

# Annual Report and Accounts

for year ended 31 March 2025



## Annual Report and Accounts

# Contents

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<b>Performance Report</b>	<b>03</b>
Overview	04
Chair & Chief Executive's Statement	05
Our vital role	07
Key Risks and Issues	16
Our Future	18
Performance Analysis – How we perform	19
Financial Performance	33
<b>Accountability Report</b>	<b>38</b>
Corporate Governance Report	39
Remuneration and Staff Report	61
Parliamentary Accountability Report	76
<b>Independent Auditor's Report</b>	<b>77</b>
Reporting on the audit of the financial statements	78
<b>Financial Statements</b>	<b>84</b>
<b>Direction by the Scottish Ministers</b>	<b>131</b>



NHS Education for Scotland. Annual Report and  
Accounts for year ended 31 March 2025

# Performance Report





Performance Report

## Overview



The 2024/25 Annual Report and Accounts provide an open and transparent view of NHS Education for Scotland's performance during the last 12 months.

We highlight what has been delivered, where we were unable to meet our delivery commitments and the reason for this and also provide an overview of our future direction.

NHS Education for Scotland (NES) is firmly 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 the people of Scotland.

As the statutory provider of education and training for the health workforce and in partnership with the Scottish Social Services Council (SSSC) for the social care workforce in Scotland, our Corporate Strategy for 2023/26 outlines our strategic ambitions under the themes of People, Partnerships and Performance. This report describes our performance in these three areas during 2024/25.

## Performance Report

# Chair & Chief Executive's Statement



Through our provision of education, training, workforce development, data and technology the work we do affects everyone who works in and with health and social care services, as well as every person in every community in Scotland.

2024/25 marks the second year of delivering against the commitments set out in our [2023/26 Strategy](#). Within the context of our three strategic themes (people, partnership and performance), our Annual Report presents an overview of 2024/25 delivery and demonstrates the impact our work has had across health and social care.

As part of our programme of transformation that supports the delivery of our 2023/26 strategy, we published a refreshed version of our [Transformation Routemap](#) during 2024/25.

This refresh has enabled us to set out not only how we will deliver on our strategic intent, but, more importantly, it demonstrates the changes people will see and experience as we deliver on our priorities.

We continue to embrace the need for creativity and innovation within the context of the challenging public sector financial environment. During 2024/25 we have provided undergraduate and postgraduate placement opportunities to over 17,000 learners across various disciplines and have provided access to continuing professional development for the whole health and social care workforce.

Performance Report | **Chair & Chief Executive's Statement**

We have also developed significant strategic partnerships with key partners and stakeholders across the public sector, higher education to further our ambition as a collaborative, innovative and inclusive learning organisation.

We also recognise the critical role technology can play in supporting both the transformation of health and social care services and the delivery of accessible, personalised and engaging learning experiences.

We have made significant progress in this area during 2024/25 as the Scottish Government's delivery partner for the Digital Front Door app which will enable people in Scotland to interact more effectively with health and social care services and as strategic delivery partner for the Accelerated National Innovation Adoption Pathway through which the launch of a new digital dermatology pathway has streamlined referrals, sped up diagnosis and ultimately reduced waiting times.

We have also progressed the development of our ambitious Digital Learning Infrastructure programme which aims to transform the way we host and deliver education and training and establish a Once for Scotland, future-focused digital learning and development environment that meets the needs of learners, educators, and partners and enables the delivery of high-quality care and services. Alongside this, engagement with our TURAS Learn platform continues to increase with 1.4 million visitors during 2024/25 (an increase of 7.1% on 2023/24) and NES eLearning accessed almost 170,000 times (17% increase on 2023/24).

Underpinning all of our achievements during 2024/25 is the commitment, dedication and expertise of our staff. NES operates in a unique and privileged position within Scotland's health and social care system, and it continues to be an honour to lead the organisation. We are proud to present this Annual Report and remain steadfast in our mission to improve lives and outcomes across Scotland through supporting the health and social care workforce.



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**Prof. Karen Reid**  
Chief Executive



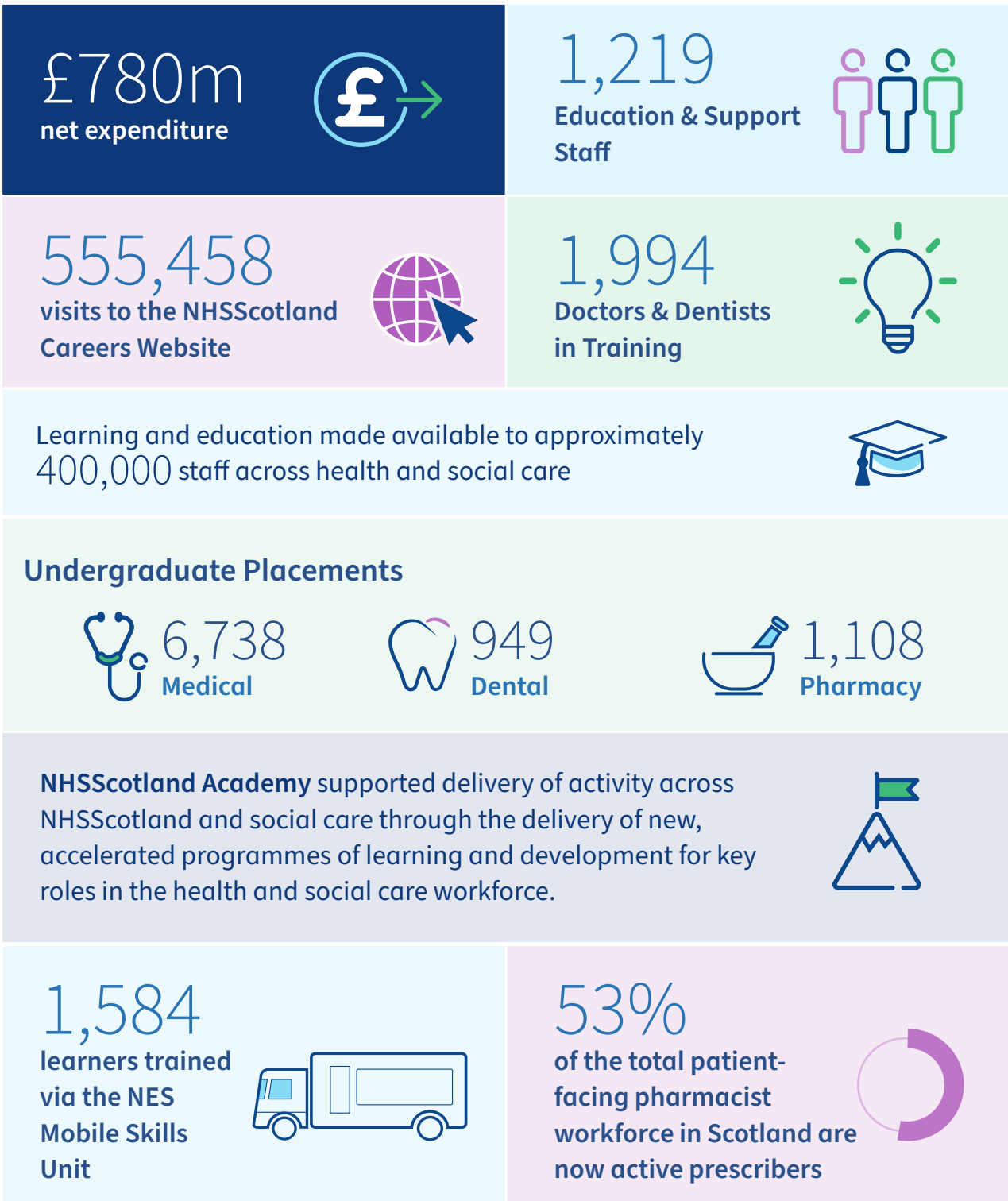
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**Dr David Garbutt**  
Board Chair

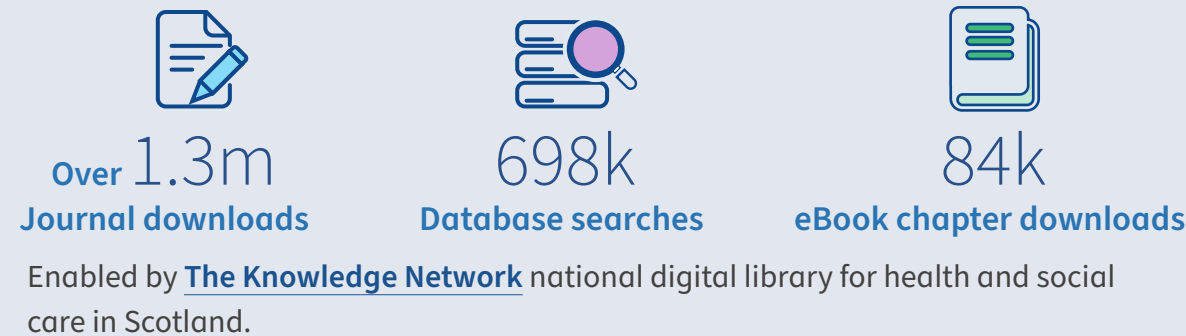
Performance Report

Our vital role

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



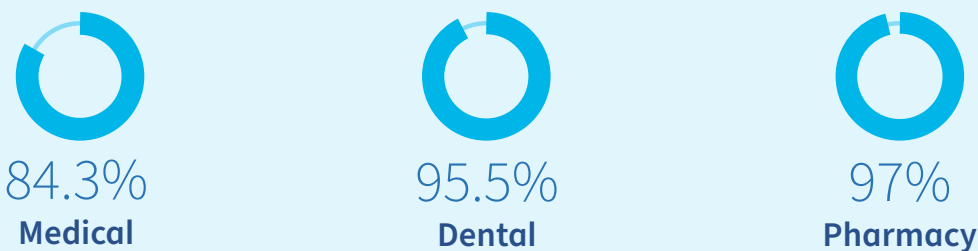
Postgraduate Training Programmes



Reducing Inequalities workstream (Dental)



2024/25 recruitment / fill rates:



m = million, k = thousand

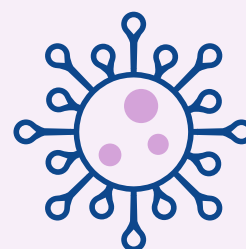


## Scottish Infection Prevention and Control Education Pathway (SIPCEP)

During 2024/25

Used by **137** Scottish organisations (including Councils, Health and Social Care Partnerships, Colleges, Universities and NHS Boards)

Over **311k** module and assessment completions on Infection Prevention and Control Learn zone by users across 187 countries



## TURAS engagement

During 2024/25



NES eLearning accessed  
**169k**  
times



**1.4 m**  
visits to TURAS Learn

## NES added



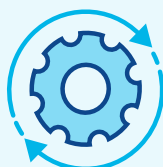
**167**  
eLearning modules



**569**  
courses



**12**  
learning programmes



NHS Lothian began using TURAS Learn as their corporate learning management system

## 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.

We support rights-based quality care and outcomes for every person in Scotland through a skilled, capable and resilient health and social care workforce, working nationally and locally with partners to support the Scottish Government's policies.

## 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 Scottish Government, 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.

During 2024/25 we have focused on delivering the commitments within our 2023/26 strategy, framed around the themes of people, partnership and performance. We value and understand the importance of collaboration and have been working closely with our learners, educators, partners and stakeholders to improve education and learning, using technology and innovation to create a better future for health and social care. Further detail is provided in later sections of the 2024/25 Annual Report.

We are keen to continue the momentum that our 2023/26 strategy has generated and further develop our reach and potential as a learning organisation. Our focus is, and will remain, improving people's health and care outcomes through a competent, confident and skilled workforce while supporting the Scottish Government's policies.

## Our focus for 2023/26

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

We are delivering 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.

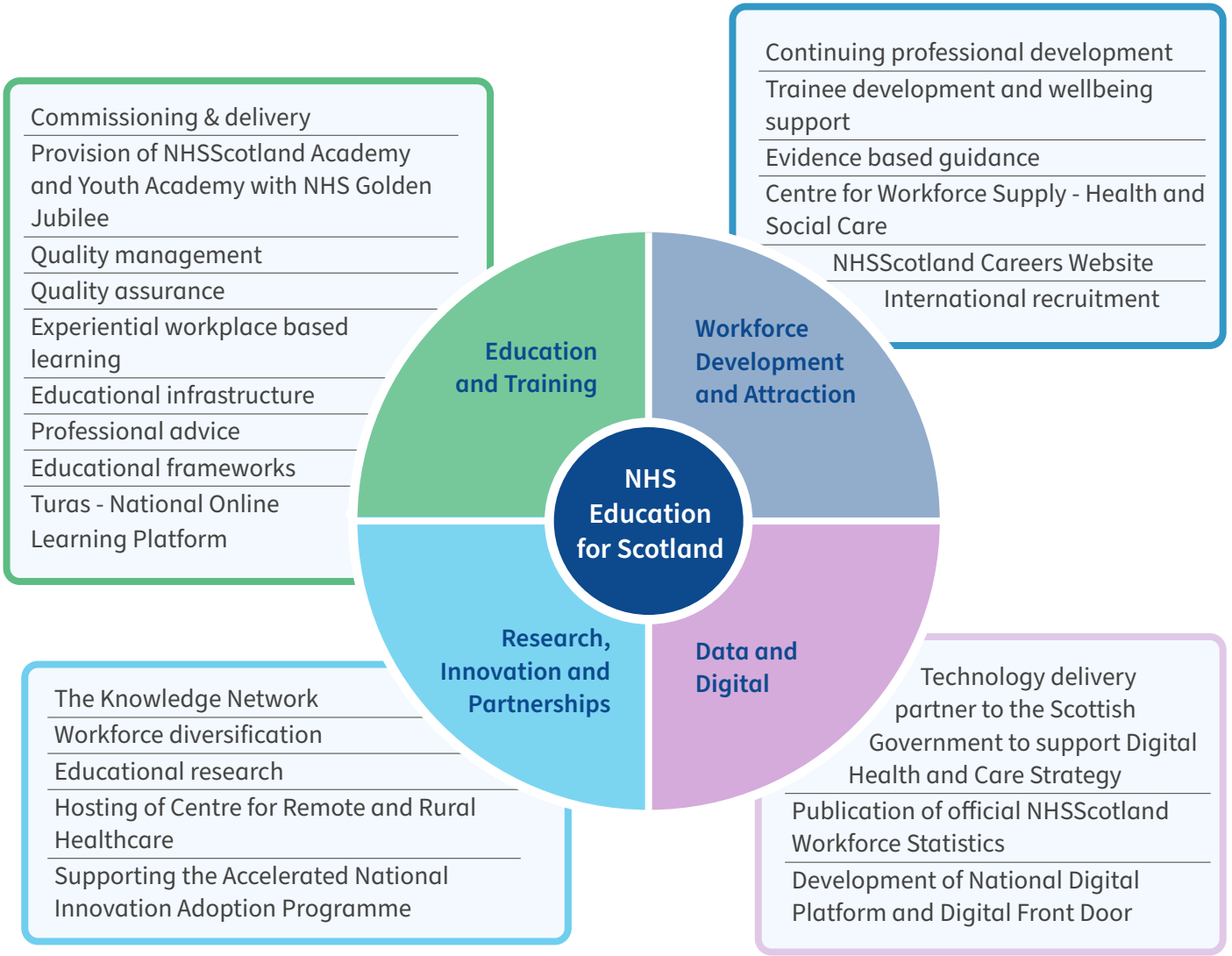
## Our organisational structure

To deliver on our purpose, we are 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
- + Workforce

These Directorates are supported by our corporate services and provide cross cutting leadership across our core functional areas.

Performance Report | Our vital role



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 is a hybrid and remote friendly organisation, and we continue to work actively with other NHSScotland 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 2024/25 we have progressed a Glasgow office move which will see us relocate to a net zero office environment, co-sharing with Public Health Scotland (full occupation expected during June / July 2025).



## Developments in our operating environment

We continue to work within the context of a challenging fiscal environment, however during 2024/25 we have focused on ensuring that the current and future health and social care workforce and our own staff are supported, skilled, capable, digitally enabled and motivated to deliver improved outcomes.

One of the most significant developments in our operating environment during 2024/25 has been the growth of our strategic collaborative arrangements (from 12 to 34), across a range of partners and stakeholders including the public sector, academia and industry. This increase reflects our 2023/26 strategy in action and has led to an increased awareness of NES's current work and potential reach along with the building of connections between health and social care and other parts of the public service (education and skills in particular).

During 2024/25 NES has also been invited to provide representation to a number of strategic national groups further enabling opportunities to potentially increase our contribution and influence decision-making.

Building on our programme of transformation supporting the delivery of our 2023/26 strategy, the NES Board approved a refreshed version of our [Transformation Route map](#) in September 2024. The refreshed route map sets out how we intend to deliver on our strategic intent and the changes people will see and experience as we deliver on our priorities. It also provides an update on our transformation journey to date, including progress against our new and ongoing corporate improvement programmes which are categorised as follows:

- + Ways of Working and Property
- + Learning and Education Quality System
- + Digital Learning Infrastructure (previously TURAS Refresh)
- + Business Transformation Programme

Launched during 2024/25:

- + Developing Digital Workforce Confidence and Capability
- + HR Transformation

A key area of focus for 2024/25 has been the development of our Digital Learning Infrastructure programme (formerly known as TURAS Refresh). This ambitious and wide-reaching programme aims to establish a Once for Scotland, sustainable, maintainable and future-focused user-centred digital learning and development environment for health and social care and will deliver resilient learning technology that addresses the needs of learners, educators, partners and organisational processes. Additionally, it will meet the learning data and learning management information requirements of the health and social care workforce.

Performance Report | **Our vital role**

Building on discovery work undertaken during 2023/24, an Outline Business Case was submitted to the Scottish Government in May 2024 setting out the evidence for the strategic, financial and economic case for this significant piece of work. During 2024/25, work has focused on the development of a Full Business Case and further articulation of the programme's proposed benefits and technical requirements.

We have engaged directly with our partners and the Scottish Government with a view to harnessing technology to deliver accessible, personalised and engaging learning experiences which will enable individuals to deliver high-quality care to the people of Scotland.

NES's successful partnership with NHS Golden Jubilee to deliver accelerated training and support to the health and social care workforce via the NHSSA continues to demonstrate positive impacts. May 2024 saw the official opening of the NHSSA Skills and Simulation Centre by the Cabinet Secretary for Health and Social Care. This custom-built centre provides state of the art training and education facilities for practitioners and enables further opportunities to accelerate training for in-demand areas of the NHS workforce.

Programmes such as the National Endoscopy and Ultrasound training programmes continue to benefit patients across Scotland as the delivery of high quality education and training is providing better care and improved diagnosis.

Following on from the launch of the National Centre for Remote & Rural (R&R) Health and Care in October 2023, during 2024/25 we have delivered 36 projects aligned to the centre's four interconnected pillars of work:

- + Education and Training
- + Leadership and Good Practice
- + Recruitment and Retention
- + Research and Evaluation

Projects include delivery of a series of online learning events for health and social care staff in remote, rural and island (RR&I) primary and community care. These projects support increased access to continuous professional development opportunities and the administration of a R&R Primary Care Research and Evaluation awards scheme, that allows RR&I primary care practitioners to apply for National Centre funding to cover the costs of academic study, research or evaluation relating to work that strengthens the rural health evidence base for Scotland.

Performance Report | **Our vital role**

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We continue to work closely with our partners to harness innovation to deliver the Centre's objectives and support the delivery of improved care and reduced health and wellbeing inequalities for RR&I communities across Scotland.

NES has continued to host the Centre for Workforce Supply (CWS) on behalf of the Scottish Government. The CWS aims to support workforce capacity across health and social care by the development and implementation of workforce interventions and policy, supporting the utilisation of workforce data and through marketing and attraction activity which help tackle national and place-based supply challenges.

During 2024/25 the CWS Health and Social Care teams have worked closely with NES directorates to deliver agreed objectives including projects focused on international medical and social care recruitment and evolving our social media channels to help grow and transform the workforce.

Following the introduction of 41 SKPIs in 2023/24, we have continued to develop our performance methodology to support delivery of our strategic ambitions. In response to a positive internal audit of our performance management approach that provided significant assurance to the NES Audit and Risk Committee, we have strengthened the reporting of SKPIs to NES Standing Committees and integrated SKPI and Annual Delivery Plan (ADP) quarterly reporting in consultation with directorates to support consistent and streamlined business processes.

This will be further enhanced through the addition of a new Planning and Performance Committee as a standing Committee of the Board from May 2025 onwards.

## Performance Report

## Key Risks and Issues



Our Board maintains an overview of the main risks and issues that could impact on 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 and a continued reliance on non-recurring funding from the Scottish Government.

We made significant progress with the Scottish Government this year converting over £100m from non-recurring funding to recurring, which has reduced the risk in this area, providing further financial stability for NES.

We will continue to work with the Scottish Government colleagues in 2025/26 with the aim of converting further non-recurring funding to recurring to mitigate this risk.

The financial plan for the three-year period 2025/27 was approved by the Board on 27 March 2025 and the Scottish Government on the 31 March 2025. This plan includes a savings target of £9.5m to deliver a breakeven position. The savings plans of £8.5m are fully developed with the remaining £1m still in development. The full savings target is expected to be achieved in 2025/26.



Maintaining strong engagement with relevant leads at the Scottish Government as well as our sponsorship team enhancing the robustness of our financial and delivery planning and 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 on 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 to vacancies.

### **Cyber and Information Security**

In common with many other organisations, we face a range of threats in our operating environment which could impact on 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 and scored highly in our most recent Network and Information Systems Audit with a compliance score of 92%. We strive for continuous improvement in this area, monitored through our related SKPIs.

## Performance Report

**Our Future**

As part of implementing a new ‘Service Renewal Framework’, Scottish Government will bring NHS Education for Scotland (NES) and NHS National Services Scotland (NSS) into one ‘centre of excellence’ for education and training, digital innovation and change, national services and advice, from 1st April 2026.

As part of this new organisation, NHS Delivery, our combined skills, resources and broader reach will give us an exciting opportunity to shape an ambitious vision for the future and do more on a ‘once for Scotland’ basis. It will enable us to harness our collective talents and expertise to deliver even greater benefits to the public. Over the next year, we will work together to create this new body, and the Scottish Government will also explore whether other workstreams across the NHS could also be included in the new organisation.

The NES strategy since 2023 has been People, Partnerships and Performance and we will continue to drive the implementation of that strategy during 2025/26. This will mean continuing to focus both on maximising the positive difference we can make for people and communities through high quality education, training, data and technology as well as on the efficiency, productivity and agility of our organisation, ensuring we are playing our vital role in supporting the overall success and sustainability of the health and social care system as well as preparing for our transition into the new organisation. Delivery priorities for 2025/26 will be outlined via our Annual Delivery Plan.

Performance Report

# Performance Analysis – How we perform

## Non-Financial Performance

Throughout 2024/25 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 2024/25, 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 2024/25, 80% (68% in 2023/24) of our strategic SKPIs (82% of metrics) have been implemented for reporting. This is in comparison to 68% (73.5% of metrics) reported in 2023/24 and can be attributed to the approval of measures for several SKPIs and data being available for reporting on a number of metrics including staff inclusion score, number of education, research and strategic collaborations and benefits realisation from corporate change activities.

Performance Report

Performance Analysis - How we perform

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](#).

2024/25 Year End Position

People	Performance	Learners & Trainees	Partnerships
8 SKPIs (12 metrics)	11 SKPIs	13 SKPIs (18 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	1	2%
Red – significant delay	4	10%
Amber – minor delay	5	13%
Green – achieved milestones	30	75%
Total	40	

\*Target still to be developed for one new SPKI introduced in 2024/25

In 2024/25 performance in respect of our SKPIs where data is available has been positive, with a high proportion of SKPIs reporting as green. Mitigation actions have been identified to improve the position in respect to the small number reporting as red or amber.

There are four metrics with a red status in the financial year. Two of the measures relating to workforce and customer engagement will be reported in 2025/26 when the data is available. A further measure on vacancy rates will be reviewed to consider its purpose going forward and the final measure relating to CO<sub>2</sub> emissions requires further development of the targets to enhance reporting in 2025/26.

Year 3 will focus on establishing reporting for the remaining SKPIs with interim short-term solutions identified for a number of the learners and trainees measurements including percentage of learners and trainees from deprived data zones in Scotland and those with protected characteristics and learning products which include sustainability.

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



Performance Report |

Performance Analysis - How we perform

This will support reporting of the Partnerships measurements in regard to the health and social care workforce being confident in using digital ways of working and NES programmes that can demonstrate active engagement of people with lived or living experience in the development of educational resources.

Planned reporting enhancement will be taken forward to provide robust trend line data. This is enabled by the availability of data across an extended time period that can now provide year on year comparisons.

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 2024/25 comprised 177 deliverables agreed in line with the 2023/26 NES Strategy and the Scottish Government priorities. Our end of year delivery position is set out in the following table:

Deliverable Status	Number	Percentage
Blue – complete	4	2%
Red – significant delay	3	2%
Amber – minor delay	25	14%
Green – achieved milestones	145	82%
Total	177	

This completion status gives an overall position of 84% of deliverables being completed or on track, in comparison to 85% delivery achieved in 2023/24. The majority of delays reported at year end are because of factors out with NES’s control, with delivery being maximised wherever possible.

Within the context of our three strategic themes (people, partnership and performance), we have delivered a number of significant achievements during 2024/25.

## People

NHSSA - development of a pioneering new programme that aims to significantly improve the speed of diagnosis and treatment of lung cancer patients across Scotland and the opening of the NHSSA Skills and Simulation Centre (within NHS Golden Jubilee) that replicates real-world environments and provides state-of-the-art training and education facilities to practitioners.

1,000 delegates attended the international NES Bereavement Education Conference entitled 'Bereavement in the modern world: Kindness in the chaos'. This free, virtual event provided an opportunity for health and social care professionals to come together to increase their knowledge and skills in relation to effective communication and practice aligned to death, dying and bereavement care. Workshop topics included the use of simulation training to improve care for bereaved families, bereavement in the workplace and the language of grief.

The first graduation of family nurses from the Professional Diploma in Family Nursing. As part of NES's ongoing development and delivery of the Family Nurse Partnership (FNP) programme in Scotland, the professional diploma provides an opportunity for family nurses to undertake a credit-rated programme and further develop their practice.

Supporting the health and social care workforce by refreshing of The Knowledge Network (digital library for health and social care) to make it more up to date and easier to use.

Evidence-based approaches to recruitment and retention activity undertaken by the National Centre for Remote and Rural Health with the aim of supporting and improving the attraction and retention of healthcare staff.

## Partnerships

Launch of a new Rural and Remote Health Credential (approved by the General Medical Council and developed in UK-wide partnership and led by NES) that will benefit remote and island communities.

One Good Adult Job Description (OGA-JD) - in collaboration with the Scottish Government and Education Scotland, NES launched the first in a suite of learning resources designed to upskill people who work (or volunteer) with children and young people in Scotland. The OGA-JD was co-developed by children and young people and inspired by conversations with the Children and Young People's Network at Children in Scotland.

Launch of UK's first integrated optometry and independent prescribing (IP) MOptom (IP) qualification at Glasgow Caledonian University (GCU). NES is partnering with GCU and the University of the Highlands and Islands to deliver exciting new clinical placements in the final year of the programme (the Foundation Training Year).

Performance Report | **Performance Analysis - How we perform**

Delivery of NES's Armed Forces Talent Programme which is an NHSScotland-wide recruitment initiative for the armed force community including participation at outreach events.

In partnership with stakeholders, delivery of first simulation training session for care home staff by the NES Mobile Skills Unit. The session supported the teaching of new skills, refreshing practice and sharing knowledge to help meet the service need in social care and support the local community.

## Performance

Digitally Enabled Workforce programme - Launch of Thriving in a Digital Age Pathways which aim to build understanding in digital ways of working in health and social care. These resources were developed by NES on behalf of the Scottish Government and the Convention of Scottish Local Authorities (COSLA).

Approval and publication of the NES Climate Emergency and Sustainability Strategy (2024/27) which details our role in supporting NHSScotland commitments towards net zero and highlights the importance of our role in embedding climate emergency and sustainability practices within education and training for the health and social care workforce.

Results from a UK-wide General Medical Council survey on medical training highlighted that Scotland continues to have the highest score for overall satisfaction across the UK demonstrating

the collaboration and commitment involved in the design and delivery of NES's medical education and training programmes.

The three deliverables that have reported Red (experiencing significant delay) at 2024/25 year-end are due to funding delays outwith NES's control. Specifically, either the late receipt of in-year Scottish Government funding which has impacted planned recruitment and delivery or because a future learning cohort has not yet received funding confirmation which has therefore delayed the advertisement of the programme (a vocational training scheme for General Practice Managers).

The funding delays have affected the progress of NES's role as the technology partner for the NHSScotland Digital Prescribing and Dispensing Pathways Programme which aims to revolutionise Scotland's prescribing and dispensing process by replacing the paper prescription with a digital solution. The late receipt of funding has delayed planned recruitment and delivery timelines and meant that proposed deliverables for 2025/26 have had to be revised.

The development of education and training resources in support of the Mental Health Strategy 2017/27 have also been affected by a combination of a late receipt of funding and resourcing issues including vacancies. This work will continue into 2025/26 and planned mitigating actions aim to bring this work back on track.

Performance Report | **Performance Analysis - How we perform**

The Amber (experiencing minor delay) deliverables are also largely as a result of external factors such as the delayed receipt of in-year funding, changes or delays to original project plans and timelines for internal workstreams, ongoing discussions with the Scottish Government in relation to future funding arrangements and delivery priorities (specifically in relation to planned NES work to support the Medical Associate

Professionals workforce), lower than expected year-end recruitment positions (Dental Core and Speciality posts), and an unexpected decision regarding the NES Edinburgh office which now requires us to source a new location within the existing Scottish Government / NHSScotland estate.

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 3,200 staff, 1,994 of which are Doctors and Dentists in Training.

Supporting our staff and creating an environment in which they can flourish is a key priority for us as outlined in the NES Strategic Workforce Plan 2022/25. Our Organisation Development plan for 2023/26 also underpins our current strategy and transformation programme and sets out how we will achieve creating the conditions and culture so NES staff can thrive and be their best at work.

As part of the ongoing alignment of workforce, delivery and financial planning processes, the Scottish Government issued a Directors Letter (DL) in December 2024 regarding 2025/26 workforce planning. For 2025/26, Health Boards were asked to complete a reporting template providing an overarching view of workforce planning activity and key messages. Following approval via internal Board governance arrangements we submitted our completed workforce planning template to the Scottish Government in March 2025.

During 2024/25 the NES Executive Team approved a proposal for NES to participate in the Equally Safe at Work (ESAW) accreditation programme which supports employers to advance gender equality and prevent violence against women. We are aiming to achieve 'Developmental Employer' accreditation by March 2026 and have established an ESAW steering group to take forward actions to support our accreditation journey.

As per a Scottish Government requirement for all NHSScotland Boards, we also developed our first anti-racism action plan during 2024/25 in consultation with staff and partners. The plan sets out a clear commitment to addressing racism and taking an anti-racism approach and includes a 12-month action plan to deliver progress.



Performance Report | **Performance Analysis - How we perform**

In relation to staff experience, we were pleased to achieve an employee engagement index (EEI) score of 84% in the annual iMatter survey which is only a very slight decrease on our score in 2023 (85%). 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 (87% in 2024 compared to 83% in 2023).

We also continue to support our staff through the provision of essential learning and are very pleased to report that at the end of March 2025, we have achieved an overall 90.8% essential learning completion rate which is an improvement on the 2023/24 position (87.9%).

As previously highlighted within this report, one of our corporate improvement programmes focuses on transforming our HR provision to better support our strategic aims. During 2024/25 an HR Transformation Board has been established to oversee programme activity and a series of focus groups and workshops have been held with HR staff and stakeholders to discuss a future HR operating model. Work has also been taken forward to review and refresh HR Standard Operating Procedures.

2024/25 has also seen an increase and strengthening of our internal communications and engagement activity to help ensure staff are fully informed across a range of areas. The NES Chief Executive has led a number of all-staff webinars regarding our priorities in the context of the ongoing challenging financial environment.

Webinars have also covered topics including progress updates on corporate improvement programmes, Artificial Intelligence (AI) and individual areas of NES delivery. These webinars have been very well attended throughout the year and have provided excellent opportunities to raise awareness and capture staff thoughts and feedback.

Additionally, we have launched the Viva Engage internal communications platform during 2024/25 which enables our staff to connect with colleagues, share knowledge and build communities based on shared areas of interest.

We have also established our new Digital Confidence and Capabilities Programme to ensure our workforce has the necessary digital and data capabilities to thrive in a digital society. This aligns with our vision as an organisation and the Scottish Government's Digital Health and Care Strategy. As part of the initial stage of this programme 40 Digital Champions have been recruited from across the NES workforce.

In September 2024 we launched a new Line Managers Handbook to serve as a vital resource across NES and since then we have supported this through 10 online Line Manager sessions covering individual chapters in the handbook. The Line Managers Network has also continued to offer support to new and existing line managers through monthly network events and a Microsoft Teams Channel hosting communication, learning resources and questions.

## How well do we support our learners and trainees?

Throughout 2024/25 we provided undergraduate and postgraduate placement opportunities to over 17,000 learners across a range of clinical disciplines and supported continuing professional development and the diversification of the workforce, via our Turas Learn platform (1.4 million visitors during 2024/25 which is an increase of 7.1% on 2023/24).

During 2024/25 we have progressed a programme of work that aims to repurpose existing TURAS Learn content to meet the needs of the social care sector. This is a long-term project that will eventually enable the social care workforce to access education and training relevant to their role.

During 2024/25 work has specifically focused on repurposing content in preparation for the launch of the National Induction Framework for Adult Social Care (in partnership with the SSSC) in May 2025.

User testing with a pilot group of social care organisations (undertaken in advance of the planned launch) has been successful and positive feedback regarding learning content has been received.

We have delivered a range of equality, diversity and inclusion (EDI) related activity to our staff and the health and social care workforce during 2024/25 culminating in the approval of the NES EDI Strategy (2025/29). The strategy was developed in consultation with staff (including staff networks and the Board) and our partners and sets out how our work on EDI will contribute to a more equitable health and care system and to reducing population inequalities.

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 2024/25 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 retraumatisation.

Performance Report | **Performance Analysis - How we perform**

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 2024/25.

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?

During 2024/25 we have developed over 20 new strategic collaborative arrangements with key partners and stakeholders across the public sector, higher education and industry.

We now have strategic partnerships in place with seven Scottish universities, with a further two in development. In support of the development of the NES Research and Innovation plan we have now established partnerships with the Scottish Funding Council, the Scottish Government Chief Scientist Office (Health), the UK Health Data Research Alliance, Academy of Medical Sciences and the Digital Health and Care Innovation Centre. These ambitious collaborations demonstrate our commitment to engaging with key partners to deliver shared priorities which improve outcomes and create sustainability and value across the health and social care system.

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

This includes delivery of the Scottish Government's Digital Front Door app which will enable people in Scotland to interact more effectively with health and social care services. In January 2025, the First Minister confirmed that a first iteration of the DFD would be made available by the end of 2025 followed by a progressive national roll-out.

Funding to support DFD development and delivery during 2025/26 has been confirmed and the NES Technology Service are working closely with partners to meet required timelines. During 2024/25 we also supported the Accelerated National Innovation Adoption via the launch and roll-out of the Digital Dermatology pathway across Health Boards which helps to reduce waiting times and enables faster diagnosis and assessment of skin conditions using a secure mobile app.

Performance Report | **Performance Analysis - How we perform**

As the strategic delivery partner for the Scottish Government to improve the digital leadership, digital skills and data skills of the health and social care workforce we have continued to develop and deliver a range of programmes and initiatives in support of Scottish Government's Digital Health and Care Strategy, Data Strategy and Care in a Digital Age Delivery Plan. During 2024/25, we launched the Digital and Data Framework self-assessment tool which offers users an interactive way to review their digital capability and access relevant resources. We also continue to deliver the Building Digital Skills and Leadership Programme alongside the University of Edinburgh with two new cohorts (66 learners in total) commencing the Leading Digital Transformation in Health & Social Care MSc programme from September 2024.

In relation to the development of and opportunities for the future health and social care workforce, during 2024/25 we have continued to collaborate closely with partners to address regional youth employability and deliver skills for health / apprenticeships workplans via the NHSS Youth Academy. This has included ongoing engagement with Youth Academy regional 'huddle' groups which bring together health boards, colleges, local authorities, care sector employers, third sector and other partners to develop local solutions to employability and engagement of young people.

We continue to value the importance of engagement with and feedback from our partners and stakeholders.

In July 2024 we launched a Stakeholder Survey to help us understand more about the learning and support needs of our stakeholders and identify any areas of focus since our most recent survey conducted in 2022. Following a proactive internal and external communication campaign we had a very high response rate to our 2024 survey (1,186 responses in comparison to 643 in 2022).

The 2024 survey results demonstrate that general awareness of NES remains relatively high across all our stakeholder groups however there is less awareness of our strategies. Stakeholders see NES's role as principally focuses on education, training and workforce development and although TURAS is our most widely used resource, stakeholders do not recognise it or NES as a digital service provider. As part of efforts to measure and understand stakeholder satisfaction we used the Net Promoter Score (NPS) for the first time which asks survey respondents to rate their willingness to recommend an organisation to others. Our 2024 survey results identified 6.36 out of a possible 10 for our NPS score.

The 2024 Stakeholder Survey results were presented to the NES Board in November 2024 along with an associated action plan setting out areas of improvement to take forward. The NES Corporate Communications team is working closely with directorates and stakeholders to strengthen our communications provision including a refresh of our branding and the development of a Once for NES approach to communications and marketing.

## 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 2024/25 deliverable and SKPI position is available [here](#).

During 2024/25 we received 27 complaints of which 9 were upheld or partially upheld. Identified areas for improvement have been actively progressed. These include reviewing standards of services provided for health care professionals in training (including where services are delivered through third party organisations), reviewing aspects of the Lead Employer model, and reviewing the administration of some Continuing Professional Development courses.

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 Scottish Government 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 Scottish Government 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 Scottish Government's Fair Work Framework which are reflected in our education delivery and application of the Staff Governance Standard which was benchmarked against the Framework during the year. We also incorporate the Fair Work Framework into 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 Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer term target to net-zero by 2045, five years in advance of the rest of the UK.

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

The NES report for 2023/24, the most recent year is reported as well as for prior years can be found at: <http://sustainablesotlandnetwork.org/reports/nhs-education-for-scotland>

Performance Report | **Performance Analysis - How we perform**

From April 2024 NHS bodies are also required to comply with the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations. The TCFD's recommendations set out how organisations can assess and disclose their Governance, Strategy, Risk Management and Metrics and Targets related to climate change.

In May 2024 the NES Board approved the Climate Emergency and Sustainability 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 kept under review 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 2024](#)

The ADP 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 reduction in emissions for estates, staff and travel.

The targets and measures for these SKPIs will be developed during 2025/26, as we recognise the significant change to our estate as a result of the NES property strategy required a period of stability to allow realistic targets to be set. Once agreed, performance against these targets will be reported to the Audit and Risk Committee.

The NES Risk Management Strategy has a specific category for Environmental Sustainability and Climate Change risks. The strategy is reviewed regularly by the NES Board who set the risk appetite for each category of risk. The management and reporting of Strategic and Directorate risks is set out in the strategy which is discussed further in the Corporate Governance Report on page 39.

During the financial year 2024/25 a review was carried out by our internal auditors with two main objectives of providing assurance on governance arrangements in place and the design and operating effectiveness of data quality assurance controls and performance reporting. The review was completed and contained an assurance rating of Significant Assurance with Minor Improvement Opportunities and the report which contained a number of medium and low rated recommendations was submitted to the Audit and Risk Committee in April 2025. These recommendations will be taken forward as part of the action plan for the financial year 2025/26.

## Performance Report

# 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 2024/25 all the NES CRL was classified as core.
- + **Cash Requirement** – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

Performance Report | **Financial Performance**

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	778,186	777,966	220
Revenue Resource Limit - Non Core	1,825	1,823	2
<b>Total Revenue Resource Limit</b>	<b>780,011</b>	<b>779,789</b>	<b>222</b>
Capital Resource Limit - Core	3,845	3,845	0
Cash Requirement	775,427	775,426	1

**Memorandum for In-Year Outturn**

	£'000
Core Revenue Resource Variance in 2024/25	220
Financial flexibility: Funding provided by the Scottish Government	0
<b>Underlying surplus against Core Revenue Resource Limit</b>	<b>220</b>
<b>Percentage</b>	<b>0.03%</b>

A three-year financial plan was submitted to the Scottish Government by NES on 18 March 2025, and approved by the NES Board on 27 March 2025. A letter was issued in response by the Scottish Government to the NHS Boards' financial plan on 31 March 2025.

Performance Report | **Financial Performance****Total Gross Expenditure** £907 million (2023/24 £815 million)

**Staff Expenditure**  
£258 million  
(2023/24 £235 million)



**Direct Educational Expenditure**  
£592 million  
(2023/24 £525 million)



**Other Educational Support Expenditure**  
£50 million  
(2023/24 £48 million)



**NES Infrastructure Expenditure**  
£7 million  
(2023/24 £7 million)



**Income**  
£127 million  
(2023/24 £115 million)



**Total Net Expenditure**  
£780 million  
(2023/24 £700 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 2024/25 of £22,471k is mainly due to the pay awards agreed by the Scottish Government, and the increase to employers' pension contributions of 1.5% introduced in April 2024.
- + The Direct Education Expenditure in Note 3 of £592,484k (2023/24 £525,058k) flows to Health Boards and Medical and Dental Practices. The increase of £67,426k reflects the expansion of clinical training posts across NHSScotland, pay award for 2024/25 and the increase in employers pension contributions. This is slightly offset by a small reduction in pharmacy students and research.
- + The expenditure relating to Other Educational Support in Note 3 of £49,593k (2023/224 £47,754k) is predominantly paid to Health Boards and Scottish Universities.
- + The expenditure for NES infrastructure non pay expenditure which covers our corporate services, property costs and the depreciation costs for our non-current assets of £7,168k has remained at a similar level to 2023/24.



## 1.2 Summary of key items from the Financial Statements

### Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of 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 129 of these accounts. The statement of the accounting policies, which have been adopted by the organisation, is shown at Note 1.

### Going Concern Basis

Under these accounting arrangements, health boards must show liabilities for future years in their accounts without showing funding anticipated from the SGHSCD. This has resulted in net liabilities in the Statement of Financial Position (SoFP). The SoFP reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government. Following the announcement by the Cabinet Secretary for Health and Social Care on 17 June 2025 that the services currently delivered by NES would be assumed into a new body called NHS Delivery, a review of going concern was carried out. This concluded that as the functions of NES will continue in the new organisation and there is no financial impact in 2024/25, that NES is assessed to be a going concern.

### Outstanding Liabilities

NES has recognised a dilapidation liability of £2,547k (2023/24: £3,761k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Edinburgh, Glasgow, Aberdeen, and Inverness. 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 25 is £706k (2023/24: £118k).

### Prior Year Adjustments

There are no prior year adjustments.

### Significant Changes in Non-Current Assets Property, Plant and Equipment:

Refurbishment costs amounting to £767k are part of the overall Non-Current Asset Addition of £917k. Additionally, NES invested £121k in total in the purchase of AV Equipment and Wi-Fi Replacement equipment, £7k in a franking machine, £6k in a microscope workstation and £16k in a simulation manikin for medical training purposes.

### Post Statement of Financial Position Items

There are two post Statement of Financial Position Items. Further information in Note 12.

Impact of Lead Employer Arrangements

Within these accounts we have approximately £107m of expenditure (2023/2024: £96m) 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.

1.3 Performance Against Key Non-Financial Targets

Payment Policy

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

within 10 working days, across all public bodies.

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

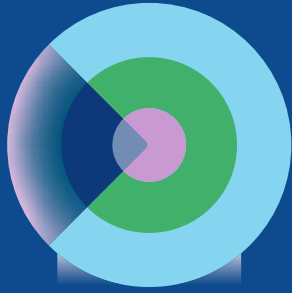
Non NHS suppliers	2024/25	2023/24
Average credit taken	6 days	7 days
% of invoices (by value) paid within 30 days	100%	97%
% of invoices (by volume) paid within 30 days	99%	98%
% of invoices (by value) paid within 10 days	97%	90%
% of invoices (by volume) paid within 10 days	96%	93%

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 2024/25 NES Annual Performance Report evidences the positive steps we have taken in delivering on our ambitious strategic intent in the first year of taking forwards our Strategy, along with our robust and effective approach to financial management.

Prof. Karen Reid

Prof Karen Reid, Chief Executive  
26 June 2025



NHS Education for Scotland. Annual Report and  
Accounts for year ended 31 March 2025

# Accountability Report



## Accountability Report

# Corporate Governance Report



## 1. Directors' Report

### Date of Issue

Audited financial statements were approved and authorised for issue by the Board on 26 June 2025.

### 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 years 2024/25 to 2026/27.

The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland, and approved by the Auditor General for Scotland.

### Board Membership

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

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



Accountability Report | **Corporate Governance Report**

## Non-Executive Directors of the Board

Name	Designation	Date of appointment
<b>Dr D Garbutt<sup>1</sup></b>	Non-Executive Director and Board Chair	Apr-18
<b>Mrs L Grieve<sup>2</sup></b>	Employee Director and Non-Executive Director	Apr-20
<b>Ms A Gunner Logan</b>	Non-Executive Director and Board Vice Chair	Nov-21
<b>Mrs J Ford<sup>3</sup></b>	Non-Executive Director	May-19
<b>Mrs G Mawdsley<sup>4</sup></b>	Non-Executive Director (Whistleblowing Champion)	Feb-20
<b>Ms O Clayton</b>	Non-Executive Director	May-23
<b>Mr A Boyle</b>	Non-Executive Director	May-23
<b>Mr N Henderson</b>	Non-Executive Director	May-23
<b>Ms S Cowan</b>	Non-Executive Director	Sep-23
<b>Mr G Valiotis</b>	Non-Executive Director	Jan-25

<sup>1</sup> Dr D Garbutt was reappointed to cover term 1 Apr 22 to 31 Mar 26

<sup>2</sup> Mrs L Grieve was re-appointed to Employee Director and Non-Executive Director in April 2024

<sup>3</sup> Mrs J Ford was reappointed for the term 1 May 23 to 30 Apr 27

<sup>4</sup> Mrs G Mawdsley was reappointed for the term 1 Feb 24 to 31 Jul 27

## Executive Directors of the Board

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

## Boardroom Apprentice

Name	Designation	Date of appointment
<b>Miss L Harker</b>	Boardroom Apprentice	Jan-25

## Accountability Report | **Corporate Governance Report**

### 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 2025, 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 [Our board | NHS Education for Scotland](#)

### Remuneration for Non-Audit Work

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

### Public Services Reform (Scotland) Act 2010

The information which requires to be published under this Act for 2024/25 can be accessed at [www.nes.scot.nhs.uk](http://www.nes.scot.nhs.uk) from 31 October 2025.



### **Personal Data Related Incidents**

There was one reportable incident in 2024/25.

During the financial year patient identifiable information was included in lecture material for a closed group of learners provided by a contracted lecturer. The incident was reported to the Information Commissioner's Office (ICO) for awareness. The ICO responded that no further action was required on this matter.

The ICO provided advice to review all training materials, review guidance for creating training courses and review processes for reviewing courses to check for personal data and support the data subject. All aspects of advice have been completed in the financial year.

### **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.
- + Safeguarding the assets of the Board.
- + The economical, efficient, and effective use of resources placed at the Board's disposal; and

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual 2024/25 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.
- + 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.
- + Make judgements and estimates on a reasonable basis.
- + 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 39.

### 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 has a Board which meets regularly to consider the plans and strategic direction of the organisation and approve decisions in line with the Board Scheme of Delegation.

The Board comprises 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 [Board papers | NHS Education for Scotland](#).

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 are 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 reviews the overall performance against the Strategic Key Performance Indicators

## Accountability Report | **Corporate Governance Report**

The Board receives quarterly Strategic Risk Reports, and the Committees receive 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.

### Purpose of Internal Control

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



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

The process within the organisation accords with guidance from Scottish Ministers in the 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.

Accountability Report | **Corporate Governance Report****Operation of the Board**

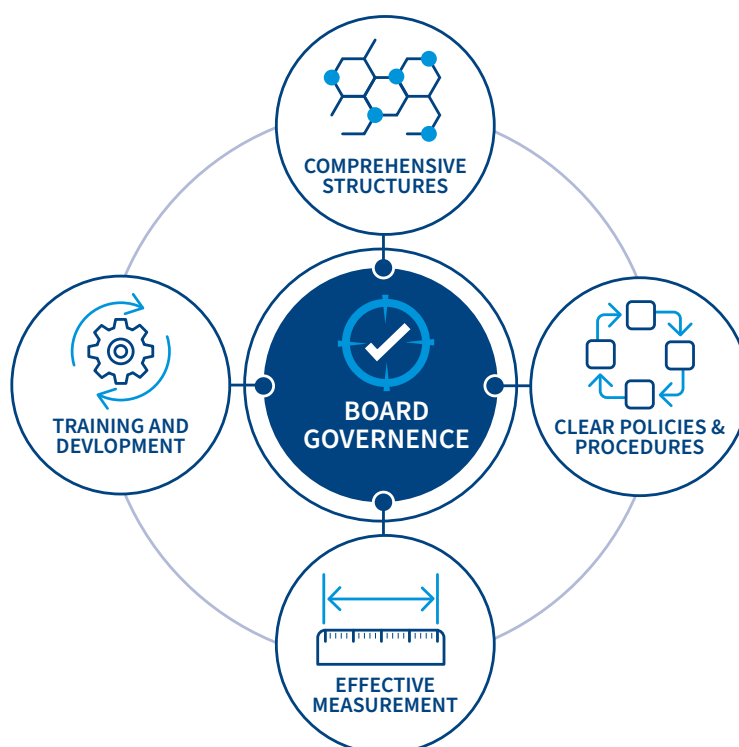
NES uses the NHSScotland Health Boards and Special Health Boards – Blueprint for Good Governance Second Edition (issued through [DL \(2022\) 38](#)). As such NES recognises the importance of robust corporate governance and in turn how this will contribute to the delivery of a consistent, effective, and transparent governance approach across NHSScotland.

NES acknowledges the interdependencies of the three core aspects of the Blueprint's corporate governance approach; the functions of good governance and the enablers and systems required to support it, as part of the organisation's overall Board governance system. We have 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 a year.

The Boardroom apprentice is treated as a non-executive director but is not formally appointed and does not form quorate. In addition, the NES Board provided an opportunity for an Aspiring Chair as part of the Aspiring Chairs Programme.

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



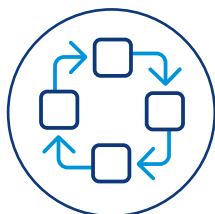
## Comprehensive Structures



- + A clearly articulated NES strategy which sets and communicates the Board's vision and intended outcomes covering the period 2023-2026 supplemented by an Annual Delivery Plan (ADP) for 2024/25 and the three-year medium-term plan from 2023.
- + A robust Risk Management Strategy which includes a review of the Corporate Risk Register on a quarterly basis by the Board and the relevant Committees.
- + A performance management framework, which records progress against performance targets for each planned outcome, and which is used to produce quarterly reports to the NES Board is in place.
- + A comprehensive set of SKPIs aligned to the NES strategy, which are 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 as a whole document at the 6 February 2025 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 including the new Planning and Performance Committee which will be established from 1 April 2025.
- + In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report. Details of the membership, the attendance record and the coverage of work for all other Committees is contained in the Governance Framework section of this report.

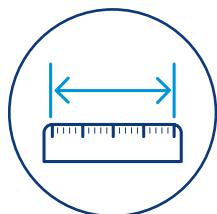


## Clear Policies and Procedures



- + Clear definition of the roles and responsibilities of the Board are set out in the Board Standing Orders and the Board Scheme of Delegation. These key documents are reviewed and updated on an annual basis.
- + Comprehensive Standing Financial Instructions; Procurement regulations; Risk Management Strategy; and supporting procedures and manuals; define how decisions are taken and how associated risks are managed, are regularly reviewed, and updated at least annually.
- + Clear complaints policies with quarterly reporting of Feedback, Comments, Concerns and Complaints to the NES Board and delegated Committees.
- + The NES Board has delegated the governance of Whistleblowing to the Staff Governance Committee who receive quarterly reports and progress updates. Two reports by management and the Whistleblowing Champion are 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 SSSC.

## Effective Measurement



- + Reliable data from key information systems, which are subject to regular reconciliation, integrity checking and audit, enabling management of the financial resources, human resources (HR), and performance of the organisation.
- + Regular reports, including a verbal update from the relevant Committee Chairs at each Board meeting highlighting key strategic points from their most recent Committee meeting and 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, is 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 assurances concerning compliance with relevant laws, legislation, internal policies, and procedures.
- + The preparation of an annual report covering the work of the Board.

## Training and Development



- + All newly appointed non-executive directors receive a comprehensive induction programme for their Board role, to NES and their roles on their committees.
- + Specific induction programmes for the role of Chair or Vice Chair of Board Committees are provided for new appointments.
- + The Boardroom apprentice also receives a comprehensive induction.
- + All Board members are required to complete the suite of relevant mandatory training courses over a three-year period.
- + The Board met in developmental session on six occasions during the financial year. Non-executive Directors had their appraisal review and development discussion with the Board Chair during April 2024.
- + 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 2024/25. The formal end of year reviews for 2023/24 took place during April and May 2024.

## Assessment of Board Governance



- + The business of the Board was conducted with the full Committee complement during the 2024/25 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. Agreed actions have been implemented throughout 2024/25 and reported to both the Audit and Risk Committee and NES Board. Only one action remained at year end for continuation into 2025/26.
- + The Board agreed at the meeting on 26 September 2024 that the Technology and Information Committee (TIC) would be dissolved as of 31 March 2025 and a new Committee constituted, the Planning and Performance Committee, to begin meeting formally as of 01 April 2025. The TIC was established as a “short life” Committee at a time when NES had two quite disparate areas of digital work to govern. Over time this service has integrated into the NES Technology Directorate establishing greater clarity on its activities, budget and performance.

Accountability Report | **Corporate Governance Report****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.

## Accountability Report | **Corporate Governance Report**

- + 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.
- + The opinion of Internal Audit that NES has a framework of controls in place that provides significant assurance with minor improvements regarding the effective and efficient achievement of the organisation's objectives and the management of key risks.
- + The work of Internal Audit, who submit to the organisation's Audit and Risk Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement, scrutiny of responses from management in response to recommendations made by both internal and external auditors and follow up to demonstrate that agreed actions are implemented timeously.
- + We have also received one unqualified assurance report and two qualified by exception reports from Service Auditors in respect of services provided to NES by other organisations. Our External Auditors carried out additional audit testing in these areas for further assurance and have concluded that there is no risk of misstatement within the NES Annual Report and Accounts.
- + 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.'
- + A going concern review was carried out by management following the announcement by the Cabinet Secretary for Health and Social Care on the establishment of a new organisation, which will bring together NES and National Services Scotland. This review concluded that NES is a going concern, and this position was supported by Scottish Government and audited by Audit Scotland.

I believe that, overall, we have 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 2024/25.



## Risk Management

NHSScotland bodies are subject to the requirements of the 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 Scottish Public Finance Manual.

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

- + The **Strategic Risk Register** was maintained throughout the year and was regularly reviewed by the Executive Team, Standing Committees 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, aligned to the strategic direction and risk appetite, set out in the NES Risk Management Strategy, are 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.

Accountability Report | **Corporate Governance Report**

- + **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**, utilises 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 2025, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

It has been identified that additional training is required in risk management to ensure that risks are being raised appropriately and that they are visible to the senior management team. We have also considered the Qualified by Exception opinions 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 2024/25.

During 2024/25, two cases were referred to Counter Fraud Services. Upon investigation, fraud was ruled out in both cases.

Accountability Report | **Corporate Governance Report****Governance Framework – Board**

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

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

<b>Name</b>	<b>Designation</b>	<b>Public Board</b>	<b>Private Board</b>
<b>Dr D Garbutt</b>	Non-Executive Director and Board Chair	6/6	4/4
<b>Mrs L Grieve</b>	Employee Director and Non-Executive Director	6/6	4/4
<b>Ms A Gunner Logan</b>	Non-Executive Director and Board Vice Chair	6/6	4/4
<b>Mrs J Ford</b>	Non-Executive Director	5/6	2/4
<b>Mrs G Mawdsley</b>	Non-Executive Director (Whistleblowing Champion)	6/6	3/4
<b>Ms O Clayton</b>	Non-Executive Director	6/6	4/4
<b>Mr A Boyle</b>	Non-Executive Director	5/6	4/4
<b>Mr N Henderson</b>	Non-Executive Director	3/6	3/4
<b>Ms S Cowan</b>	Non-Executive Director	6/6	4/4
<b>Mr G Valiotis</b>	Non-Executive Director (from Jan 25)	2/2	2/2
<b>Miss L Harker</b>	Boardroom Apprentice (from Jan 25)	1/2	1/2
<b>Prof K Reid</b>	Chief Executive and Accountable Officer	5/6	4/4
<b>Prof E Watson</b>	Executive Medical Director	5/6	4/4
<b>Mr J Boyle</b>	Executive Director of Finance	6/6	4/4
<b>Mrs K Wilson</b>	Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive	6/6	4/4

Accountability Report | **Corporate Governance Report**

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

In addition, the NES Board has a Remuneration Committee, the membership details of which can be found on page 62 and a Technology and Information Committee, details on page 59.

### Audit and Risk Committee

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

The Audit and Risk Committee met four times during the 2024/25 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 receive progress reports against the Corporate Governance Blueprint action plan.

All meetings were quorate. The membership and attendance of the Audit and Risk Committee during 2024/25 was as follows:

Name	Designation	Meetings
<b>Mrs J Ford</b>	Non-Executive Director and Chair	4/4
<b>Mr A Boyle</b>	Non-Executive Director	3/4
<b>Ms O Clayton</b>	Non-Executive Director	3/4
<b>Mrs G Mawdsley</b>	Non-Executive Director (Whistleblowing Champion)	3/4
<b>Dr D Garbutt</b>	Non-Executive Director and Board Chair	3/4
<b>Prof K Reid</b>	Chief Executive and Accountable Officer	4/4
<b>Mr J Boyle</b>	Executive Director of Finance	4/4

### Staff Governance Committee

The Staff Governance Committee met four times during 2024/25 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 2024/25 was as follows:

Name	Designation	Meetings
Mr N Henderson	Non-Executive Director and Chair	3/4
Ms L Grieve*	Employee Director and Non-Executive Director	4/4
Mrs G Mawdsley	Non-Executive Director (Whistleblowing Champion)	3/4
Dr D Garbutt	Non-Executive Director and Board Chair (voting member for two meetings)	2/2
Mr J McCann	Co-opted member	4/4
Mr M Newman	Co-opted member	1/3

\*Mrs L Grieve chaired the meeting on 17 November 2024.

### Education and Quality Committee

The Education and Quality Committee’s main purpose is to advise the Board on matters relating to education and the management of educational quality.

The Committee scrutinises the strategic planning of relevant aspects of education and educational quality and maintains oversight of the implementation of approved programmes including the educational governance and quality of the NHSScotland Academy educational and training programmes.

The Education and Quality Committee met four times during 2024/25. All meetings were quorate. The membership and attendance of the Educational and Quality Committee during 2024/25 was as follows:

Accountability Report | **Corporate Governance Report**

<b>Name</b>	<b>Designation</b>	<b>Meetings</b>
<b>Ms A Gunnar Logan</b>	Non-Executive Director and Chair	3/4
<b>Mr N Henderson</b>	Non-Executive Director	3/4
<b>Ms O Clayton</b>	Non-Executive Director	3/4
<b>Ms S Cowan</b>	Non-Executive Director	4/4
<b>Dr D Garbutt*</b>	Non-Executive Director and Board Chair (voting member for one meeting)	1/1
<b>Mr G Valiotis</b>	Non-Executive Director	1/1
<b>Mr P Donnelly</b>	Co-opted member (to Nov 24)	2/2
<b>Ms L Harker</b>	Boardroom Apprentice	1/1

\*Dr D Garbutt chaired the meeting on 13 December 2024.

### Technology and Information Committee

The Technology and Information Committee provides assurance to the Board as to the effective strategic management and delivery of NES's technology work in relation to the NES Strategy 2023/26, the Scottish Government Digital Health and Care Strategy and information governance and security, including the Caldicott guardian report and cybersecurity.

The Technology and Information Committee met four times during 2024/25. All meetings were quorate. The membership and attendance of the Technology and Information Committee during 2024/25 was as follows:

<b>Name</b>	<b>Designation</b>	<b>Meetings</b>
<b>Dr D Garbutt</b>	Non-Executive Director and Board Chair and Committee Chair	4/4
<b>Mr A Boyle</b>	Non-Executive Director	4/4
<b>Ms S Cowan</b>	Non-Executive Director	4/4
<b>Mrs J Ford</b>	Non-Executive Director	4/4
<b>Mr A McCann</b>	Co-opted member	4/4



**Gender Representation on Public boards (29 May 2024 – 30 April 2025)**

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 2024 – 30 April 2025

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?	1
Number of Competition Rounds?	2
Number of Applications from Women?	23
Was an Appointment made?	Yes
Was an Appointment made to a Woman?	No

## Accountability Report

# Remuneration and Staff Report



## 1. Remuneration Report

### Determination of Senior Employees' Remuneration

Senior employees' remuneration is determined by the Scottish Government. For senior staff on Executive or Senior Managers pay arrangements, pay and conditions are determined by ministerial direction and are mandatory.

It is the responsibility of the Remuneration Committee to ensure that the performance of staff in this cohort is formally assessed at the end of the performance year and to submit its recommendations to the National Performance Management Committee for approval.

### 1. Employment Contracts and Business Interests

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

Any business interests required to be disclosed are noted in Section 1, Accountability Report - Board Members' and Senior Managers' Interests of the Directors' Report and on Note 17.

## 2. Membership and Remit of the Remuneration Committee

The Remuneration Governance Committee met once during 2024/25.

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 Staff Governance Committee during 2024/2025 was as follows:

Name	Designation	Meetings
Ms A Gunnar Logan	Non-Executive Director and Chair	1/1
Dr D Garbutt	Non-Executive Director and Board Chair	1/1
Ms L Grieve	Employee Director and Non-Executive Director	0/1
Mrs J Ford	Non-Executive Director	1/1
Mr N Henderson	Non-Executive Director	1/1

The remit of the Remuneration Committee is reviewed annually and was approved by the Board in February 2024. 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 Directors.

### 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 2024/25.

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

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individuals have accrued as a consequence of their total membership of the scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NHS scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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

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

Accountability Report | **Remuneration and Staff Report****Remuneration Table - For the Year Ended 31 March 2025 – 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 2024/25

**Remuneration Table**

<b>Remuneration of:</b>	<b>Gross Salary (bands of £5,000)</b>	<b>Bonus Payments (bands of £5,000)</b>	<b>Benefits in kind £</b>	<b>Total earnings in year (bands of £5,000)</b>	<b>Pension Benefits £000's</b>	<b>Total Remuneration (bands of £5,000)</b>
<b>Executive Members</b>						
Chief Executive Prof K Reid	160-165	0	0	<b>160-165</b>	41	<b>200-205</b>
Director of Medicine Prof E Watson <sup>1</sup>	225-230	0	0	<b>225-230</b>	123	<b>350-355</b>
Director of Finance Mr J Boyle	120-125	0	0	<b>120-125</b>	33	<b>155-160</b>
Director of Nursing and Deputy Chief Executive Ms K Wilson	130-135	0	0	<b>130-135</b>	38	<b>170-175</b>
<b>Non Executive Members</b>						
Dr D Garbutt (Chair) <sup>2</sup>	60-65	0	0	<b>60-65</b>	n/a	<b>60-65</b>
Ms A Gunner Logan (Vice Chair)	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Mr A Boyle	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Ms O Clayton	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Ms S Cowan	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Mrs J Ford	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Mr N Henderson	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Ms G Mawdsley (Whistleblowing Champion)	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Mr G Valiotis (from Jan 2025) <sup>3</sup>	0-5	0	0	<b>0-5</b>	n/a	<b>0-5</b>

Accountability Report | **Remuneration and Staff Report**

Remuneration of:	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)
Mrs L Grieve, Employee Director <sup>4</sup>	65-70	0	0	<b>65-70</b>	26	<b>95-100</b>
<b>Senior Employees</b>						
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies (Retired Jan 25) <sup>5</sup>	100-105	0	0	<b>100-105</b>	29	<b>130-135</b>
<b>TOTAL</b>					<b>290</b>	

<sup>1</sup> 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 page 66

<sup>2</sup> Dr Garbutt's total salary includes £7.5k of arrears relating to prior year

<sup>3</sup> Mr G Valiotis full year equivalent gross salary is £10-£15k

<sup>4</sup> Mrs L Grieve's employee director's salary includes £55-£60k in respect of non-board duties

<sup>5</sup> Ms T Ashworth-Davies full year equivalent gross salary is £120k-£125k

**Pension Benefits Table**

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2025 (bands of £5,000)	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	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Real increase in CETV in the year £'000
<b>Executive Members</b>					
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 and Deputy Chief Executive Ms K Wilson	10-15 No lump sum	2.5-5 No lump sum	186	240	33
<b>Non Executive Members</b>					
Dr 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



Accountability Report | **Remuneration and Staff Report**

<b>Pension Benefits (£'000)</b>	Total accrued pension and related lump sum at pensionable age at 31 March 2025 (bands of £5,000)	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	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Real increase in CETV in the year £'000
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
Mrs 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
<b>Senior Employees</b>					
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies (Retired Jan 25)	10-15 No lump sum	0-2.5 No lump sum	152	193	24
<b>TOTAL</b>					<b>232</b>

Accountability Report | **Remuneration and Staff Report****Remuneration Tables For the Year Ended 31 March 2024– Prior Year (Audited Information)****Remuneration Table**

<b>Remuneration of:</b>	<b>Gross Salary (bands of £5,000)</b>	<b>Bonus Payments (bands of £5,000)</b>	<b>Benefits in kind £</b>	<b>Total earnings in year (bands of £5,000)</b>	<b>Pension Benefits £000's</b>	<b>Total Remuneration (bands of £5,000)</b>
<b>Executive Members</b>						
Chief Executive Prof K Reid	150-155	0	0	<b>150-155</b>	41	<b>190-195</b>
Director of Medicine Prof E Watson	205-210	0	0	<b>205-210</b>	29	<b>235-240</b>
Director of Finance Mr J Boyle	115-120	0	0	<b>115-120</b>	32	<b>150-155</b>
Director of Nursing and Deputy Chief Executive Ms K Wilson	125-130	0	0	<b>125-130</b>	33	<b>160-165</b>
<b>Non Executive Members</b>						
Dr D Garbutt (Chair)	35-40	0	0	<b>35-40</b>	n/a	<b>35-40</b>
Mr D Hutchens (Vice Chair to Aug 23)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Ms A Gunner Logan (Vice Chair from Sep 23)	10-15	0	0	<b>10-15</b>	n/a	<b>10-15</b>
Mr A Boyle (from May 23)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Ms O Clayton (from Jun 23)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Ms S Cowan (from Oct 23)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Ms A Currie (until Feb 24)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Mrs J Ford	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Mr N Henderson (from May 23)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Ms G Mawdsley (Whistleblowing Champion)	5-10	0	0	<b>5-10</b>	n/a	<b>5-10</b>
Mrs L Grieve, Employee Director <sup>1</sup>	60-65	0	0	<b>60-65</b>	16	<b>75-80</b>

Accountability Report | **Remuneration and Staff Report**

Remuneration of:	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)
<b>Senior Employees</b>						
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies (Retired Jan 25)	125-130	0	0	<b>125-130</b>	35	<b>155-160</b>
<b>TOTAL</b>					<b>186</b>	

<sup>1</sup> Mrs L Grieve's total salary and associated pension benefits have been disclosed above. The employee director's salary includes £50-£55k in respect of non-board duties.

**Pension Benefits Table**

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2024 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2024 (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Real increase in CETV in the year £'000
<b>Executive Members</b>					
Chief Executive Prof K Reid	10-15 No lump sum	2.5-5 No lump sum	98	151	26
Director of Medicine Prof E Watson	45-50 Lump sum 5-10	2.5-5 Lump sum -2.5-0	673	767	22
Director of Finance Mr J Boyle	5-10 No lump sum	0-2.5 No lump sum	41	83	23
Director of Nursing and Deputy Chief Executive Ms K Wilson	20-25 No lump sum	2.5-5 No lump sum	305	373	30
<b>Non Executive Members</b>					
Dr 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 (from May 23)	n/a	n/a	n/a	n/a	n/a
Ms O Clayton (from June 23)	n/a	n/a	n/a	n/a	n/a
Ms S Cowan (from Oct 23)	n/a	n/a	n/a	n/a	n/a

Accountability Report | **Remuneration and Staff Report**

<b>Pension Benefits (£'000)</b>	Total accrued pension and related lump sum at pensionable age at 31 March 2024 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2024 (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Real increase in CETV in the year £'000
Ms A Currie (until Feb 24)	n/a	n/a	n/a	n/a	n/a
Mrs J Ford	n/a	n/a	n/a	n/a	n/a
Mr N Henderson (from May 23)	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
Mrs L Grieve, Employee Director	10-15 Lump sum 30-35	0-5 Lump sum 0-5	229	262	12
<b>Senior Employees</b>					
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies	5-10 No lump sum	2.5-5 No lump sum	102	152	27
<b>TOTAL</b>					<b>140</b>

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

Accountability Report | **Remuneration and Staff Report****Fair Pay Disclosure (Audited Information)**

	<b>2024/25</b>	<b>2023/24</b>	<b>Change %</b>
<b>Range of staff remuneration</b>	£25,000 - £30,000 to £245,000 - £250,000	£25,000 - £30,000 to £215,000 - £220,000	13%
<b>Highest earning Director's total remuneration</b>	£225,000-£230,000	£205,000-£210,000	10%
<b>Median total remuneration</b>	£70,986	£65,256	9%
<b>Median ratio (based on mid-point of Director pay band)</b>	3.20	3.18	1%
<b>25th percentile pay</b>	£51,188	£46,244	11%
<b>25th percentile ratio (based on mid-point of Director pay band)</b>	4.44	4.49	-1%
<b>75th percentile pay</b>	£83,176	£76,613	9%
<b>75th percentile ratio (based on mid-point of director pay band)</b>	2.74	2.71	1%

**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:

	2024	2025	2024	2025
Clinicians	Clinicians	Clinicians	Other	Other
£70,000 to £80,000	193	316	33	70
£80,001 to £90,000	125	162	29	21
£90,001 to £100,000	53	87	20	28
£100,001 to £110,000	21	43	1	6
£110,001 to £120,000	12	10	8	4
£120,001 to £130,000	5	9	4	4
£130,001 to £140,000	2	6	1	3
£140,001 to £150,000	1	1	2	1
£150,001 to £160,000	0	0	0	1
£160,001 to £170,000	0	1	0	2
£170,001 to £180,000	0	0	1	0
£180,001 to £190,000	0	1	1	0
£200,001 and above	0	0	2	4



Accountability Report | **Remuneration and Staff Report****2. Staff Expenditure (Audited Information)**

2024									2025
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
	<b>Staff Expenditure</b>								
95,185	Salaries and wages	647	163	187,615	0	0	188,425	(86,119)	102,306
11,408	Social security expenditure	83	11	23,187	0	0	23,281	(10,842)	12,439
16,318	NHS scheme employers' expenditure	139	0	32,234	0	0	32,373	(13,112)	19,261
10,471	Inward secondees	0	0	0	11,103	0	11,103	0	11,103
3,027	Agency staff	0	0	0	0	2,370	2,370	0	2,370
<b>136,409</b>	<b>Total Staff Expenditure</b>	<b>869</b>	<b>174</b>	<b>243,036</b>	<b>11,103</b>	<b>2,370</b>	<b>257,552</b>	<b>(110,073)</b>	<b>147,479</b>
3	Compensation for loss of office or early retirement	0	0	80	0	0	80	0	80
<b>136,412</b>	<b>Total Staff Expenditure</b>	<b>869</b>	<b>174</b>	<b>243,116</b>	<b>11,103</b>	<b>2,370</b>	<b>257,632</b>	<b>(110,073)</b>	<b>147,559</b>
(785)	The above includes expenditure for staff engaged directly on capital	0	0	0	0	0	0	0	0
<b>135,627</b>	<b>Total Staff Expenditure Per Note 3</b>	<b>869</b>	<b>174</b>	<b>243,116</b>	<b>11,103</b>	<b>2,370</b>	<b>257,632</b>	<b>(110,073)</b>	<b>147,559</b>

Accountability Report | **Remuneration and Staff Report****3. Staff Numbers (Audited Information)**

2024								2025
Total		Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	Total
1,620.5	Whole Time Equivalent (wte)	4.0	9.2	2,552.9	88.8	20.6	(1,046.2)	<b>1,629.3</b>
13.4	The above includes wte of staff engaged directly on capital projects of:	0	0	0	0	0	0	<b>0</b>
42.0	Included in the total staff No's above wte disabled staff* of:	0	0	69.3	0	0	(22.8)	<b>46.5</b>
0	Included in the total staff No's above were Special Advisors of:	0	0	0	0	0	0	<b>0</b>

\* 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 2025 (Not subject to audit)**

	2024/25			2023/24		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	3	<b>4</b>	1	3	<b>4</b>
Non Executive Directors and Employee Director	4	6	<b>10</b>	3	6	<b>9</b>
Other	1058	2149	<b>3207</b>	1068	2100	<b>3168</b>
<b>Total Headcount</b>	<b>1063</b>	<b>2158</b>	<b>3221</b>	<b>1072</b>	<b>2109</b>	<b>3181</b>

5. Staff Turnover (Not subject to audit)

35.3% 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 2024 to 31 March 2025	143	689	832
Average headcount	1,186	1,953	3,139
Turnover rate	12.1%	35.3%	26.5%

6. Sickness Absence Data (Not subject to audit)

The NES Business and Education staff average for 2024/25(which does not include Doctors and Dentists in Training) is 1.85% compared with 1.6% in 2023/24.

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.

Accountability Report | **Remuneration and Staff Report****8. Exit Packages (Audited Information)**

Exit Packages Cost Band	No of compulsory departures agreed 2024/25	No of other departures agreed 2024/25	Total No of exit packages by cost band 2024/25	No of compulsory departures agreed 2023/24	No of other departures agreed 2023/24	Total No of exit packages by cost band 2023/24
<£10,000	0	5	<b>5</b>	0	1	<b>1</b>
£10,000 - £25,000	0	1	<b>1</b>	0	0	<b>0</b>
£25,000 - £50,000	0	1	<b>1</b>	0	0	<b>0</b>
£50,000 - £100,000	0	0	<b>0</b>	0	0	<b>0</b>
Total	0	7	<b>7</b>	0	1	<b>1</b>
<b>Total Resource Expenditure (£000)</b>	<b>0</b>	<b>80</b>	<b>80</b>	<b>0</b>	<b>3</b>	<b>3</b>

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

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

No of employees who were relevant union officials in 2024/25	WTE employee No	% of time spent on facility time	No of employees
5	4.8	0%	0
		1-50%	5
		51-99%	0
		100%	0

**Percentage of pay bill spent on facility time**

Total cost of facility time	£10,519
Total Pay Bill	£257,631,638
% of total pay bill spent on facility time	0.004%

**Time spent on Trade Union activities**

Number of hours on Trade Union duties	207.0
Number of hours on Trade Union activities	44.5
Total number of hours	251.5
% of hours of facility time spend on trade union activities	18%

## Accountability Report

# Parliamentary Accountability Report



## Losses and Special Payments

In the year to 31 March 2025, NES was not required to pay any claims individually greater than £300k settled under the CNORIS scheme (2023/24: £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 2025 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 2025



NHS Education for Scotland. Annual Report and  
Accounts for year ended 31 March 2025

# Independent Auditor's Report





## Independent Auditor's Report

# Reporting on the audit of the financial statements

## Independent Auditor's Report

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

## Reporting on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Education for Scotland for the year ended 31 March 2025 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 2024/25 Government Financial Reporting Manual (the 2024/25 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 2025 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 2024/25 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 as the Accountable Officer, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

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

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

Procedures include:

- + using my understanding of the health sector to identify that the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers are significant in the context of the board;
- + inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- + inquiring of the Accountable Officer concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;

Independent Auditor's Report | **Reporting on the audit of the financial statements**

+ discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

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

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

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

individual amounts manipulated, and the seniority of those individuals involved.

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

## Reporting on regularity of expenditure and income

### Opinion on regularity

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

### Responsibilities for regularity

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

### Reporting on other requirements

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

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

## Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there

is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

## Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

## Conclusions on wider scope responsibilities

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

## Use of My report

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

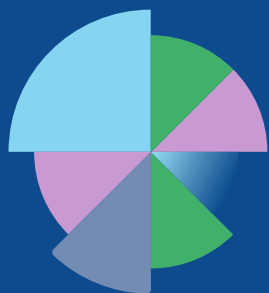


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**Lisa Duthie**  
Audit Director  
Audit Scotland  
4th Floor  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow G2 1BT

26 June 2025





NHS Education for Scotland. Annual Report and  
Accounts for year ended 31 March 2025

# Financial Statements





# Financial statements

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2025

2024			2025
£'000		Note	£'000
<b>Employee Expenditure</b>			
235,161	Staff Expenditure	3	257,632
<b>235,161</b>			<b>257,632</b>
<b>Operating Expenditure (non-employee)</b>			
525,058	Direct Educational Expenditure	3	592,484
47,754	Expenditure for Other Educational Support	3	49,593
7,124	NES Infrastructure Expenditure	3	7,168
<b>579,936</b>	<b>Operating Expenditure (non-employee)</b>		<b>649,245</b>
<b>815,097</b>	<b>Gross Expenditure for the year</b>		<b>906,877</b>
(114,620)	Less Operating Income	4	(127,088)
<b>700,477</b>	<b>Net Expenditure for the year</b>		<b>779,789</b>

## Financial Statements

### Statement of Financial Position

for the year ended 31 March 2025

2024				2025
£'000		Note	£'000	£'000
<b>Non-current assets</b>				
9,594	Intangible assets	6a	8,949	
1,958	Property, plant and equipment	6b	2,395	
2,934	Right of use assets	14a	3,894	
0	Trade and other receivables	7	148	
<b>14,486</b>	<b>Total non-current assets</b>			<b>15,386</b>
<b>Current assets</b>				
3,669	Trade and other receivables	7	4,134	
602	Cash and equivalents	8	484	
<b>4,271</b>	<b>Total current assets</b>			<b>4,618</b>
<b>18,757</b>	<b>Total assets</b>			<b>20,004</b>
<b>Current liabilities</b>				
(2,279)	Provisions	10a	(3,377)	
(41,070)	Trade and other payables	9	(45,640)	
<b>(43,349)</b>	<b>Total current liabilities</b>			<b>(49,017)</b>
<b>(24,592)</b>	<b>Non-current assets less net current liabilities</b>			<b>(29,013)</b>
<b>Non-current liabilities</b>				
(2,200)	Provisions	10a	(522)	
(857)	Trade and other payables	9	(2,359)	
<b>(3,057)</b>	<b>Total non-current liabilities</b>			<b>(2,881)</b>
<b>(27,649)</b>	<b>Assets less liabilities</b>			<b>(31,894)</b>
<b>Taxpayers' equity</b>				
(27,652)	General fund	SOCTE	(31,897)	
3	Revaluation Reserve	SOCTE	3	
<b>(27,649)</b>	<b>Total taxpayers' equity</b>			<b>(31,894)</b>

Approved by the Board on 26 June 2025

*Jim Boyle*

Director of Finance

26 June 2025

*Prof. Karen Reid*

Chief Executive

26 June 2025

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

## Financial Statements

### Statement of Cash Flows

for the year ended 31 March 2025

2024			2025
£'000		Note	£'000
	<b>Cash flows from operating activities</b>		
(700,477)	Net expenditure	SOCNE	(779,789)
2,912	Adjustments for non-cash transactions	2b	2,740
42	Interest payable	2b	42
2,117	Movements in working capital	2b	4,115
<b>(695,406)</b>	<b>Net cash outflow from operating activities</b>		<b>(772,892)</b>
	<b>Cash flows from investing activities</b>		
(405)	Purchase of property, plant and equipment	6b	(916)
(782)	Purchase of intangible assets	6a	0
<b>(1,187)</b>	<b>Net cash outflow from investing activities</b>		<b>(916)</b>
	<b>Cash flows from financing activities</b>		
698,333	Funding		775,544
136	Movement in general fund working capital		(118)
(1,698)	Capital element of payment in respect of leases		(1,694)
(42)	IFRS 16 - interest		(42)
<b>696,729</b>	<b>Net financing</b>		<b>733,690</b>
136	<b>Net increase in cash and cash equivalents in the period</b>	8	(118)
466	<b>Cash and cash equivalents at the beginning of the period</b>	8	602
<b>602</b>	<b>Cash and cash equivalents at the end of the period</b>		<b>484</b>
	<b>Reconciliation of net cash flow to movement in net cash</b>		
136	Increase in cash in year	8	(118)
466	Net cash at 1 April 2024	8	602
<b>602</b>	<b>Net cash at 31 March 2025</b>		<b>484</b>

## Financial Statements

### Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2025

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

Prior Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	<b>(25,508)</b>	<b>3</b>	<b>(25,505)</b>
Retrospective restatements for changes in accounting policy and material errors	0	0	0
<b>Restated balance at 1 April 2023</b>	<b>(25,508)</b>	<b>3</b>	<b>(25,505)</b>
<b>Changes in taxpayers' equity for 2023/24</b>			
Net expenditure for the year	(700,477)	0	(700,477)
<b>Total recognised income and expense for 2023-24</b>	<b>(725,985)</b>	<b>3</b>	<b>(725,982)</b>
<b>Funding</b>			
Drawn down	698,468	0	698,468
Movement in General Fund Creditor	(135)	0	(135)
<b>Total funding</b>	<b>698,333</b>	<b>0</b>	<b>698,333</b>
<b>Balance as at 31 March 2024</b>	<b>(27,652)</b>	<b>3</b>	<b>(27,649)</b>

Notes to the Accounts

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:

There are no new standards, amendments, or interpretations effective in the year 2024/25.

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 2024/25 financial year.

Standard	Current status
IFRS 14 Regulatory Deferral Accounts	Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHSScotland bodies.
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023. However, this Standard is not yet adopted by the FReM. Expected adoption by the FReM is from April 2025.
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 2024/25.

## Notes to the Accounts

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### 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 are expected to be met by the receipt of funding from the Scottish Government.

Further information is provided in the Performance Analysis.

### 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.

## Notes to the Accounts

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

All assets falling into the following categories are capitalised:

- + Property, Plant and Equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to, or greater than £5,000.
- + In cases where a new 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.



## Notes to the Accounts

### 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

## Notes to the Accounts

### 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 service potential be provided to, the Board and where the cost of the asset can be measured reliably.

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

The main classes of intangible assets recognised are:

- + Software
- + Websites
- + Software Licences

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.

## Notes to the Accounts

### Software

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

### Software Licences

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

### Websites

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

## 6.2 Measurement

### Valuation

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

### Revaluation and impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the SoCNE, in which case they are recognised in income. Permanent decreases in asset values and impairments are charged gross to the SoCNE. Any related balance on the revaluation reserve is transferred to the General Fund. Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned and thereafter are charged to the SoCNE.

## 6.3 Amortisation

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

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

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

## Notes to the Accounts

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

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

### 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).

## Notes to the Accounts

### 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.

## Notes to the Accounts

### 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 service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SoCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

### 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.

## Notes to the Accounts

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.



## Notes to the Accounts

### 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.

## Notes to the Accounts

### 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.

## Notes to the Accounts

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.

## Notes to the Accounts

### + 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.

## Notes to the Accounts

### 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 2024/25 is based on an independent dilapidation assessment carried out in the financial years 2023/24 and 2024/25.

#### + Irregular Workers Provision

This provision relates to the cost of holiday pay for irregular workers employed by NES. The costs are calculated based on the guidance issued with the new legislation which commenced in April 2024.

#### + Creditors and Other Provisions

Within creditors there is an accrual for annual leave and flexi leave of £1,309k (2023/24: £1,272k)

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.

## **Notes to the Accounts**

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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 £458k (2023/24: £444k), for Dental Trainees is £62k, (2023/24: £59k) calculated as 13.65 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 hours, the overall accrual required would increase / decrease by £168k.

In addition, a provision of £307k (2023/24: £319k) has been included in respect of payments relating to staff on fixed term contracts.

## Notes to the Accounts

### Note 2. Memoranda to the Primary Statements

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

##### Summary of Core Revenue Resource

	Note	£'000
Net expenditure	SOCNE	779,789
Total non core expenditure (see below)		(1,823)
Total core expenditure		777,966
Core revenue resource limit		778,186
<b>Saving against core revenue resource limit</b>		<b>220</b>

##### Summary of Non Core Revenue Resource

Depreciation / Amortisation	3	2,900
Annually Managed Expenditure	3	(1,077)
Total non core expenditure (see below)		<b>1,823</b>
Non core revenue resource limit		1,825
<b>Saving against non core revenue resource limit</b>		<b>2</b>

Summary of Resource Outturn	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	778,186	777,966	220
Non core	1,825	1,823	2
<b>Total</b>	<b>780,011</b>	<b>779,789</b>	<b>222</b>

	Limit as set by SGHSCD	Actual Outturn	Variance (Over)/Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	778,186	777,966	220
Revenue Resource Limit - Non Core	1,825	1,823	2
<b>Total Revenue Resource Limit</b>	<b>780,011</b>	<b>779,789</b>	<b>222</b>
Capital Resource Limit - Core	3,845	3,845	0
Cash Requirement	775,427	775,426	1



## Notes to the Accounts

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

2024			Note	2025
Adjustments for non-cash transactions				
£'000				£'000
Income and expenditure not paid in cash				
575	Depreciation		6b	479
528	Amortisation		6a	617
1,809	Depreciation of Right of Use Assets		14a	1,804
0	Right of Use Assets dilapidation			(188)
0	Loss on disposal of intangible assets		3	28
2,912	Total expenditure not paid in cash			2,740
Interest payable				
42	Lease Interest		14b	42
Movements in Working Capital				
		Note	Opening Balances £'000	Closing Balances £'000
Trade and Other Receivables				
4,328	Due within one year	7	3,669	4,134
0	Due after more than one year		0	148
4,328			3,669	4,282
4,328	Net (increase)/decrease			(613)
Trade and Other Payables				
(2,152)	Due within one year	9	41,070	45,640
(672)	Due after more than one year	9	857	2,359
(22)	Less: property, plant and equipment included in above		0	0
(136)	Less: General Fund creditor included in above	8	(602)	(484)
545	Less: Lease and PFI creditors included in above	9	(2,086)	(2,968)
	Total		39,239	44,547
(2,437)	Net increase/(decrease)			5,308
Provisions				
226	Statement of Financial Position	10a	4,479	3,899
	Total		4,479	3,899
226	Net increase/(decrease) in Working Capital			(580)
2,117	Net movement	CFS		4,115

## Notes to the Accounts

### Note 3. Expenditure

2024		2025
£'000		£'000
167,217	Medical	184,906
13,497	NES Technology Service	14,481
14,740	Dental	15,782
10,066	Workforce	9,279
7,989	Nursing, Midwifery and Allied Health Professionals	8,614
4,506	Psychology	4,399
3,108	Pharmacy	3,345
2,216	NHSScotland Academy	4,688
862	Optometry	1,019
334	Healthcare Science	365
403	Social Care	991
10,223	Corporate Services	9,763
<b>235,161</b>	<b>Total Staff Expenditure</b>	<b>257,632</b>
126,049	Medical ACT	141,948
20,871	Dental ACT	22,412
2,637	Pharmacy ACT	2,219
<b>149,557</b>	<b>Total Undergraduate Expenditure</b>	<b>166,579</b>
327,391	Medical Training Grades	373,151
9,865	Dental Training Grades	10,282
8,757	Pharmacy	9,274
25,636	Clinical Psychology	29,363
3,852	Healthcare Science	3,835
<b>375,501</b>	<b>Total Postgraduate Expenditure</b>	<b>425,905</b>
<b>525,058</b>	<b>Total Direct Educational Non Pay Expenditure</b>	<b>592,484</b>

## Notes to the Accounts

## Note 3. Expenditure (cont)

2024		2025
£'000		£'000
5,792	Medical	6,695
7,412	Dental	7,929
7,624	Nursing, Midwifery and Allied Health Professionals	7,398
12,301	Psychology	12,252
1,868	Pharmacy	2,260
808	Optometry	603
426	Healthcare Science	367
7,333	NES Technology Service	4,502
3,166	NHS Workforce Support	3,145
1,018	NHSScotland Academy	4,418
6	Social Care	24
<b>47,754</b>	<b>Total Other Educational Non Pay Expenditure</b>	<b>49,593</b>
3,916	Corporate Services	5,237
2,915	Depreciation and Amortisation	2,900
76	External Auditor's Remuneration - Audit Fee <sup>1</sup>	80
0	Loss on Disposal of Assets	28
217	Movement on Provisions	(1,077)
<b>7,124</b>	<b>Total NES Infrastructure Non Pay Expenditure</b>	<b>7,168</b>
<b>579,936</b>	<b>Total Non Pay Expenditure</b>	<b>649,245</b>
<b>815,097</b>	<b>Total Expenditure</b>	<b>906,877</b>

<sup>1</sup> External Auditor remuneration fee for 2024/25 is £81k. The figure above includes a reversal of accrual from 2023/24

## Notes to the Accounts

### Note 4. Other Operating Income

2024	2025
£'000	£'000
100,480 NHSScotland bodies	112,611
292 NHS Non-Scottish bodies	235
1,712 SGHSCD	1,374
7,846 Overseas ACT Levy - Medical	8,202
1,363 Overseas ACT Levy - Dental	1,353
0 Grant Income	18
2,927 Other Income	3,295
<b>114,620 Total Other Operating Income</b>	<b>127,088</b>

Outward Seconded Income comprises £108m from NHSScotland bodies, £1m from SGHSCD and £1m in Other Income

Notes to the Accounts

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 2024/25	607,194	54,554	15,377	62,007	17,681	22,976	779,789
Net operating expenditure 2023/24	538,297	50,806	14,724	52,045	19,491	25,114	700,477

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.

## Notes to the Accounts

## Note 6. a) Intangible Fixed Assets

## Current Year

Current Year	Software Licences	Software	Websites	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>				
As at 1 April 2024	45	13,107	412	13,564
Additions	0	0	0	0
Disposals	(45)	(20)	0	(65)
<b>At 31 March 2025</b>	<b>0</b>	<b>13,087</b>	<b>412</b>	<b>13,499</b>
<b>Amortisation:</b>				
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)
<b>At 31 March 2025</b>	<b>0</b>	<b>4,138</b>	<b>412</b>	<b>4,550</b>
<b>Net Book Value at 31 March 2024</b>	<b>30</b>	<b>9,564</b>	<b>0</b>	<b>9,594</b>
<b>Net Book Value at 31 March 2025</b>	<b>0</b>	<b>8,949</b>	<b>0</b>	<b>8,949</b>
<b>Asset Financing:</b>				
Owned	0	8,949	0	8,949
<b>Net Book Value at 31 March 2025</b>	<b>0</b>	<b>8,949</b>	<b>0</b>	<b>8,949</b>

## Notes to the Accounts

### Note 6. a) Intangible Fixed Assets Prior Year

Prior Year	Software Licences	Software	Websites	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>				
As at 1 April 2023	45	12,503	412	12,960
Additions	0	782	0	782
Disposals	0	(178)	0	(178)
<b>At 31 March 2024</b>	<b>45</b>	<b>13,107</b>	<b>412</b>	<b>13,564</b>
<b>Amortisation:</b>				
As at 1 April 2023	15	3,193	412	3,620
Provided in year	0	528	0	528
Disposals	0	(178)	0	(178)
<b>At 31 March 2024</b>	<b>15</b>	<b>3,543</b>	<b>412</b>	<b>3,970</b>
<b>Net Book Value at 31 March 2023</b>	<b>30</b>	<b>9,310</b>	<b>0</b>	<b>9,340</b>
<b>Net Book Value at 31 March 2024</b>	<b>30</b>	<b>9,564</b>	<b>0</b>	<b>9,594</b>
<b>Asset Financing:</b>				
Owned	30	9,564	0	9,594
<b>Net Book Value at 31 March 2024</b>	<b>30</b>	<b>9,564</b>	<b>0</b>	<b>9,594</b>



## Notes to the Accounts

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
<b>Cost or valuation:</b>						
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)
<b>At 31 March 2025</b>	<b>375</b>	<b>2,502</b>	<b>1,810</b>	<b>5,313</b>	<b>891</b>	<b>10,891</b>
<b>Depreciation:</b>						
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)
<b>At 31 March 2025</b>	<b>363</b>	<b>1,174</b>	<b>1,658</b>	<b>5,301</b>	<b>0</b>	<b>8,496</b>
<b>Net Book Value at 31 March 2024</b>	<b>61</b>	<b>1,574</b>	<b>278</b>	<b>0</b>	<b>45</b>	<b>1,958</b>
<b>Net Book Value at 31 March 2025</b>	<b>12</b>	<b>1,328</b>	<b>152</b>	<b>12</b>	<b>891</b>	<b>2,395</b>
<b>Asset Financing:</b>						
Owned	11	1,328	153	14	889	2,395
<b>Net Book Value at 31 March 2025</b>	<b>12</b>	<b>1,328</b>	<b>152</b>	<b>12</b>	<b>891</b>	<b>2,395</b>

\* Assets under construction (AuC)

## Notes to the Accounts

### Note 6. b) Property Plant and Equipment Prior Year

Prior Year	Transport equipment	Plant & machinery	Information Technology	Furniture & fittings	AuC*	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>						
As at 1 April 2023	375	1,944	3,132	5,300	190	10,941
Additions	0	427	0	0	0	427
Completions	0	132	13	0	(145)	0
Disposals	0	(17)	0	0	0	(17)
<b>At 31 March 2024</b>	<b>375</b>	<b>2,486</b>	<b>3,145</b>	<b>5,300</b>	<b>45</b>	<b>11,351</b>
<b>Depreciation:</b>						
As at 1 April 2023	265	729	2,691	5,150	0	8,835
Provided in year	49	200	176	150	0	575
Disposals	0	(17)	0	0	0	(17)
<b>At 31 March 2024</b>	<b>314</b>	<b>912</b>	<b>2,867</b>	<b>5,300</b>	<b>0</b>	<b>9,393</b>
<b>Net Book Value at 31 March 2023</b>	<b>110</b>	<b>1,215</b>	<b>441</b>	<b>150</b>	<b>190</b>	<b>2,106</b>
<b>Net Book Value at 31 March 2024</b>	<b>61</b>	<b>1,574</b>	<b>278</b>	<b>0</b>	<b>45</b>	<b>1,958</b>
<b>Asset Financing:</b>						
Owned	61	1,574	278	0	45	1,958
<b>Net Book Value at 31 March 2024</b>	<b>61</b>	<b>1,574</b>	<b>278</b>	<b>0</b>	<b>45</b>	<b>1,958</b>

\* Assets under construction (AuC)

## Notes to the Accounts

## Note 7. Trade and Other Receivables

2024		2025
£'000		£'000
<b>Receivables due within one year:</b>		
<b>NHSScotland</b>		
391	SGHSCD	217
577	Boards	1,456
<b>968</b>	<b>Total NHSScotland receivables</b>	<b>1,673</b>
181	NHS non-Scottish bodies	154
14	VAT recoverable	159
732	Prepayments	1,242
607	Accrued income	273
44	Reimbursement of provisions (CNORIS)	496
1,122	Other receivables	126
1	Other public sector bodies	11
<b>3,669</b>	<b>Total receivables due within one year</b>	<b>4,134</b>
<b>Receivables due after one year</b>		
0	Other receivables	148
<b>3,669</b>	<b>Total receivables</b>	<b>4,282</b>
<b>WGA Classification:</b>		
£'000		£'000
577	NHSScotland	1,456
405	Central Government bodies	10
1	Whole of Government bodies	1
181	Balances with NHS bodies in England and Wales	154
2,505	Balances with bodies external to Government	2,661
<b>3,669</b>	<b>Total</b>	<b>4,282</b>

## Notes to the Accounts

As of 31 March 2025, receivables with a carrying value of £72k were impaired and provided for. £5k are less than 3 months past due and £67k are over 6 months past due (2023/24 £34k).

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

2024		2025
£'000		£'000
0	At 1 April	38
34	Provision for impairment	35
4	Receivables written off during the year as uncollectable	(1)
<b>38</b>	<b>At 31 March</b>	<b>72</b>

2024		2025
£'000		£'000
35	Up to 3 months past due	1,274
76	3 to 6 months past due	0
167	Over 6 months past due	0
<b>278</b>	<b>Total neither past due nor impaired</b>	<b>1,274</b>

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:

2024		2025
£'000		£'000
	<b>Counterparties with external credit ratings</b>	
1,787	A	904
	<b>Counterparties with no external credit ratings</b>	
46	New customers	221
67	Existing customers with no defaults in the past	220
0	Existing customers with some defaults in the past	1
<b>1,900</b>	<b>Total neither past due nor impaired</b>	<b>1,346</b>

Notes to the Accounts

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 £1,451 (2023/24: £4,981). The carrying amount of receivables are denominated in GBP.

Note 8. Cash and Cash Equivalents

Current 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

Prior Year	At 1 April 2023	Cash Flow	At 31 March 2024
	£'000	£'000	£'000
The Scottish Government Banking Service account balance	457	108	565
Cash at bank and in hand	9	28	37
Total cash and cash equivalents	466	136	602

## Notes to the Accounts

## Note 9. Trade and Other Payables

2024		2025
£'000		£'000
<b>Payables due within one year</b>		
<b>NHSScotland</b>		
15,021	Boards	17,065
<b>15,021</b>	<b>Total NHSScotland payables</b>	<b>17,065</b>
9	NHS non-Scottish bodies	1,097
602	Amounts payable to General Fund	484
1,204	Trade payables	1,422
9,828	Accruals	9,585
1,373	Net obligations under leases	753
2,975	Deferred income	3,524
5,380	Income tax and social security	6,182
3,399	Superannuation	4,213
1,272	Holiday pay accrual	1,309
7	Other payables	6
<b>41,070</b>	<b>Total Trade and Other Payables due within one year</b>	<b>45,640</b>
<b>Payables due after more than one year</b>		
467	Net obligations under leases due within 2 years	390
246	Net obligations under leases due after 2 but within 5 years	582
0	Net obligations under leases due after 5 years	1,243
144	Other payables due within 2 years	144
<b>857</b>	<b>Total Trade and Other Payables after more than one year</b>	<b>2,359</b>
<b>41,927</b>	<b>Total Trade and Other Payables</b>	<b>47,999</b>
<b>WGA Classification</b>		
15,021	NHSScotland	17,065
8,779	Central Government bodies	10,395
9	Balances with NHS bodies in England and Wales	1,097
18,118	Balances with bodies external to Government	19,442
<b>41,927</b>	<b>Total Trade and Other Payables</b>	<b>47,999</b>

## Notes to the Accounts

### Note 10. a) Provisions

Current Year	Clinical legal claims <sup>1</sup>	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)
<b>At 31 March 2025</b>	<b>706</b>	<b>293</b>	<b>2,547</b>	<b>353</b>	<b>3,899</b>

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	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
Thereafter	0	27	0	0	27
<b>At 31 March 2025</b>	<b>706</b>	<b>293</b>	<b>2,547</b>	<b>353</b>	<b>3,899</b>

Prior Year	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2023	50	211	3,730	262	4,253
Arising during the year	68	79	31	366	544
Utilised during the year	0	(55)	0	0	(55)
Unwinding of discount	0	0	0	0	0
Reversed unutilised	0	0	0	(263)	(263)
<b>At 31 March 2024</b>	<b>118</b>	<b>235</b>	<b>3,761</b>	<b>365</b>	<b>4,479</b>

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
Payable in one year	118	59	1,745	357	2,279
Payable between 2 - 5 years	0	143	2,016	8	2,167
Payable between 6 - 10 years	0	12	0	0	12
Thereafter	0	21	0	0	21
<b>At 31 March 2024</b>	<b>118</b>	<b>235</b>	<b>3,761</b>	<b>365</b>	<b>4,479</b>



## Notes to the Accounts

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

2024			2025
£'000		Note	£'000
118	Provision recognising individual claims against the Board at 31 March	10a	706
(44)	Associated CNORIS receivable for individual claims at 31 March	7	(496)
235	Provision recognising the Board's liability from participating in the scheme at 31 March	10a	293
<b>309</b>	<b>Net total provision relating to CNORIS at 31 March</b>		<b>503</b>

CNORIS has been in operation since 2000. Participation in the scheme is mandatory for all NHS Boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within Boards' own budgets. If a claim is greater than £25k and is settled then the Board is reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large, or late in the financial year, legal claims to be managed and reduces the level of volatility that individual Boards are exposed to.

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

Additionally, as a result of participation in the scheme, NHS Boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual Board. Boards also recognise that there is a requirement to make contributions to the scheme in future years. Therefore, a second provision that recognises the Board's share of the total CNORIS liability of 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 £706k relates to claims against NES, and the participation in CNORIS £293k 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 at <https://www.nss.nhs.scot/legal/clinical-negligence-and-other-risks-indemnity-scheme-cnoris/guide-to-the-clinical-negligence-and-other-risks-indemnity-scheme-cnoris/>

Notes to the Accounts

Note 11. Contingent Liabilities

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

2024			2025
£'000		Note	£'000
Nature			
655	Clinical and medical compensation payments		1,790
0	Fixed Term contract Exit payments		2,760
655	Net total provision relating to CNORIS at 31 March		4,550

Note 12. Events after the end of the reporting period

On 12 June 2025 Scottish Government approved the extension of the lease for our Westport office in Edinburgh to 31 July 2026, to allow sufficient time to relocate to new public sector premises. There has been no adjustment to the financial statements of the Annual Report and Accounts for year ended 31 March 2025.

On 17 June 2025 the Cabinet Secretary for Health and Social Care made a statement to the Scottish Parliament on Delivering Reform and Renewal for Health and Social Care. The “Service Renewal Framework” recognises that to meet the ambition of service renewal and address the health and care needs of our population, there is a need to work differently. As part of this framework NES will come together with NHS National Services Scotland (NSS) to create a new organisation from 1 April 2026. There is no impact to the going concern assessment of NES as its functions will continue in the new organisation, and therefore this represents a non-adjusting event after the reporting date.

Note 13. Capital commitments

As at 31 March 2025 NES has capital commitments amounting to £916k (2023/24 £0k) for the development of office premises in Glasgow. These commitments are contracted but not yet incurred and are expected to be settled within 2-3 months.

## Notes to the Accounts

## Note 14. Lease Assets and Liabilities

## 14a. Lease Assets – Current Year

	Buildings	Transport	Total
	£'000	£'000	£'000
<b>Cost or valuation:</b>			
As at 1 April 2024	6,153	345	6,498
Additions	2,603	326	2,929
Disposals	(1,332)	(39)	(1,371)
<b>At 31 March 2025</b>	<b>7,424</b>	<b>632</b>	<b>8,056</b>
<b>Amortisation:</b>			
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
<b>At 31 March 2025</b>	<b>4,002</b>	<b>160</b>	<b>4,162</b>
<b>Net Book Value at 31 March 2024</b>	<b>2,620</b>	<b>314</b>	<b>2,934</b>
<b>Net Book Value at 31 March 2025</b>	<b>3,422</b>	<b>472</b>	<b>3,894</b>

## 14a. Lease Assets – Prior Year

	Buildings	Transport	Total
	£'000	£'000	£'000
<b>Cost or valuation:</b>			
As at 1 April 2023	5,345	0	5,345
Additions	808	345	1,153
<b>At 31 March 2024</b>	<b>6,153</b>	<b>345</b>	<b>6,498</b>
<b>Amortisation:</b>			
As at 1 April 2023	1,755	0	1,755
Provided in year	1,639	31	1,670
Provided in year - Peppercorn Leases	139	0	139
<b>At 31 March 2024</b>	<b>3,533</b>	<b>31</b>	<b>3,564</b>
<b>Net Book Value at 31 March 2023</b>	<b>3,590</b>	<b>0</b>	<b>3,590</b>
<b>Net Book Value at 31 March 2024</b>	<b>2,620</b>	<b>314</b>	<b>2,934</b>

## Notes to the Accounts

### 14b Lease Liabilities

There are a total of £2,968k of lease liabilities falling due as follows:

	Buildings	Transport	Total
	£'000	£'000	£'000
<b>Amounts falling due:</b>			
Not later than one year	589	164	753
Later than one year, not later than two years	237	153	390
Later than two years, not later than five years	421	161	582
Later than five years	1,243	0	1,243
<b>Net Book Value at 31 March 2025</b>	<b>2,490</b>	<b>478</b>	<b>2,968</b>

*The leases for properties in Edinburgh and Inverness expire during the financial year 2025/26 and we are currently exploring options to extend these.*

An amount of £1,804k (2023/24: £1,809k) depreciation, £42k (2023/24: £42k) interest and £34k irrecoverable VAT is recognised in the Statement of Comprehensive Expenditure and the Statement of Cashflows. An amount of £1,694k of repayment of principal of 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 funding valuation undertaken by the scheme actuary.

The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government since confirmed these employer rates would remain in place until 31 March 2024. In addition, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%. 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 13.7% and have been anticipated to deliver a yield of 9.8%.

## Notes to the Accounts

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 2024 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 cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed.

The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account.

The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

NHS Education for Scotland's level of participation in the scheme is 0.722% based on the proportion of employer contributions paid in 2023/24. NES employers contributions are detailed in the Staff Report.

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

From 1 April 2015, the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Price Index (CPI). This continues until the member leaves the scheme or retires. In 2024/25 members paid tiered contribution rates ranging from 5.7% to 13.7% 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.

## Notes to the Accounts

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

### National Employment Savings Trust (NEST)

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

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

Date	Employee Contribution	Employer Contribution	Total Contribution
1 March 2013	1%	1%	2%
1 April 2018	3%	2%	5%
1 April 2019	5%	3%	8%

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

## **Notes to the Accounts**

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

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

## Notes to the Accounts

### Note 16. Financial Instruments

#### a) Financial Instruments by Category

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

Financial Assets At 31 March 2024	Financial Assets at Amortised costs	Total
	£'000	£'000
<b>Assets per Statement of Financial Position</b>		
Trade and other receivables excluding NHSS receivables, prepayments, reimbursements of provision and VAT recoverable	1,911	1,911
Cash and equivalents	602	602
	<b>2,513</b>	<b>2,513</b>

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

Financial Liabilities At 31 March 2024	Liabilities at Amortised costs	Total
	£'000	£'000
<b>Liabilities per Statement of Financial Position</b>		
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	15,152	15,152
	<b>15,152</b>	<b>15,152</b>



## Notes to the Accounts

### 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.

## Notes to the Accounts

### 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'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
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<b>Total</b>	<b>14,656</b>	<b>534</b>	<b>582</b>	<b>1,243</b>
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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000

#### At 31 March 2024

Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation

14,295	611	246	0
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<b>Total</b>	<b>14,295</b>	<b>611</b>	<b>246</b>	<b>0</b>
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## Notes to the Accounts

### 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 £598 million (2023/24: £525 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 2025

# Direction by the Scottish Ministers



Annual Report and Accounts | **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,

Annual Report and Accounts | **Direction 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



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