

**Fair Pay Disclosure (Audited Information)**

|   | 2022/23  | 2021/22  | Change % |
|---|--|--|----------|
| <b>RANGE OF STAFF REMUNERATION</b>                                    | £20,000 - £25,000<br>to<br>£205,000 - £210,000 | £15,000 - £20,000<br>to<br>£205,000 - £210,000 | 2.2%     |
| <b>HIGHEST EARNING DIRECTOR'S TOTAL REMUNERATION</b>                  | £195,000-£200,000                              | £205,000-£210,000                              | -4.3%    |
| <b>MEDIAN TOTAL REMUNERATION</b>                                      | £58,056  | £56,028  | 4%       |
| <b>MEDIAN RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)</b>          | 3.40   | 3.70   | -8%      |
| <b>25TH PERCENTILE PAY</b>  | £43,286  | £42,623  | 2%       |
| <b>25TH PERCENTILE RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)</b> | 4.56   | 4.87   | -6%      |
| <b>75TH PERCENTILE PAY</b>  | £68,223  | £65,997  | 3%       |
| <b>75TH PERCENTILE RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)</b> | 2.89   | 3.14   | -8%      |

**Commentary**

Remuneration for staff includes salary and contracted allowances including overtime payments. Only individuals contracted for more than 2 hours per week have been included. In line with SG guidance, the calculation has been based on the March payroll data adjusted to reflect annualised whole time equivalent for each individual. The Highest Paid Director worked part-time for 4 months of the year therefore the annualised salary wte differs from the gross pay reflected in the remuneration report

The percentage changes in the remuneration and ratios are as expected given the changes in the Highest Paid Director's remuneration and the pay awards applied in-year.

## 2) Staff Report

### 1. Higher Paid Employees Remuneration (Audited Information)

| 2022 NUMBER  |                      | 2023 NUMBER |
|--|----------------------|-------------|
| <b>Other employees (excl Executive Board Members) whose remuneration fell within the following ranges:</b> |                      |             |
| <b>Clinicians</b>  |                      |             |
| 87   | £70,001 to £80,000   | 105         |
| 45   | £80,001 to £90,000   | 53          |
| 25   | £90,001 to £100,000  | 23          |
| 4  | £100,001 to £110,000 | 17          |
| 5  | £110,001 to £120,000 | 5           |
| 0  | £120,001 to £130,000 | 3           |
| 0  | £130,001 to £140,000 | 4           |
| 0  | £140,001 to £150,000 | 1           |
| <b>Other</b>   |                      |             |
| 26   | £70,001 to £80,000   | 20          |
| 8  | £80,001 to £90,000   | 16          |
| 6  | £90,001 to £100,000  | 13          |
| 2  | £100,001 to £110,000 | 3           |
| 4  | £110,001 to £120,000 | 6           |
| 1  | £120,001 to £130,000 | 3           |
| 1  | £130,001 to £140,000 | 0           |
| 2  | £140,001 to £150,000 | 1           |
| 1  | £150,001 to £160,000 | 2           |
| 1  | £160,001 to £170,000 | 1           |
| 1  | £170,001 to £180,000 | 2           |
| 2  | £200,001 and above   | 2           |

In the above table, staff are grouped according to whether they directly provide patient care (Clinicians) or otherwise. Trainees employed by NES through the Lead Employer arrangements are included in the Clinician disclosure. The salary reflects the actual payments paid to the individuals and may not reflect an annual equivalent salary.

## 2. Staff Expenditure (Audited Information)

| 2022                     |  | 2023                    |                       |                 |                   |              |                    |                |
|--------------------------|--|-------------------------|-----------------------|-----------------|-------------------|--------------|--------------------|----------------|
|                          |  | Executive Board Members | Non Executive Members | Permanent Staff | Inward Second-ees | Other Staff  | Outward Second-ees | Total          |
| £'000                    |  | £'000                   | £'000                 | £'000           | £'000             | £'000        | £'000              | £'000          |
| <b>STAFF EXPENDITURE</b> |  |                         |                       |                 |                   |              |                    |                |
| 65,592                   | Salaries and wages   | 558                     | 160                   | 148,804         | 0                 | 0            | (70,303)           | 79,219         |
| 7,897                    | Social security expenditure  | 76                      | 12                    | 18,818          | 0                 | 0            | (9,061)            | 9,845          |
| 11,485                   | NHS scheme employers' expenditure                                    | 115                     | 11                    | 23,361          | 0                 | 0            | (9,796)            | 13,691         |
| 7,414                    | Inward secondees   | 0                       | 0                     | 0               | 9,425             | 0            | 0                  | 9,425          |
| 3,706                    | Agency staff   | 0                       | 0                     | 0               | 0                 | 4,529        | 0                  | 4,529          |
| <b>96,094</b>            | <b>TOTAL STAFF EXPENDITURE</b>                                       | <b>749</b>              | <b>183</b>            | <b>190,983</b>  | <b>9,425</b>      | <b>4,529</b> | <b>(89,160)</b>    | <b>116,709</b> |
| 32                       | Compensation for loss of office or early retirement                  | 0                       | 0                     | 0               | 0                 | 0            | 0                  | 0              |
| <b>96,126</b>            | <b>TOTAL STAFF EXPENDITURE</b>                                       | <b>749</b>              | <b>183</b>            | <b>190,983</b>  | <b>9,425</b>      | <b>4,529</b> | <b>(89,160)</b>    | <b>116,709</b> |
| (314)                    | The above includes expenditure for staff engaged directly on capital | 0                       | 0                     | (485)           | (53)              | 0            | 0                  | (538)          |

## 3. Staff Numbers (Audited Information)

| 2022         |  | 2023                    |                       |                 |                   |             |                    |              |
|--------------|--|-------------------------|-----------------------|-----------------|-------------------|-------------|--------------------|--------------|
| Average Mean |  | Executive Board Members | Non Executive Members | Permanent Staff | Inward Second-ees | Other Staff | Outward Second-ees | Average Mean |
| 1,397.3      | Whole Time Equivalent (wte)  | 3.9                     | 8.3                   | 2,508.2         | 93.6              | 49.7        | (1,028.1)          | 1,635.6      |
| 5            | The above includes wte of staff engaged directly on capital projects of: | 0                       | 0                     | 8.2             | 0.5               | 0           | 0                  | 8.7          |
| 36           | Included in the total staff numbers above were disabled staff * of:      | 0                       | 0                     | 58.9            | 0                 | 0           | (14.9)             | 44.0         |
| 0            | Included in the total staff numbers above were Special Advisers of:      |                         |                       |                 |                   |             |                    | 0            |

\* Refers to staff who consider themselves to be disabled

Outward Secondees in the above tables include Trainees employed through the Lead Employer arrangements whilst on clinical placement to other NHS boards.

**4. Staff Composition as at 31 March 2023 (Not subject to audit)**

|   | 2022/23     |             |             | 2021/22    |             |             |
|---|-------------|-------------|-------------|------------|-------------|-------------|
|   | Male        | Female      | Total       | Male       | Female      | Total       |
| Executive Directors                           | 1           | 3           | 4           | 2          | 2           | 4           |
| Non-Executive Directors and Employee Director | 2           | 5           | 7           | 2          | 8           | 10          |
| Other   | 1054        | 1997        | 3051        | 856        | 1687        | 2543        |
| <b>Total Headcount</b>                        | <b>1057</b> | <b>2005</b> | <b>3062</b> | <b>860</b> | <b>1697</b> | <b>2557</b> |

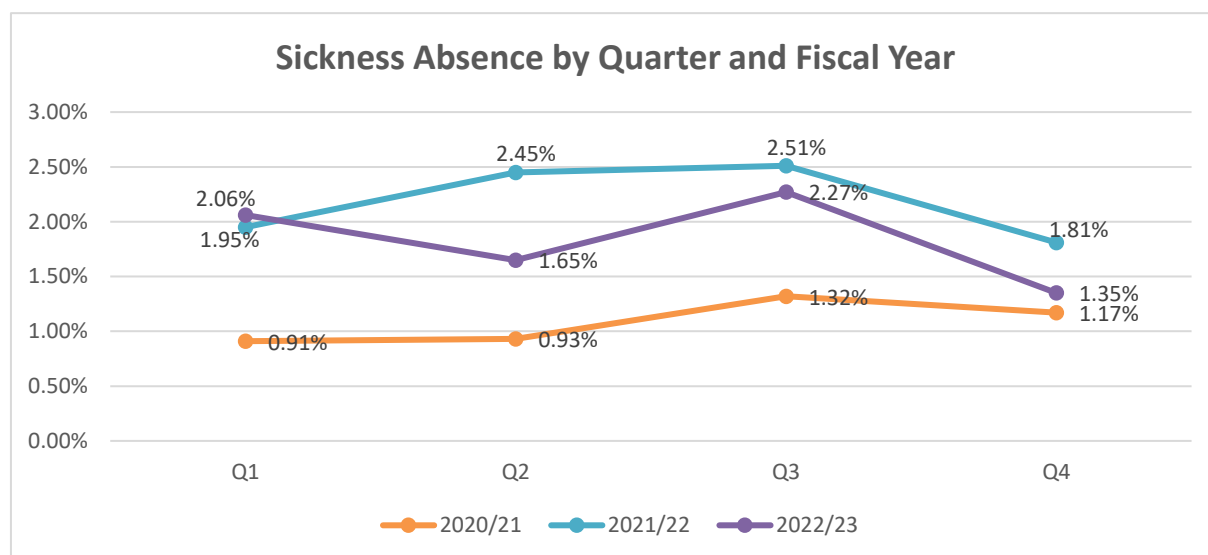
**5. Staff Turnover (Not subject to audit)**

Turnover rate includes all leavers including those leaving at the end of fixed term contracts.

| Turnover Rate                         | Core         | Trainees     | Total        |
|---------------------------------------|--------------|--------------|--------------|
| Leavers 1 April 2022 to 31 March 2023 | 151          | 459          | 610          |
| Average Headcount                     | 1,130        | 1,946        | 3,076        |
| <b>Turnover Rate</b>                  | <b>13.4%</b> | <b>23.6%</b> | <b>19.8%</b> |

**6. Sickness Absence Data (Not subject to audit)**

NES Core Staff Absence by Quarter during 2022/23 (this excludes Doctors & Dentists in Training)



The average for 2022/23 is 1.8% (2021/22: 2.2%)

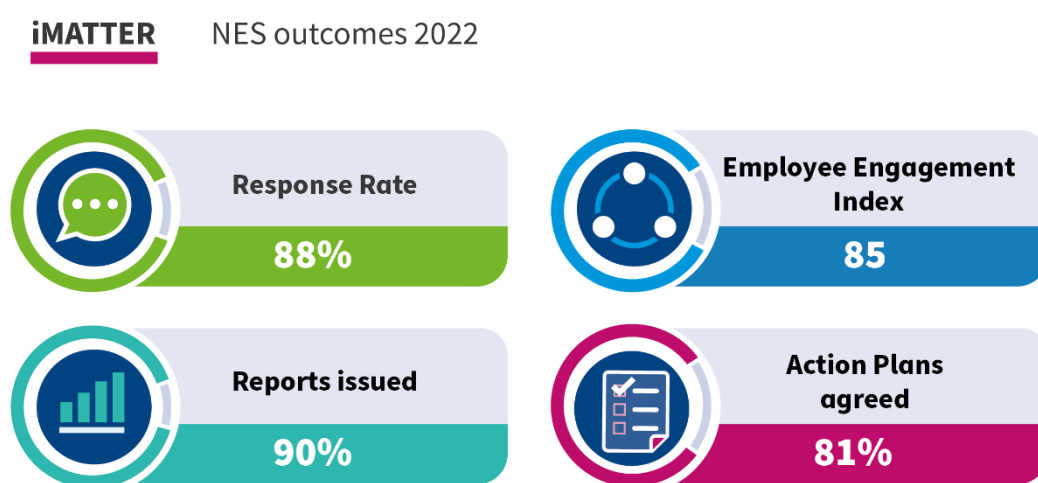


## 7. Disabled Persons Employment

As an equal opportunities employer, the Board welcomes applications for employment from individuals irrespective of sex, marital status, race, disability, age, sexual orientation, language, or social origin. As a VV symbol user (Positive About Disabled People), NES also actively seeks to provide an environment where any disabled applicant (or those employees who become disabled) can continue to contribute to the work of the organisation.

The NES Equality Impact Assessment Policy ensures that the impact of equality, human rights and health inequalities are embedded and integrated into the decisions and actions of the Board. The systems of training, education and appraisal of staff also include the requirements of knowledge and understanding of equality, diversity and discrimination.

## 8. Staff Engagement and Staff Governance



NES participated in the national NHS Scotland iMatter survey, which is intended to understand staff engagement. The participation rate was slightly lower, at 88% compared to 92% in the 2021 survey. The Employee Engagement Index was our highest ever, at 85 compared to 84 in the 2021 survey. It was also the highest across NHS Scotland.

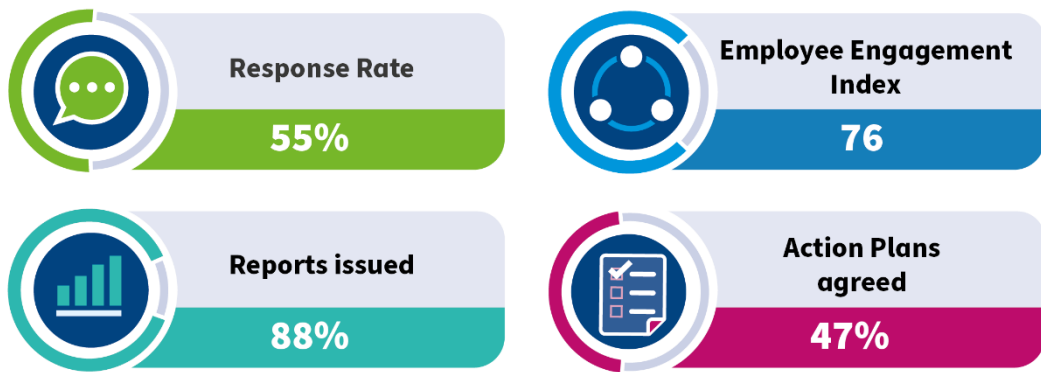
The continued improvement in the Employee Engagement Index is highly positive. It's not clear why the participation rate is lower and is something we will seek to understand going forward.

NES has also shown year on year improvements in 21 of the 28 iMatter components, showing strengths, in particular, in the following:

- Visible and consistent leadership
- Confidence and trust in management
- Valued as an individual

While these are helpful indications of staff morale, the underpinning action planning stage of iMatter is critical to demonstrating that the organisation is paying attention to what the iMatter feedback is telling us. This includes addressing any issues raised, as well as celebrating success where things are working well, and sharing that with others as good practice.

## **iMATTER** NHS Scotland outcomes 2022



NES continues to score well for iMatter outcomes, compared to the NHS Scotland average.

### 9. Exit Packages (Audited Information)

|  | Number of<br>departures agreed<br>2022/23 | Number of<br>departures agreed<br>2021/22 |
|--|---|---|
| < £10,000                                | 0   | 0   |
| £10,000 - £25,000                        | 0   | 0   |
| £25,000 - £50,000                        | 0   | 1   |
| £50,000 - £100,000                       | 0   | 0   |
| <b>Total</b>                             | <b>0</b>                                  | <b>1</b>                                  |
| <b>Total Resource Expenditure (£000)</b> | <b>0</b>                                  | <b>32</b>                                 |

**10. Trade Union Facility Time (Not subject to audit)**

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 will be published at the following link: [www.nes.scot.nhs.uk](http://www.nes.scot.nhs.uk)

| No of employees who were relevant union officials in 2022/23 | WTE employee number | % of time spent on facility time | No of Employees |
|--|---------------------|----------------------------------|-----------------|
| 8  | 6.3                 | 0%                               | 0               |
|  |                     | 1-50%                            | 8               |

| Percentage of pay bill spent on facility time |              |
|---|--------------|
| Total cost of facility time                   | £8,493       |
| Total Pay Bill                                | £205,330,749 |
| % of total pay bill spent on facility time    | 0.004%       |

| Time spent on trade union activities                        |      |
|---|------|
| Number of hours   | 221  |
| % of hours of facility time spent on trade union activities | 100% |

---

## Parliamentary Accountability Report

### Losses and Special Payments

In the year to 31 March 2023, NES was required to pay £434k in respect of 1 claim individually greater than £300k settled under the CNORIS scheme (2021/22: £0k). Further details of the scheme can be found in Note 1 of the annual accounts

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

### Fees and Charges

In the year to 31 March 2023 there were no services where the full annual cost was £1m or more, or where the amount of the income and full cost of the service are material to the financial statements.

*Karen Reid*

**Chief Executive**

29 June 2023

# Independent Auditor's Report

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

## Reporting on the audit of the financial statements

### Opinion on financial statements

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

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the board's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

### Basis for opinion

I conducted my 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. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 16 May 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's

ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

## **Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

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

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

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

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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

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

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

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

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

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

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

### Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify

such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

In my 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 I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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



## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Carole Grant*

Carole Grant CPFA  
Audit Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

29 June 2023

# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

| 2022           |   |      | 2023           |
|----------------|---|------|----------------|
| £'000          |   | Note | £'000          |
|                | <b>Employee Expenditure</b>                 |      |                |
| 176,949        | Staff Expenditure                           | 3    | 205,331        |
| <b>176,949</b> |   |      | <b>205,331</b> |
|                | <b>Operating Expenditure (non-employee)</b> |      |                |
| 423,706        | Direct Educational Expenditure              | 4    | 454,612        |
| 50,368         | Expenditure for Other Educational Support   | 5    | 56,095         |
| 9,159          | NES Infrastructure Expenditure              | 6    | 8,907          |
| <b>483,233</b> | <b>Operating Expenditure (non-employee)</b> |      | <b>519,614</b> |
| <b>660,182</b> | <b>Gross Expenditure for the year</b>       |      | <b>724,945</b> |
| (92,097)       | Less: Operating Income                      | 7    | (104,977)      |
| <b>568,085</b> | <b>Net Expenditure for the year</b>         |      | <b>619,968</b> |

## Statement of Financial Position

as at 31st March 2023

| 2022                           |  | 2023  |                 |
|--------------------------------|--|-------|-----------------|
| £'000                          | Note   | £'000 | £'000           |
| <b>Non-current assets</b>      |  |       |                 |
| 9,800                          | Intangible assets                                      | 9a    | 9,340           |
| 2,173                          | Property, plant and equipment                          | 9b    | 2,106           |
| 0                              | Right of use assets                                    | 17a   | 3,590           |
| <b>11,973</b>                  | <b>Total non-current assets</b>                        |       | <b>15,036</b>   |
| <b>Current assets</b>          |  |       |                 |
| Financial assets:              |  |       |                 |
| 2,093                          | Trade and other receivables                            | 10    | 7,997           |
| 447                            | Cash and cash equivalents                              | 11    | 466             |
| <b>2,540</b>                   | <b>Total current assets</b>                            |       | <b>8,463</b>    |
| <b>14,513</b>                  | <b>Total assets</b>                                    |       | <b>23,499</b>   |
| <b>Current liabilities</b>     |  |       |                 |
| (464)                          | Provisions   | 13a   | (366)           |
| Financial liabilities:         |  |       |                 |
| (28,562)                       | Trade and other payables                               | 12    | (43,222)        |
| <b>(29,026)</b>                | <b>Total current liabilities</b>                       |       | <b>(43,588)</b> |
| <b>(14,513)</b>                | <b>Non-current assets less net current liabilities</b> |       | <b>(20,089)</b> |
| <b>Non-current liabilities</b> |  |       |                 |
| (4,385)                        | Provisions   | 13a   | (3,887)         |
| Financial liabilities:         |  |       |                 |
| (378)                          | Trade and other payables                               | 12    | (1,529)         |
| <b>(4,763)</b>                 | <b>Total non-current liabilities</b>                   |       | <b>(5,416)</b>  |
| <b>(19,276)</b>                | <b>Assets less liabilities</b>                         |       | <b>(25,505)</b> |
| <b>Taxpayers' equity</b>       |  |       |                 |
| (19,279)                       | General fund   |       | (25,508)        |
| 3                              | Revaluation reserve                                    |       | 3               |
| <b>(19,276)</b>                | <b>Total taxpayers' equity</b>                         |       | <b>(25,505)</b> |

Approved by the Board on 29 June 2023

*Jim Boyle*

**Director of Finance**  
29 June 2023

*Karen Reid*

**Chief Executive**  
29 June 2023

The Notes to the Accounts, numbered 1 to 20, form an integral part of these Accounts.

## Statement of Cash Flows

### for the year ended 31 March 2023

| 2022   |   |       | 2023      |                  |
|--|---|-------|-----------|------------------|
| £'000  |   | Note  | £'000     | £'000            |
| <b>Cash flows from operating activities</b>                    |   |       |           |                  |
| (568,085)  | Net expenditure   | SOCNE | (619,968) |                  |
| 1,450  | Adjustments for non-cash transactions                           | 2b    | 2,378     |                  |
| 0  | Interest payable  | 2b    | 41        |                  |
| 3,679  | Movements in working capital                                    | 2b    | 6,661     |                  |
| <b>(562,956)</b>   | <b>Net cash outflow from operating activities</b>               |       |           | <b>(610,888)</b> |
| <b>Cash flows from investing activities</b>                    |   |       |           |                  |
| (281)  | Purchase of property, plant and equipment                       | 9b    | (813)     |                  |
| (321)  | Purchase of intangible assets                                   | 9a    | (538)     |                  |
| <b>(602)</b>   | <b>Net cash outflow from investing activities</b>               |       |           | <b>(1,351)</b>   |
| <b>Cash flows from financing activities</b>                    |   |       |           |                  |
| 563,558  | Funding   |       | 613,961   |                  |
| 222  | Movement in general fund working capital                        |       | 19        |                  |
| 0  | IFRS 16 - 2022-23 cash lease payment                            |       | (1,722)   |                  |
| <b>563,780</b>   | <b>Net Financing</b>  |       |           | <b>612,258</b>   |
| 222  | <b>Net decrease in cash and cash equivalents in the period</b>  | 11    | 19        |                  |
| 225  | <b>Cash and cash equivalents at the beginning of the period</b> | 11    | 447       |                  |
| <b>447</b>   | <b>Cash and cash equivalents at the end of the period</b>       |       |           | <b>466</b>       |
| <b>Reconciliation of net cash flow to movement in net cash</b> |   |       |           |                  |
| 222  | Increase in cash in year  | 11    |           | 19               |
| 225  | Net cash at 1 April 2022  | 11    |           | 447              |
| <b>447</b>   | <b>Net cash at 31 March 2023</b>                                |       |           | <b>466</b>       |

## Statement of Changes in Taxpayers' Equity

### for the year ended 31 March 2023

| Current Year:   | General Fund     | Revaluation Reserve | Total Reserves   |
|---|------------------|---------------------|------------------|
|   | £'000            | £'000               | £'000            |
| <b>Balance at 1 April 2022</b>  | <b>(19,279)</b>  | <b>3</b>            | <b>(19,276)</b>  |
| Retrospective restatements for changes in accounting policy and material errors | (222)            | 0                   | (222)            |
| <b>Restated Balance at 1 April 2022</b>   | <b>(19,501)</b>  | <b>3</b>            | <b>(19,498)</b>  |
| <b>Changes in taxpayers' equity for 2022/23</b>                                 |                  |                     |                  |
| Impairment of property, plant and equipment                                     | 0                | (329)               | (329)            |
| Revaluation & impairments taken to operating expense                            | 0                | 329                 | 329              |
| Net expenditure for the year  | (619,968)        | 0                   | (619,968)        |
| <b>Total recognised income and expense for 2022-23</b>                          | <b>(619,968)</b> | <b>0</b>            | <b>(619,968)</b> |
| <b>Funding</b>  |                  |                     |                  |
| Drawn down  | 613,980          | 0                   | 613,980          |
| Movement in General Fund Creditor   | (19)             | 0                   | (19)             |
| <b>Total funding</b>  | <b>613,961</b>   | <b>0</b>            | <b>613,961</b>   |
| <b>Balance at 31 March 2023</b>   | <b>(25,508)</b>  | <b>3</b>            | <b>(25,505)</b>  |

| Prior Year:  | General Fund     | Revaluation Reserve | Total Reserves   |
|--|------------------|---------------------|------------------|
|  | £'000            | £'000               | £'000            |
| <b>Balance at 1 April 2021</b>                         | <b>(14,752)</b>  | <b>3</b>            | <b>(14,749)</b>  |
| <b>Changes in taxpayers' equity for 2021/22</b>        |                  |                     |                  |
| Net expenditure for the year                           | (568,085)        | 0                   | (568,085)        |
| <b>Total recognised income and expense for 2021/22</b> | <b>(568,085)</b> | <b>0</b>            | <b>(568,085)</b> |
| <b>Funding</b>   |                  |                     |                  |
| Drawn down   | 563,780          | 0                   | 563,780          |
| Movement in General Fund Creditor                      | (222)            | 0                   | (222)            |
| <b>Total funding</b>                                   | <b>563,558</b>   | <b>0</b>            | <b>563,558</b>   |
| <b>Balance at 31 March 2022</b>                        | <b>(19,279)</b>  | <b>3</b>            | <b>(19,276)</b>  |

## Note 1. Accounting Policies

### Authority

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 23 below.

### Standards, amendments and interpretations effective in current year:

IFRS 16 - Leases has been issued and adopted in the 2022/23 financial year.

### Standards, amendments and interpretations issued but not adopted this year:

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2022/23 financial year.

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

There are no accounting standards, amendments or interpretations early adopted in 2022/23.

### Going Concern

The accounts are prepared on the going concern basis, which provides that the NHS Board will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government.

Further information is provided in the Performance Analysis.

### Accounting Convention

The accounts are prepared on a historical cost basis as modified to reflect changes in the value of fixed assets.

### Funding

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

All other income receivable by the Board, which 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.

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 (SoCNE), except where it results in the creation of a non-current asset such as plant and equipment.

## **Plant and Equipment**

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

### **5.1 Recognition**

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:

- Plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to, or greater than £5,000.
- In cases where a new development 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 up to 10 years.
- Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

### **5.2 Measurement**

#### **Valuation**

All 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:

- Equipment, installations and fittings are valued at fair value. A depreciated historical cost basis is 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. These are also subject to impairment review.

### Subsequent Expenditure

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board, and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the SoCNE. 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 SoCNE, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups.

Permanent decreases in asset values and impairments are charged gross to the SoCNE. Any related balance on the revaluation reserve is transferred to the General Fund.

### Depreciation

Items of 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:

- Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- Plant, equipment and fixtures 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         |
|--|---------------------|
| Plant & Machinery and Information Technology | 5 years to 10 years |
| Furniture & Fittings                         | 5 years to 10 years |
| Transport Equipment                          | 6 years             |

## Intangible Assets

### 6.1 Recognition

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

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

The main classes of intangible assets recognised are:

- Software
- Software Licences
- Websites



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

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

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

### **Software**

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

### **Software Licences**

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

### **Websites**

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

## **6.2 Measurement**

### **Valuation**

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

### **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 SoCNE, in which case they are recognised in income. Permanent decreases in asset values and impairments are charged gross to the SoCNE. 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 SoCNE.

## **6.3 Amortisation**

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

Amortisation is charged to the SoCNE on each main class of intangible asset as follows:

- 1) Software is amortised over their expected useful life.
- 2) Other intangible assets are amortised over their expected useful life.
- 3) No amortisation is charged on assets under development.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

| <b>Asset Category/ Component</b> | <b>Useful Life</b>                                |
|----------------------------------|---|
| Websites                         | Maximum 5 years                                   |
| Information Technology Software  | Range from 5 years to 20 years*                   |
| Software licences                | Life of licence or 5 years whichever is the lower |

\* *Within information Technology Software is the Turas digital platform, which is an unchanging, technical environment which can hold a limitless number of applications. Although the applications and data will change and develop to support rapidly changing business needs, the platform will remain unchanging and constant. As a consequence, this asset has been given an indefinite asset life and will be subject to annual impairment review.*

### **Sale of Plant and Equipment and Intangible Assets**

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 SoCNE.

### **Leasing**

#### **Accounting Policies**

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

### **Leases**

#### **Scope and classification**

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

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

The following are excluded:

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

#### **Initial recognition**

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either

by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

### **Subsequent measurement**

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

### **Lease expenditure**

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

### **Transitional arrangements**

The following determinations have been made:

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

therefore does not apply in 2022/23. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g. CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023.

### **Estimates and judgements**

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value.

### **Accounting for leases under IAS 17 (2021/22)**

#### **Finance leases**

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

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

#### **Operating leases**

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

#### **Leases of land and buildings**

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

- **Impairment of Non-Financial Assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffer 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.

- **General Fund Receivables and Payables**

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

- **Losses and Special Payments**

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

- **Employee Benefits**

**Short-term Employee Benefits**

Salaries, wages, and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave 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 SoCNE 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 cost is charged to the SoCNE at the time the Board commits itself to the retirement, regardless of the method of payment.

- **Clinical and Medical Negligence Costs**

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

NHS Education for Scotland 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 in 'Category 2' 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 board. 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.

NES 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 Annually Managed Expenditure (AME) provision and is classified as non-core expenditure.

- **Related Party Transactions**

Material related party transactions will be disclosed in a note to the accounts in line with the requirements of IAS 24. Trading figures with other NHS bodies are disclosed in Note 17.

- **Value Added Tax (VAT)**

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 fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

- **Provisions**

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

- **Contingencies**

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

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

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

- **Corresponding Amounts**

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

- **Financial Instruments**

**Financial Assets**

## Business model

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

**Classification**

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

a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

b) Financial assets held at amortised cost

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

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

c) Financial assets at fair value through other comprehensive income

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

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

d) 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 expenses in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit and 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.

## Financial Liabilities

### Classification

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

- These are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy.
  - They contain embedded derivatives; and/or
  - It eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised cost basis.
- 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 Board does not trade in derivatives and does not apply hedge accounting.
  - 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 Board's other financial liabilities comprise of trade and other payables in the Statement of Financial Position.

### Recognition and Measurement

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

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

- Financial liabilities 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 SoCNE.



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

- **Segmental Reporting**

Total 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 Chief Executive supported by the Extended Executive team. The Extended Executive team consists of all Executive Directors, a number of other senior staff, and meets fortnightly.

The total Operating segments will agree to the totals of expenditure and income shown in Notes 3 -7.

- **Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, cash balances held by the Government Banking Service and balances held in commercial bank accounts. 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.

- **Foreign Exchange**

The functional and presentational currencies of the Board are sterling.

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

- **Key Sources of Judgement and Estimation Uncertainty**

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

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

- **Dilapidations Provision**

The provision for costs related to the expiry of leases up to and including 2023 is based on a dilapidation assessment carried out at the start of each lease.

- **Creditors and Other Provisions**

Within creditors there is an accrual for annual leave and flexi Leave of £1,137k (2022: £1,091k)

The approach to determine the expected costs was in two stages. Stage 1 used the information extracted from the NES Annual leave App in relation to the remaining hours not taken, and the hours approved to carry-forward. It was then possible to apply hourly costs to the hours based on actual salary costs to give a total anticipated cost. As GP Trainees do not have access to the app, the average hours determined in stage 1 were applied to their hourly rates. The total included in the annual leave

accrual for GP Trainees is £370k (2022:£448k), calculated as 15 hours leave for each trainee in post on 31 March. If the average amount of annual leave estimated to be outstanding for each trainee moved by 5%, the overall accrual required would increase / decrease by £18k.

In addition, an accrual of £154k (2022: £145k) and a provision of £263k (2021: £325k) has been included in respect of payments relating to staff on fixed term contracts.

**Note 2. Memoranda to the Primary Statements****2a. Summary of Resource Outturn (SORO)**

| <b>Summary of Core Revenue Resource</b>               |                 |                    |               |
|---|-----------------|--------------------|---------------|
|   | <b>Note</b>     | <b>£'000</b>       |               |
| Net expenditure                                       | SOCNE           | 619,968            |               |
| Total non core expenditure (see below)                |                 | (2,042)            |               |
| Total core expenditure                                |                 | 617,926            |               |
| Core revenue resource limit                           |                 | 619,933            |               |
| <b>Saving against core revenue resource limit</b>     |                 | <b>2,007</b>       |               |
| <b>Summary of Non Core Revenue Resource</b>           |                 |                    |               |
|   |                 | <b>£'000</b>       |               |
| Depreciation / Amortisation                           | 6               | 3,188              |               |
| Annually Managed Expenditure                          | 6               | 109                |               |
| Capital Grant Income Peppercorn Lease                 |                 | (1,255)            |               |
| Total non core expenditure (see below)                |                 | 2,042              |               |
| Non core revenue resource limit                       |                 | 2,042              |               |
| <b>Saving against non core revenue resource limit</b> |                 | <b>0</b>           |               |
| <b>Summary of Resource Outturn</b>                    |                 |                    |               |
|   | <b>Resource</b> | <b>Expenditure</b> | <b>Saving</b> |
|   | <b>£'000</b>    | <b>£'000</b>       | <b>£'000</b>  |
| Core  | 619,933         | 617,926            | 2,007         |
| Non core  | 2,042           | 2,042              | 0             |
| <b>Total</b>  | <b>621,975</b>  | <b>619,968</b>     | <b>2,007</b>  |

|                                     | <b>Limit as set<br/>by SGHCD</b> | <b>Actual<br/>Outturn</b> | <b>Variance<br/>(Over)/<br/>Under</b> |
|-------------------------------------|----------------------------------|---------------------------|---------------------------------------|
|                                     | <b>£'000</b>                     | <b>£'000</b>              | <b>£'000</b>                          |
| Revenue Resource Limit - Core       | 619,933                          | 617,926                   | 2,007                                 |
| Revenue Resource Limit - Non Core   | 2,042                            | 2,042                     | 0                                     |
| <b>Total Revenue Resource Limit</b> | <b>621,975</b>                   | <b>619,968</b>            | <b>2,007</b>                          |
| Capital Resource Limit - Core       | 2,607                            | 2,606                     | 1                                     |
| Cash Requirement                    | 613,980                          | 613,980                   | 0                                     |

**2b. Notes to the Cash Flow Statement**

| 2022   | Note  | 2023                         |                              |                |
|--|---|------------------------------|------------------------------|----------------|
| <b>Adjustments for non-cash transactions</b>   |   |                              |                              |                |
| <b>£'000</b>                                   |   | <b>£'000</b>                 |                              |                |
| <b>INCOME AND EXPENDITURE NOT PAID IN CASH</b> |   |                              |                              |                |
| 958  | Depreciation  | 6                            | 880                          |                |
| 492  | Amortisation  | 6                            | 553                          |                |
| 0  | Depreciation of Right of Use Assets                 | 17a                          | 1,755                        |                |
| 0  | Impairments on intangible assets charged to SoCNE   | 6                            | 329                          |                |
| 0  | Loss on disposal of property, plant and equipment   | 6                            | 116                          |                |
| 0  | Grant Income from Peppercorn Lease                  | 7                            | (1,255)                      |                |
| <b>1,450</b>                                   | <b>Total expenditure not paid in cash</b>           |                              | <b>2,378</b>                 |                |
| <b>INTEREST PAYABLE</b>                        |   |                              |                              |                |
| <b>0</b>                                       | <b>Lease interest</b>                               | 17a                          | <b>41</b>                    |                |
| <b>MOVEMENTS IN WORKING CAPITAL</b>            |   |                              |                              |                |
|  | Note  | Opening<br>Balances<br>£'000 | Closing<br>Balances<br>£'000 |                |
| <b>TRADE AND OTHER RECEIVABLES</b>             |   |                              |                              |                |
| 1,146  | Due within one year                                 | 10                           | 2,093                        | 7,997          |
| <b>1,146</b>                                   | <b>Net increase</b>                                 |                              |                              | <b>(5,904)</b> |
| <b>TRADE AND OTHER PAYABLES</b>                |   |                              |                              |                |
| 2,623  | Due within one year                                 | 12                           | 28,562                       | 43,222         |
| (267)  | Due after more than one year                        | 12                           | 378                          | 1,529          |
| 154  | Less: property, plant & equipment included in above |                              | 0                            | 0              |
| (222)  | Less: General Fund creditor included in above       | 11                           | (447)                        | (466)          |
| 0  | Less: lease and PFI creditors included in above     |                              | 0                            | (2,631)        |
|  | <b>Total</b>  |                              | <b>28,493</b>                | <b>41,654</b>  |
| <b>2,288</b>                                   | <b>Net increase</b>                                 |                              |                              | <b>13,161</b>  |
| <b>PROVISIONS</b>                              |   |                              |                              |                |
| 245  | Statement of Financial Position                     | 13a                          | 4,849                        | 4,253          |
|  | <b>Total</b>  |                              | <b>4,849</b>                 | <b>4,253</b>   |
| <b>245</b>                                     | <b>Net decrease</b>                                 |                              |                              | <b>(596)</b>   |
| <b>3,679</b>                                   | <b>Net movement in working capital</b>              |                              |                              | <b>6,661</b>   |

**Note 3. Staff Expenditure**

| 2022   |   | 2023           |
|--|---|----------------|
| £'000  |   | £'000          |
| 988  | Medical Training Fellowships                                | 1,315          |
| 2,870  | Medical Training Programme Directors                        | 3,442          |
| 116,622  | Medical Trainees  | 127,985        |
| 4,402  | Medical Professional Development                            | 4,644          |
| 858  | Medical Quality Management                                  | 892            |
| 5,532  | Medical Strategic Planning & Directorate Support            | 6,030          |
| 2,092  | Medical Training Programme Management                       | 2,450          |
| 255  | Healthcare Science  | 275            |
| 6,277  | Dental  | 6,547          |
| 3,202  | Psychology  | 3,833          |
| 2,511  | Pharmacy  | 2,797          |
| 6,092  | Nursing, Midwifery and Allied Health Professionals          | 7,551          |
| 1,072  | Knowledge Services  | 974            |
| 2,463  | Leadership & Admin Workforce Development                    | 4,050          |
| 534  | Optometry   | 712            |
| 4,983  | Internal Governance, Planning, Commissioning & Systems      | 5,661          |
| 427  | Property & Facilities Management Expenditure                | 500            |
| 3,113  | Workforce Support   | 4,840          |
| 10,217   | NES Technology Service                                      | 11,522         |
| 2,226  | Corporate Expenditure                                       | 3,071          |
| 213  | NHS Scotland Academy  | 1,107          |
| 0  | Social Care   | 254            |
| 0  | Dental GP Trainees  | 4,879          |
| <b>176,949</b>   | <b>Total Staff Expenditure</b>                              | <b>205,331</b> |
| <b>Reconciliation of Staff Expenditure to Staff Report</b> |   |                |
| 96,126   | Total Pay per Staff Report                                  | 116,709        |
| (314)  | Less capitalised salaries in Staff Report, not in this note | (538)          |
| 81,137   | Add back Outward Secondees as they are in Note 7            | 89,160         |
| <b>176,949</b>   | <b>Total Staff Expenditure</b>                              | <b>205,331</b> |

**Note 4. Direct Educational Non Pay Expenditure**

| <b>2022</b>                      |   | <b>2023</b> |                |
|----------------------------------|---|-------------|----------------|
| <b>£'000</b>                     |   |             | <b>£'000</b>   |
| <b>Undergraduate expenditure</b> |   |             |                |
| 104,191                          | Medical ACT   |             | 113,917        |
| 19,619                           | Dental ACT  |             | 20,419         |
| 2,318                            | Pharmacy ACT  |             | 2,212          |
| <b>126,128</b>                   | <b>Total undergraduate expenditure</b>              |             | <b>136,548</b> |
| <b>Postgraduate expenditure</b>  |   |             |                |
| 31,250                           | Medical Foundation 1 Trainees                       |             | 35,147         |
| 35,006                           | Medical Foundation 2 Trainees                       |             | 38,677         |
| 183,830                          | Medical Core/Specialty Trainees                     |             | 195,830        |
| 358                              | Medical Training Fellowships                        |             | 581            |
| 9,206                            | Medical GP Trainee Support Expenditure              |             | 10,326         |
| <b>259,650</b>                   | <b>Total Medical Training Grades</b>                |             | <b>280,561</b> |
| 5,734                            | Dental training grades                              |             | 5,574          |
| 9,091                            | Dental GP Trainees                                  |             | 4,710          |
| <b>14,825</b>                    | <b>Total Dental Training Grades</b>                 |             | <b>10,284</b>  |
| 7,471                            | Pre-reg Pharmacy Trainees/FTY Trainee Pharmacist    |             | 8,161          |
| 238                              | Pharmacy Fellowships                                |             | 195            |
| <b>7,709</b>                     | <b>Total Pharmacy</b>                               |             | <b>8,356</b>   |
| 12,367                           | <b>Clinical Psychology</b>                          |             | 15,146         |
| 3,027                            | <b>Healthcare Science</b>                           |             | 3,717          |
| <b>297,578</b>                   | <b>Total Postgraduate Expenditure</b>               |             | <b>318,064</b> |
| <b>423,706</b>                   | <b>Total Direct Educational Non Pay Expenditure</b> |             | <b>454,612</b> |

**Note 5. Other Educational Infrastructure Support - Non Pay Expenditure**

| 2022          |  | 2023          |
|---------------|--|---------------|
| £'000         |  | £'000         |
| 2,677         | Medical Professional Development                           | 3,036         |
| 894           | Medical Quality Management                                 | 894           |
| 280           | Medical Strategic Planning & Directorate Support           | 269           |
| 5,174         | Medical Training Programme Management                      | 4,059         |
| 246           | Healthcare Science   | 332           |
| 6,457         | Dental   | 7,189         |
| 14,296        | Psychology   | 17,713        |
| 2,323         | Pharmacy   | 1,845         |
| 9,639         | Nursing, Midwifery and Allied Health Professionals         | 10,321        |
| 3,391         | Knowledge Services   | 3,923         |
| 689           | Optometry  | 622           |
| 1,492         | NHS Workforce Support                                      | 2,802         |
| 2,764         | NES Technology Service                                     | 2,531         |
| 46            | NHS Scotland Academy                                       | 559           |
| <b>50,368</b> | <b>Total Other Educational Support Non Pay Expenditure</b> | <b>56,095</b> |

**Note 6. NES Infrastructure - Non Pay Expenditure**

| 2022         |  | 2023         |
|--------------|--|--------------|
| £'000        |  | £'000        |
| 484          | Internal Governance, Planning, Commissioning & Systems | 309          |
| 4,176        | Property & Facilities Management                       | 2,609        |
| 244          | Workforce Support                                      | 319          |
| 1,837        | NES Technology Service                                 | 1,811        |
| 1,450        | Depreciation and Amortisation                          | 3,188        |
| 524          | Corporate  | 371          |
| 382          | Movement on Provisions <sup>1</sup>                    | (220)        |
| 62           | External Auditor's Remuneration - Audit Fee            | 75           |
| 0            | Loss on Disposal of Assets                             | 116          |
| 0            | Impairment of Assets <sup>1</sup>                      | 329          |
| <b>9,159</b> | <b>Total NES Infrastructure Non Pay expenditure</b>    | <b>8,907</b> |

1. Impairment of assets and provisions are AME funded

**Note 7. Other Operating Income**

| 2022          |   | 2023           |
|---------------|---|----------------|
| £'000         |   | £'000          |
| 81,221        | NHS Scotland bodies <sup>1</sup>                  | 90,220         |
| 130           | NHS Non-Scottish bodies                           | 164            |
| 1,072         | SGHSCD <sup>1</sup>                               | 1,477          |
| 751           | License fees for E Portfolio system               | 705            |
| 168           | Medical CPD                                       | 179            |
| 589           | Dental CPD  | 593            |
| 114           | Scottish Patient Safety Programme Fellowship Fees | 231            |
| 7,402         | Overseas ACT Levy - Medical                       | 7,900          |
| 0             | Overseas ACT Levy - Dental                        | 764            |
| 650           | Other Income <sup>1</sup>                         | 1,489          |
| 0             | Capital Grant Income                              | 1,255          |
| <b>92,097</b> | <b>Total Other Operating Income</b>               | <b>104,977</b> |

1. Outward Seconded Income comprises £87.4m from NHSS bodies, £1.3m from SGHSCD and £0.4m in Other Income



## Note 8. Segmental Analysis

Segmental information as required under IFRS has been reported for each strategic business area.

|                                   | Medical | Dental | NMAHP  | Other Health Professionals | Digital | Corporate | Total   |
|-----------------------------------|---------|--------|--------|----------------------------|---------|-----------|---------|
|                                   | £'000   | £'000  | £'000  | £'000                      | £'000   | £'000     | £'000   |
| Net operating expenditure 2022/23 | 469,601 | 48,061 | 17,356 | 43,967                     | 21,324  | 19,659    | 619,968 |
| Net operating expenditure 2021/22 | 434,492 | 46,699 | 15,508 | 34,534                     | 20,341  | 16,511    | 568,085 |

In the above, Other Health Professionals includes Optometry, Healthcare Science, Psychology, Social Care and NHS Scotland Academy. Digital includes the cost of all digital infrastructure; and Corporate includes Finance and Procurement, Workforce and Planning and Corporate Resources (which includes Property and Facilities Management).

NES considers the Chief Executive, as Accountable Officer, to be the Chief Operating Decision Maker. The segments reported in the annual accounts reflect the activities of NES in a way which is relevant to our many stakeholders including our funding body, the Scottish Government, and specifically, within the Scottish Government, the Chief Dental Officer, the Chief Nursing Officer and the Chief Medical Officer.

The annual accounts presented to the Audit and Risk Committee and the Board are full IFRS accounts. Throughout the year, the financial information presented to the Extended Executive Team, the Audit and Risk Committee and the Board are accruals-based management accounts. This presentation is adopted as, due to the nature of NES activities, the focus of performance management is on the control of expenditure and identification of output and outcomes. The preliminary year-end financial information presented in May to these groups is 'in draft' until the audited annual accounts are presented in June.

**Note 9. a) Intangible Fixed Assets – Current Year**

| <b>Current Year</b>                        | <b>Software<br/>licenses</b> | <b>Software</b> | <b>Websites</b> | <b>Total</b>  |
|--|------------------------------|-----------------|-----------------|---------------|
|  | <b>£'000</b>                 | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>  |
| <b>Cost or valuation:</b>                  |                              |                 |                 |               |
| As at 1 April 2022                         | 45                           | 12,788          | 412             | 13,245        |
| Additions                                  | 0                            | 538             | 0               | 538           |
| Transfers                                  | 0                            | 0               | 0               | 0             |
| Disposals                                  | 0                            | (823)           | 0               | (823)         |
| <b>At 31st March 2023</b>                  | <b>45</b>                    | <b>12,503</b>   | <b>412</b>      | <b>12,960</b> |
| <b>Amortisation:</b>                       |                              |                 |                 |               |
| As at 1 April 2022                         | 15                           | 3,018           | 412             | 3,445         |
| Provided in year                           | 0                            | 553             | 0               | 553           |
| Impairment charge                          | 0                            | 329             | 0               | 329           |
| Disposals                                  | 0                            | (707)           | 0               | (707)         |
| <b>At 31st March 2023</b>                  | <b>15</b>                    | <b>3,193</b>    | <b>412</b>      | <b>3,620</b>  |
| <b>Net Book Value at 31 March<br/>2022</b> | <b>30</b>                    | <b>9,770</b>    | <b>0</b>        | <b>9,800</b>  |
| <b>Net Book Value at 31 March<br/>2023</b> | <b>30</b>                    | <b>9,310</b>    | <b>0</b>        | <b>9,340</b>  |
| <b>Asset financing:</b>                    |                              |                 |                 |               |
| Owned                                      | 30                           | 9,310           | 0               | 9,340         |
| <b>Net Book Value at 31 March<br/>2023</b> | <b>30</b>                    | <b>9,310</b>    | <b>0</b>        | <b>9,340</b>  |

**Note 9. a) Intangible Fixed Assets – Prior Year**

| Prior Year                             | Software licenses | Software      | Websites   | AuD*         | Total         |
|--|-------------------|---------------|------------|--------------|---------------|
|  | £'000             | £'000         | £'000      | £'000        | £'000         |
| <b>Cost or valuation:</b>              |                   |               |            |              |               |
| As at 1st April 2021                   | 45                | 11,716        | 412        | 1,018        | 13,191        |
| Additions                              | 0                 | 321           | 0          | 0            | 321           |
| Transfers                              | 0                 | 832           | 0          | (1,018)      | (186)         |
| Disposals                              | 0                 | (81)          | 0          | 0            | (81)          |
| <b>At 31 March 2022</b>                | <b>45</b>         | <b>12,788</b> | <b>412</b> | <b>0</b>     | <b>13,245</b> |
| <b>Amortisation:</b>                   |                   |               |            |              |               |
| As at 1st April 2021                   | 15                | 2,607         | 412        | 0            | 3,034         |
| Provided during the year               | 0                 | 492           | 0          | 0            | 492           |
| Disposals                              | 0                 | (81)          | 0          | 0            | (81)          |
| <b>At 31 March 2022</b>                | <b>15</b>         | <b>3,018</b>  | <b>412</b> | <b>0</b>     | <b>3,445</b>  |
| <b>Net book value at 31 March 2021</b> | <b>30</b>         | <b>9,109</b>  | <b>0</b>   | <b>1,018</b> | <b>10,157</b> |
| <b>Net book value at 31 March 2022</b> | <b>30</b>         | <b>9,770</b>  | <b>0</b>   | <b>0</b>     | <b>9,800</b>  |
| <b>Asset financing:</b>                |                   |               |            |              |               |
| Owned                                  | 30                | 9,770         | 0          | 0            | 9,800         |
| <b>Net book value at 31 March 2022</b> | <b>30</b>         | <b>9,770</b>  | <b>0</b>   | <b>0</b>     | <b>9,800</b>  |

\* *Assets under development (AuD)*

**Note 9.b) Property Plant and Equipment – Current Year**

| <b>Current Year</b>                        | <b>Transport<br/>equipment</b> | <b>Plant &amp;<br/>machinery</b> | <b>Information<br/>Technology</b> | <b>Furniture<br/>&amp; fittings</b> | <b>AuC*</b>  | <b>Total</b>  |
|--|--------------------------------|----------------------------------|-----------------------------------|-------------------------------------|--------------|---------------|
|  | <b>£'000</b>                   | <b>£'000</b>                     | <b>£'000</b>                      | <b>£'000</b>                        | <b>£'000</b> | <b>£'000</b>  |
| <b>Cost or valuation:</b>                  |                                |                                  |                                   |                                     |              |               |
| As at 1 April 2022                         | 375                            | 1,762                            | 3,020                             | 5,300                               | 0            | 10,457        |
| Additions                                  | 0                              | 407                              | 216                               | 0                                   | 190          | 813           |
| Disposals                                  | 0                              | (225)                            | (104)                             | 0                                   | 0            | (329)         |
| <b>At 31st March 2023</b>                  | <b>375</b>                     | <b>1,944</b>                     | <b>3,132</b>                      | <b>5,300</b>                        | <b>190</b>   | <b>10,941</b> |
| <b>Depreciation:</b>                       |                                |                                  |                                   |                                     |              |               |
| As at 1 April 2022                         | 212                            | 780                              | 2,569                             | 4,723                               | 0            | 8,284         |
| Provided in year                           | 53                             | 174                              | 226                               | 427                                 | 0            | 880           |
| Disposals                                  | 0                              | (225)                            | (104)                             | 0                                   | 0            | (329)         |
| <b>At 31st March 2023</b>                  | <b>265</b>                     | <b>729</b>                       | <b>2,691</b>                      | <b>5,150</b>                        | <b>0</b>     | <b>8,835</b>  |
| <b>Net Book Value at 31<br/>March 2022</b> | <b>163</b>                     | <b>982</b>                       | <b>451</b>                        | <b>577</b>                          | <b>0</b>     | <b>2,173</b>  |
| <b>Net Book Value at 31<br/>March 2023</b> | <b>110</b>                     | <b>1,215</b>                     | <b>441</b>                        | <b>150</b>                          | <b>190</b>   | <b>2,106</b>  |
| <b>Asset financing:</b>                    |                                |                                  |                                   |                                     |              |               |
| Owned                                      | 110                            | 1,215                            | 441                               | 150                                 | 190          | 2,106         |
| <b>Net Book Value at 31<br/>March 2023</b> | <b>110</b>                     | <b>1,215</b>                     | <b>441</b>                        | <b>150</b>                          | <b>190</b>   | <b>2,106</b>  |

\* Assets under construction (AuC)

**Note 9. b) Property Plant and Equipment - Prior Year**

| Prior Year                                 | Transport<br>equipment | Plant &<br>machinery | Information<br>Technology | Furniture<br>& fittings | AuC*     | Total         |
|--|------------------------|----------------------|---------------------------|-------------------------|----------|---------------|
|  | £'000                  | £'000                | £'000                     | £'000                   | £'000    | £'000         |
| <b>Cost or valuation:</b>                  |                        |                      |                           |                         |          |               |
| As at 1st April 2021                       | 375                    | 1,471                | 3,370                     | 5,300                   | 0        | 10,516        |
| Additions                                  | 0                      | 122                  | 5                         | 0                       | 0        | 127           |
| Transfers                                  | 0                      | 186                  | 0                         | 0                       | 0        | 186           |
| Disposals                                  | 0                      | (17)                 | (355)                     | 0                       | 0        | (372)         |
| <b>At 31 March 2022</b>                    | <b>375</b>             | <b>1,762</b>         | <b>3,020</b>              | <b>5,300</b>            | <b>0</b> | <b>10,457</b> |
| <b>Depreciation:</b>                       |                        |                      |                           |                         |          |               |
| As at 1st April 2021                       | 158                    | 690                  | 2,702                     | 4,148                   | 0        | 7,698         |
| Provided during the year                   | 54                     | 107                  | 222                       | 575                     | 0        | 958           |
| Disposals                                  | 0                      | (17)                 | (355)                     | 0                       | 0        | (372)         |
| <b>At 31 March 2022</b>                    | <b>212</b>             | <b>780</b>           | <b>2,569</b>              | <b>4,723</b>            | <b>0</b> | <b>8,284</b>  |
| <b>Net book value at 31<br/>March 2021</b> | <b>217</b>             | <b>781</b>           | <b>668</b>                | <b>1,152</b>            | <b>0</b> | <b>2,818</b>  |
| <b>Net book value at 31<br/>March 2022</b> | <b>163</b>             | <b>982</b>           | <b>451</b>                | <b>577</b>              | <b>0</b> | <b>2,173</b>  |
| <b>Asset financing:</b>                    |                        |                      |                           |                         |          |               |
| Owned                                      | 163                    | 982                  | 451                       | 577                     | 0        | 2,173         |
| <b>Net book value at 31<br/>March 2022</b> | <b>163</b>             | <b>982</b>           | <b>451</b>                | <b>577</b>              | <b>0</b> | <b>2,173</b>  |

\* Assets under construction (AuC)

**Note 10. Trade and Other Receivables**

| <b>2022</b>                             |   | <b>2023</b>  |
|---|---|--------------|
| <b>£'000</b>                            |   | <b>£'000</b> |
| <b>Receivables due within one year:</b> |   |              |
| <b>NHSScotland</b>                      |   |              |
| 106                                     | SGHSCD  | 231          |
| 359                                     | Boards  | 945          |
| <b>465</b>                              | <b>Total NHSScotland receivables</b>          | <b>1,176</b> |
| 177                                     | NHS non-Scottish bodies                       | 7            |
| 163                                     | VAT recoverable                               | 148          |
| 586                                     | Prepayments                                   | 1,203        |
| 201                                     | Accrued income                                | 2,102        |
| 350                                     | Reimbursement of provisions (CNORIS)          | 22           |
| 151                                     | Other receivables                             | 3,332        |
| 0                                       | Other public sector bodies                    | 7            |
| <b>2,093</b>                            | <b>Total receivables due within one year</b>  | <b>7,997</b> |
| <b>WGA Classification:</b>              |   |              |
| <b>£'000</b>                            |   | <b>£'000</b> |
| 359                                     | NHSScotland                                   | 945          |
| 269                                     | Central Government bodies                     | 380          |
| 0                                       | Whole of Government bodies                    | 7            |
| 177                                     | Balances with NHS bodies in England and Wales | 7            |
| 1,288                                   | Balances with bodies external to Government   | 6,658        |
| <b>2,093</b>                            | <b>Total</b>                                  | <b>7,997</b> |

Trade Receivables that are less than 3 months past their due date are not considered impaired. As at 31 March 2023, receivables with a carrying value of £547k (2022: £240k) were past their date but not impaired. The ageing of receivables that are past due but not impaired is as follows:

| <b>2022</b>  |  | <b>2023</b>  |
|--------------|--|--------------|
| <b>£'000</b> |  | <b>£'000</b> |
| 133          | Up to 3 months past due                                  | 244          |
| 49           | 3 to 6 months past due                                   | 201          |
| 58           | Over 6 months past due                                   | 102          |
| <b>240</b>   | <b>Total Trade Receivables past due but not impaired</b> | <b>547</b>   |

Concentration of credit risk is limited due to the customer base comprising of 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 trade receivables. The credit quality of trade 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.

**Note 10. Trade and Other Receivables (continued)**

| Trade Receivables that are neither past due nor impaired are shown by their credit risk below: |   |              |
|--|---|--------------|
| 2022   |   | 2023         |
| £'000  |   | £'000        |
| <b>Counterparties with external credit ratings</b>   |   |              |
| 675  | A   | 4,369        |
| <b>Counterparties with no external credit rating</b>   |   |              |
| 13   | New customers                                   | 73           |
| 34   | Existing customers with no defaults in the past | 19           |
| <b>722</b>   | <b>Total neither past due nor impaired</b>      | <b>4,461</b> |

The value of debt write-off in the year was £0 (2021: £0). The carrying amount of receivables are denominated in Great British Pounds.

**Note 11. Cash and Cash Equivalents**

|  | At<br>1 April<br>2022 | Cash<br>Flow | At<br>31 March<br>2023 |
|--|-----------------------|--------------|------------------------|
|  | £'000                 | £'000        | £'000                  |
| <b>Current Year</b>                        |                       |              |                        |
| Government Banking Service account balance | 427                   | 30           | 457                    |
| Cash at bank and in hand                   | 20                    | (11)         | 9                      |
| <b>Total cash and cash equivalents</b>     | <b>447</b>            | <b>19</b>    | <b>466</b>             |
|  |                       |              |                        |
|  | At<br>1 April<br>2021 | Cash<br>Flow | At<br>31 March<br>2022 |
|  | £'000                 | £'000        | £'000                  |
| <b>Prior Year</b>                          |                       |              |                        |
| Government Banking Service account balance | 199                   | 228          | 427                    |
| Cash at bank and in hand                   | 26                    | (6)          | 20                     |
| <b>Total cash and cash equivalents</b>     | <b>225</b>            | <b>222</b>   | <b>447</b>             |

**Note 12. Trade and Other Payables**

| <b>2022</b>                                  |  | <b>2023</b>   |
|--|--|---------------|
| <b>£'000</b>                                 |  | <b>£'000</b>  |
| <b>Payables due within one year</b>          |  |               |
| <b>NHSScotland</b>                           |  |               |
| 9,285  | Boards   | 19,503        |
| <b>9,285</b>                                 | <b>Total NHSScotland payables</b>                              | <b>19,503</b> |
| 430  | NHS Non-Scottish bodies  | 444           |
| 447  | Amounts payable to General Fund                                | 466           |
| 1,022  | Trade payables   | 1,972         |
| 8,811  | Accruals   | 9,555         |
| 0  | Net obligations under leases                                   | 1,247         |
| 219  | Deferred income  | 926           |
| 4,371  | Income tax and social security                                 | 5,017         |
| 2,711  | Superannuation   | 2,950         |
| 1,091  | Holiday pay accrual  | 1,137         |
| 175  | Other payables   | 5             |
| <b>28,562</b>                                | <b>Total Trade and Other Payables due within one year</b>      | <b>43,222</b> |
| <b>Payables due after more than one year</b> |  |               |
| 0  | Net obligations under leases due within 2 years                | 891           |
| 0  | Net obligations under leases due after 2 but within 5 years    | 493           |
| 0  | Net obligations under leases due after 5 years                 | 0             |
| 378  | Other payables due within 2 years                              | 145           |
| <b>378</b>                                   | <b>Total Trade and Other Payables after more than one year</b> | <b>1,529</b>  |
| <b>28,940</b>                                | <b>Total Trade and Other Payables</b>                          | <b>44,751</b> |
| <b>£'000</b>                                 | <b>WGA Classification</b>                                      | <b>£'000</b>  |
| 9,285  | NHS Scotland   | 19,503        |
| 7,082  | Central Government Bodies                                      | 7,967         |
| 430  | Balances with NHS Bodies in England and Wales                  | 444           |
| 12,143                                       | Balances with bodies external to Government                    | 16,837        |
| <b>28,940</b>                                | <b>Total Trade and Other Payables</b>                          | <b>44,751</b> |

Under IFRS16 leases are treated as borrowing therefore the carrying amount and fair value of payables and borrowings is £2,631k of which £1,384k is for non-current assets. All values are denominated in Great British Pounds.



**Note 13. a) Provisions**

| Current Year             | Clinical legal      | Participation | Dilapidations | Other      | Total        |
|--------------------------|---------------------|---------------|---------------|------------|--------------|
|                          | claims <sup>1</sup> | in CNORIS     |               |            |              |
|                          | £'000               | £'000         | £'000         | £'000      | £'000        |
| At 1 April 2022          | 376                 | 102           | 4,046         | 325        | 4,849        |
| Arising during the year  | 142                 | 195           | 0             | 203        | 540          |
| Utilised during the year | (435)               | (86)          | 0             | (106)      | (627)        |
| Unwinding of discount    | 0                   | 0             | (316)         | 0          | (316)        |
| Reversed unutilised      | (33)                | 0             | 0             | (160)      | (193)        |
| <b>At 31 March 2023</b>  | <b>50</b>           | <b>211</b>    | <b>3,730</b>  | <b>262</b> | <b>4,253</b> |

*Note 1* . The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in Note 10.

| Expected timing of discounted cashflows | Clinical legal | Participation | Dilapidations | Other      | Total        |
|---|----------------|---------------|---------------|------------|--------------|
|   | claims         | in CNORIS     |               |            |              |
|   | £'000          | £'000         | £'000         | £'000      | £'000        |
| Payable in one year                     | 50             | 53            | 0             | 263        | 366          |
| Payable between 2 - 5 years             | 0              | 128           | 3,729         | 0          | 3,857        |
| Payable between 6 - 10 years            | 0              | 11            | 0             | 0          | 11           |
| Thereafter                              | 0              | 19            | 0             | 0          | 19           |
| <b>At 31 March 2023</b>                 | <b>50</b>      | <b>211</b>    | <b>3,729</b>  | <b>263</b> | <b>4,253</b> |

| Prior Year               | Clinical legal | Participation | Dilapidations | Other      | Total        |
|--------------------------|----------------|---------------|---------------|------------|--------------|
|                          | claims         | in CNORIS     |               |            |              |
|                          | £'000          | £'000         | £'000         | £'000      | £'000        |
| At 1 April 2021          | 514            | 88            | 4,002         | 0          | 4,604        |
| Arising during the year  | 60             | 37            | 44            | 325        | 466          |
| Utilised during the year | (55)           | (23)          | 0             | 0          | (78)         |
| Reversed unutilised      | (143)          | 0             | 0             | 0          | (143)        |
| <b>At 31 March 2022</b>  | <b>376</b>     | <b>102</b>    | <b>4,046</b>  | <b>325</b> | <b>4,849</b> |

| Expected timing of discounted cashflows | Clinical legal | Participation | Dilapidations | Other      | Total        |
|---|----------------|---------------|---------------|------------|--------------|
|   | claims         | in CNORIS     |               |            |              |
|   | £'000          | £'000         | £'000         | £'000      | £'000        |
| Payable in one year                     | 376            | 25            | 0             | 63         | 464          |
| Payable between 2 - 5 years             | 0              | 62            | 4,046         | 262        | 4,370        |
| Payable between 6 - 10 years            | 0              | 5             | 0             | 0          | 5            |
| Thereafter                              | 0              | 10            | 0             | 0          | 10           |
| <b>At 31 March 2022</b>                 | <b>376</b>     | <b>102</b>    | <b>4,046</b>  | <b>325</b> | <b>4,849</b> |

**Note 13. b) Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)**

| 2022  |  |      | 2023       |
|---|--|------|------------|
| £'000   |  | Note | £'000      |
| 376   | Provision recognising individual claims against the Board at 31 March                    | 13a  | 50         |
| (350)   | Associated CNORIS receivable for individual claims at 31 March                           | 10   | (22)       |
| 102   | Provision recognising the Board's liability from participating in the scheme at 31 March | 13a  | 211        |
| <b>128 Net total provision relating to CNORIS at 31 March</b> |  |      | <b>239</b> |

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. If a claim is greater than £25k and is settled then the Board is 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 assesses whether a provision or contingent liability for that legal claim is required. If a provision is required then the Board also creates an associated receivable, recognising reimbursement from the scheme if the legal claim settles, provided the provision for a claim exceeds £25k. The provision and associated receivable are shown in separate lines above.

Additionally, as a result of participation in the scheme, NHS Boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual Board. Boards also recognise that there is a requirement 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 the table above.

Therefore, there are two related, but distinct, provisions required as a result of participation in the scheme. Clinical and Medical Legal £50k relates to claims against NES, and the participation in CNORIS £211k relates to the NES share of the total NHS Scotland liability. The annual cost of participating in the CNORIS scheme is an expenditure which is charged to the SoCNE.

Further information on the scheme can be found at [clo.scot.nhs.uk/our-services/cnoris](https://clo.scot.nhs.uk/our-services/cnoris)

**Note 14. Commitments Under Lease****Operating Leases**

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

| 2022  |   | 2023         |
|---|---|--------------|
| £'000   |   | £'000        |
| <b>Obligations under operating leases comprise:</b>               |   |              |
| <b>Buildings</b>  |   |              |
| 1,850   | Not later than one year                         | 1,247        |
| 1,388   | Later than one year, not later than 2 years     | 891          |
| 1,533   | Later than two years, not later than five years | 493          |
| 9   | Later than five years                           | 0            |
| <b>4,780</b>  | <b>Total Buildings</b>                          | <b>2,631</b> |
| <b>Other</b>  |   |              |
| 4   | Not later than one year                         | 4            |
| 4   | Later than one year, not later than 2 years     | 4            |
| 1   | Later than two years, not later than five years | 1            |
| <b>9</b>  | <b>Total Other</b>                              | <b>9</b>     |
| <b>Amounts charged to operating expenditure in the year were:</b> |   |              |
| 5   | Hire of equipment (including vehicles)          | 6            |
| 2,180   | Other operating leases                          | 1,657        |
| <b>2,185</b>  | <b>Total</b>                                    | <b>1,663</b> |

## Note 15. Pension Costs

### National Health Service Superannuation Scheme

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

NHS Education for Scotland has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Education for Scotland is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate for the period from 1 April 2022 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

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

NHS Education for Scotland's level of participation in the scheme is 1.52 % based on the proportion of employer contributions paid in 2021/22. NES employers contributions are detailed in the Staff Report.

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

From 1 April 2015, the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2021/22 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

**Note 15. Pension costs (continued)****The previous NHS Superannuation Scheme (Scotland) Section 1995 and Section 2008**

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

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

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at

[www.pensions.gov.scot](http://www.pensions.gov.scot)

**National Employment Savings Trust (NEST)**

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

NEST is a defined contribution pension scheme established by law to support the introduction of automatic enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270, but will be reviewed every year by the Government. The initial employee contribution was 1% of qualifying earnings, with an employer contribution of 1%. These rates increased in stages to meet levels set by the Government.

| <b>Date</b>    | <b>Employee Contribution</b> | <b>Employer Contribution</b> | <b>Total Contribution</b> |
|----------------|------------------------------|------------------------------|---------------------------|
| 1st March 2013 | 1%                           | 1%                           | 2%                        |
| 1st April 2018 | 3%                           | 2%                           | 5%                        |
| 1st April 2019 | 5%                           | 3%                           | 8%                        |

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

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

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

**Note 16. Financial Instruments****a) Financial Instruments by Category**

| <b>Financial Assets<br/>At 31 March 2023:</b>  | <b>Financial<br/>Assets at<br/>Amortised<br/>costs<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|------------------------|
| <b>Assets per Statement of Financial Position</b>  |  |                        |
| Trade and other receivables excluding NHSS receivables,<br>prepayments, reimbursements of provisions and VAT recoverable                                 | 5,448  | 5,448                  |
| Cash and cash equivalents  | 466  | 466                    |
|  | <b>5,914</b>   | <b>5,914</b>           |
| <b>Financial Assets<br/>At 31 March 2022:</b>  |  |                        |
| <b>Assets per Statement of Financial Position</b>  |  |                        |
| Trade and other receivables excluding NHSS receivables,<br>prepayments, reimbursements of provisions and VAT recoverable                                 | 529  | 529                    |
| Cash and cash equivalents  | 447  | 447                    |
|  | <b>976</b>   | <b>976</b>             |
| <b>Financial Liabilities<br/>At 31 March 2023:</b>   |  |                        |
| <b>Liabilities per Statement of Financial Position</b>   |  |                        |
| Trade and other payables excluding NHSS payables, statutory<br>liabilities (VAT, income tax, and social security), deferred income and<br>superannuation | 16,355   | 16,355                 |
|  | <b>16,355</b>  | <b>16,355</b>          |
| <b>Financial Liabilities<br/>At 31 March 2022:</b>   |  |                        |
| <b>Liabilities per Statement of Financial Position</b>   |  |                        |
| Trade and other payables excluding NHSS payables, statutory<br>liabilities (VAT, income tax, and social security), deferred income and<br>superannuation | 12,354   | 12,354                 |
|  | <b>12,354</b>  | <b>12,354</b>          |

**Note 16. Financial Instruments (continued)****b) Financial Risk Factors**

NES'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 NES 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, NES is not exposed to the degree of financial risk faced by business entities.

The Board provides written principles for overall risk management. The risks associated with the ongoing business of NES, and the achievement of its strategic and operational aims, are managed through a system of Risk Registers held at different levels throughout the organisation. These provide a mechanism through which risk management information can be gathered, reported on and action formulated across NES. This ensures that potential threats to, and challenges within, systems are identified at strategic and operational levels, and risk assessment of their impact is undertaken in conjunction with relevant parties.

**16b (i) Credit Risk**

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

For banks and other institutions, only independently rated parties with 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 NES.

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.

**16b (ii) Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by NES 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. NES is therefore not exposed to significant liquidity risks.

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

**Note 16. Financial Instruments (continued)****16b (ii) Liquidity Risk (continued)**

|   | Less than<br>1 year | Between 1<br>and 2<br>years | Between<br>2 and 5<br>years | Over 5<br>years |
|---|---------------------|-----------------------------|-----------------------------|-----------------|
|   | £'000               | £'000                       | £'000                       | £'000           |
| <b>At 31 March 2023:</b>  |                     |                             |                             |                 |
| Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation | 14,826              | 1,035                       | 494                         | 0               |
| <b>Total</b>  | <b>14,826</b>       | <b>1,035</b>                | <b>494</b>                  | <b>0</b>        |
| <b>At 31 March 2022:</b>  |                     |                             |                             |                 |
| Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation | 11,976              | 234                         | 144                         | 0               |
| <b>Total</b>  | <b>11,976</b>       | <b>234</b>                  | <b>144</b>                  | <b>0</b>        |

**16b (iii) Market Risk**

NES 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 NES in undertaking its activities.

**a) Cash flow and fair value interest rate risk**

NES 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.

**b) Foreign Currency Risk**

NES has limited exposure to foreign exchange risk in relation to contracts denoted in foreign currencies.

**c) Price risk**

NES is not exposed to equity security price risk.

**16b (iv) Fair Value Estimation**

The carrying value of cash and cash equivalents is assumed to approximate their fair value.

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 17. Lease Assets and Liabilities****17a. Lease Assets**

| <b>Buildings</b>                       |              |
|--|--------------|
| <b>£'000</b>                           |              |
| <b>Cost or valuation:</b>              |              |
| As at 1 April 2022                     | 4,090        |
| Additions                              | 1,255        |
| <b>At 31st March 2023</b>              | <b>5,345</b> |
| <b>Amortisation:</b>                   |              |
| As at 1 April 2022                     | 0            |
| Provided in year                       | 1,616        |
| Provided in year - Peppercorn Leases   | 139          |
| <b>At 31st March 2023</b>              | <b>1,755</b> |
| <b>Net Book Value at 31 March 2022</b> | <b>0</b>     |
| <b>Net Book Value at 1 April 2022</b>  | <b>4,090</b> |
| <b>Net Book Value at 31 March 2023</b> | <b>3,590</b> |

**17b. Lease Liabilities**

There are a total of £2,631k of lease liabilities falling due as follows

| <b>Total</b>                                   |                |
|--|----------------|
| <b>£'000</b>                                   |                |
| <b>Amounts falling due:</b>                    |                |
| Not later than one year                        | (1,247)        |
| Later than one year, not later than 2 years    | (891)          |
| Later than two year, not later than five years | (493)          |
| Later than five years                          | 0              |
| <b>Total at 31 March 2023</b>                  | <b>(2,631)</b> |

An amount of £1,616k depreciation and £41k interest is recognised in the Statement of Comprehensive Expenditure and the Statement of Cashflows.

**Note 18. Retrospective Restatement**

With the adoption of IFRS16 as at 1 April 2022, there has been a retrospective restatement of the opening balances at that date. This covers the net value of the lease assets and liabilities held by NES, calculated using the present value of all future lease payments.

The adjustments to the Balance Sheet are as follows:

|    |                     |         |
|----|---------------------|---------|
| DR | Right of Use Assets | £4,089k |
| CR | Lease Liabilities   | £4,311k |
| DR | General Fund        | £222k   |

**Note 19. Related Party Transactions**

There are related party transactions with other Government departments and other central Government bodies. NES spent £465 million (2022: £396 million) with other NHS Scotland Boards. NES expenditure with the following boards exceeded £10 million: NHS Ayrshire and Arran, NHS Fife, NHS Forth Valley, NHS Grampian, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire, NHS Lothian and NHS Tayside. NHS Boards where the total income exceeded £10 million are NHS Grampian, NHS Greater Glasgow and Clyde, NHS Lothian and NHS Tayside.

**Note 20. Capital Commitments**

The Board has no capital commitments.

# Direction by the Scottish Ministers

## DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Education for Scotland by virtue of the NHS Education for Scotland Order 2002 as amended, and all other powers enabling them to do so, hereby DIRECT that:

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

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

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

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

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

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

“NHS Education for Scotland” is a Special Health Board for the whole of Scotland constituted under the NHS Education for Scotland Order 2002 (S.S.I 2002/103),

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

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

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



Signed by the authority of the Scottish Ministers

Dated 22 March 2022

## Glossary of Terms

| Acronym | Description   | Acronym | Description  |
|---------|---|---------|--|
| ACT     | Additional Cost of Teaching                                 | NICE    | National Institute for Health and Care Excellence's          |
| AHP PEL | Allied Health Professional Practice Education Lead          | NMAHP   | Nursing Midwifery and Allied Health Professionals            |
| AOP     | Annual Operational Plan                                     | NTS     | NES Technology Service                                       |
| ARCP    | Annual Review of Competency Progression                     | oEPR    | ophthamology Electronic Patient Record                       |
| BMA     | British Medical Association                                 | PAO     | Principal Accountable Officer                                |
| BNF     | British National Formulary                                  | PCCP    | Person-Centred Care and Participation.                       |
| CAMHS   | Child & Adolescent Mental Health Services                   | PDPR    | Personal Development Planning and Review                     |
| CARE    | Career Average Re-valued Earnings                           | PEF     | Practice Education Facilitator                               |
| CCST    | Certificate of Completion of Specialist Training            | PEL     | Practice Education Lead                                      |
| CETV    | Cash Equivalent Transfer Values                             | PFM     | Property and Facilities Management                           |
| CHEF    | Nursing & Midwifery Care Home Education Facilitator         | PFPI    | Patient Focus Public Involvement                             |
| CNORIS  | Clinical Negligence and Other Risks Indemnity Scheme        | PG      | Postgraduate   |
| COSLA   | Convention of Scottish Local Authorities                    | PoPP    | Psychology of Parenting Programme                            |
| CPD     | Continuing Professional Development                         | PRPS    | Pre-Registration Pharmacist Scheme                           |
| CPI     | Consumer Prices Index                                       | PTTC    | Psychological Therapies Training Coordinator                 |
| CRL     | Capital Resource Limit                                      | QI      | Quality Improvement  |
| DCP     | Dental Care Professional                                    | RCP     | Review of Competence Progression                             |
| DHI     | Digital Health and Care Institute                           | RMP     | Re-Mobilisation Plan   |
| DVT     | Dental Vocational Training                                  | RRL     | Revenue Resource Limit                                       |
| eKSF    | Electronic Knowledge and Skills Framework                   | RTS     | Real Time Staffing   |
| FReM    | Financial Reporting Manual                                  | ScotGEM | Scottish Graduate Entry Medicine Programme                   |
| GDC     | General Dental Council                                      | SDCEP   | Scottish Dental Clinical Effectiveness Programme             |
| GP      | General Practice/Practitioner                               | SFC     | Scottish Funding Council                                     |
| GPhC    | General Pharmaceutical Council                              | SGHSCD  | Scottish Government Health and Social Care Directorate       |
| HCPC    | Health and Care Professional Council                        | SIFS    | Scottish Improvement Foundation Skills                       |
| HCSW    | Health Care Support Workers                                 | SOAR    | Scottish Online Appraisal Resource                           |
| ICO     | Information Commissioner's Office                           | SoCNE   | Statement of Comprehensive Net Expenditure                   |
| IFRIC   | International Financial Reporting Interpretations Committee | SPFM    | Scottish Public Finance Manual                               |
| IFRS    | International Financial Reporting Standards                 | SPPA    | Scottish Public Pensions Agency                              |
| IMT     | Internal Medical Training                                   | SQA     | Scottish Qualifications Authority                            |
| KPI     | Key Performance Indicator                                   | SSSC    | Scottish Social Services Council                             |
| LDP     | Local Delivery Plan   | TEL     | Technology Enhanced Learning                                 |
| LLP     | Limited Liability Partnership                               | TPD     | Training Programme Director                                  |
| MSU     | Mobile Skills Unit  | TPTIC   | Transforming Psychological Trauma Implementation Coordinator |
| NDS     | NES Digital Services  | UG      | Undergraduate  |
| NEPT    | National Endoscopy Training Programme                       | VAT     | Value Added Tax  |
| NES     | NHS Education for Scotland                                  | VDP     | Vocational Dental Practitioner                               |
| NEST    | National Employment Savings Trust                           | VT      | Vocational Training  |
| NHSSA   | NHS Scotland Academy  | WTE     | Whole Time Equivalent  |

This resource may be made available, in full or summary form, in alternative formats and community languages. Please contact us on **0131 656 3200** or email **[altformats@nes.scot.nhs.uk](mailto:altformats@nes.scot.nhs.uk)** to discuss how we can best meet your requirements.



**NHS Education for Scotland**

Westport 102  
West Port  
Edinburgh EH3 9DN  
tel: 0131 656 3200

**[www.nes.scot.nhs.uk](http://www.nes.scot.nhs.uk)**