NHS Education for Scotland

Annual Report and Accounts

for year ended 31 March 2026



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NHS Education for Scotland. Annual Report and Accounts for year ended 31 March 2026

Performance Report



Overview



The year 2025-26 was a significant milestone for NHS Education for Scotland (NES) and our work providing education, training, workforce development, data and technology to the health and social care workforce. In response to the Scottish Government's Service Renewal Framework published in June 2025, NES and NHS National Services Scotland (NSS) have come together from 1 April 2026 to form Public Services Delivery Scotland, the public sector's national enabler of transformation, driving digital innovation, workforce development and "Once for Scotland" services to support health and social care.

We highlight what has been delivered in the context of our 2025-26 Annual Delivery Plan and any areas where we were unable to meet our delivery commitments and the reasons for this. We also highlight our work that has been undertaken as part of the transition to the new organisation and set out our initial priorities working within PSD Scotland.

Throughout 2025-26, NES has remained committed to improving population health, reducing inequalities, and working nationally and locally with partners to make a positive and lasting impact to improve the wellbeing of people in Scotland.

Alongside work to establish the new organisation, we have continued to deliver against the ambitions set out within our Corporate Strategy for 2023-26, under the themes of People, Partnership and Performance. This report describes our performance in these three areas during 2025-26 and demonstrates the ongoing impact our work has had across health and social care.

The 2025-26 Annual Report and Accounts provide an open and transparent view of NHS Education for Scotland's performance during our final twelve months as a standalone organisation.

Performance Report |

Chair & Chief Executive's Statement



Throughout its almost 25-year history, NES has designed and delivered education, training and development for staff across the NHS and social care, helping to strengthen the workforce that supports people and communities across Scotland.

Our role has evolved and expanded throughout that time and alongside our statutory role as the provider of education and training for the health workforce (and in partnership with the Scottish Social Services Council for the social care workforce), we now provide workforce development, data and technology across the sector. NES's work affects everyone who works in and with health and social care services, as well as every person in every community in Scotland.

2025-26 marked a new chapter in our journey as we commenced the transition work required to establish PSD Scotland in partnership with our colleagues at NSS and the Scottish Government (SG), however we also continued to deliver on the priorities within our 2025-26 Annual Delivery Plan (ADP) which is directly aligned with our **2023/26 Strategy** and SG priorities. Our 2025-26 Annual Report highlights a number of significant achievements as part of the third and final year of delivering against our strategic ambition.

Our 2023-26 strategy centred on our fundamental belief in being adaptable, creative, and responsive to the needs of the health and social care workforce and the communities they serve. The strategy has been underpinned by the following key drivers which have
enabled us to deliver positive change across our People, Partnership and Performance strategic themes:

- Transformation
- Collaboration
- Research and Innovation
- Quality Improvement
- 'Once for Scotland' Approaches.

In relation to our People strategic theme, we have strengthened Scotland's health and social care workforce in many ways. Tens of thousands of learners have been supported each year through undergraduate and postgraduate placements. Millions of learning journeys have been enabled through TURAS Learn, and we have expanded our national contribution across a range of areas including social care and mental health. Our role has also grown to reach sectors and communities who have sometimes been underserved – including those working in remote, rural and island areas and staff supporting people experiencing trauma or bereavement. All this has been possible because we have invested in our own people – NES remains the highest scoring board in iMatter which is a reflection of a culture where people feel valued, involved and listened to.

Our 2023-26 strategy also set an ambition to shift the way we work in partnership with the wider system. We are now recognised as a trusted delivery partner supporting Scotland's priorities around recovery, reform and transformation. The significant growth in our strategic collaborations during the last three years demonstrates our strong links across sectors including academia, the third sector, and industry. We have also strengthened the quality and availability of workforce data, expanded our leadership of digital transformation, delivered accelerated training through the NHS Scotland Academy and embedded lived and living experience as a core design principle.

During 2025-26 we delivered a particularly significant milestone in our partnership contribution as part of the development of Scotland's 'Digital Front Door' with MyCare.Scot now live with its first users. This launch is part of a wider programme of transformation enabling a digital future where people across Scotland have equitable and secure access to their health and care information and our work showcases what can be achieved when we combine clinical expertise, lived experience, digital excellence and collaborative leadership.

Finally, our 2023-26 strategy challenged us to be a high-performing organisation. During the last three years we have strengthened performance management, risk management and financial stewardship, consistently met financial targets and delivered significant savings while maintaining quality and value and demonstrating transparency and accountability. The quality of our internal performance management and Board governance has been recognised through a

number of strong internal audit outcomes during 2025-26 and our internal transformation and corporate improvement programmes have modernised our systems, strengthened our services and created the foundations for enhanced quality and impact.

NES has always operated in a unique position within Scotland's health and social care system, and it has been a privilege to lead the organisation along with Dr David Garbutt CBE QPM, who held the position of Chair of the NES Board until his retirement on 31 March 2026. We are proud to present this Annual Report and are grateful to staff past and present for their contribution, dedication and expertise within NES. We now look forward to a new chapter as part of PSD Scotland to drive further innovation and 'Once for Scotland' capabilities to help deliver safer, more consistent and efficient care for people across Scotland.

Prof. Karen Reid

Prof. Karen Reid

Chief Executive

26 June 2026

Mr Keith Redpath

PSD Scotland Board Chair

26 June 2026

Our vital role

NHS Education for Scotland helped people who work in health and social care to get the education and skills they needed to provide good quality care for people in Scotland. We provided education, training, workforce development, workforce data, and technology to improve lives and outcomes for people.

£869m
net expenditure
(2024–25 £780 million)

1,333
Education and Support Staff
(2024–25 1,219)

542,677
visits to NHS Scotland Careers Website
(2024–25 555,458)

2,128
Doctors and Dentists in Training
(2024–25 1,994)

Our NHS Scotland Academy partnership responded to evolving and emerging health and social care workforce needs by delivering new, accelerated learning and development programmes.

Undergraduate placements

6,986
medical
(2024–25 6,738)

940
dental
(2024–25 949)

1,232
pharmacy
(2024–25 1,108)

NES Digitally Enabled Workforce team awarded 'Digital Team of the Year' at Digital Health and Care Awards 2026, in recognition of work leading digital transformation across Scotland's health and social care system.

Mobile Skills Unit

1,724
learners trained
(2024–25 1,584)

During 2025–26, **over 130** clinical skills courses delivered, and **1,300** staff supported via the Scottish Multiprofessional Maternity Development Programme

Postgraduate training programmes

7,202 medical
(2024–25 6,970)

293 dental
(2024–25 273)

1,012 pharmacy
(2024–25 1,198)

199 healthcare science
(2024–25 123)

376 psychology
(2024–25 369)

65 optometry
(2024–25 67)

2025 annual conference delivered to **1,479** participants
(2024–25 1,498)

over **77,000** visits to Turas Learn: Our national digital learning platform

1.8m journal downloads
(2024–25 1.3m)

636k database searches
(2024–25 698k)

21.4k eBook chapter downloads
(2024–25 84k)

The Knowledge Network

140,000 accesses of Trauma Informed and Trauma Skilled resources by multidisciplinary workforce, indicating high system-wide uptake and a commitment to trauma-informed practice

Recruitment/fill rates 2025–26

98.5% medical
(2024–25 84.3%)

87% dental
(2024–25 95.5%)

97% pharmacy
(2024–25 97%)

Supporting the Social Care workforce

During 2025 – 2026



Over 4,200
learners supported through the National Induction Framework across adult social care roles

Achieved
9,000
users accessing the new Social Care Career Options Tool





Engaged approximately **400** organisations in delivering consistent induction learning



Strengthened workforce confidence and capability to deliver safe, high-quality care

Supporting the Health workforce

During 2025 – 2026



1.2m
accesses to
NES eLearning
(2024–25 169k)

4.8m
visits to
TURAS Learn
(2024–25 1.4m)





194
eLearning
modules
(2024–25 167)



517
courses
(2024–25 569)



39
learning
programmes
(2024–25 12)



Digital Learning Infrastructure Business Case progressed during 2025–26 in support of our ambition to harness technology and deliver accessible, personalised and engaging learning experiences for the health and social care workforce.

Who we are

NES helps people who work in health and social care to get the education, training, and skills they need to provide good quality care for people in Scotland.

We are the education, training, workforce development, data and technology provider for health and social care in Scotland. It doesn't matter what someone's job is or what their life experience is - we are here to support them. Our goal is to create a workforce that meets people's needs, as well as the needs of staff, carers, and the people of Scotland - by working in partnership with our staff, learners, and stakeholders.

What we do

Our purpose is to be a collaborative, innovative and inclusive learning organisation that provides high quality education, training, workforce development, workforce data and technology for Scotland's health and social care workforce.

The difference we make

The work we do supports everyone who works in and with health and social care services, as well as every person in every community in Scotland.

We design and deliver education, ensure quality and standards, and use technology to enable staff to be skilled, confident, and motivated to provide better outcomes.

We are focused on preparing and shaping the workforce for the future and the changes in health and social care necessary to improve outcomes.

We work with the SG, local government, NHS, Health and Social Care Partnerships, social care providers, academia, regulators, and other strategic partners to create new roles and services and develop new and exciting career pathways for future generations.

Our Strategy 2023-26: People, Partnerships and Performance

At the heart of our 2023-26 strategy is our fundamental belief in being adaptable, creative, and responsive to the needs of the workforce and the communities they serve. We are firmly committed to improving population health, reducing health inequalities, and working nationally and locally with partners to make a positive and lasting impact to improving the wellbeing of the people of Scotland.

Our focus for 2023-26

Our focus has been on building careers, lives, and the future sustainability of the health and social care workforce through a commitment to people, partnerships, and performance.

We have delivered our strategic ambition through our medium-term plan and annual delivery plans, measuring and managing our performance against Strategic Key Performance Indicators (SKPIs) which align directly with our strategic themes.

During 2025-26 we have continued to deliver the commitments within our 2023-26 strategy, framed around the themes of people, partnership, and performance. Further detail on our SKPI delivery position is presented on page 23.

During 2025-26 we have continued to focus on delivering the commitments within our strategy, whilst also commencing work in partnership to establish PSD Scotland.

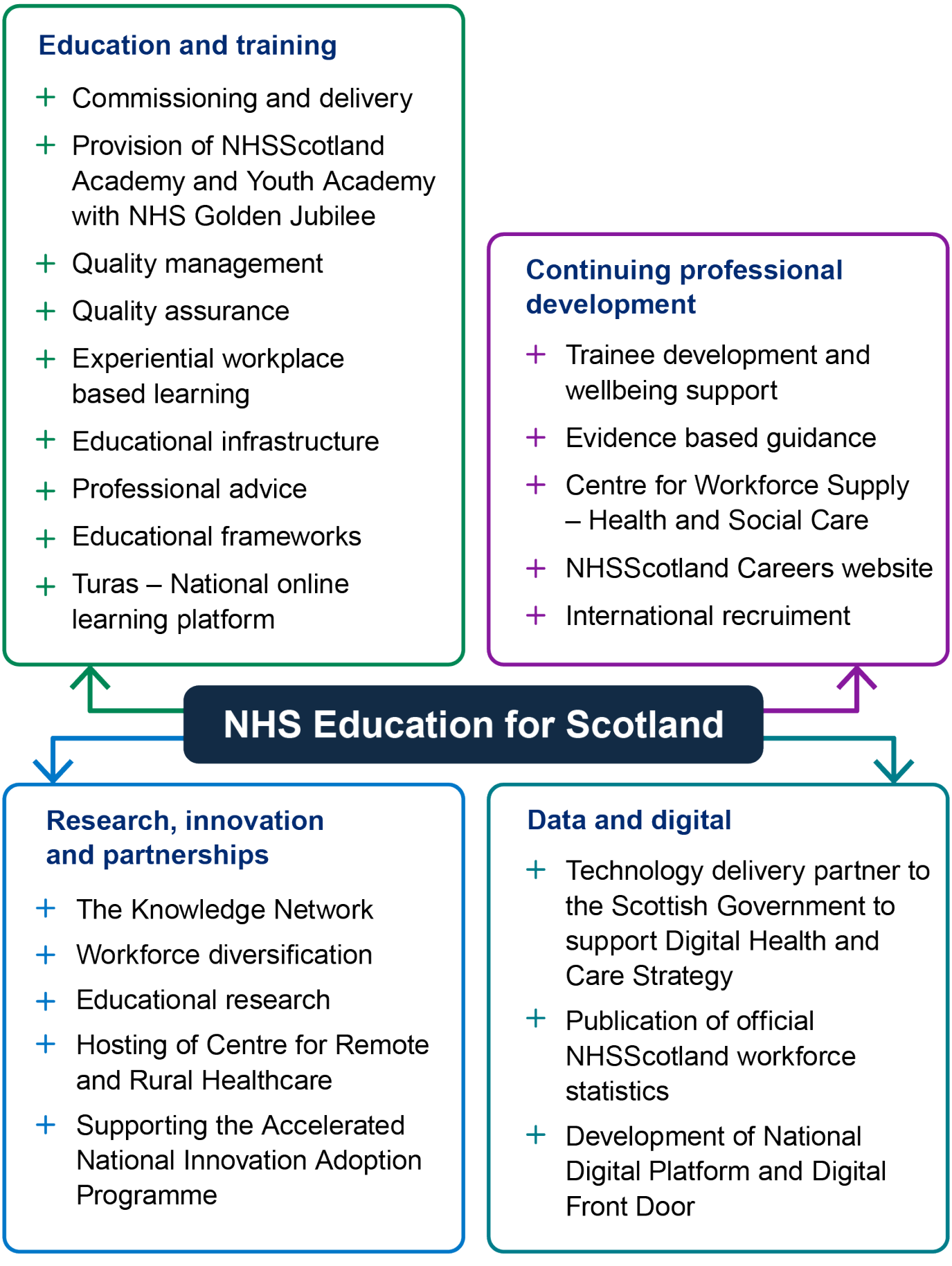
Moving into 2026-27, we will focus on maintaining the stability and service continuity of our existing priorities alongside the development of governance structures and preliminary consolidation of functions within the new organisation to ensure the delivery of PSD Scotland's initial strategic priorities. We are committed to supporting our staff throughout this transition period and creating the conditions for effective collaborative working.

Our organisational structure

To deliver on our purpose, we were organised into Directorates as reported in note 3 of the accounts:

+ Medical (including Healthcare Science)
+ Nursing, Midwifery and Allied Health Professionals (NMAHP)
+ Social Care and Communities
+ Pharmacy
+ Dental (including Optometry)
+ NES Technology Service
+ Psychology
+ NHSScotland Academy (NHSSA). Learning and Innovation
+ People and Culture

These Directorates were supported by our corporate services and provide cross-cutting leadership across our core functional areas as described on the next page.


Education and training
+ Commissioning and delivery
+ Provision of NHSScotland Academy and Youth Academy with NHS Golden Jubilee
+ Quality management
+ Quality assurance
+ Experiential workplace based learning
+ Educational infrastructure
+ Professional advice
+ Educational frameworks
+ Turas – National online learning platform
Continuing professional development
+ Trainee development and wellbeing support
+ Evidence based guidance
+ Centre for Workforce Supply – Health and Social Care
+ NHSScotland Careers website
+ International recruiment
NHS Education for Scotland
Research, innovation and partnerships
+ The Knowledge Network
+ Workforce diversification
+ Educational research
+ Hosting of Centre for Remote and Rural Healthcare
+ Supporting the Accelerated National Innovation Adoption Programme
Data and digital
+ Technology delivery partner to the Scottish Government to support Digital Health and Care Strategy
+ Publication of official NHSScotland workforce statistics
+ Development of National Digital Platform and Digital Front Door

We operate from 31 sites across Scotland, with five regional offices and 26 educational centres which are located within the premises of other NHS Boards.

NES has been a hybrid and remote friendly organisation, and we continue to work actively as PSD Scotland with other NHS Scotland Boards and partner organisations to consider our future building requirements, taking into account the needs of our stakeholders and anticipated new ways of working.

During 2025-26 we successfully completed a Glasgow office move to a net zero office environment, co-sharing with Public Health Scotland. This new office space has been very positively received by both staff and stakeholders and is in regular use for the delivery of both in-person and hybrid education, training and collaboration events.

Developments in our operating environment

The most significant development in our operating environment during 2025-26 has been the SG announcement to establish Public Services Delivery Scotland which brings together the existing strengths of NES and NHS National Services Scotland (NSS) into a single national organisation that is designed to speed up modernisation across Scotland's health, care, and wider public services. Following the successful establishment of PSD Scotland on 1 April 2026, and despite the ongoing challenging fiscal environment, delivery of all strategic priorities has continued without disruption.

During 2025-26 we have developed new ways of working to enhance quality and effectiveness and have demonstrated how technology and innovation can improve education and learning for the health and social care workforce, creating a better and more sustainable future.

In our role as a technology partner for SG, in support of the national Digital Health and Care Strategy, we launched the first version of the MyCare.Scot online app, which is designed to help people in Scotland access and manage their health and social care information in one secure place, launched to dermatology outpatients within NHS Lanarkshire in December 2025. Evaluation of this first launch will shape future development in advance of the app's gradual rollout across Scotland from April 2026.

This is part of the national 'Digital Front Door' (DFD) programme which is led by NES in partnership with SG. The DFD Programme is working with health and care colleagues and users across Scotland to develop an online service which will significantly change how people access their health and social care information. The initial launch marks an exciting milestone in the delivery of the DFD programme and demonstrates our ability to lead and deliver high-profile projects in partnership and deliver tangible benefits to Scotland's population and the health and social care system.

We also achieved a further milestone in the progression of our Digital Learning Infrastructure (DLI) programme which aims to harness the power of technology to create accessible, personalised and engaging learning experiences for the health and social care workforce enabling individuals and organisations to deliver high quality care to the people of Scotland.

Following the submission of an Outline Business Case in May 2024, work has focused on the development of a Full Business Case (FBC) in consultation with our key partners and stakeholders to further articulate the DLI's proposed benefits and technical requirements. The FBC was submitted to SG during 2025-26 with formal approval received in early April 2026. During 2026-27, the DLI programme will move to a delivery phase, focusing first on stabilising and strengthening our current offer and establishing future-ready foundations and then moving to expand functionality, reach and impact. Alongside the positive progress of the DLI programme, we have also seen significant increases in the use of our TURAS platform with visits to TURAS Learn up from 1.4 million in 2024-25 to 4.8 million during 2025-26, marking a 243% rise. Further information is provided in later sections of the 2025-26 Annual Report.

In terms of our role within education, research and innovation, 2025-26 saw the publication of NES's first Research and Innovation Plan which outlines how we will work with staff, learners, partners and stakeholders to deliver our ambitions for research and innovation, using emergent technology and innovation to improve education and learning and create a better and more sustainable future for health and social care. The plan aims to ensure that NES's research and innovation agenda directly supports our 2023-26 strategy, emphasising the development of the health and social care workforce, fostering strategic partnerships and enhancing performance to benefit Scotland's population. Delivery and achievements will be measured and reported publicly via our Strategic Key Performance Indicators and progress against our annual delivery plan medium-term plans. We have continued to build and strengthen new and existing strategic partnerships during 2025-26 demonstrating our ongoing commitment to collaboration and partnership activity and building connections between health and social care and other parts of the public sector.

2025-26 has also seen the delivery of a wide range of educational and partnership activities to support a stronger, more confident social care workforce. Specific highlights include embedding a National Induction Framework for everyone new to an adult social care role which has been accessed by over 4,200 learners from approximately 400 organisations. A Social Care Career Options Tool (developed in partnership with the Scottish Social Services Council) has also been launched to help those interested in social care careers and career progression with over 9,000 visitors to the site since November 2025. Both these initiatives are helping to ensure the social care workforce is better equipped, more confident and able to deliver safe, high-quality support, and improve people's experience of receiving care.

We continued to deliver a number of high-profile national programmes in collaboration with our partners and stakeholders. Our successful partnership with NHS Golden Jubilee (GJ) to deliver accelerated training and support to the health and social care workforce via the NHS Scotland Academy (NHSSA) continues to demonstrate positive outcomes in relation to helping to reduce pressure on NHS services while training the future Scottish workforce. During 2025-26 highlights included over 750 clinicians being trained through the National Endoscopy Programme (helping to avoid approximately 1,500 repeat appointments) and the National Ultrasound Training Programme reaching a milestone of delivering more than 23,000 scans to over 19,000 patients since its launch in November 2022. In partnership with the King's Trust the NHSSA also supported the development of Scotland's future NHS workforce by hosting visits for young adults at NHS Golden Jubilee to allow them to learn more about the wide range of careers available within the NHS and social care.

The National Centre for Remote and Rural Health and Care (the Centre) has continued to support the delivery of improved healthcare for remote, rural and island communities across Scotland to reduce remote, rural and island health and wellbeing inequalities. Following the initial two-year phase of the Centre (October 2023 to September 2025), SG commissioned an external evaluation to assess the progress of the Centre's work.

This report validated the rationale for the establishment of the Centre and highlighted the delivery of benefits within education and research. Progress within recruitment and leadership areas have been slower to progress however the report highlighted that important groundwork has been laid and potential future work creates the opportunity to further progress equity in rural health and care alongside partners, taking cognisance of the changing delivery and planning context.

As per NES's refreshed Transformation Routemap (published in September 2024), we have continued to progress a number of significant corporate improvement programmes throughout 2025-26 to support the delivery of our 2023-26 Strategy. As part of Learning and Education Quality System (LEQS) programme, which supports the development of high-quality learning and education that aligns to the needs of the health and social care system, we published a new Learning and Education Quality framework. The framework brings together a clear set of expectations for learning delivery, helping to improve consistency and make things more transparent for everyone.

We also successfully delivered our internal HR transformation programme which has overseen the development of a modern and a professional HR function within NES that can help the organisation achieve its strategic aims. Specifically, work has focused on the design of a technology-enabled HR service model that delivers excellent customer experience, the clarification of roles and responsibilities for employees, managers and HR in people management activities, supported by appropriate systems, data and processes, the streamlining of HR

processes, improvements in HR data accuracy and reporting and focused work to ensure there is appropriate risk management and governance structures in place within the NES's HR function. A strong multidisciplinary approach and positive collaborative working across internal teams have enabled process improvements, strengthened service delivery, and embedded continuous improvement practices. This programme of transformation will also enable NES to provide greater levels of support to our staff as we continue to transition into PSD Scotland.

Key Risks and Issues



Our Board maintains an overview of the strategic risks and issues that could impact our operating environment, and the achievement of our organisational objectives whilst ensuring there are robust risk mitigations in place. These include:

Financial Sustainability

We recognise that it will become increasingly challenging to deliver a sustainable financial plan in the longer term due to the ongoing cost and funding pressures across the health and social care sectors and the continued reliance on non-recurring funding in NES.

We made significant progress with the SG in 2025-26 converting £192m from non-recurring funding to recurring, which has reduced the risk in this area, providing further financial stability for NES and the new organisation.

In this financial year, an internal audit on financial sustainability was carried out by KPMG. NES received a “significant assurance” rating. The report highlighted 9 areas of good practice covering the scrutiny and challenge of the financial plan at both a Board and Directorate level, financial governance, and the quality of reporting. This demonstrates that NES manages its financial resources effectively and carefully.

The financial plan for the three-year period 2026-29 was approved by the Board on 19 March 2026 and SG on the 25 March 2026.

Maintaining strong engagement with relevant leads at the SG as well as our sponsorship team enhancing the robustness of our financial and delivery planning further mitigates risk in this area.

Recruitment and retention of skilled and experienced staff across NES

Being unable to recruit and retain skilled and experienced staff at all levels across NES, including our Board, could impact the delivery of education and training across Scotland. We have a number of actions in place to address this such as succession planning for our senior leadership team, career development and succession planning for business-critical roles and maintaining a positive reputation as an employer, ensuring we can attract a wide pool of talent when recruiting vacancies.

Cyber and Information Security

In common with many other organisations, we face a range of threats in our operating environment which could impact the security and resilience of our information and systems. We have a range of controls in place through our security, governance, and business continuity arrangements.

We strive for continuous improvement in this area, monitored through our related SKPIs.

Learning Outcomes and Learning Experience

NES plays a critical role in the delivery of Education and training for the health and social care workforce in Scotland. Delivering compromised learning outcomes, or poor-quality learning experience for our stakeholders, by not providing the necessary knowledge, skills or regulatory registrations, could impact the delivery of good quality care. To address and mitigate the risks in this area we have fostered open and collaborative relationships/arrangements with partner organisations, regularly monitoring quality and performance to improve where necessary. This financial year we have developed and implemented the Learning and Education Quality System (LEQs) and a new policy to support high quality learning and education provision in NES.

Our Future



Delivering the commitments set out in our 2023-26 Strategy has helped to position NES as a high-performing organisation which works in partnership to deliver positive outcomes that benefit the people of Scotland.

We have demonstrated excellence in workforce education, digital innovation, national partnerships and organisational performance. We have improved learning quality and workforce capability, built trusted partnerships across sectors and strengthened national digital and organisational infrastructure. All of this helps to provide PSD Scotland with a solid foundation for continuing to improve outcomes and we look forward to working with new colleagues and partners to drive transformation across the health and social care system and wider public services in Scotland.

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An initial set of strategic priorities for PSD Scotland are in the process of being developed and confirmed by SG. The new organisation aims to improve service delivery across health, care and wider public services and support joined up, prevention-focused-care, faster innovation and the more efficient use of resources. NES is working collaboratively to ensure our expertise in education, training, workforce development, data and technology is transferred into the new organisation enabling us to do more on a ‘Once for Scotland’ basis and deliver even greater benefits to the population.

Performance Analysis - How we perform

Non-Financial Performance

Throughout 2025-26 we have continued to progress the implementation of our enhanced performance management approach which began in 2023-24 with the launch of our 41 Strategic Performance Indicators (SKPIs).

An overview of our 41 SKPIs is provided via the following diagram. During 2025-26, improvement work has involved enhancing SKPI reporting to ensure the Board and Committees understand the reasons behind any changes in metric data narratives and what action is being taken to resolve any downward trends.



At the end of 2025-26, 80% of our SKPIs (82% of metrics) have been implemented for reporting. The number of metrics reporting a green status has increased from 75% in 2024-25 to 85%, blue status has increased to 3% (2% in 2024-25) with a decrease in measurements reporting an amber status 5% (13% in 2024-25) and red status 5% (10% in 2024-25).

The table below provides a summary of reporting in respect of the four quadrants of our balanced scorecard and the year-end position for each SKPI is available **here**.

2025-26 Year End Position

People – Staff	Performance	People – Learners & Trainees	Partnerships
8 SKPIs (12 metrics)	11 SKPIs	13 SKPIs (19 metrics)	9 SKPIs (10 metrics)
0 still to report	0 still to report	7 still to report	2 still to report

SKPI Status	Number	Percentage
Blue – complete/paused	2	5%
Red – significant delay	2	5%
Amber – minor delay	2	5%
Green – achieved milestones	35	85%
Total	**41**	

In 2025-26 performance in respect of our SKPIs, where data is available, has continued to be positive, with a high proportion of SKPIs continuing to report as green. Mitigation actions have been identified to improve the position in respect to the small number reporting as red or amber.

There are two metrics meeting the criteria for red status during the financial year. One of the measures relates to unplanned outages to NES's internal and external systems. The majority of these were outwith NES's control with minimal outage times and no impact on delivery of service. The other measure relating to CO2 emissions requires further development of the targets to reflect changes in the external environment to enhance reporting in 2026-27.

There are two metrics reporting as blue, one measurement has been closed as it related to a pilot project that is now concluded, with the other measurement paused during the financial year to ensure that NES were not overlapping with the consultation processes in relation to the formation of PSD Scotland

Year 3 focused on establishing reporting for the remaining SKPIs with interim short-term solutions identified for some of the measures relating to learners and trainees. These included the percentage of learners and trainees from deprived data zones in Scotland, proportion of learners with protected characteristics and learning products which include sustainability.

The long-term approach will be led through the implementation of the Learning and Education Strategy and associated Corporate Improvement Programmes including the Digital Learning Infrastructure Programme.

This will support reporting of the Partnerships measurements addressing the confidence of the health and social care workforce in using digital ways of working and education products that

demonstrate active engagement of people with lived or living experiences.

Planned enhancement of SKPIs was taken forward with the implementation of a new Reporting Dashboard in Q2. The dashboard was developed to provide an enhanced view for presenting the SKPI reporting data to the Board and Governance Committees. Statistical

Process Control charts have been created for all reportable measurements to provide a better understanding of variation and support more active governance.

Management and further development of the SKPIs will continue during the development of Public Services Delivery Scotland's Strategy to ensure robust reporting of performance across former NES functions is maintained.

Alongside measuring our impact and reach through our SKPIs, we monitor and report performance against our ADP on a quarterly basis using a BRAG (Blue/Red/Amber/Green) reporting approach to evidence progress and completion status.

Our ADP for 2025-26 originally comprised 194 deliverables agreed in line with the 2023-26 NES Strategy and SG priorities. The NES Board approved the 2025-26 NES ADP for publication in May 2025 with the caveat that the ADP is a dynamic document that evolves throughout the year as a result of changes in our operating environment. At 2025-26 year-end, the NES 2025-26 ADP comprised 190 deliverables and our year end delivery position is set out within the following table:

Deliverable Status	Number	Percentage
Blue – complete	36	19%
Red – significant delay	1	1%
Amber – minor delay	14	7%
Green – achieved milestones	138	73%
N/A* – deliverable closed	1	1%
Total	**190**	

*One 2025-26 deliverable was closed during Quarter 4 because of a Quarter 3 update and therefore has no BRAG status attached to it.

This completion status gives an overall position of 92% of deliverables being completed or on track at 2025-26 year-end. This is an improved position on both 2024-25 (84%) and 2023-24 (85%) year-end delivery and is a significant achievement, especially in light of the additional work undertaken across NES to support the establishment of and transition to PSD Scotland.

Most delays reported at year end are due to factors beyond NES's control, with delivery being maximised wherever possible.

We have continued to deliver a high level of activity and number of significant achievements during 2025-26. The following pages offer a snapshot of the range and breadth of activity within the context of our three strategic themes (people, partnership and performance).

People

The national 'CPD Connect' service, which provides Continuing Professional Development for general practitioners and staff working within general practice, provided a wide range of support during 2025-26. This included work supporting the ongoing implementation of the SG's Women's Health Plan (2021) via the delivery of a national webinar series on women's health and expanding access to open learning resources via TURAS Learn in relation to menopause and menstrual health education.

The NES Psychology directorate progressed a range of activities to strengthen workforce psychological support during 2025-26. This included the creation of almost 12 WTE (Whole Time Equivalent) posts across Scotland's Health Boards to strengthen the delivery of psychological therapies and interventions. Over 3,300 staff support sessions were also delivered demonstrating reduced psychological distress and improved recovery outcomes.

The Knowledge Network continues to be maintained and recognised as a nationally significant digital infrastructure and enables universal access to trusted evidence at scale for health and social care. The network supports safe, consistent, and evidence-informed care efficiency and value through shared national access to knowledge resources.

NHS Scotland Academy – new programmes established during 2025-26 included a National Ear Care (Microsuction) Train the Trainer Programme. This innovative programme is designed to strengthen ear care services across NHS Scotland by training Registered Nurses to deliver safe and effective ear wax removal using micro suction, and to train others to do the same within their own teams. By building local expertise, this programme will help increase capacity for routine ear care.

Partnerships

In collaboration with partners, NES's national work to address key priorities to improve health and social care workforce digital capability saw the launch of organisational dashboards for a Digital and Data Capability Framework Self-Assessment Tool. These dashboards provide organisations with insights to review current levels of digital capabilities within their organisation for different professional groups and roles.

The Centre for Workforce Supply (CWS), which is hosted by NES on behalf of the SG, continues to support national workforce capacity across health and social care. During 2025-26, the CWS has progressed four key national priority areas: workforce planning, attraction, and retention, NMAHP supply and medical workforce careers. This has included the publication of four new national resources on TURAS Learn focused on recruitment, retention, and workforce sustainability: GP Workforce Centre, International Medical Graduate Hub, Return to Practice Hub and the Stay and Thrive Retention Programme. The CWS has also enabled the extensive use of resources supporting the SG's Adult Social Care Displaced Workers Scheme and a multi-agency response to human trafficking and exploitation.

Our People and Culture Directorate has ensured continued delivery of NES's Armed Forces Talent Programme (AFTP) which is an NHSScotland-wide recruitment initiative for the armed force community including participation at outreach events. During 2025-26 the AFTP team delivered hiring manager awareness sessions for staff involved in NHS Scotland recruitment processes to gain insight into the experiences of armed forces community members applying to NHS roles.

NMAHP – Launch of the national Support Worker Code of Practice strengthening professionalism and consistency across the NMAHP workforce. The framework outlines expected behaviours, responsibilities and standards for all health and care support workers and supports safe, effective, and compassionate care through a focus on dignity, respect, transparency and ethical practice. Co-produced with national partners and commissioned by SG, the framework aligns with person-centred care, equality, inclusion, and accountability. Over 1,200 colleagues attended a national townhall event as part of the launch, which demonstrates strong system-wide commitment to embedding the Code.

Performance

An internal audit of NES's Board Governance was undertaken during 2025-26 and received an overall assessment of 'significant assurance'. This demonstrates a very high level of performance and confidence in our structures and processes with the report finding NES's governance framework to be mature, well embedded, and strongly aligned to the NHS Scotland Blueprint for Good Governance.

The Digitally Enabled Workforce (DEW) team within NES is the delivery partner for SG's Building Digital and Data Capabilities Programme. The DEW team are collectively responsible for the delivery of a programme of work aligned to Scotland's Digital Health and Care Strategy, Data Strategy and Care in the Digital Age delivery plan and deliver national resources and learning networks that support digital skills and digital leadership development across health and social care.

During 2025-26 the DEW team won the 'Digital Team of the Year' award at the Digital Health & Care Awards 2026. This is the second time the team have won this award after also winning in 2024 and celebrates the contribution of the DEW team who make digital transformation real across Scotland's health and social care system.

As part of the implementation of our Learning and Education Strategy, published in 2024-25, work to develop and implement an integrated and holistic approach to quality has progressed during 2025-26. As part of our Learning and Education Quality System (LEQS) workstream, Directorate Education Leads have been identified and new Directorate Educational Quality and Safety Groups established within all directorates that deliver education and training. These groups will drive the implementation and adherence to the Learning and Education Quality Policy and support a 'Once for NES' approach to the development of high-quality learning and education that aligns to and supports the needs of the health and social care system.

In relation to the ongoing delivery of the NES Climate Emergency and Sustainability (CE&S) Strategy (2024-27), work has continued within NES to move to a 'cloud first' context with all new IT products being designed on a cloud storage basis, avoiding the need to maintain local storage which in term reduces emissions directly generated by NES. We also received positive feedback from SG on our Annual Climate Emergency & Sustainability Report for 2024-25, particularly in relation to the 5.5% reduction in direct emissions.

In relation to our overall performance during 2025-26, the single deliverable that reported Red (experiencing significant delay) at year-end is due to the impact of a decision that was out with NES's control. The deliverable supporting the needs of the dental technician workforce in Scotland was affected by a decision taken by the sole provider of dental technician education and training in Scotland to pause dental technician student intake for 2025 and 2026. This decision has an impact in terms of both workforce supply and NHS service delivery. The risk of sole education providers had been previously highlighted by the SG Chief Dental Officer

and alternative education provision has been explored by the NES Dental directorate throughout 2025-26 alongside the development of a new entry level pathway into Dental Technology to improve career attraction and widen access into pre-registration dental technology training. Initial discussions have taken place with awarding bodies to identify a new awarding body and training provider; however, this is not yet confirmed. Further discussions are due to take place during the early part of 2026-27, and the PSD Scotland Board will continue to receive updates on progress until a confirmed solution is found.

As a result of this deliverable reporting Red during 2025-26 the risks associated within the use of single education providers was escalated via established NES risk management processes. Directorates are considering this risk within the context of their own educational provision and ensuring mitigating actions are in place as appropriate.

A number of Amber-rated deliverables experienced delay during 2025-26 due to external factors, including late confirmation of in-year funding, changes to project plans, and ongoing discussions with SG on future funding and delivery priorities. These issues affected progress across a range of work, including supporting the delivery of the Dementia Strategy, the Combined Practice Inspection project and Future Care Planning.
In addition, prioritisation of the Digital Front Door programme and the successful launch of MyCare.Scot required resource to be redirected, resulting in some planned activity moving into 2026-27. Further amber ratings were reported in relation to local sustainability risks for the Community Glaucoma Scheme (as part of delivering the OpenEyes electronic patient record solution) and revised timelines for the Medical Devices Data Hub within the national Scan for Safety programme.

The year-end position in respect of all deliverables is available here.

How well do we support our staff?

We are a major employer within NHSScotland, employing over 3,400 staff, 2,128 of which are Doctors and Dentists in Training.
Supporting our staff and creating an environment in which they can flourish has been a key priority for us throughout the lifecycle of our 2023-26 NES Strategy and the associated 2023-26 Organisation Development plan which underpins our strategy and transformation programme. The OD Plan set out how we will achieve creating the conditions and culture so NES staff can thrive and be their best at work.

NES submitted a completed 2025-26 workforce planning template to SG as per arrangements set out in a Directors Letter issued in December 2024 however formal feedback is still be received at 2025-26 year-end and further clarity regarding revised timelines is currently awaited. We are aware that SG is progressing work on a national Workforce Delivery plan, and NES colleagues remain active contributors to this through a range of established forums.

Further engagement in future workforce planning processes will take place once further information is received.

During 2025-26 we have achieved two significant national accreditations that demonstrate our commitment to supporting our staff and providing them with a safe, inclusive, and progressive workplace. In November 2025 we were awarded Living Wage employer status from Living Wage Scotland which recognises NES's commitment to promoting equality, tackling inequalities, and transforming workplaces and lives by paying all directly employed staff and contracted workers a wage that reflects the real cost of living.

In March 2026 we were also awarded Equally Safe at Work Development accreditation from Close the Gap, a policy advocacy organisation that supports women's labour market participation in Scotland. By participating in this programme we have improved our understanding of gender inequality in the labour market and strengthened our policies, procedures, and support for NES staff. Our continuing aim has been to address gender inequality and to ensure a workplace where everyone feels safe, respected, and supported.

In relation to staff experience, we were very pleased to achieve an employee engagement index (EEI) score of 84% in the annual iMatter survey which is a repeat of our 2024 score and only a very slight decrease on our score in 2023 (85%). 2025 saw an improvement in our iMatter response rate (90% in 2025 in comparison to 87% in 2024). We are grateful to staff for their positive engagement and feedback, particularly in light of the current period of change in relation to the PSD Scotland announcement.

NES continues to hold the highest EEI score across all NHSScotland Boards, and an increased number of NES teams have completed iMatter action plans for the year ahead (91% in 2025, 87% in 2024 and 83% in 2023).

We also continue to support our staff through the provision of essential learning at the end of March 2026, we have achieved an overall 89.6% essential learning completion rate which is slight reduction on the 2024-25 position (90.8%). Building on positive progress made during 2024-25, 2025-26 has also seen a significant programme of internal communications and engagement activity to ensure staff are kept fully informed across a wide range of areas. Following the SG announcement regarding PSD Scotland, the NES Chief Executive led a regular series of all-staff webinars throughout 2025-26 with support from members of the Executive Team, the NES Employee Director and Board Chair at individual meetings. These webinars provided a supportive space for staff to engage with senior leaders and ask questions and / or raise concerns during a period of uncertainty, particularly in relation to the initial development of the new organisation. Staff welcomed these webinars, and positive feedback was regularly received in relation to the webinar format, transparency, and information provided.

To mark the end of NES's journey in March 2026, almost 600 NES staff joined together in a special all staff webinar led by our Chief Executive to celebrate and reflect upon 24 years of impact, collaboration, and innovation. The webinar underlined the integral role NES staff have played in supporting and strengthening the health and social care workforce across Scotland.

How well do we support our learners and trainees?

Throughout 2025-26 we provided undergraduate and postgraduate placement opportunities to over 18,000 learners (an increase of over 1,000 since 2024-25) across a range of clinical disciplines. We have also continued to support continuing professional development and the diversification of the workforce, via our TURAS Learn platform which has seen a significant increase in visitors during 2025-26 (4.8 million visits during 2025-26 compared to 1.4 million during 2024-25).

The work of teams across NES during 2025-26 helped to ensure that a new suite of Once for Scotland statutory and mandatory training modules were uploaded to TURAS Learn for use across the health and social care workforce as part of the implementation of Agenda for Change (AfC) Review recommendations. This work met the requirements of the AfC Protected Learning Time programme and also supported a deliverable within the Digital Learning Infrastructure delivery plan.

We have continued to progress a programme of work repurposing TURAS Learn content to meet the needs of the social care sector. At the end of 2025-26 more than 550 resources have been identified as being suitable for the social care workforce and more than 80 resources added. Each of these resources have been tagged in relation to Scottish Social Services Council continuous professional learning (CPL) requirements and our partners have promoted the availability of new learning via various communication channels.

As part of the Foundation Training Programme for Resident Doctors in Scotland, during 2025-26 the NES Medical directorate has overseen the delivery of 344 training programmes across Foundation, Core and Specialty training. A national digital platform has also been introduced to track simulation attendance, standardise scenarios and generate automated attendance certificates aligned to ARCP (Annual Review of Competence Progression) requirements which are mandatory for all UK postgraduate medical trainees.

NES's Scottish Dental Clinical Effectiveness Programme (SDCEP) published two updated clinical guidance resources during 2025-26 to support dental and other health and care staff across the UK improve the quality of patient care. The Antibiotic Prophylaxis Against Infective Endocarditis implementation advice and the 'Management of Acute Dental Problems' guidance provide evidence-based, practical advice relevant to practitioners in Scotland, England, Northern Ireland, and Wales.

A dedicated TURAS Learn site for staff who support children, young people and adults with an eating disorder was published during 2025-26. The site brings together resources and training for professionals across health, social care, third sector and education settings, and will continue to develop as new content becomes available. The learning offer aligns with the National Specification for the Care and Treatment of Eating Disorders in Scotland (SG, 2024), supporting improved awareness, earlier identification, timely referral and appropriate treatment.

The National Trauma Transformation Programme (NTTP) provides access to evidence-based training, tools and guidance to support trauma-informed and responsive systems, organisations, and workforces in Scotland.

During 2025-26, we have continued to work with partners to develop and deliver education and training that supports everyone, in all sectors of the workforce, to know how to adapt their way of working to make a positive difference to anyone who has been impacted by psychological trauma and adversity.

Over the last three years, the Judicial Institute has collaborated with NES, the NTTP, and the Scottish Child Abuse Inquiry to deliver training on the psychological impact of trauma on witnesses. By January 2025, 230 judges have completed the training across 15 events. Of those participants completing feedback, 89% found the course useful and would recommend it to colleagues and 74% stated that they intended to make changes following the training.

Feedback highlighted the importance of understanding the neuroscience behind trauma's impact on witnesses, aiding in evidence assessment and reducing re-traumatisation.

Participants valued gaining insights into identifying and addressing behaviours in court that risk re-traumatisation. The course also acknowledged the effects on judges' professional and personal lives, providing beneficial coping strategies.

To support the ambition of The Promise and Children (Care and Justice) (Scotland) Act 2024 we have delivered Trauma Skilled Training to over 200 members of the workforce involved in supporting Care Experienced Children and Young People during 2025-26.

Data from learner evaluations shows a marked increase in participants' self-reported feelings of confidence about the intended learning outcomes, and qualitative feedback evidenced that learning led to intended changes to practice.

How well do we meet the needs of our partners?

Strategic partnerships continue to evolve and consolidate with a range of national partnership organisations, educational institutions, research, and innovation partners and within collaborative workstreams involving multiple partner organisations. All partnership work within NES aligns with the priority themes within the NES Learning and Education Strategy 2023/26 and the Research and Innovation Plan highlighted earlier within

the Annual Report. This is in addition to the continued work of colleagues across NES who work in partnership with across health, social care, and the wider public service during their day-to-day work.

One example of positive progress during 2025-26 has been in relation to the SAFXR (Safety Planning for Suicide Prevention XR) partnership. SAFXR, which began development in July 2025, is a collaborative project led by Care Reality in partnership with NES, the Digital Health and Care Innovation Centre (DHI) and the Suicidal Behaviour Research Laboratory (SBRL) at the University of Glasgow. The project brings together expertise in immersive technology, clinical education, mental health research and lived experience insight.

In December 2025, the partnership announced significant progress in the co-design and development of an innovative immersive learning solution that aims to transform how professionals respond to people experiencing suicidal thoughts, while also supporting their own mental health and resilience. NES is working collaboratively with partners to ensure the educational and clinical integrity of this important innovation and support how the NHS in Scotland can support the wider workforce to respond with confidence, compassion and consistency when people are in distress. SAFXR is supported through Innovate UK funding and is aligned with national strategies including Scotland's 'Creating Hope Together' action plan. The solution is being designed for use across health, social care, education, emergency services, justice and community settings demonstrating how partnership working can impact across multiple sectors.

We also continue to work in collaboration with a wide range of partners and stakeholders to deliver high profile, national technology programmes, and initiatives.

Findings from an evaluation report on Scotland's National Induction Framework (NIF) for Social Care, which NES developed in partnership with the Scottish Social Services Council (SSSC), indicate that it is transforming the way new staff learn and develop. The NIF is designed to provide a consistent, high quality learning experience and offers 30 hours of accessible content covering essential topics such as rights-based practice, wellbeing and protection. Hosted via TURAS Learn and linked to the SSSC MyLearning app, staff can track progress and share completion records given them a portable learning passport that reduces duplication of they move between employers.

Feedback from employers highlights how the NIF has improved induction quality, reduced costs and ensured greater sector consistency. There is strong interest in exploring accreditation for the NIF to align it with SCQF Level 6 qualifications, creating a stepping stone for career progression. Opportunities for future development include adding interactive content, webinars, and workbooks to cater to different learning preferences. This would strengthen the NIF's role in supporting workforce development and retention.

In July 2025, NES welcomed a European delegation to our Edinburgh office to understand more about Scotland's approach to early child development and preventative home visiting health services. The SG invited NES to showcase our role in supporting professional development in health visiting and family nursing to the Government of Montenegro and representatives from UNICEF (United Nations Children's Fund).

The discussion focused on leadership through the Health Visiting Leadership Network which is chaired by NES and learning was also shared about other aspects of health visiting and the Family Nurse Partnership, including the organisation and models of provision of health visiting in more remote and rural areas, application of information technology and innovations in service planning and delivery (such as telemedicine and Artificial Intelligence). The event outlined the collaborative nature and shared commitment of NES's vital work in nurturing excellence, innovation and compassion within the Scottish health and social care workforce.

As part of Scottish Apprenticeship Week (2 – 6 March 2026), NES recognised the impact of the Modern Apprenticeship in Dental Nursing which provides a key route into a professional dental nursing career. The NES-led programme provides the first step in a structured career pathway, equipping apprentices with the knowledge, skills and behaviours required for registration with the General Dental Council and practice as a dental nurse.

Delivered annually through a blended learning model, NES works in partnership with employers and Health Boards to deliver a programme of structured teaching and assessment with a practical, workplace experience. This flexible approach reduces geographical barriers and enables participation from across Scotland. Apprentices can learn within their own communities while gaining a nationally recognised qualification. There are currently 85 dental nurse apprentices employed in general dental practices and NHS Boards across Scotland, undertaking this fully funded 'earn as you learn' route. By investing in apprenticeships, NES is not only supporting individuals into meaningful employment, it is also strengthening the sustainability of the dental workforce for the future.

How well do we perform as an organisation?

As outlined previously, NES manages performance via the deliverables set out in our Annual Delivery Plan and our Strategic Key Performance Indicators. Further detail on the 2025-26 deliverable and SKPI position is available **here**.

During 2025-26 NES received 24 complaints of which 14 were upheld or partially upheld. All complaints received, whether upheld or not, were viewed as opportunities to review our policies, processes and practice. A number of the complaints resulted in specific improvements including reviews of some educational products, development of a new standard operating procedure for following up on Finance actions agreed following complaints, and the provision of staff training about the payment of expenses to resident doctors in exceptional circumstances.

We continue to report publicly on our complaints and whistleblowing performance in line with statutory requirements.

As previously mentioned, we have now published an Equality, Diversity, and Inclusion Strategy (2025-29). The strategy highlights the importance of the Fairer Scotland Duty which places a legal duty on public bodies in Scotland to consider how they can reduce inequalities of outcomes (e.g. health outcomes) caused by socio-economic disadvantage, when making strategic decisions.

We are committed to playing our part in reducing socio-economic disadvantage and addressing health inequalities and meet our Fairer Scotland Duty by systematically considering the actual or potential impact of our work as we plan and take decisions including through the completion of equality and diversity impact assessments for new areas / programmes of work.

We approved our first Anchors Strategic Plan (ASP) in November 2023 which set out our intentions and contributions as an Anchors Institution and explains how our work as a learning organisation can improve outcomes for local communities and the environment

The joint 2025-26 Financial & Delivery guidance issued by the SG in November 2024 set out requirements for NHSScotland Health Boards to help address the wider determinants of health inequalities via the progression of specific, measurable objectives aligned to their ASP and ongoing development as Anchors institutions.

National Boards also received individual 2025-26 Anchors objectives within the context of their role, with NES being asked to continue our support of the Workforce strand of the SG Health and Social Care Anchors Programme.

Our 2025-26 ADP high level narrative sets out our planned activity for 2025-26 and demonstrates how NES Is collaborating with local and national partners to use our expertise in the delivery of high-quality education and training, skills development and employability and the innovative use of technology to support transformative change for current and future generations.

Social Matters

As a public body, our requirements in respect of Social Responsibility are encompassed within the SG'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 our Ethical Procurement Framework.

We are committed to applying the highest standards of ethical conduct and integrity in our business activities, and every employee and individual acting on our behalf is responsible for maintaining the organisation's reputation, and for conducting our business honestly and professionally.

We have zero tolerance for bribery or any kind of fraud. Bribery and corruption have a detrimental impact by undermining good governance. Transparent, fair conduct helps to foster trust between us and our partners and is vital for our reputation and future growth. We have 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 SG 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.

Scottish public bodies are required to complete annual climate change reports by the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 as amended by The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020.

Public Bodies currently comply with this legislation through the Scottish Sustainability Reporting Framework via the Sustainable Scotland Network which includes a Scottish Public Sector Sustainability Report that is published annually.

Further information on the SG's approach can be found in the Climate Change Plan 2018-2032, while national reports can be found at the following resource: **http://sustainablescotlandnetwork.org**.

In March 2026, the SG published Statutory Guidance for public bodies: putting climate change into practice. The guidance aligns to the requirements of the Taskforce for Climate-related Financial Disclosures (TCFD) and the HM Treasury Financial Reporting Manual.

Strategy

In May 2024, the NES Board approved the Climate Emergency and Sustainability (CES) Strategy (2024-27). The strategy outlines NES activities aimed at reducing its own direct emissions, as well as embedding climate emergency and sustainability practices within education

and training for the health and social care workforce. The strategy is supported by an action plan which defines ways that NES will help mitigate the impact of climate change across all aspects of our work. The strategy and action plan is focused on the following key areas of activity:

+ Education and Training
+ Procurement
+ Waste
+ Clinical
+ Digital Infrastructure
+ Capital projects and adaptation
+ Transport and Travel
+ Governance and policy
+ Greenspace and biodiversity

The Climate Emergency and Sustainability action plan comprises both short and long-term actions and goals. The action plan is monitored regularly by the NES Climate and Emergency Sustainability group and will be formally reviewed annually by the group to reflect the range of work that will be carried out across NES. Progress against the action plan is reported to the Audit and Risk Committee and the NES Board. The full strategy and action plan can be found at:

+ NES Climate Emergency and Sustainability `Strategy

+ NES Climate Emergency and Sustainability Action Plan 2025

Leadership and Governance

Climate Emergency and Sustainability reporting are embedded in our Governance structures. The Climate and Sustainability Group, chaired by the Executive Director of Finance, is responsible for the development, implementation, and continued delivery of the strategy and action plan. The NES Board appointed Mrs Gillian Mawdsley, a Non-Executive Director, as the Sustainability Champion. The Audit and Risk Committee received quarterly reports on performance against the action plan with the Board receiving and approving the annual Public Bodies Climate Change Duties report and the Climate Emergency and Sustainability Report.

NES is showing leadership in tackling climate change and becoming environmentally sustainable in a number of ways:

+ Supporting continued home and hybrid working to enable staff to carry out their duties where possible without the need to commute to offices
+ Where staff are required to travel, NES encourages and promotes the use of public transport and other sustainable forms of transport, such as cycling
+ Implementation of employee salary sacrifice schemes to encourage the move to low-emission electric vehicles and also to facilitate the use of cycling as a means of travel to work for employees.

We are striving to build climate emergency and sustainability considerations into our education and training activities where appropriate, and we see this as the main focus of NES' contribution to helping to meet the SG's policy on Climate Emergency and Sustainability in future years.

The Climate Emergency and Sustainability Group oversees and monitors activities across the organisation.

Key Risks

The key climate emergency and sustainability risks for NES are:

+ Estate configuration and future building decisions.
+ Staff travel and commuting impacts.
+ Consistent integration of CES considerations across education, training, and corporate activity.

Risk Management

Climate emergency and sustainability considerations are embedded into governance and decision-making processes, ensuring associated risks are identified and managed.

The NES risk management strategy has a specific category for environmental sustainability and climate change risks. The risk management strategy is reviewed regularly by the NES Board who set the risk appetite for each category of risk. The management and reporting of both strategic and directorate risks is discussed further in the Corporate Governance Statement on page 47.

Performance and Outcomes

The Annual Delivery Plan sets out three deliverables for Climate Emergency and Sustainability to strengthen the organisational focus on sustainability and climate change to reduce carbon emissions.

These deliverables are supported by two SKPIs: the reduction in emissions for estates, staff, and travel.

Emissions performance

+ Homeworking emissions

These accounted for the largest proportion of total emissions, reflecting the continued hybrid working model. NES does not measure these emissions directly but applies an approximation measure from the Public Bodies Climate Change Duties Report. The conversion factor from that report is 0.33 kg of CO_2 equivalent per homeworking hour. Based on that approximation measure, the most recent reportable period (2024/25) showed that a total of 662.9 tonnes of CO_2 equivalent were produced by NES from that business activity. This represents 75% of total emissions produced in 2024/25.

+ Travel and estate

Significant and sustained reductions in business travel emissions compared to pre-pandemic levels have been maintained. The most recent reportable period (2024/25) showed that a total of 216.8 tonnes of CO_2 equivalent were produced by NES from that business activity. This represents 25% of total emissions produced in 2024/25.

+ Estates improvement

Preparation and relocation to the Bothwell Street, Glasgow site (operational July 2025) represents a major improvement in energy efficiency, using renewable electricity and supporting near net-zero operation.

Continued estate reconfiguration is recognised as a key lever for further emissions reduction.

Overall NES saw a 5.5% reduction in total emissions from the previous reportable period (2023/24) and for business travel the reduction in emissions from the pre-pandemic period (2019/20) was 86%.

Awareness and Training

We have a well-established active staff ambassador network which supports raising awareness of CES initiatives across NES. During 2025-26 NES delivered and supported a range of awareness raising initiatives. To support Scotland's climate week staff engaged with a number of sessions and programmes. Engagement with national CES networks ensures NES remains aligned with emerging policy and best practice.

NES has worked in partnership with NHS National Services Scotland to develop CES learning resources and the Sustainable Action Programme which is hosted on the Turas platform publicservicesdelivery.scot

Financial Performance



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 2025-26 NES £11,148k was classified as core CRL and £184k was non 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 by SGHSCD	Actual Outturn	Variance (Over)/Under
	£'000	**£'000**	**£'000**
Revenue Resource Limit - Core	868,309	866,399	1,910
Revenue Resource Limit - Non Core	2,487	2,487	0
Total Revenue Resource Limit	**870,796**	**868,886**	**1,910**
Capital Resource Limit - Core	11,148	11,147	1
Capital Resource Limit - Non Core	184	184	0
Total Capital Resource Limit	**11,332**	**11,331**	**1**
Cash Requirement	904,728	904,728	0

Memorandum for In-Year Outturn

	£'000
Core Revenue Resource Variance in 2025-26	1,910
Financial flexibility: Funding provided by the SGHSCD	0
Underlying surplus against Core Revenue Resource Limit	**1,910**
Percentage	**0.2%**

It was agreed with SG that although NES and NSS will form the new PSD Scotland from 1 April 2026, both organisations would continue to submit a three-year financial as all functions will transfer to the new organisation. The three-year financial plan was submitted to the SG by NES on 16 March 2026 and approved by the NES Board on 19 March 2026. A letter was issued in response by the SG to approve the financial plan on 25 March 2026.



Total gross expenditure

£1,006 million

(2024–25 £907 million)



Staff expenditure

£283 million

(2024–25 £258 million)



Direct educational expenditure

£662 million

(2024–25 £592 million)



Other educational support expenditure

£52 million

(2024–25 £50 million)



NES infrastructure expenditure

£9 million

(2024–25 £7 million)



Income

£138 million

(2024–25 £127 million)



Total net expenditure

£869 million

(2024–25 £780 million)

The income and expenditure relating to all activities during the year is reflected in the Statement of Comprehensive Net Expenditure (SoCNE) and the Notes to the Accounts numbered 3 and 4 which are summarised below:

+ The increase in total staff expenditure for 2025-26 of £25,313k is mainly due to the pay awards agreed by the SG, the change in pay structures for resident doctors which formed part of the pay deal for 2025-26 and the increase in our workforce to support programmes such as MyCare.Scot.

+ The Direct Education Expenditure in Note 3 of £662,128k (2024-25 £592,484k) flows to Health Boards and Medical and Dental Practices. The increase of £69,644k reflects the expansion of clinical training posts across NHSScotland, pay award for 2025-26 and investment in research and innovation for dental undergraduate training.

+ The expenditure relating to Other Educational Support in Note 3 of £52,351k (2024-25 £49,593k) is predominantly paid to Health Boards and Scottish Universities. The increase of £2,758k relates to the investment in national digital programmes including MyCare.Scot, Digital Prescribing Dispensing Pathways and Digital Learning infrastructure.

+ The expenditure for NES Infrastructure non pay expenditure which covers our corporate services, property costs and the cost of depreciation for our non-current assets of £9,167k has increased by £1,999k compared to 2024-25, due to an increase in depreciation costs as a result of the review of asset lives.

1.1 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 property, plant and equipment and intangible assets at fair value and in accordance with the Financial Reporting Manual. The Accounts have been prepared under a direction issued by Scottish Ministers, which is reproduced at Page 143 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. Following the announcement by the Cabinet Secretary for Health and Social Care on 17 June 2025 that the services currently delivered by NES would transfer to the new body called Public Services Delivery Scotland, this includes the transfer of all assets and liabilities recorded in the SoFP (Page 95) and therefore in 2025-26 NES is assessed to be a going concern.

Outstanding Liabilities

NES has recognised a dilapidation liability of £633k (2024-25: £2,547k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Glasgow, Aberdeen, and Inverness. The overall reduction in year relates to the settlement of the dilapidations for the Edinburgh office which the organisation will vacate early in 2026/27. Further information is in Note 10a.

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 10a. The total provision for claims against NES as at 31 March 26 is £338k (2024-25: £706k).

Prior Year Adjustments

There are no prior year adjustments.

Significant Changes in Non-Current Assets

Property, Plant and Equipment: MyCare Software amounting to £7.1m and refurbishment costs amounting to £0.9m are part of the overall Non-Current Asset Addition of £9.2m. Additionally, NES invested £0.6m in total in the development of Digital Prescribing and Dispensing Pathways Programme (DPDP), £0.1m in the purchase of of AV Equipment and a further £0.57m in equipment for medical training purposes.

Events after the end of the reporting period

There is one non adjusting event after the end of the reporting period relating to the establishment of PSD Scotland on 1 April 2026 and the transfer of all assets and liabilities to the new organisation. Further information can be found in Note 12.

Impact of the Lead Employer Arrangements

Within these accounts we have approximately £118m of expenditure (2024- 2025: £107m) relating to NES as one of four Lead Employers for all Doctors and Dentists in Training within NHSScotland

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 income from NHSScotland boards.

1.2 Performance Against Key Non-Financial Targets

Payment Policy

The Board is committed to working with the SG 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	2025-26	2024-25
Average credit taken	4 days	6 days
% of invoices (by value) paid within 30 days	100%	100%
% of invoices (by volume) paid within 30 days	99%	99%
% of invoices (by value) paid within 10 days	96%	97%
% of invoices (by volume) paid within 10 days	98%	96%

The work we do in NES affects everyone who works in and with health and social care services, as well as every person in every community in Scotland. Through our NES Corporate Strategy for 2023-26 we have outlined the difference we want to make and our commitment to preparing and shaping the workforce for the future and the changes in health and social care necessary to improve outcomes.

This 2025-26 NES Annual Performance Report evidences the positive steps we have taken in delivering on our ambitious strategic intent through our Strategy, along with our robust and effective approach to financial management.

Prof. Karen Reid

Prof. Karen Reid,

Chief Executive

26 June 2026

NHS Education for Scotland. Annual Report and Accounts for year ended 31 March 2026

Accountability Report



Accountability Report

Corporate Governance Report



1. Directors' Report

Date of Issue

Audited financial statements were approved and authorised for issue by the Accountable Officer on 26 June 2026.

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 Lisa Duthie, Audit Director, Audit Scotland, to undertake the audit of NHS Education for Scotland for the financial year 2025-26.

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
Dr D Garbutt	Non-Executive Director and Board Chair	Apr-18
Mrs L Grieve	Employee Director and Non-Executive Director	Apr-20
Ms A Gunner Logan	Non-Executive Director and Board Vice Chair	Nov-21
Mrs J Ford	Non-Executive Director	May-19
Mrs G Mawdsley	Non-Executive Director (Whistleblowing Champion)	Feb-20
Ms O Clayton	Non-Executive Director	May-23
Mr A Boyle	Non-Executive Director	May-23
Mr N Henderson	Non-Executive Director	May-23
Ms S Cowan	Non-Executive Director	Sep-23
Mr G Valiotis	Non-Executive Director	Jan-25

Executive Directors of the Board

Name	Designation	Date of appointment
Prof K Reid	Chief Executive and Accountable Officer	Feb-21
Prof E Watson	Executive Medical Director	Apr-22
Mr J Boyle	Executive Director of Finance	Feb-22
Mrs K Wilson	Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive	Jan-18

Boardroom Apprentice

Name	Designation	Date of appointment
Miss L Harker*	Boardroom Apprentice	Jan-25

*Miss Harker's appointment was extended during the financial year to 31 March 2026.

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 2026, 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 NHSScotland by Scottish Ministers.
- Make judgements and estimates on a reasonable basis.
- State, where applicable, accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

Board Members' and Senior Managers' Interests

Details of any interests of Board Members, senior managers, and other senior staff in contracts or potential contractors with the organisation, as required by IAS 24 "related party disclosures" are disclosed in Note 17. The Board Members Register of Interests is published annually on the external public website **publicservicesdelivery.scot**

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 2025-26 can be accessed at **publicservicesdelivery.scot** from 31 October 2026.

The Consumer Scotland Act 2020

NES is a relevant public authority for the purposes of the Consumer Scotland Act 2020.

When making decisions of a strategic nature about how it exercised its functions, NES had regard to the impact of those decisions on consumers in Scotland and to the desirability of reducing harm to consumers.

NES considered how procurement strategies and commercial decisions may affect consumers, including users of public services and small businesses. As an Anchor Institution, NES also had regard for the role of procurement in supporting local and Scottish-based suppliers and in contributing to a resilient and sustainable public service. By supporting small, local and Scottish-based suppliers where appropriate, embedding community benefits and Fair Work principles within regulated procurements, we sought to deliver wide social and economic value alongside value for money.

As we transition to Public Services Delivery Scotland, the new organisation will continue to publish information annually on steps taken to comply with The Consumer Scotland Act 2020.

Personal Data Related Incidents There were two reportable incidents in 2025-26.

During the financial year, employee identifiable information was included in an email to a group of employees. The incident was reported to the Information Commissioner's Office (ICO) and guidance

was provided on how to securely store data. The second incident relates to unauthorised access to an email account with potentially sensitive emails being accessed. Immediate action was taken internally to block access and secure the email account. This incident was reported to the ICO and has been closed with no further action required.

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 they 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.

2. 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 2025-26 and in particular, to:

+ Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
+ Make judgements and estimates on a reasonable basis.
+ State whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed, and disclose and explain any material departures.
+ 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 January 2021.

The Disclosure of Information to Auditor can be found in the Directors Report on Page 50.

3. 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.

I confirm that NES is compliant with all aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health Directorates as being applicable to NHS Boards.

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

Approach to Governance

NES had a Board which met regularly to consider the plans and strategic direction of the organisation and approve decisions in line with the Board Scheme of Delegation.

The Board comprised the Non-Executive Director members and the Executive Director members of the organisation. The Public Board minutes and Board standing committee minutes are publicly available at **publicservicesdelivery.scot**

A single system of governance and risk management arrangements with clear lines of accountability and an agreed Board Scheme of Delegation, Standing Financial Instructions, Board Code of Conduct and Board Standing Orders which were reviewed annually by the Audit and Risk Committee and approved by the NES Board.

The consideration by the Board of periodic reports from the Chairs of the Audit and Risk Committee, Education and Quality Committee, Staff Governance Committee, and the Technology and Information Committee concerning any significant matters on governance, risk, and internal controls.

The review and scrutiny of new and emerging risks by relevant Committee and the Board, and the prioritisation of risks and allocation of responsibility for mitigating actions to named senior officers.

The Board reviewed the overall performance against the Strategic Key Performance Indicators.

The Board received quarterly Strategic Risk Reports, and the Committees received Board delegated strategic risk reports.

A focus on Best Value and a commitment to ensuring that resources are used efficiently, effectively, and economically, taking into consideration equal opportunities and sustainable development requirements.

From 1 April 2026, the Audit and Risk Committee and the Board of PSD Scotland are responsible for the consideration and approval of the NES Annual Report and Accounts for 2025-26. To support this, the PSD Scotland Board received the final overall performance against the Strategic Key Performance Indicators, the Strategic Risk report, and the full year financial report at the meeting on 15 May 2026.

Purpose of Internal Control

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



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

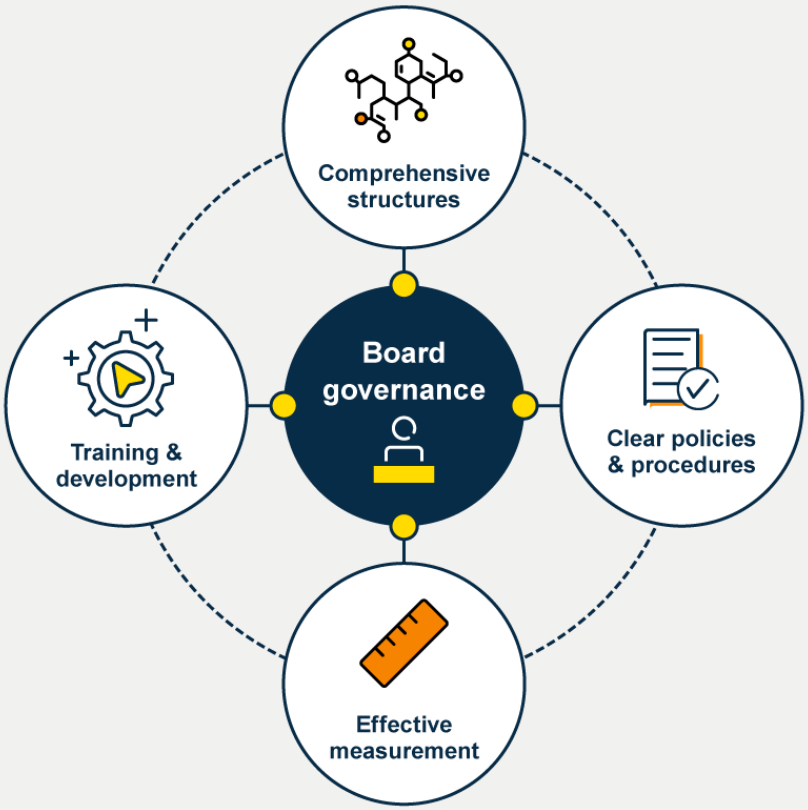
The process within the organisation accords with guidance from Scottish Ministers in the SPFM and supplementary NHS guidance and has been in place for the financial year and up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds.

The SPFM sets out the relevant statutory, parliamentary, and administrative requirements, emphasises the need for efficiency, effectiveness, and economy, and promotes good practice and high standards of propriety.

Operation of the Board

NES used the NHSScotland 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 NHSScotland:

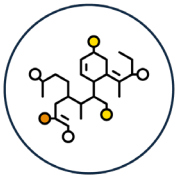


NES acknowledged the interdependencies of the three core aspects of the Blueprint's corporate governance approach; the functions of good governance and the enablers and systems required to support it, as part of the organisation's overall Board governance system. We had a Blueprint Action Plan to ensure continued focus on excellence in our Governance.

The action to improve Board member diversity has been progressed. The Board was successful in the application to the UK Boardroom Apprentice Programme, and the first NES Boardroom Apprentice joined the Board in January 2025 for one year. The Boardroom apprentice is treated as a non-executive director but is not formally appointed and does not form a quorum.

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

Comprehensive Structures



+ A clearly articulated NES strategy which set and communicated the Board's vision and intended outcomes covering the period 2023-2026 supplemented by an Annual Delivery Plan (ADP) for 2025-26 and the three-year medium-term plan.
+ A robust Risk Management Strategy which included a review of the Corporate Risk Register on a quarterly basis by the Board and the relevant Committees.
+ A performance management framework, which recorded progress against performance targets for each planned outcome, and which is used to produce quarterly reports to the NES Board was in place.
+ A comprehensive set of SKPIs aligned to the NES strategy, which were reported to the Board at each meeting. SKPIs are also delegated to the appropriate standing committees for further scrutiny.
+ A comprehensive structure of standing Committees of the Board with agreed Terms of Reference (ToRs).
+ The Board received the corporate governance package for 2025-26 as a whole document at the 5 February 2026 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; and the ToRs for all Board Committees.
+ 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 were set out in the Board Standing Orders and the Board Scheme of Delegation. These key documents were reviewed and updated on an annual basis.
+ Comprehensive Standing Financial Instructions; Procurement regulations; Risk Management Strategy; supporting procedures and manuals; define how decisions were taken and how associated risks were managed, regularly reviewed, and updated at least annually.
+ Clear complaints policies with quarterly reporting of Feedback, Comments, Concerns and Complaints to the NES Board and delegated Committees.
+ The NES Board had delegated the governance of Whistleblowing to the Staff Governance Committee who received quarterly reports and progress updates. Two reports by management and the Whistleblowing Champion were scrutinised by the Staff Governance Committee and sequenced through Board for approval.
+ Introduction of the policy for controlled documents which covers the development, approval and management of strategies, policies, and standard operation procedures within NES.
+ 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; the Scottish Government Health and Social Care directorate functions and teams; Royal colleges; UK regulators; universities; and partners such as the Scottish Funding Council, COSLA, NHS Boards, local government, third sector, Health and Social Care Partnerships and the Scottish Social Service Council.

Effective Measurement



+ Reliable data from key information systems, which were subject to regular reconciliation, integrity checking and audit, enabling management of the financial resources, human resources (HR), and performance of the organisation.
+ Regular reports, including a verbal update from the relevant Committee Chairs are presented at each Board meeting highlighting key strategic points from their most recent meeting. The Committee approved minutes are made available at the relevant public Board for homologation (except for the Remuneration Committee Minutes, due to the confidential nature of the Committee).
+ A comprehensive annual report from each Committee describing how it has discharged its remit, identifying any areas for future consideration, was reviewed by the Audit and Risk Committee annually as part of its review of the whole system of internal control.
+ A comprehensive programme of internal audit review to give assurance 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



- All newly appointed non-executive directors received a comprehensive induction programme for their Board role, and to NES and their roles on their committees.
- Specific induction programmes for the role of Chair or Vice Chair of Board Committees were provided for new appointments.
- The Boardroom apprentice also received a comprehensive induction upon appointment and support throughout the year.
- All Board members were required to complete the suite of relevant mandatory training courses over a three-year period.
- The Board met in developmental session on three occasions during the financial year. Non-executive Directors had their appraisal review and development discussion with the Board Chair during the final quarter of 2025-26.
- 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 2025-26. The formal end of year reviews for 2025-26 took place during the final quarter of 2025-26.
- To support development and succession planning, the NES Board both supports and participates in the NHS Scotland Aspiring Chair's Programme. The Chair of the Board provides mentoring support to a programme participant. A NES Non-Executive Director also completed the programme.

Assessment of Board Governance



- The business of the Board was conducted with the full Committee complement during the 2025-26 period.
- The Board continued to progress major aspects of governance development in relation to the corporate strategy, revised strategic engagement and communication plans, risk management development, risk appetite, strategic key performance indicators and considered developmental work on the Board Assurance frameworks.
- The NES Board conducted their self-assessment against the Blueprint for Good Governance and developed a Corporate Governance Improvement Plan in 2023-24. Actions were agreed, developed, implemented. Progress against these actions are reported to the Audit and Risk Committee twice a year and to the Scottish Government, with the final report of all completed actions presented to the NES Board in November 2025.
- KPMG, NES's internal auditors, conducted an audit of our Board governance during the financial year and concluded that "significant assurance" was in place – the highest possible rating. The report, which was presented to the Audit and Risk Committee in January 2026, identified 16 areas of good practice.
- The Board agreed at the meeting on 26 September 2024, the establishment of a new committee, the Planning and Performance Committee, which met formally from 1 April 2025.

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:

+ **Executive and Senior Managers** responsible for developing, implementing, and maintaining internal controls across their areas.
+ **Audit and Risk Committee** 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.
+ **Internal Auditors** 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.
+ **External Auditors** who provide an Independent Report to the Audit and Risk Committee and the NES 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 strategic 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.
- From 1 April 2025, Global Internal Audit Standards (GIAS) as applied to the public sector were introduced. The new standard requires an annual conclusion from the Internal Auditors, which replaces the internal audit opinion. The conclusion focuses on the design and operating effectiveness of controls covering four areas; risk management, financial reporting and management, board governance, and data captured and used by the organisation.

  The Internal auditors' report concluded that for risk management and governance the controls were both designed and operating effectively.

  For financial reporting and management, the controls are effectively designed with some exceptions and operating effectively.

  For data captured and used by the organisation the controls are effectively designed and with some operating effectively and others could be more consistently applied.

Seven internal audits have been carried out this financial year:

+ Four audits on core financial controls (accounts receivable), freedom of information (FOI), information asset management and learning experience and outcomes were assessed with a rating of significant assurance with minor improvement opportunities.
+ Three audits on Board governance, financial sustainability, and property transaction monitoring had a rating of significant assurance, the highest possible rating.
+ The work of Internal Audit, who submit to the organisation's Audit and Risk Committee regular reports which include their independent and objective conclusion 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.
+ We have also received two unqualified assurance reports and one qualified by exception report from Service Auditors in respect of services provided to NES by other organisations. Our External Auditors agreed with management's assessment that these do not have a material impact on the control environment of NHS Education for Scotland during 2025-26.
+ 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 maintained an adequate and effective system of internal control throughout the year. As Chief Executive of NES, I am content with the Governance arrangements of the organisation during 2025-26.

Risk Management

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

The NES Risk Management Strategy was 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 and 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.
+ **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.
+ The **categorisation of risks** into 'very high, high, medium and 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, are aligned to the strategic direction and risk appetite, set out in the NES Risk Management Strategy, reviewed and approved by the NES Board annually.
+ 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 Leads** 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**, utilised the functionality of Azure DevOps to manage IG&S risks, reporting any mitigated 'Primary 2' risks, or above, to the NES Assurance 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.

During the year to 31 March 2026, 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.

We have considered the Qualified by Exception opinion of the Service Auditor appointed by NSS and based on our assessment, we conclude there is no risk of misstatement within the NES Annual Report and Accounts.

The organisation remained committed to continuous development and improvement in its risk management systems and processes in 2025-26.

During 2025-26, two cases were referred to Counter Fraud Services. One investigation is now complete and fraud was ruled out. The second investigation is ongoing at the end of the financial year. A regular update will be provided to the Audit and Risk Committee of PSD Scotland during 2026-27.

Governance Framework – Board

There have been six formal public meetings and six formal private meetings of the Board.

All formal Board meetings were quorate. The attendance by members at these meetings is detailed below.

		Public Board	Private Board
Dr D Garbutt	Non-Executive Director and Board Chair	6/6	6/6
Mrs L Grieve	Employee Director and Non-Executive Director	5/6	5/6
Ms A Gunner Logan	Non-Executive Director and Board Vice Chair	5/6	5/6
Mrs J Ford	Non-Executive Director	6/6	6/6
Mrs G Mawdsley	Non-Executive Director (Whistleblowing Champion)	4/6	4/6
Ms O Clayton	Non-Executive Director	6/6	6/6
Mr A Boyle	Non-Executive Director	5/6	5/6
Mr N Henderson	Non-Executive Director	6/6	6/6
Ms S Cowan	Non-Executive Director	6/6	6/6
Mr G Valiotis	Non-Executive Director	5/6	5/6
Miss L Harker	Boardroom Apprentice	6/6	6/6
Prof K Reid	Chief Executive and Accountable Officer	6/6	6/6
Prof E Watson	Executive Medical Director	5/6	5/6
Mr J Boyle	Executive Director of Finance	6/6	6/6
Mrs K Wilson	Executive Director of Nursing, Midwifery and Allied Health Professionals & Deputy Chief Executive	6/6	6/6

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)
+ Planning and Performance Committee

In addition, the NES Board has a Remuneration Committee, the membership details of which can be found on page 72.

Audit and Risk Committee

The Audit and Risk Committee independently support 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 2025-26 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.

The Audit and Risk Committee also received progress reports against the Corporate Governance Blueprint action plan.

All meetings were quorate. The membership and attendance of the Audit and Risk Committee during 2025-26 was as follows:

Name	Designation	Meetings
Mrs J Ford	Non-Executive Director and Chair	4/4
Mr A Boyle	Non-Executive Director (to Oct 25)	1/2
Ms O Clayton	Non-Executive Director	3/4
Mrs G Mawdsley	Non-Executive Director (Whistleblowing Champion)	3/4
Ms S Cowan	Non-Executive Director (from Oct 25)	1/2

Staff Governance Committee

The Staff Governance Committee met four times during 2025-26 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 2025-26 was as follows:

Name	Designation	Meetings
Mr N Henderson	Non-Executive Director and Chair	4/4
Ms L Grieve	Employee Director and Non-Executive Director	4/4
Mrs G Mawdsley	Non-Executive Director	3/4
Mrs S Cowan	Non-Executive Director	4/4
Mr J McCann	Co-opted member	4/4
Mr M Newman	Co-opted member (to May 25)	0/1

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 scrutinised 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 NHSScotland Academy educational and training programmes.

The Education and Quality Committee met four times during 2025-26. All meetings were quorate. The membership and attendance of the Educational and Quality Committee during 2025-26 was as follows:

Name	Designation	Meetings
Ms A Gunner Logan	Non-Executive Director and Chair (to Dec 25)	3/3
Mr N Henderson	Non-Executive Director	3/4
Ms O Clayton	Non-Executive Director and Chair (from Dec 25)	4/4
Mrs S Cowan	Non-Executive Director (to Nov 25)	4/4
Mr G Valiotis	Non-Executive Director	4/4
Ms L Harker	Boardroom Apprentice	4/4

Planning and Performance Committee

The Planning and Performance Committee's role was to review organisational outcomes and impact achieved in line with the Board's Corporate Strategy and Key Strategic Performance Indicators (SKPIs), the requirements of the Annual Delivery Plan, NES transformation programmes, and Scottish Government Commissions. The Committee provided advice and oversight of the development of those strategies, plans and programmes to the Board. The Committee also provided oversight, scrutiny and assurance relating to digital and innovation work in line with Scottish Government's Digital Health and Care Strategy (October 2021).

The Planning and Performance Committee met four times during 2025-26. All meetings were quorate. The membership and attendance of the Planning and Performance Committee during 2025-26 was as follows:

Name	Designation	Meetings
Mr A Boyle	Non-Executive Director and Chair	3/4
Ms A Gunner Logan	Non-Executive Director	4/4
Dr D Garbutt	Non-Executive Director and Board Chair	3/4
Mrs J Ford	Non-Executive Director	4/4
Mr N Henderson	Non-Executive Director	4/4
Mrs O Clayton	Non-Executive Director (from Jan 26)	1/1
Mr A McCann	Co-opted member	4/4

Gender Representation on Public boards (29 May 2025 – 31 March 2026)

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 2025 – 31 March 2026

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 vacancies?	0
Number of Competition Rounds?	N/A
Number of Applications from Women?	N/A
Was an Appointment made?	N/A
Was an Appointment made to a Woman?	N/A

Remuneration and Staff Report



1. Remuneration Report

Determination of Senior Employees' Remuneration

Senior employees' remuneration is determined by the Scottish Government. For senior staff in 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 17.

2. Membership and Remit of the Remuneration Committee

The Remuneration Governance Committee met three times during 2025-26.

The Remuneration Committee through the Staff Governance Committee provide assurance to the Board that the appropriate arrangements are in place to ensure that the Board meets the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of individual Executive Directors and Directors (and any staff employed under Executive Managers or Consultants pay arrangements).

All meetings were quorate and the membership and attendance of the Remuneration Committee during 2025-26 was as follows:

Name	Designation	Meetings
Ms A Gunner Logan	Non-Executive Director and Chair	3/3
Mr A Boyle	Non-Executive Director	2/3
Dr D Garbutt	Non-Executive Director and Board Chair	3/3
Mrs J Ford	Non-Executive Director	3/3
Mr N Henderson	Non-Executive Director	2/3
Ms L Grieve	Employee Director and Non-Executive Director	2/3

The remit of the Remuneration Committee is reviewed annually and was approved by the Board in February 2025. Duties include:

+ Conduct a regular review of the NES policy for the remuneration and performance management for the Executive Directors and Directors.
+ Agree all terms and conditions of employment for the Executive Directors.
+ Agree objectives for members of the Executive Directors in line with guidance from the Scottish Government and the National Performance Management Committee.
+ Ensure effective measures are in place for the performance management of the Director.

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.

3. Explanation of Any Significant Awards Made to Past Senior Employees

There were none during 2025-26.

4. Cash Equivalent Transfer Values (CETV)

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 2026 – 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 2025-26.

	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total Earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Prof K Reid	165-170	0	0	**165-170**	45	**210-215**
Director of Medicine Prof E Watson	230-235	0	0	**230-235**	61	**295-300**
Director of Finance Mr J Boyle	130-135	0	0	**130-135**	37	**165-170**
Director of Nursing & Deputy Chief Executive Ms K Wilson	135-140	0	0	**135-140**	39	**175-180**
NON EXECUTIVE MEMBERS						
Dr D Garbutt (Chair)	60-65	0	0	**60-65**	n/a	**60-65**
Ms A Gunner Logan (Vice Chair)	10-15	0	0	**10-15**	n/a	**10-15**
Mr A Boyle	10-15	0	0	**10-15**	n/a	**10-15**
Ms O Clayton	10-15	0	0	**10-15**	n/a	**10-15**
Ms S Cowan	10-15	0	0	**10-15**	n/a	**10-15**
Ms J Ford	10-15	0	0	**10-15**	n/a	**10-15**
Mr N Henderson	10-15	0	0	**10-15**	n/a	**10-15**
Ms G Mawdsley (Whistleblowing Champion)	10-15	0	0	**10-15**	n/a	**10-15**
Mr G Valiotis	10-15	0	0	**10-15**	n/a	**10-15**
Mrs L Grieve, Employee Director[1]	95-100	0	0	**95-100**	138	**235-240**
TOTAL					**320**	

1. Mrs L Grieve's employee director's salary includes £80-£85k in respect of non-board duties. These duties changed from 1 June 2025.

NOTE: Mr A McCann is a co-opted member of the Planning and Performance Committee; his salary is in the band £10k-£15k

Pension Benefits Table – For the Year Ended 31 March 2026 – Current Year (Audited Information)

	Total accrued pension and related lump sum at pensionable age at 31 March 2026 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2026 (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2025 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2026 £'000	Real increase in CETV in the year £'000
EXECUTIVE MEMBERS					
Chief Executive Prof K Reid	15-20 No lump sum	2.5 - 5 No lump sum	201	262	33
Director of Medicine Prof E Watson	60-65 Lump sum 5-10	2.5 - 5 lump sum - 2.5- 0	931	1047	53
Director of Finance Mr J Boyle	10-15 No lump sum	2.5 - 5 No lump sum	125	175	29
Director of Nursing & Deputy Chief Executive Ms K Wilson	15-20 No lump sum	2.5 - 5 No lump sum	240	304	37
NON EXECUTIVE MEMBERS					
Mr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Ms A Gunner Logan (Vice Chair)	n/a	n/a	n/a	n/a	n/a
Mr A Boyle	n/a	n/a	n/a	n/a	n/a
Ms O Clayton	n/a	n/a	n/a	n/a	n/a
Ms S Cowan	n/a	n/a	n/a	n/a	n/a
Ms J Ford	n/a	n/a	n/a	n/a	n/a
Mr N Henderson	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
Mr G Valiotis	n/a	n/a	n/a	n/a	n/a
Mrs L Grieve, Employee Director	20-25 Lump sum 50-55	5 - 7.5 Lump sum 10 - 15	294	439	125
TOTAL					**277**

Remuneration Table - For the Year Ended 31 March 2025 – Prior Year (Audited Information)

`	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total Earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Prof K Reid	160-165	0	0	**160-165**	41	**200-205**
Director of Medicine Prof E Watson[1]	225-230	0	0	**225-230**	123	**350-355**
Director of Finance Mr J Boyle	120-125	0	0	**120-125**	33	**155-160**
Director of Nursing & Deputy Chief Executive Ms K Wilson	130-135	0	0	**130-135**	38	**170-175**
NON EXECUTIVE MEMBERS						
Dr D Garbutt (Chair)[2]	60-65	0	0	**60-65**	n/a	**60-65**
Ms A Gunner Logan (Vice Chair)	10-15	0	0	**10-15**	n/a	**10-15**
Mr A Boyle	10-15	0	0	**10-15**	n/a	**10-15**
Ms O Clayton	10-15	0	0	**10-15**	n/a	**10-15**
Ms S Cowan	10-15	0	0	**10-15**	n/a	**10-15**
Ms J Ford	10-15	0	0	**10-15**	n/a	**10-15**
Mr N Henderson	10-15	0	0	**10-15**	n/a	**10-15**
Ms G Mawdsley (Whistleblowing Champion)	10-15	0	0	**10-15**	n/a	**10-15**
Mr G Valiotis (from Jan 2025)[3]	0-5	0	0	**0-5**	n/a	**0-5**
Mrs L Grieve, Employee Director[4]	65-70	0	0	**65-70**	26	**95-100**
SENIOR EMPLOYEES						
Director of Workforce & Deputy Chief Executive[5] Ms T Ashworth-Davies (Retired Feb 25)	100-105	0	0	**100-105**	29	**130-135**
TOTAL					**290**	

[1] The Executive Medical Director is under the Hospital, Medical and Dental Terms and Conditions which attracted a 10.5% pay award in 2024-25. This impacts the real increase in pension benefits as described in the note on page73

[2] Dr Garbutt's total salary includes £7.5k of arrears relating to prior year

[3] Mr G Valiotis full year equivalent gross salary is £10-£15k

[4] Mrs L Grieve's employee director's salary includes £55-£60k in respect of non-board duties

[5] Ms T Ashworth-Davies full year equivalent gross salary is £120k-£125k

Pension Benefits Table- For the Year Ended 31 March 2025 – Prior Year (Audited Information)

	Total accrued pension and related lump sum at pensionable age at 31 March 2025	Real increase in pension and related lump sum at pensionable age at 31 March 2025 (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2024 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2025 £'000	Real increase in CETV in the year £'000
EXECUTIVE MEMBERS					
Chief Executive Prof K Reid	10-15 No lump sum	2.5 - 5 No lump sum	152	201	28
Director of Medicine Prof E Watson	55-60 Lump sum 5-10	7.5 - 10 lump sum -2.5-0	777	918	101
Director of Finance Mr J Boyle	5-10 No lump sum	0 - 2.5 No lump sum	83	125	25
Director of Nursing & Deputy Chief Executive Ms K Wilson	10-15 No lump sum	2.5 - 5 No lump sum	186	240	33
NON EXECUTIVE MEMBERS					
Mr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Ms A Gunner Logan (Vice Chair)	n/a	n/a	n/a	n/a	n/a
Mr A Boyle	n/a	n/a	n/a	n/a	n/a
Ms O Clayton	n/a	n/a	n/a	n/a	n/a
Ms S Cowan	n/a	n/a	n/a	n/a	n/a
Ms J Ford	n/a	n/a	n/a	n/a	n/a
Mr N Henderson	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
Mr G Valiotis (from Jan 2025)	n/a	n/a	n/a	n/a	n/a
Mrs L Grieve, Employee Director	15-20 Lump sum 35-40	0 - 2.5 Lump sum 0 - 2.5	262	294	21
SENIOR EMPLOYEES					
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies (Retired Feb 25)	10-15 No lump sum	0 - 2.5 No lump sum	152	193	24
TOTAL					**232**

Fair Pay Disclosure (Audited Information)

	2025-26	2024-25	Change %
Range of staff remuneration	£25,000 - £30,000 to £230,000 - £235,000	£25,000 - £30,000 to £245,000 - £250,000	-3%
Highest earning Director's total remuneration	£230,000-£235,000	£225,000-£230,000	3%
Median total remuneration	£76,153	£70,986	7%
Median ratio (based on mid-point of Director pay band)	3.05	3.20	-5%
25th percentile pay	£53,688	£51,188	5%
25th percentile ratio (based on mid-point of Director pay band)	4.33	4.44	-2%
75th percentile pay	£90,999	£83,176	9%
75th percentile ratio (based on mid-point of director pay band)	2.55	2.74	-7%

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 Scottish Government guidance, the calculation has been based on the March payroll data adjusted to reflect annualised whole time equivalent for each individual.

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)

Other employees (excl Executive Board Members) whose Remuneration fell within the following ranges:	2025	2026	2025	2026
Clinicians	Clinicians	Clinicians	Other	Other
£90,001 to £100,000	87	91	28	13
£100,001 to £110,000	43	60	6	19
£110,001 to £120,000	10	34	4	4
£120,001 to £130,000	9	9	4	7
£130,001 to £140,000	6	2	3	3
£140,001 to £150,000	1	4	1	1
£150,001 to £160,000	0	1	1	1
£160,001 to £170,000	1	1	2	1
£170,001 to £180,000	0	0	0	1
£180,001 to £190,000	1	0	0	1
£200,001 and above	0	0	4	3

2. Staff Expenditure (Audited Information)

2025									2026
Total £'000		Executive Board Members £'000	Non-Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Total Pay Costs per Note 3 £'000	Outward Secondees £'000	Total Pay £'000
	Staff Expenditure								
102,306	Salaries and wages	671	195	204,300	0	(1)	205,165	(92,595)	112,570
12,439	Social security expenditure	96	21	29,441	0	0	29,558	(13,498)	16,060
19,261	NHS scheme employers' expenditure	145	0	35,576	0	0	35,721	(14,523)	21,198
11,103	Inward secondees	0	0	0	11,098	0	11,098	0	11,098
2,370	Agency staff	0	0	0	0	3,049	3,049	0	3,049
147.479	**Total Staff Expenditure**	**912**	**216**	**269,317**	**11,098**	**3,048**	**284,591**	**(120,616)**	**163,975**
80	Compensation for loss of office or early retirement	0	0	27	0	0	27	0	27
147.559	**Total Staff Expenditure**	**912**	**216**	**269,344**	**11,098**	**3,048**	**284,618**	**(120,616)**	**164,002**
0	The above includes expenditure for staff engaged directly on capital	0	0	(1,451)	(30)	(192)	(1,673)	0	(1,673)
147,559	**Total Staff Expenditure Per Note 3**	**912**	**216**	**267,893**	**11,068**	**2,856**	**282,945**	**(120,616)**	**162,329**

3. Staff Numbers (Audited Information)

2025								2026
Total		Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	Total
1,629.3	Whole Time Equivalent (wte)	4.0	10.0	2,643.2	86.2	31.3	(1,066.5)	**1,708.2**
0	The above includes wte of staff engaged directly on capital projects of:	0	0	19.2	0.3	1.70	0	**21.2**
46.5	Included in the total staff No's above wte disabled staff* of:	0	0	83.1	0	0	(23.7)	**59.4**
0	Included in the total staff No's above were Special Advisors of:	0	0	0	0	0	0	**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 2026 (Not subject to audit)

	2025-26			2024-25		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	3	**4**	1	3	**4**
Non-Executive Directors and Employee Director	4	6	**10**	4	6	**10**
Other	1,117	2,285	**3,402**	1,058	2,149	**3,207**
Total Headcount	**1,122**	**2,294**	**3,416**	**1,063**	**2,158**	**3,221**

5. Staff Turnover (Not subject to audit)

29.3% of leavers are Resident Doctors and Dentists in Training who are employed by NES in its capacity of Lead Employer. This group of staff are undertaking a training programme lasting between 1 and 7 years, therefore each year a large cohort of staff complete their training and leave NES employment but continue their career in health and social care.

Turnover Rate	Core	Trainees	Total
Leavers 1 April 2025 to 31 March 2026	114	607	**721**
Average headcount	1,307	2,073	**3,380**
Turnover rate	**8.7%**	**29.3%**	**21.3%**

6. Sickness Absence Data (Not subject to audit)

The NES staff average for 2025-26 is 2.17% compared with 1.8% in 2024-25.

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 √√ 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. Exit Packages (Audited Information)

Exit Packages Cost Band	No of compulsory departures agreed 2025-26	No of other departures agreed 2025-26	Total no exit packages agreed 2025-26	No of compulsory departures agreed 2024-25	No of other departures agreed 2024-25	Total no of exit packages agreed 2024-25
<£10,000	0	2	**2**	0	5	**5**
£10,000 - £25,000	0	1	**1**	0	1	**1**
£25,000 - £50,000	0	0	**0**	0	1	**1**
£50,000 - £100,000	0	0	**0**	0	0	**0**
Total	0	3	**3**	0	7	**7**
Total Resource Expenditure (£000)	**0**	**27**	**27**	**0**	**80**	**80**

Parliamentary Accountability Report



Losses and Special Payments

In the year to 31 March 2026, NES was not required to pay any claims individually greater than £300k settled under the CNORIS scheme (2024-25: £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 10.

Fees and Charges

In the year to 31 March 2026 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.

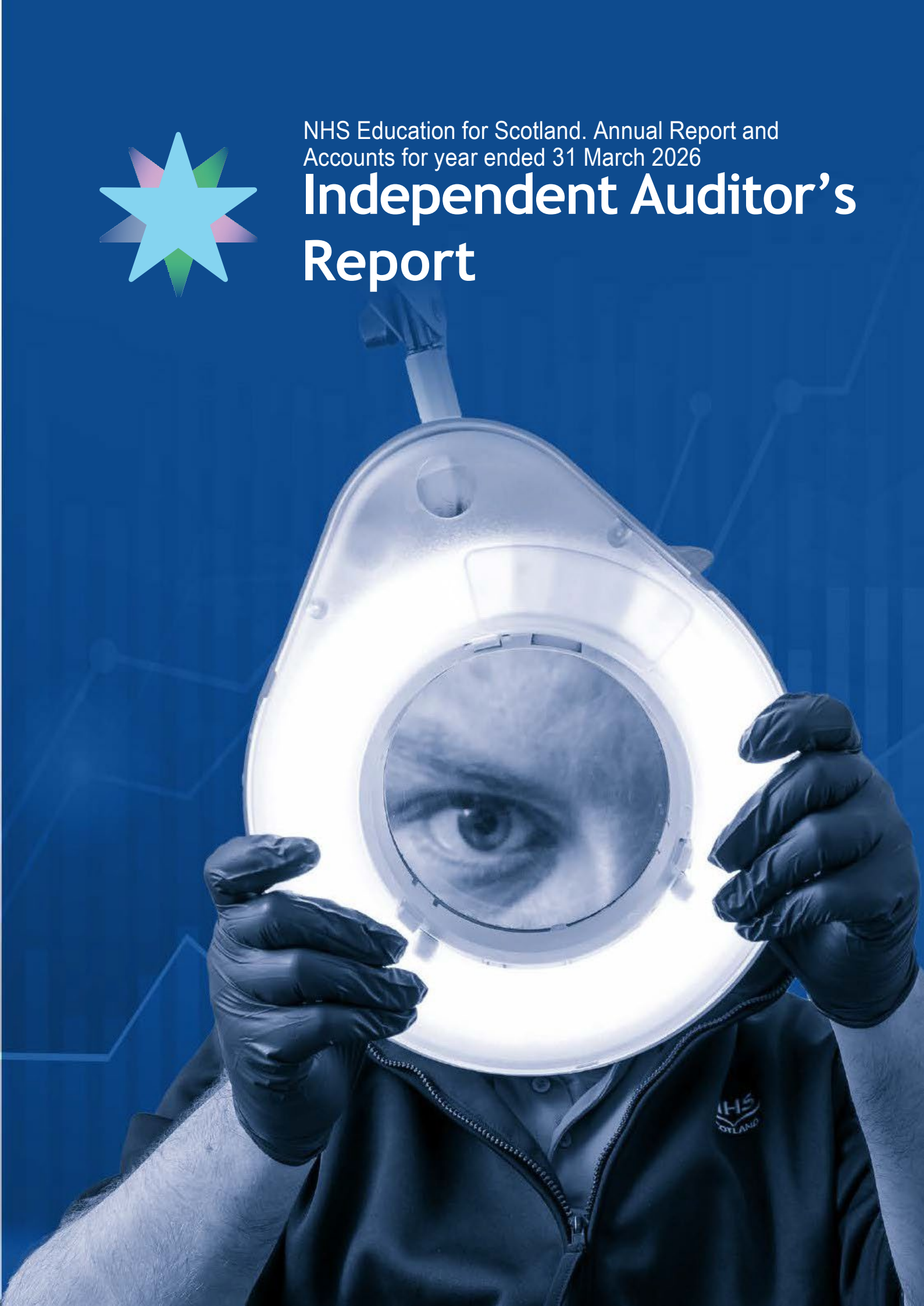
Prof. Karen Reid

Chief Executive

26 June 2026

NHS Education for Scotland. Annual Report and Accounts for year ended 31 March 2026

Independent Auditor's Report



Reporting on the audit of the financial statements

Independent Auditor's Report

Independent auditor's report to the members of Public Services Delivery 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 2026 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information.

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 2025/26 Government Financial Reporting Manual (the 2025/26 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 2026 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 2025/26 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 27 May 2025. My period of appointment is three years, covering 2024-25 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 the Chief Executive's Responsibilities, the Chief Executive, as 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**. 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.

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.

Lisa Duthie

Lisa Duthie
Audit Director
Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT
26 June 2026

NHS Education for Scotland. Annual Report and Accounts for year ended 31 March 2026

Financial Statements



Statement of Comprehensive Net Expenditure

for the year ended 31 March 2026

2025			2026
£'000		Note	£'000
	Employee Expenditure		
257,632	Staff Expenditure	3	282,945
257,632			**282,945**
	Operating Expenditure (non-employee)		
592,484	Direct Educational Expenditure	3	662,128
49,593	Expenditure for Other Educational Support	3	52,352
7,168	NES Infrastructure Expenditure	3	9,167
649,245	**Operating Expenditure (non-employee)**		**723,647**
906,877	**Gross Expenditure for the year**		**1,006,592**
(127,088)	Less Operating Income	4	(137,706)
779,789	**Net Expenditure for the year**		**868,886**

Statement of Financial Position

for the year ended 31 March 2026

2025 £'000		Note	£'000	2026 £'000
	Non-current assets			
8,949	Intangible assets	6a	14,785	
2,395	Property, plant and equipment	6b	3,508	
3,894	Right of use assets	14a	3,933	
148	Trade and other receivables	7	150	
15,386	**Total non-current assets**			**22,376**
	Current assets			
4,134	Trade and other receivables	7	3,744	
484	Cash and equivalents	8	86	
4,618	**Total current assets**			**3,830**
20,004	**Total assets**			**26,206**
	Current liabilities			
(3,377)	Provisions	10a	(999)	
(45,640)	Trade and other payables	9	(17,920)	
(49,017)	**Total current liabilities**			**(18,919)**
(29,013)	**Non-current assets less net current liabilities**			**7,287**
	Non-current liabilities			
(522)	Provisions	10a	(872)	
(2,359)	Trade and other payables	9	(2,070)	
(2,881)	**Total non-current liabilities**			**(2,942)**
(31,894)	**Assets less liabilities**			**4,345**
	Taxpayers' equity			
(31,897)	General fund	SOCTE	4,342	
3	Revaluation Reserve	SOCTE	3	
(31,894)	**Total taxpayers' equity**			**4,345**

Approved by the Board

Jim Boyle

Director of Finance
26 June 2026

Prof. Karen Reid

Chief Executive
26 June 2026

The Notes to the Accounts, numbered 1 to 17, form an integral part of these Accounts.

Statement of Cash Flows

for the year ended 31 March 2026

2025 £'000		Note	£'000	2026 £'000
	Cash flows from operating activities			
(779,789)	Net expenditure	SOCNE	(868,886)	
2,740	Adjustments for non-cash transactions	2b	3,950	
42	Interest payable	2b	171	
4,115	Movements in working capital	2b	(29,350)	
(772,892)	**Net cash outflow from operating activities**			**(894,115)**
	Cash flows from investing activities			
(916)	Purchase of property, plant and equipment	6b	(1,610)	
0	Purchase of intangible assets	6a	(7,636)	
0	Reverse liability of disposed RoU vehicles		(41)	
(916)	**Net cash outflow from investing activities**			**(9,287)**
	Cash flows from financing activities			
775,544	Funding		905,125	
(118)	Movement in general fund working capital		(398)	
(1,694)	Capital element of payment in respect of leases		(1,552)	
(42)	IFRS 16 - interest		(171)	
773,690	**Net financing**			**903,004**
(118)	**Net increase in cash and cash equivalents in the period**	8	(398)	
602	**Cash and cash equivalents at the beginning of the period**	8	484	
(484)	**Cash and cash equivalents at the end of the period**			**86**
	Reconciliation of net cash flow to movement in net cash			
(118)	Increase in cash in year	8		(398)
602	Net cash at 1 April 2025	8		484
484	**Net cash at 31 March 2026**			**86**

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2026

Current Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2025	**(31,897)**	**3**	**(31,894)**
Net expenditure for the year	(868,886)	0	(868,886)
Total recognised income and expense for 2025-26	**(900,783)**	**3**	**(900,780)**
Funding			
Drawn down	904,727	0	904,727
Movement in General Fund Creditor	398	0	398
Total funding	**905,125**	**0**	**905,125**
Balance as at 31 March 2026	**4,342**	**3**	**4,345**

Prior Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2024	**(27,652)**	**3**	**(27,649)**
Net expenditure for the year	(779,789)	0	(779,789)
Total recognised income and expense for 2024-25	**(807,441)**	**3**	**(807,438)**
Funding			
Drawn down	775,426	0	775,426
Movement in General Fund Creditor	118	0	118
Total funding	**775,544**	**0**	**775,544**
Balance as at 31 March 2025	**(31,897)**	**3**	**(31,894)**

Note 1. Accounting Policies

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

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

Standards, amendments, and interpretations effective in current year:

IFRS 17 Insurance Contracts have been included within the FreM for 2025-26.

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 2025-26 financial year.

Standard	Current status
IFRS 18 Presentation and disclosure in financial statements	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.
IFRS 19 Subsidiaries without public accountability: disclosures	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.

There are no new accounting standards, amendments or interpretations early adopted in 2025-26.

2. 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 will transfer to Public Services Delivery Scotland on 1 April 2026 as set out in the legislation passed. by the Scottish Parliament on 4 March 2026.

Further information is provided in the Performance Analysis and Note 12.

3. Accounting Convention

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

4. 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.

5. Property, 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

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to,

or operational capacity be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

+ Property, Plant and Equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to, or greater than £5,000.
+ In cases where a new 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 Property, Plant and Equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset, and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value as follows:

+ 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. No depreciation should be charged or indexation applied to assets under construction. These assets are 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.

5.3 Depreciation

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

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

+ 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.
+ Leased property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful life.

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

6. Intangible Assets

6.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Board's business, or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or operational capacity 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 Licences
+ Software
+ 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, e.g. application software, is capitalised as an intangible asset.

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

Websites
Websites are capitalised only when it is probable that future economic benefits will flow to, or operational capacity 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:

Asset Category/ Component	Useful Life
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

7. 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.

8. 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.

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.

9. 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 operational capacity 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.

10. 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.

11. 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.

12. 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 (SPPA) 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.

13. 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.

NES 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 NHSScotland 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.

14. 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.

15. 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 non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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 and 4.

21. 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.

22. Key Sources of Judgement and Estimation Uncertainty

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

The key 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 2025-26 is based on an independent dilapidation assessment carried out in the financial years 2024-25 and 2025-26.

+ **Creditors and Other Provisions**

  Within creditors there is an accrual for annual leave and flexi leave of £1,533k (2024-25: £1,309k)

  The approach to determine the expected costs was in two stages. Stage 1 used the information extracted from the annual leave software 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 and Dental Trainees do not have access to the software, 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 £622k (2024-25-£458k), for Dental Trainees is £77k, (2024-25-£62k) calculated as 13.6 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 £229k.

In addition, a provision of £389k (2024-25: £307k) has been included in respect of payments relating to staff on fixed term contracts.

+ **Asset valuations**

NES carry out an asset valuation, and a review of asset lives on an annual basis to ensure asset values held on the Statement of Financial Position are measured at fair value and depreciated over the asset's useful economic life. This financial year assets previously categorised as having indefinite lives have been reviewed and aligned with the implementation of new national systems in the future.

Note 2. Memoranda to the Primary Statements

2a. Summary of Resource Outturn (SORO)

Summary of Core Revenue Resource

	Note	£'000
Net expenditure	SOCNE	868,886
Total non-core expenditure (see below)		(2,487)
Total core expenditure		866,399
Core revenue resource limit		868,309
Saving against core revenue resource limit		**1,910**

Summary of Non-Core Revenue Resource

Depreciation / Amortisation	3	4,317
Annually Managed Expenditure	3	(1,830)
Total non-core expenditure (see below)		**2,487**
Non-core revenue resource limit		2,487
Saving against non-core revenue resource limit		**0**

Summary of Resource Outturn	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	868,309	866,399	1,910
Non-core	2,487	2,487	(0)
Total	**870,796**	**868,886**	**1,910**

2a. Summary of Resource Outturn (SORO) (cont)

	Limit as set by SGHSCD	Actual Outturn	Variance (Over)/Under
	£'000	**£'000**	**£'000**
Revenue Resource Limit - Core	868,309	866,399	1,910
Revenue Resource Limit - Non Core	2,487	2,487	0
Total Revenue Resource Limit	**870,796**	**868,886**	**1,910**
Capital Resource Limit - Core	11,148	11,147	1
Capital Resource Limit - Non Core	184	184	0
Total Capital Resource Limit	**11,332**	**11,331**	**1**
Cash Requirement	904,728	904,728	0

2b. Notes to the Cash Flow Statement

2025		Note	2026
Adjustments for non-cash transactions			
£'000			**£'000**
	Income and expenditure not paid in cash		
479	Depreciation	6b	493
617	Amortisation	6a	1,800
1,804	Depreciation of Right of Use Assets	14a	1,885
(188)	Right of Use Assets dilapidation		(184)
0	Liability related to Disposal of RoU assets (Cars)	3	(44)
28	Loss on disposal of intangible assets	3	0
2,740	**Total expenditure not paid in cash**		**3,950**
	Interest payable		
42	**Lease Interest**	14b	**171**

Movements in Working Capital

		Note	Opening Balances £'000	Closing Balances £'000
	Trade and Other Receivables			
465	Due within one year	7	4,134	3,744
148	Due after more than one year		148	150
(613)			**4,282**	**3,894**
(613)	**Net (decrease)/increase**			**388**
	Trade and Other Payables			
4,570	Due within one year	9	45,640	17,920
1,502	Due after more than one year	9	2,359	2,070
0	Less: property, plant and equipment included in above		0	0
118	Less: General Fund creditor included in above	8	(484)	(86)
(882)	Less: Lease and PFI creditors included in above	9	(2,968)	(3,067)
	Total		**44,547**	**16,837**
(5,308)	**Net decrease**			**(27,710)**
	Provisions			
(580)	Statement of Financial Position	10a	3,899	1,871
	Total		**3,899**	**1,871**
(580)	**Net decrease in Working Capital**			**(2,028)**
4,115	**Net movement**	**CFS**		**(29,350)**

Note 3. Expenditure

2025		2026
£'000		£'000
184,906	Medical	203,494
14,481	NES Technology Service	15,825
15,782	Dental	16,606
9,279	Workforce	7,009
8,614	Nursing, Midwifery and Allied Health Professionals	11,310
4,399	Psychology	4,942
3,345	Pharmacy	3,612
4,688	NHSScotland Academy	5,456
1,019	Optometry	1,280
365	Healthcare Science	448
991	Social Care	1,915
9,763	Corporate Services	11,048
257,632	**Total Staff Expenditure**	**282,945**
141,948	Medical ACT	154,487
22,412	Dental ACT	24,826
2,219	Pharmacy ACT	2,558
166,579	**Total Undergraduate Expenditure**	**181,871**
373,151	Medical Training Grades	425,533
10,282	Dental Training Grades	10,600
9,274	Pharmacy	10,175
29,363	Clinical Psychology	30,753
3,835	Healthcare Science	3,196
425,905	**Total Postgraduate Expenditure**	**480,257**
592,484	**Total Direct Educational Non-Pay Expenditure**	**662,128**

Note 3. Expenditure (cont)

2025		2026
£'000		£'000
6,695	Medical	6,130
7,929	Dental	8,023
7,398	Nursing, Midwifery and Allied Health Professionals	7,944
12,252	Psychology	12,530
2,260	Pharmacy	878
603	Optometry	631
367	Healthcare Science	379
4,502	NES Technology Service	7,348
3,145	NHS Workforce Support	3,042
4,418	NHSScotland Academy	5,369
24	Social Care	78
49,593	**Total Other Educational Non-Pay Expenditure**	**52,352**
5,237	Corporate Services	6,595
2,900	Depreciation and Amortisation	4,317
80	External Auditor's Remuneration	85
28	Loss of Disposal of Assets	0
(1,077)	Movement on Provisions	(1,830)
7,168	**Total NES Infrastructure Non-Pay Expenditure**	**9,167**
649,245	**Total Non-Pay Expenditure**	723,647
906,877	**Total Expenditure**	**1,006,592**

Note 4. Other Operating Income

2025		2026
£'000		£'000
112,611	NHSScotland bodies	123,767
235	NHS Non-Scottish bodies	290
1,374	SGHSCD	918
8,202	Overseas ACT Levy - Medical	8,454
1,353	Overseas ACT Levy - Dental	1,296
18	Grant Income	19
3,295	Other Income	2,962
127,088	**Total Other Operating Income**	**137,706**

Outward Secondees Income comprises £120m from NHSScotland bodies, £0.75m from SGHSCD and £0.4m in Other Income

Note 5. 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 2025-26	683,987	58,269	18,455	62,749	21,649	23,777	868,886
Net operating expenditure 2024-25	607,194	54,554	15,377	62,007	17,681	22,976	779,789

In the above, Other Health Professionals includes Optometry, Healthcare Science, Psychology, Social Care and NHSScotland 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.

Note 6. a) Intangible Fixed Assets

Current Year

Current Year	Software	Websites	AuD*	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
As at 1 April 2025	13,087	412	0	13,499
Additions	3,688	0	3,948	7,636
At 31 March 2026	**16,775**	**412**	**3,948**	**21,135**
Amortisation:				
As at 1 April 2025	4,138	412	0	4,550
Provided in year	1,800	0	0	1,800
At 31 March 2026	**5,938**	**412**	**0**	**6,350**
Net Book Value at 31 March 2025	**8,949**	**0**	**0**	**8,949**
Net Book Value at 31 March 2026	**10,837**	**0**	**3,948**	**14,785**
Asset Financing:				
Owned	**10,837**	**0**	**3,948**	**14,785**
Net Book Value at 31 March 2026	**10,837**	**0**	**3,948**	**14,785**

*Assets Under Development

Note 6. a) Intangible Fixed Assets

Prior Year

Prior Year	Software Licences	Software	Websites	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
As at 1 April 2024	45	13,107	412	13,564
Additions	0	0	0	0
Disposals	(45)	(20)	0	(65)
At 31 March 2025	**0**	**13,087**	**412**	**13,499**
Amortisation:				
As at 1 April 2024	15	3,543	412	3.970
Provided in year	0	617	0	617
Revaluation	2	(2)	0	0
Disposals	(17)	(20)	0	(37)
At 31 March 2025	**0**	**4,138**	**412**	**4,550**
Net Book Value at 31 March 2024	**30**	**9,564**	**0**	**9,594**
Net Book Value at 31 March 2025	**0**	**8,949**	**0**	**8,949**
Asset Financing:				
Owned	**0**	**8,949**	**0**	**8,949**
Net Book Value at 31 March 2025	**0**	**8,949**	**0**	**8,949**

Note 6. b) Property Plant and Equipment

Current Year

Current Year	Transport equipment	Plant & machinery	Information Technology	Furniture & fittings	AuC*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
As at 1 April 2025	375	2,502	1,810	5,313	891	10,891
Additions	63	545	140	8	854	1,610
Completions	0	0	283	1,458	(1,741)	0
Disposals	0	(28)	(679)	(2,786)	(4)	(3,497)
At 31 March 2026	**438**	**3,019**	**1,554**	**3,993**	**0**	**9,004**
Depreciation:						
As at 1 April 2025	363	1,174	1,658	5,301	0	8,496
Provided in year	17	273	91	112	0	493
Disposals	0	(28)	(679)	(2,786)	0	(3,493)
At 31 March 2026	**380**	**1,419**	**1,070**	**2,627**	**0**	**5,496**
Net Book Value at 31 March 2025	**12**	**1,328**	**152**	**12**	**891**	**2,395**
Net Book Value at 31 March 2026	**57**	**1,601**	**484**	**1,366**	**0**	**3,508**
Asset Financing:						
Owned	**57**	**1,601**	**484**	**1,366**	**0**	**3,508**
Net Book Value at 31 March 2026	**57**	**1,601**	**484**	**1,366**	**0**	**3,508**

* Assets under construction (AuC)

Note 6. b) Property Plant and Equipment

Prior Year

Current Year	Transport equipment	Plant & machinery	Information Technology	Furniture & fittings	AuC*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
As at 1 April 2024	375	2,486	3,145	5,300	45	11,351
Additions	0	16	0	13	888	917
Completions	0	0	42	0	(42)	0
Disposals	0	0	(1,377)	0	0	(1,377)
At 31 March 2025	**375**	**2,502**	**1,810**	**5,313**	**891**	**10,891**
Depreciation:						
As at 1 April 2024	314	912	2,867	5,300	0	9,393
Provided in year	49	262	168	1	0	480
Disposals	0	0	(1,377)	0	0	(1,377)
At 31 March 2025	**363**	**1,174**	**1,658**	**5,301**	**0**	**8,496**
Net Book Value at 31 March 2024	**61**	**1,574**	**278**	**0**	**45**	**1,958**
Net Book Value at 31 March 2025	**12**	**1,328**	**152**	**12**	**891**	**2,395**
Asset Financing:						
Owned	**11**	**1,328**	**153**	**12**	**891**	**2,395**
Net Book Value at 31 March 2025	**12**	**1,328**	**152**	**12**	**891**	**2,395**

* Assets under construction (AuC)

Note 7. Trade and Other Receivables

2025		2026
£'000		£'000
	Receivables due within one year:	
	NHSScotland	
217	SGHSCD	136
1,456	Boards	526
1,673	**Total NHSScotland receivables**	**662**
154	NHS non-Scottish bodies	273
159	VAT recoverable	0
1,242	Prepayments	1,130
273	Accrued income	62
496	Reimbursement of provisions (CNORIS)	190
126	Other receivables	1,426
11	Other public sector bodies	1
4,134	**Total receivables due within one year**	**3,744**
	Receivables due after one year	
148	Other receivables	150
4,282	**Total receivables**	**3,894**
	WGA Classification:	
£'000		**£'000**
1,456	NHSScotland	526
10	Central Government bodies	0
1	Whole of Government bodies	0
154	Balances with NHS bodies in England and Wales	273
2,661	Balances with bodies external to Government	3,095
4,282	**Total**	**3,894**

As of 31 March 2026, receivables with a carrying value of £54k were impaired and provided for. £9k are less than 3 months past due (2024-25: 5k) and £45k are over 6 months past due (2024-25: 67k)

Note 7. Trade and Other Receivables (cont)

Movement on the provision for impairment of receivables are as follows:

2025		2026
£'000		£'000
38	At 1 April	72
35	Provision for impairment	(18)
(1)	Receivables written off during the year as uncollectable	0
72	At 31 March	54

2025		2026
£'000		£'000
1,274	Up to 3 months past due	1,923
0	3 to 6 months past due	(2)
0	Over 6 months past due	315
1,274	Total neither past due nor impaired	2,236

Receivables that are less than 3 months past their due date are not normally considered impaired, however there are indications that make this debt doubtful for recovery.

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.

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

2025		2026
£'000		£'000
	Counterparties with external credit ratings	
904	A	1,769
	Counterparties with no external credit ratings	
221	New customers	222
220	Existing customers with no defaults in the past	245
1	Existing customers with some defaults in the past	0
1,346	Total neither past due nor impaired	2,236

The maximum exposure to credit risk is the fair value of each class of receivable. The carrying amount of receivables are denominated in Great British Pounds (GBP). The value of debt write-off in the year was £300.01 (2024-25: £1,451). The carrying amount of receivables are denominated in GBP.

Note 8. Cash and Cash Equivalents

Current Year	At 1 April 2025	Cash Flow	At 31 March 2026
	£'000	£'000	£'000
The Scottish Government Banking Service account balance	444	(385)	59
Cash at bank and in hand	40	(13)	27
Total cash and cash equivalents	**484**	**(398)**	**86**

Prior Year	At 1 April 2024	Cash Flow	At 31 March 2025
	£'000	£'000	£'000
The Scottish Government Banking Service account balance	565	(121)	444
Cash at bank and in hand	37	3	40
Total cash and cash equivalents	**602**	**(118)**	**484**

Note 9. Trade and Other Payables

2025		2026
£'000		£'000
	Payables due within one year	
	NHSScotland	
17,065	Boards	3,208
17,065	**Total NHSScotland payables**	**3,208**
1,097	NHS non-Scottish bodies	1,102
484	Amounts payable to General Fund	86
1,422	Trade payables	375
9,585	Accruals	6,537
753	Net obligations under leases	997
3,524	Deferred income	3,488
6,182	Income tax and social security	0
4,213	Superannuation	0
1,309	Holiday pay accrual	1,533
6	Other payables	594
45,640	**Total Trade and Other Payables due within one year**	**17,920**
	Payables due after more than one year	
390	Net obligations under leases due within 2 years	384
582	Net obligations under leases due after 2 but within 5 years	594
1,243	Net obligations under leases due after 5 years	1,092
144	Other payables due within 2 years	0
2,359	**Total Trade and Other Payables after more than one year**	**2,070**
47,999	**Total Trade and Other Payables**	**19,990**
	WGA Classification	
17,065	NHSScotland	3,208
10,395	Central Government bodies	41
1,097	Balances with NHS bodies in England and Wales	1,102
19,442	Balances with bodies external to Government	15,639
47,999	**Total Trade and Other Payables**	**19,990**

Note 10. a) Provisions

Current Year	Clinical legal claims[1]	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	706	293	2,547	353	3,899
Arising during the year	395	260	184	82	921
Utilised during the year	(571)	(41)	(967)	0	(1,579)
Unwinding of discount	0	0	2	0	2
Reversed unutilised	(192)	0	(1,133)	(47)	(1,372)
At 31 March 2026	**338**	**512**	**633**	**388**	**1,871**

Note 1: The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in Note 7

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
Payable in one year	338	128	165	368	999
Payable between 2 - 5 years	0	312	95	20	427
Payable between 6 - 10 years	0	26	373	0	399
At 31 March 2026	**338**	**512**	**633**	**388**	**1,871**

Prior Year	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	118	235	3,761	365	4,479
Arising during the year	588	181	500	307	1,576
Utilised during the year	0	(123)	(729)	0	(852)
Unwinding of discount	0	0	(125)	0	(125)
Reversed unutilised	0	0	(860)	(319)	(1,179)
At 31 March 2025	**706**	**293**	**2,547**	**353**	**3,899**

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
Payable in one year	706	73	2,265	333	3,377
Payable between 2 - 5 years	0	178	93	20	291
Payable between 6 - 10 years	0	15	189	0	204
At 31 March 2025	**706**	**293**	**2,547**	**353**	**3,899**

Note 10. b) Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2025			2026
		Note	£'000
706	Provision recognising individual claims against the Board at 31 March	10a	338
(496)	Associated CNORIS receivable for individual claims at 31 March	7	(190)
293	Provision recognising the Board's liability from participating in the scheme at 31 March	10a	512
503	**Net total provision relating to CNORIS at 31 March**		**660**

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 NHSScotland 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 £338k relates to claims against NES, and the participation in CNORIS £512k relates to the NES share of the total NHSScotland 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 here:

Guide to the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) | National Services Scotland

Note 11. Contingent Liabilities

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

2025 £'000	Nature	Note	2026 £'000
1,790	Clinical and medical compensation payments		3,453
2,760	Fixed Term contract Exit payments		3,498
4,550	**Net total provision relating to CNORIS at 31 March**		**6,951**

Contingent assets of £2,800k (2025: £1,350k) relate to the Clinical and Medical Compensation Scheme (CNORIS) and reflect the corresponding entitlement to recover the cost of any claim settlement through the scheme, as explained further in Note 10.

Note 12. Events after the end of the reporting period

Creation of Public Services Delivery Scotland (PSD Scotland)

On 17 June 2025 the Cabinet Secretary for Health and Social Care announced the merger of NES and National Services Scotland (NSS) to create NHS Delivery (working title for the new organisation). Following a public consultation Public Services Delivery Scotland (PSD Scotland) was chosen as the trading name of the new organisation.

A statutory Instrument, giving legal authority for the business combination was laid before the Scottish Parliament on 23 January 2026 which specifies that the new organisation will take legal effect from 1 April 2026, at which point all assets, liabilities, rights and obligations of NES will transfer to PSD Scotland. From that date PSD Scotland assumes all operational and financial responsibility for all former NES functions.

As the Statutory Instrument does not take effect until after the reporting date, this constitutes a non-adjusting event after the end of the reporting period under IAS 10 and the HM Treasury Financial Reporting Manual (FReM).

In accordance with the FReM this statutory reorganisation represents a machinery-of-government change and PSD Scotland will apply the absorption accounting method from 1 April 2026. The financial impact of this transfer is summarised in the table below:

	NES Statement of Financial Position	PSD Scotland Statement of Financial Position
	£'000	£'000
Non-Current Assets	22,376	22,376
Current Assets	3,830	3,830
Total Assets	**26,206**	**26,206**
Current Liabilities	(18,919)	(18,919)
Non-Current Liabilities	(2,942)	(2,942)
Total Assets less liabilities	**4,345**	**4,345**
General Fund	4,342	0
Revaluation Reserve	3	3
Total taxpayers equity	**4,345**	**3**

*The General Fund balance of £4,342k in these accounts will be recorded as non-operating income in the Statement of Comprehensive Net Expenditure (SOCNE) of PSD Scotland's Annual Report and Accounts for 2026-27.

Note 13. Capital Commitments

As at 31 March 2026 NES has capital commitments amounting to £38.8m (2024-25 £0.92m) for the following:

Intangible Assets – Software - MyCare.Scot and Digital Prescribing and Dispensing Pathways software £37.7m

Furniture and Fittings - fit out costs for the Edinburgh office move of £750k and Optometry equipment as part of a set up for a new foundation training year £337k.

These commitments are contracted but not yet incurred and are expected to be settled by 2029.

Note 14. Lease Assets and Liabilities

14a. Lease Assets – Current Year

	Buildings	Transport	Total
	£'000	£'000	£'000
Cost or valuation:			
As at 1 April 2025	7,424	632	8,056
Additions	1,629	456	2,085
Disposals	0	(45)	(45)
At 31 March 2026	**9,053**	**1,043**	**10,096**
Amortisation:			
As at 1 April 2025	4,002	160	4,162
Provided in year	1,649	236	1,885
Disposals	0	(23)	(23)
Provided in year - Peppercorn Leases	139	0	139
At 31 March 2026	**5,790**	**373**	**6,163**
Net Book Value at 31 March 2025	**3,422**	**472**	**3,894**
Net Book Value at 31 March 2026	**3,263**	**670**	**3,933**

	Buildings	Transport	Total
	£'000	£'000	£'000
Cost or valuation:			
As at 1 April 2024	6,153	345	6,498
Additions	2,603	326	2,929
Disposals	(1,332)	(39)	(1,371)
At 31 March 2025	**7,424**	**632**	**8,056**
Amortisation:			
As at 1 April 2024	3,533	31	3,564
Provided in year	1,661	143	1,804
Disposals	(1,331)	(14)	(1,345)
Provided in year - Peppercorn Leases	139	0	139
At 31 March 2025	**4,002**	**160**	**4,162**
Net Book Value at 31 March 2024	**2,620**	**314**	**2,934**
Net Book Value at 31 March 2025	**3,422**	**472**	**3,894**

14b Lease Liabilities

There are a total of £3,068k of lease liabilities falling due as follows:

	Buildings	Transport	Total
	£'000	£'000	£'000
Amounts falling due:			
Not later than one year	718	279	997
Later than one year, not later than two years	140	244	384
Later than two years, not later than five years	432	162	594
Later than five years	1,093	0	1,093
Net Book Value at 31 March 2026	**2,383**	**685**	**3,068**

An amount of £1,862k (2024-25: £1,804k) depreciation, £171k (2024-25: £42k) interest and £41k irrecoverable VAT (2024-25: £34k) is recognised in the Statement of Comprehensive Expenditure and the Statement of Cashflows. An amount of £1,552k of repayment of principal leases is recognised in the Statement of Cashflows.

Note 15. Pension Costs

National Health Service Superannuation Scheme

NES 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 four-yearly funding valuation undertaken by the scheme actuary.
The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 5.7% to 12.7% and have been anticipated to deliver a yield of 9.8%.

Note 15. Pension Costs (cont)

NES 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 NES 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 2025 is 22.5% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.8% of pensionable pay.

While a valuation was carried out as at 31 March 2016, work on the cost control element of that valuation was suspended by the UK Government following the Court of Appeal judgments in the McCloud (Judiciary scheme) and Sargeant (Firefighters' scheme) cases, which found that the transitional protections introduced as part of the 2015 reforms unlawfully discriminated on the grounds of age.
Following consultation and the introduction of statutory measures to remedy discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed.

In parallel, the Government Actuary was asked to review whether, and to what extent, the employer cost cap mechanism continues to meet its original policy objectives The findings of that review were taken into account in the completion of the 2020 actuarial valuations, which were substantially delayed as a result of the McCloud remedy and wider economic changes.

Employer contribution rates were implemented from 1 April 2024 following the completion of the 2020 valuations and will remain in force pending the outcome of the current 2024 valuation cycle, which is now underway.

NHS Education for Scotland's level of participation in the scheme is 0.722% based on the proportion of employer contributions paid in 2024-25. NES employer's 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 Price Index (CPI). This continues until the member leaves the scheme or retires. In 2025-26 members paid tiered contribution rates ranging from 5.7% to 12.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

Note 15. Pension Costs (cont)

The existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some member who were close to retirement when the NHS 2015 scheme launched continued to earn benefits in their current section. This affected 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 SPPA website at: **www.pensions.gov.scot**/nhs

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%. This has been increased in stages to meet levels set by the Government, as set out in the table below.

Financial Year	Employee Contribution*	Employer Contribution	Total Contribution
2025-26	5%	3%	8%

*Worker 4% and tax relief 1%

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.

Note 15. Pension Costs (cont)

NEST Pension members can take money out of NEST at any time from age 55; this will increase to age 57 in April 2028. 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

Financial Assets At 31 March 2026	Financial Assets at Amortised costs	Total
	£'000	£'000
Assets per Statement of Financial Position		
Trade and other receivables excluding NHSS receivables, prepayments, reimbursements of provision and VAT recoverable	1,911	1,911
Cash and equivalents	86	86
	1,997	**1,997**

Financial Assets At 31 March 2025	Financial Assets at Amortised costs	Total
	£'000	£'000
Assets per Statement of Financial Position		
Trade and other receivables excluding NHSS receivables, prepayments, reimbursements of provision and VAT recoverable	712	712
Cash and equivalents	484	484
	1,196	**1,196**

Financial Liabilities At 31 March 2026	Liabilities at Amortised costs	Total
	£'000	£'000
Liabilities per Statement of Financial Position		
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation.	13,296	13,296
	13,296	**13,296**

Financial Liabilities At 31 March 2025	Liabilities at Amortised costs	Total
	£'000	£'000
Liabilities per Statement of Financial Position		
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation.	17,015	17,015
	17,015	**17,015**

Note 16. Financial Instruments (cont)

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.

Note 16. Financial Instruments (cont)

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 following table 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2026				
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	11,225	385	594	1,092
Total	**11,225**	**385**	**594**	**1,092**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2025				
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	14,656	534	582	1,243
Total	**14,656**	**534**	**582**	**1,243**

Note 16. Financial Instruments (cont)

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. Related Party Transactions

There are related party transactions with other Government departments and other central Government bodies. NES spent £662 million (2024-25: £598 million) with other NHSScotland Boards. NES expenditure with the following boards exceeded £10 million: NHS Ayrshire and Arran, NHS Dumfries and Galloway, 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.

NHS Education for Scotland. Annual Report and Accounts for year ended 31 March 2026

Direction 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

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**.

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