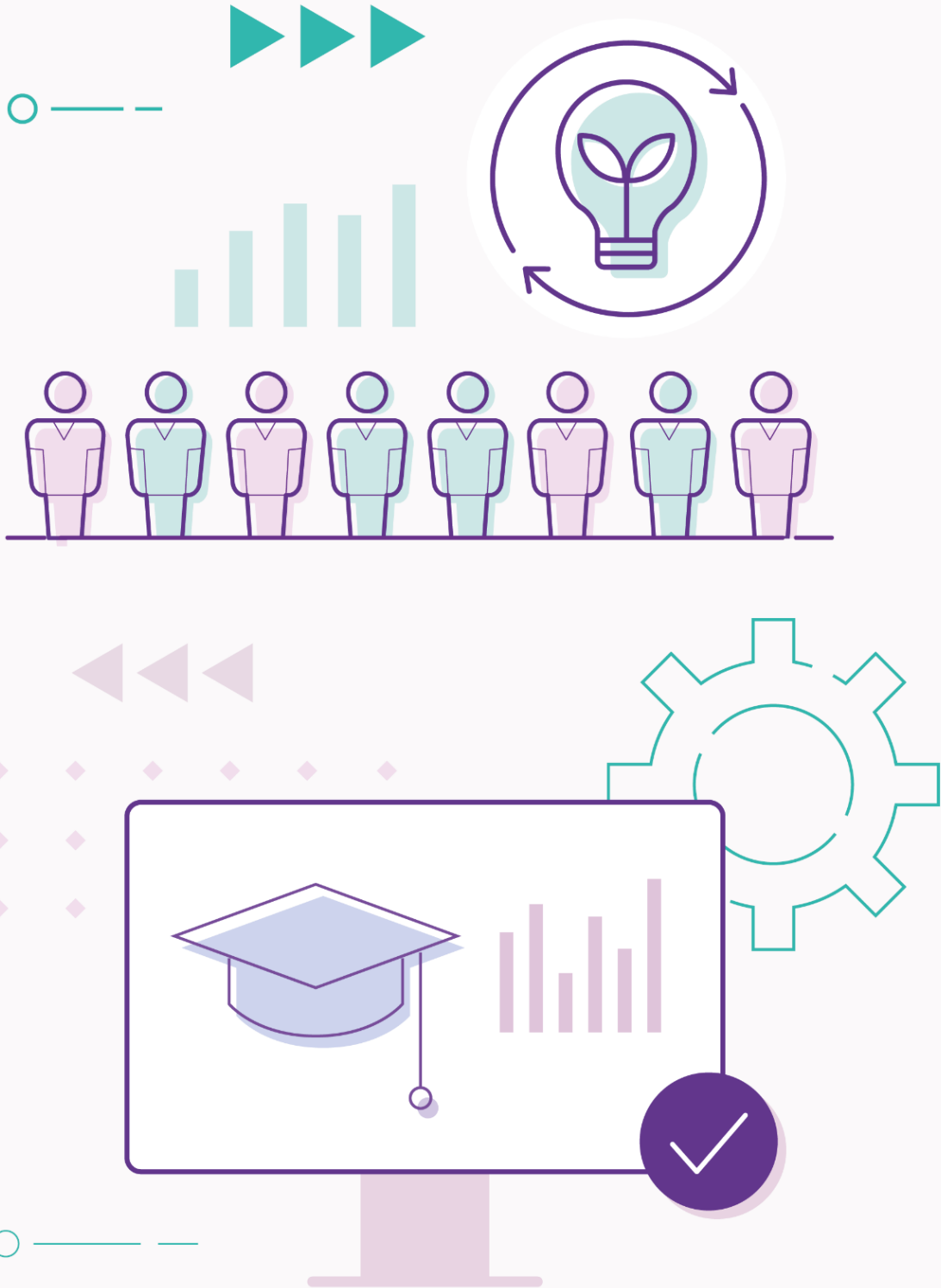




Annual Report and Accounts for the Year Ended 31 March 2022



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NHS Education for Scotland Annual Report and Accounts for the year to 31 March 2022

At NHS Education for Scotland (NES), this has been a year of challenge, change and collaboration.

Operating through the second full year of the Covid-19 pandemic, we not only delivered vital support to our partners, but we also made great strides in reshaping how we work and what we do, to better support the Health and Social Care workforce, and the people of Scotland as a whole.

This report sets out how we delivered essential programmes of education, training, workforce development, leadership and technology, ensuring that the services we provide remain of the highest quality and support a sustainable workforce during a time of significant challenge in our Health and Social Care sector

You will also read how we are investing in the future workforce, across the Health and Social Care sector, to create new roles, qualifications and career pathways to ensure that the sector can respond to the changing needs of the population.

The digital expertise of NES continues to be a key enabler for the Health and Social Care sector, developing and boosting capacity of Technology Enhanced Learning systems and resources, and improving the infrastructure to support people to live healthier lives.

As we look ahead, the operating environment will continue to pose challenges, but NES is well placed to work together with our partners to navigate these challenges and support sustainable solutions. We will work closely with the Scottish Government to invest in the future of our workforce and to provide it with the skills and systems that will allow it to continue to meet the health and social care needs of Scotland.

We commend this report to you, as a summary of the contribution NHS Education for Scotland has made, and continues to make, to support the people of Scotland.

A handwritten signature in black ink that reads "David Garbutt".

David Garbutt
Chair
NHS Education for Scotland

A handwritten signature in black ink that reads "Karen Reid".

Karen Reid
Chief Executive
NHS Education for Scotland



Chair: David Garbutt
Chief Executive: Karen Reid

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Performance Report

Overview

At NES, 2021/22 was a year of transformation. We have delivered vital support to help our partners in the fight against COVID-19. But we have also done much more than that. We have made great strides in reshaping how we work and what we do, to better support the health and social care sector and the people of Scotland as a whole.

We are the national health board with statutory responsibilities to effect sustainable change through workforce development, education and training across the health and social care system in Scotland.

We are ambitious to drive change and improve the quality of care experienced by citizens across Scotland by ensuring that we have the right staff, with the right skills, in the right place, at the right time.

We are investing in new career pathways, exploring new roles and qualifications so that we can have a workforce that is enabled, empowered, and motivated to deliver improved outcomes.

We are leveraging our digital expertise, both in infrastructure and in Technology Enhanced Learning, to harness the potential of technology in supporting our aims.

And at the same time, we have been looking to the future. Because of our unique blend of skills and experience, we can make a real difference to Scotland's health and prosperity. Through our work in education, early intervention, prevention, and by supporting other public sector, third sector and private sector bodies, we can start to address systemic and deep-rooted inequalities across our society. A mark of the importance of this work is the creation of our first ever Directorate of Social Care.

During 2021/22, we:

- Supported a network of staff across Scotland to manage training programmes, facilitate placements, support practice education, and provide an infrastructure to ensure that our training meets regulatory requirements. This year, the Scottish Government's Chief Nursing Officer Directorate provided additional permanent funding for Paramedic Practice Education Leads (PELs).
- Continued to upskill our trainers and facilitators in 'Technology Enhanced Learning': using new technologies to deliver a high-quality training experience online as well as providing a variety of online resources such as video productions and new e-learning modules.
- Supported trainees in post through the delivery of additional training resources to complement their clinical training.
- Collaborated with boards to distribute the increased funding available for ACT (Additional Cost of Teaching) to support the growth in Medical and Pharmacy student numbers and to support Dental students through the extended curriculum.

- Continued to expand our digital offering. Once again, we saw an increase in people accessing our digital Knowledge Network. The Turas Learn platform has seen significant growth and is now the learning management platform for seven health boards and other organisations which host resources for health and care staff. Our products were instrumental in the planning and scheduling of 12 million COVID-19 vaccination appointments by 31 March 2022.
- Developed a new partnership with NHS Golden Jubilee to form the NHS Scotland Academy to support the implementation of NHS Scotland's recovery plan to meet the clinical and care needs of citizens across Scotland.
- Worked with partners to establish the Centre for Workforce Supply, commissioned by Scottish Government, and hosted by NES. This will initially focus on international recruitment of nurses across NHS Scotland.
- Established our first ever Directorate of Social Care, to support better engagement beyond the NHS, and to help us better tailor our services to the wider care sector.

We have achieved all this in difficult circumstances and within budget.



Karen Reid
Chief Executive

How we work

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



NES Technology

- National provision of workforce, business and administrative systems
- Digital development and delivery
- Access to learning and development resources across health and care
- Workforce data and intelligence and national statistics
- Maintenance and support of the organisation's digital infrastructure
- Communications and digital design services
- Information governance and security
- Development and provision of the National Digital Platform
- Information access and capture at the point of contact
- Provision of timely, role-based access to health and care information
- Research and innovation to produce and identify new products
- Intelligence through better using and joining up healthcare data



Workforce

- Lead Employer Doctors and Dentists in Training
- National Educational Resources for Business & Administration and Estates & Facilities staff
- National Support for Foundation, Modern and Graduate Apprenticeships
- Leading collaborative cross-sector work on a Digitally Enabled Workforce
- Promoting careers and job opportunities - national digital and media resources
- National approaches to leadership, management, organisational development, training and appraisal
- Workforce Strategy, Planning and change
- Workforce development, governance, diversity and engagement



Dentistry, Healthcare Science and Optometry

- Undergraduate placements in clinical settings
- Management of postgraduate training programmes in dentistry in primary care and secondary care
- Management of postgraduate training programmes in healthcare science
- Development of evidence based guidelines
- Management of training programmes for dental nurses and therapists
- Continuing professional development for dental registrants, optometrists, dispensing opticians and healthcare scientists
- Support for dental registrants in difficulty
- Management of PG training programmes in Primary Care – Optometry
- Management of postgraduate training programmes for optometrists



Finance and Procurement

- Financial controls and reporting
- Financial planning and budget management
- Procurement
- Risk Management
- Operational costing and efficiency
- Revenue development



Nursing, Midwifery and Allied Health Professionals

- Promotion of careers in health and social care including HCSW
- Commission and monitor education programmes
- Support the delivery of education, training and practice support in the workplace
- Support placements across health and social care
- Preparation of new practitioners and ongoing CPD
- Create and provide educational materials, resources and learning opportunities
- Support the transition from pre-registration student to qualified, confident and capable practitioner
- Develop career frameworks that define levels of practice to reflect role development and progression
- Workforce and education data analysis to better understand workforce requirements



NHS Scotland Academy

- Draws on the strengths of both NHS Golden Jubilee and NHS Education for Scotland
- Supports NHS Scotland to develop additional capacity and new capabilities
- Addresses recruitment gaps and training needs
- Supports staff to improve their skills in specific areas, using residential, distance and virtual reality learnin.
- Offers attractive training programmes linked to recruitment and career progression



Medicine, Pharmacy, Quality Improvement and Patient Safety

- Undergraduate placements for doctors in clinical settings in acute and primary care
- Management of post-graduate education programmes in medicine
- Management of post-graduate education programmes in pharmacy.
- Continued professional development for trained doctors and pharmacists
- Training of appraisers, support for and audit of revalidation
- Trainee Support and Wellbeing Service
- Training of pharmacy technicians
- Training courses and resources in Quality Improvement and Patient Safety
- Training courses and resources in Simulation & Human Factors



Planning and Corporate Resources

- Strategic and operational planning
- Corporate performance management
- Risk management
- Property and Facilities Management
- Organisational improvement support
- Corporate governance
- Feedback, Comments, Concerns and Complaints



Psychology

- Commissioning and delivery of postgraduate education programmes in Clinical psychology; Associates in Applied Psychology; and Enhanced Psychological Practice
- Delivery of training in a wide range of evidence based psychological therapies and interventions; to enhance capacity and quality of psychological therapies, intervention and psychology practice in the existing multidisciplinary workforce
- Support health boards to offer services delivering psychological therapies and interventions for the health and social care workforce throughout Scotland
- Workforce development for CAMHS
- Lead the National Trauma Training Programme which is a workforce wide joint ambition by Scottish Government and COSLA to deliver a trauma informed and responsive workforce.
- Mental Health corporate leadership role and leadership of the development and delivery of The Matrix; A Guide to Delivering Evidence Based Psychological Therapies and Interventions in Scotland
- Deliver appropriate educational infrastructure to support high quality implementation of evidence-based approaches and support and sustain the supervision infrastructure which is required for the delivery of safe and effective psychological services

The Social Care Directorate was established towards the end of the year, with the Director appointed in March 2022. The directorate will promote engagement beyond the NHS and help us improve our services to the wider care sector.

Our work is aligned under 5 strategic themes:

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

During 2021/22 the Scottish Government replaced the Annual Operating Plan with phase three and four Re-Mobilisation Plans (RMP3 and RMP4) to support COVID-19 recovery. These plans were short-term in timescale (to end March 2022) and focused on priority activities to recover our core business while continuing to operate contingency plans to deal with ongoing COVID-19 disruption.

1) Providing placement opportunities for undergraduate students, recruiting, and managing progression through structured post-graduate training programmes.

UNDERGRADUATE EDUCATION PLACEMENTS

Support for Undergraduate Education Placements

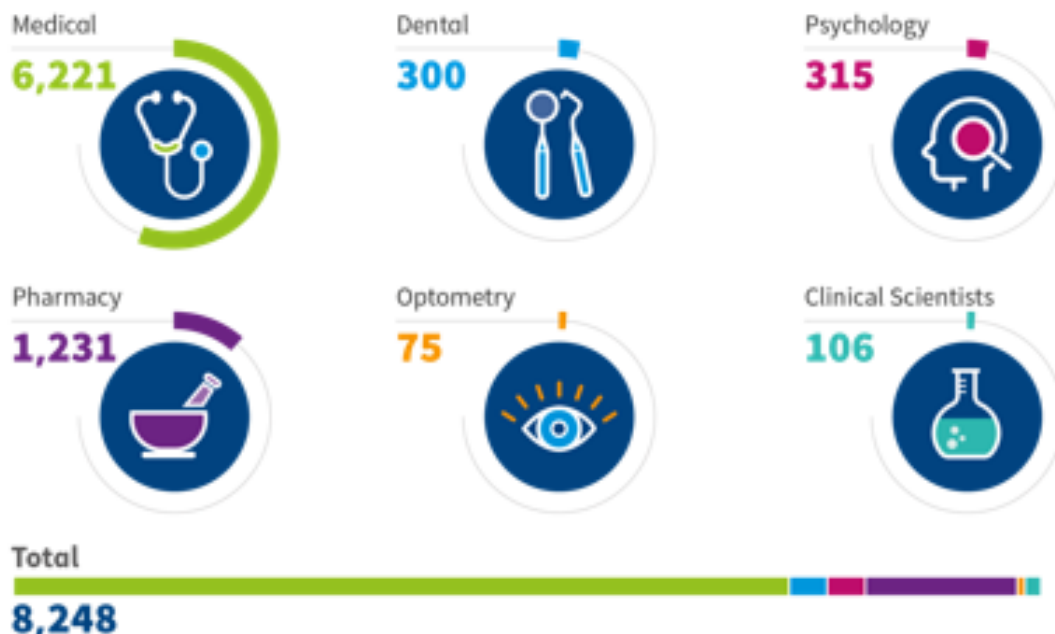


These placements are funded by Medical and Dental ACT (Additional Cost of Teaching).

The investment from the Additional Costs of Teaching (ACT) across all three areas has increased by £11.5 million (2021/22: £114.6million; 2021/22: £126.1 million). The increase in the expenditure reflects Scottish Government policy on the numbers of Medical and Pharmacy students; and additional funding for Dental undergraduate education as a result of COVID-19 impacts on teaching.

POSTGRADUATE EDUCATION PROGRAMMES

Support for Postgraduate Education Programmes



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

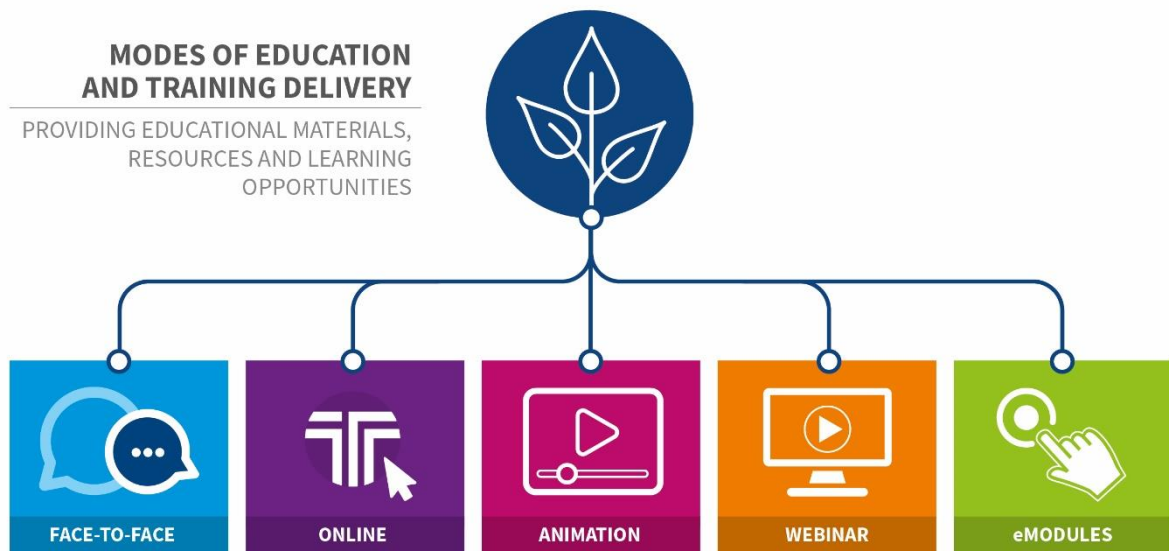
Although substantial work was undertaken to mitigate the impact of COVID-19, disruption to education and training and workforce supply was experienced as we worked to recover our workforce and digital services. Many of our education and training programmes are based on workplace learning and their full recovery depends on the future impact of the pandemic on clinical capacity, waiting time back-logs and new models of care as we emerge from the COVID-19 pandemic and shift our focus to the recovery phase. Other key dependencies which have affected recovery

include the commissioned activity of higher and further education and decisions taken by UK professional bodies and regulators. In addition, longer term workforce supply depends on undergraduate activity in the education sector which has also been subject to disruption since 2020.

2) Providing educational materials, resources and learning opportunities

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

As part of our response to COVID-19 we were required to deliver a significant volume of additional resources in challenging timescales and also support the increased shift from face to face to online delivery. This included the upskilling of NES facilitators in the use of new technologies to deliver a high quality training experience online as well as the provision of a wider variety of online resources such as video productions and new e-learning modules. As we now focus on the recovery phase, we will review the methods of delivery of education and training, and we will assess how we capture the benefits of the investments that were made during the pandemic period.



2.1) Face to Face

Traditionally we have delivered many learning opportunities face to face, however due to COVID-19 the majority of these programmes were paused or moved to virtual delivery platforms. Where face to face training was a critical requirement this continued with appropriate COVID-19 precautions in place.

All Quality Improvement programmes restarted over 2021/2022 utilising hybrid delivery models. The Foundation level programme is now devolved and delivered by a network of over 100 Quality Improvement Alumni Facilitators. Due to limited capacity of staff from service pressures, one less cohort than normal of the Scottish Improvement Leader programme was delivered.

QUALITY IMPROVEMENT

Participants in QI Programmes 2021/22



- 34** Scottish Quality and Safety Fellowships
- 33** SIFS (Foundation level)
- 90** Scottish Coaching and Leading for the Improvement Programme
- 125** Scottish Improvement Leaders

2.2) Online

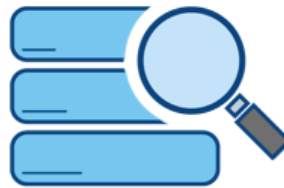
Through a blend of web-based resources, we continue to put information at users' fingertips.

THE KNOWLEDGE NETWORK

Use of Subscription Resources



1,221,524
Journal articles downloaded



903,771
Database searches conducted



1,190,086
Views Of eBooks and eBooks chapters

Previous Year	1,282,249	938,406	1,967,627
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The Knowledge Network digital library www.knowledge.scot.nhs.uk continued to make resources available across NHS Scotland and Social Care and negotiated new 3-year contracts for library subscriptions to ensure that access to online resources was maintained going into 2022/23 and also contributed to the development of the NICE Framework for digital library procurement. In preparation for the tender the use of all the journals, databases and books was carefully scrutinised and care was taken to not discriminate against highly specialised clinical areas where use is low, but value is high. The usual impact survey was scaled down due the COVID-19 pandemic and associated pressures on staff. Much of the previous content has been retained with an increase in the content for social care staff in recognition of the increased cross sectoral working.

The Knowledge Services Team continued to deliver all training online with 850 people attending webinars ranging from short demos to in depth information literacy sessions. For social care staff, the Open badges we host on the Scottish Social Services Council (SSSC) platform remain

popular with 362 awarded over the year. The focus on Health Literacy for remote consultations continued to be a popular webinar.

The Turas Learn platform is now the learning management platform for seven health boards hosting resources and providing compliance reports, three boards joined in 2021/22. Many other organisations use the platform to host materials for health and care staff. There are now more than 18,000 resources available including:

- 1,390 eLearning modules, up from 1000 last year;
- 1497 videos, up from 974 last year; and
- 5,327 courses.

The number of users successfully completing learning activities grew for all forms of delivery:

	2020/21	2021/22	% increase
Course	21,746	26,837	23%
eLearning	92,727	108,046	16%
Learning programme	19,389	33,919	75%

The total number of pageviews is up 41% on last year and access via a mobile device is up 46%. Infection, Prevention and Control Foundation continues to be the most visited site with 25,955 sessions and 356,207 pageviews, up 2.3% on the previous year. Learning and information about Lateral flow testing is the most popular of the COVID-19 resources with 88,032 sessions.

Google analytics for Learn show that activity has grown significantly compared to the previous year:

Sessions:	3,477,357	↑	35%
Pageviews:	17,534,037	↑	41%
Unique pageviews:	11,580,210	↑	49%

Technology Enhanced Learning (TEL)

The Technology Enhanced Learning Support Team came into post in December 2021 and quickly set to work on the task of improving how NES staff can utilise technology in the design and delivery of education. This includes helping them to explore the available options - from the hosting of webinars to considering the use of animations and planning the design of eLearning modules. Their mission statement describes their ambitions.

NHS Education for Scotland

TEL team mission statement

Our aim is to empower our NES colleagues to develop and sustain their skills and confidence to design, deliver and support education using technology enhanced learning practices. We will work collaboratively with our colleagues and act as role models to support a consistent and evidence-based NES approach to technology enhanced learning.

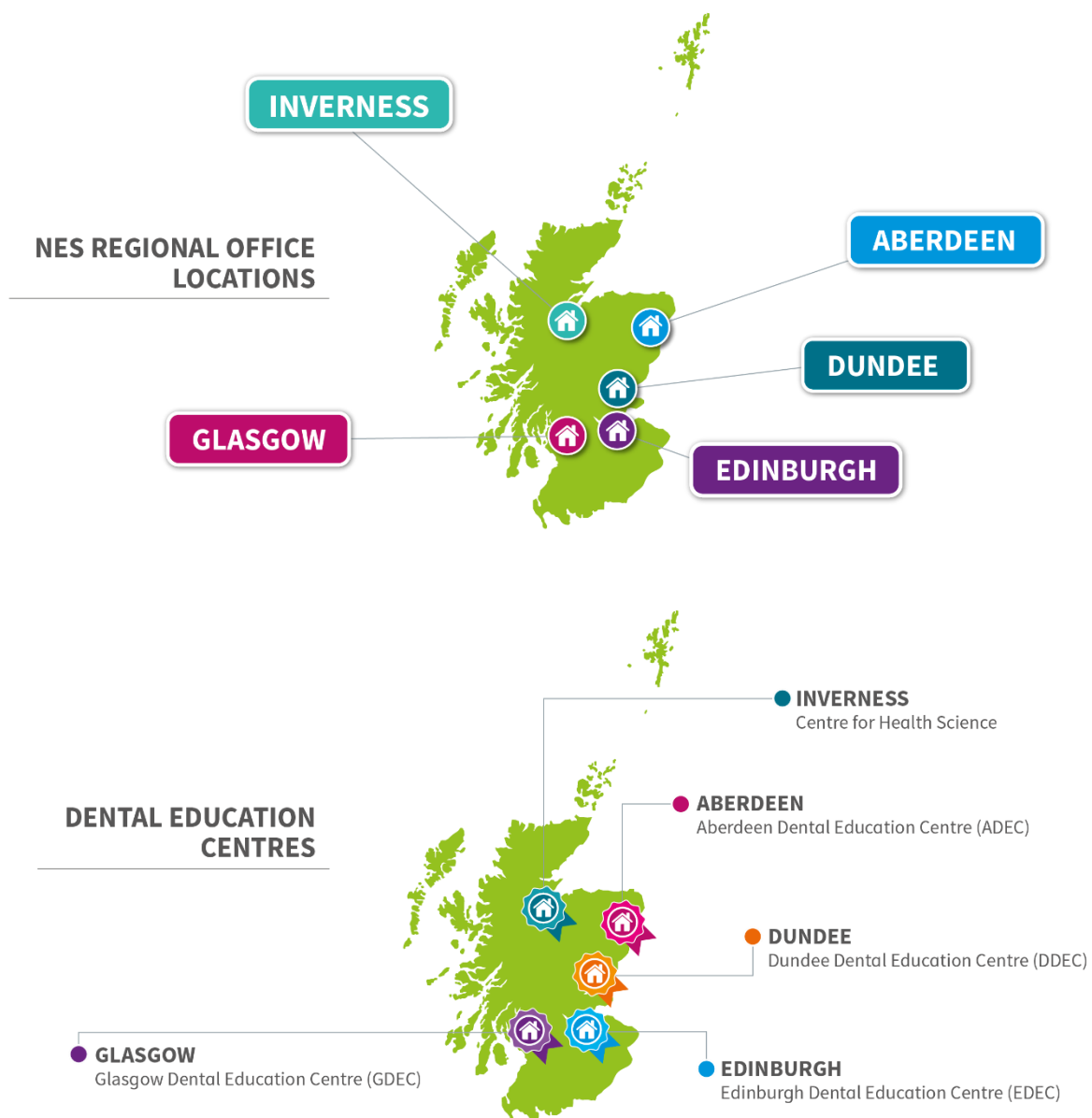


The team has been engaging with staff across all Directorates and disciplines to build on existing good practice and provide contextual support through a range of approaches and resources. Initial activity has included the development of communities of educators and business support staff in order to ensure that needs are being effectively identified and met and that the authentic experience of staff members is heard. Another key area of focus is supporting the inclusion of technology enhanced learning questions within evaluation processes throughout the organisation, to capture the feedback of learners in this specific area and identify any changes which would support improvement.

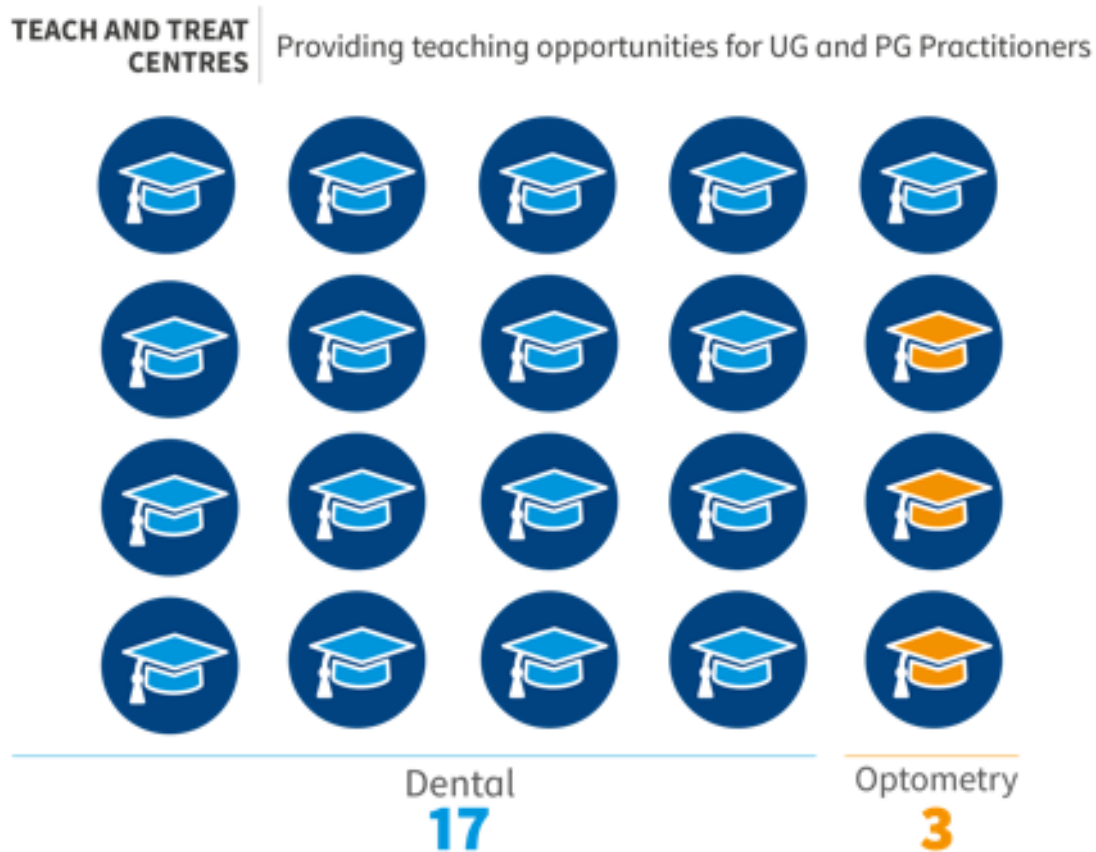
3) Provision of physical, people and digital infrastructures

3.1) Physical Infrastructure

Our offices and Education Centres are located across Scotland as we recognise the importance of location in being able to engage with our stakeholders; and provide a service to the workforce across Scotland. Throughout 2021/22 we have ensured that the use of office space conforms with COVID-19 guidelines on safe working environments. We will work with other NHS boards to review the ongoing office requirements in response to the new ways of working successfully implemented since the start of the COVID-19 pandemic.



In 2021/22, most educational programmes were moved online to avoid unnecessary contacts between individuals. The Dental Centres were open to allow the delivery of essential face to face sessions where specific clinical skills training could not feasibly be delivered in any other way. Where this was necessary appropriate COVID-19 safety precautions were in place. From 1 March 2022 Face to face training events have begun to take place again but in a reduced capacity to pre-pandemic levels. The Centres have also re-opened for staff to work from.

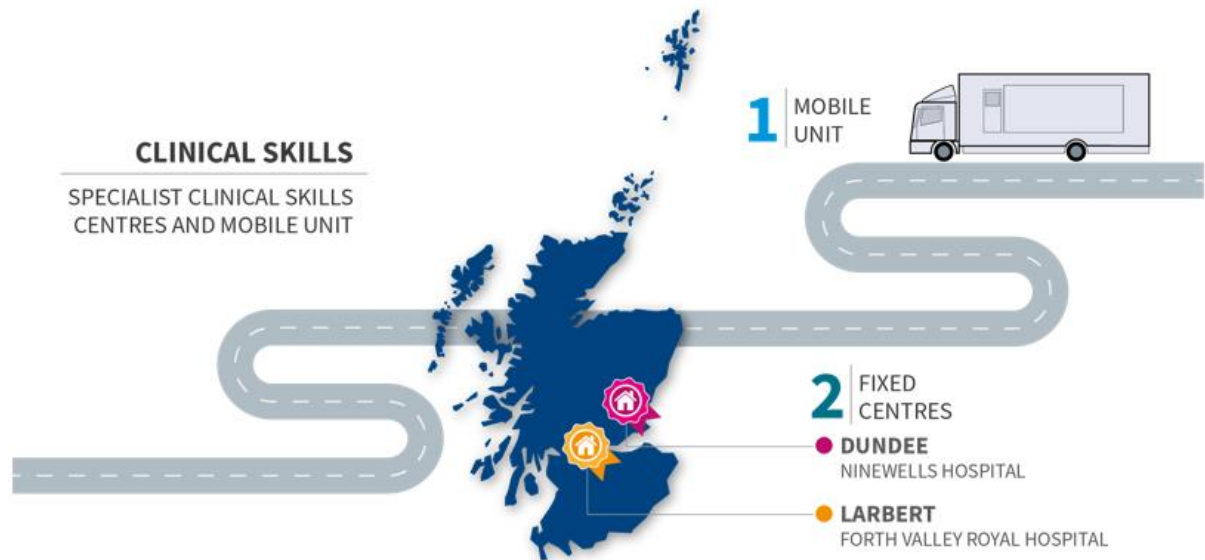


The Teach and Treat centres we support normally provide teaching opportunities for undergraduate and postgraduate practitioners.

During 2021/22 undergraduate Dental teaching continued to be severely restricted as a result of the impact of COVID-19. This principally related to the ability to undertake aerosol generating procedures. This also impacted on the dental Teach and Treat centres. Some centres have been able to accommodate near normal levels of activity whilst others have remained severely restricted due to COVID-19. Some centres remained repurposed to expand the capacity of NHS Scotland to provide urgent dental care.

We have three traditional Optometry Centres, in the North, East and West of Scotland and these clinics supported 119 optometrists practicing in Scotland, in completing their clinical placement element of the Independent Prescribing qualification. An aim for some time has been to introduce specialist optometrist-led sessions to our Teach and Treat Centres: we achieved this in 2021/22 through funding NES Glaucoma Award Training Teach and Treat, across eight health boards in Scotland, employing both optometrists and ophthalmologists as supervisors for this specialist qualification allowing community glaucoma care.

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



2021/22 saw the remobilising of various training events and the Mobile Skills Unit (MSU) has been back on the road travelling across Scotland to facilitate training. This training had to include physical distancing and so the number of people on the MSU at any one time was restricted.

The number of participants trained for 2021/22 was 402 with over 100 training sessions to 11 different sites including new venues in Western Isles and Fife. As a direct result of the pandemic there were 9 cancelled visits, we were keen to support trainers and so ran extra Faculty Development courses – five courses in total on the MSU at the Forth Valley Royal Hospital plus two additional faculty development courses on location in Stornoway and Inverness.

NHS Scotland Academy

NHS Education for Scotland and NHS Golden Jubilee have formed the NHS Scotland Academy, a national joint initiative that will support the implementation of NHS Scotland's Recovery Plan. The partnership capitalises on the existing strengths of both parent Boards and focuses on areas of workforce pressures requiring accelerated training to meet the clinical and care needs of citizens across Scotland. In addition to using the facilities within NHS Golden Jubilee University Hospital, training has been provided in Stobhill Hospital. Other locations will also be considered going forward.

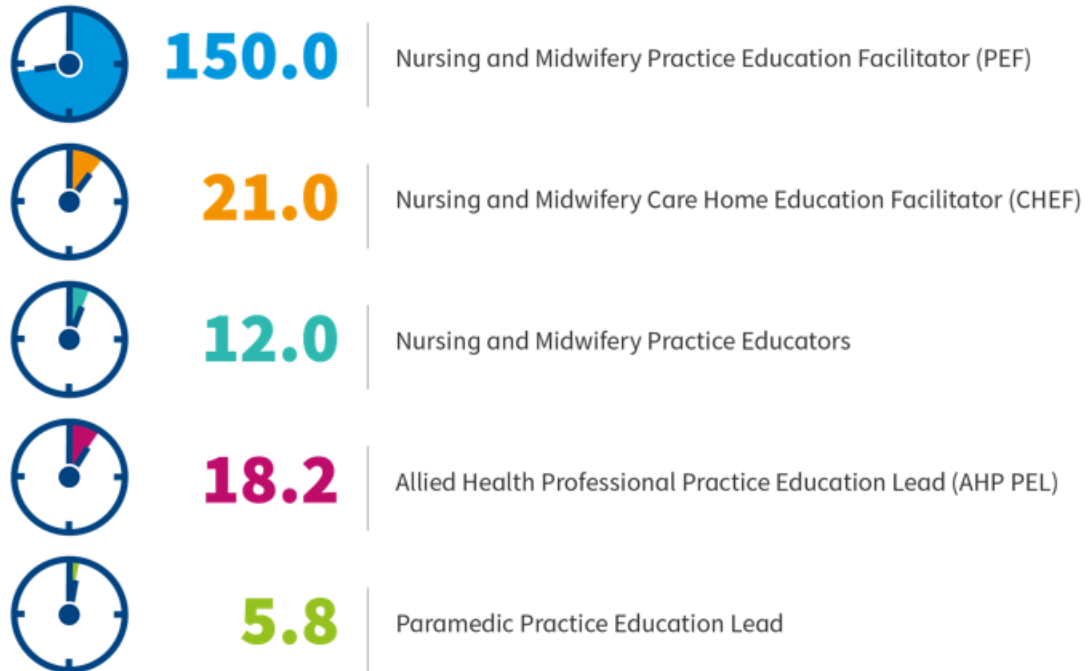
3.2) People Infrastructure: Trainers and Educators

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

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

**NMAHP EDUCATION
NETWORK****WTEs Within NMAHP Education Network**

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

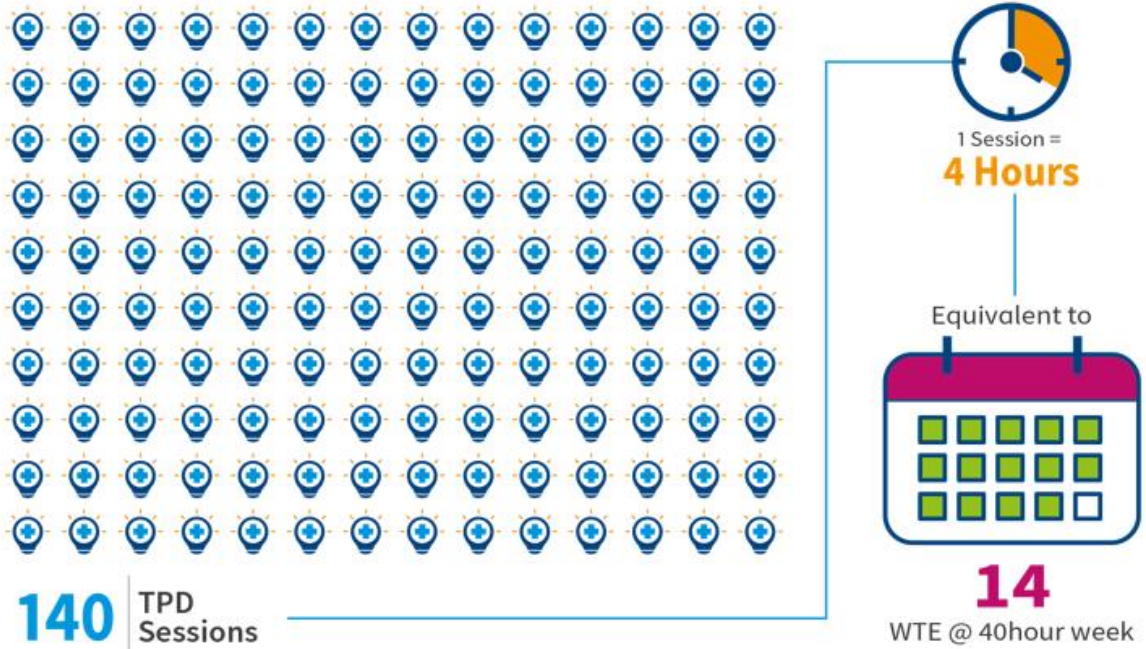


This year, the Chief Nursing Officer Directorate provided additional permanent funding for Paramedic Practice Education Leads, as well as 2-year non-recurrent funding for increases to Allied Health Professional Practice Education Leads (7.2 WTE), Practice Education Facilitators (50 WTE), and Care Home Education Facilitators (7 WTE). The additional fixed term posts have been focused in areas with current placement shortfalls, particularly non-NHS environments and smaller numbers of students to ensure the development of sustainable placements. This included dedicated Midwifery PEF support.

The onset of COVID-19 dramatically reduced the number of care home and third sector placements, but ongoing support from the PEFs and CHEFs has re-established care homes placements to pre-pandemic numbers for nursing students and a scoping exercise identified new NMAHP placements for exploration.

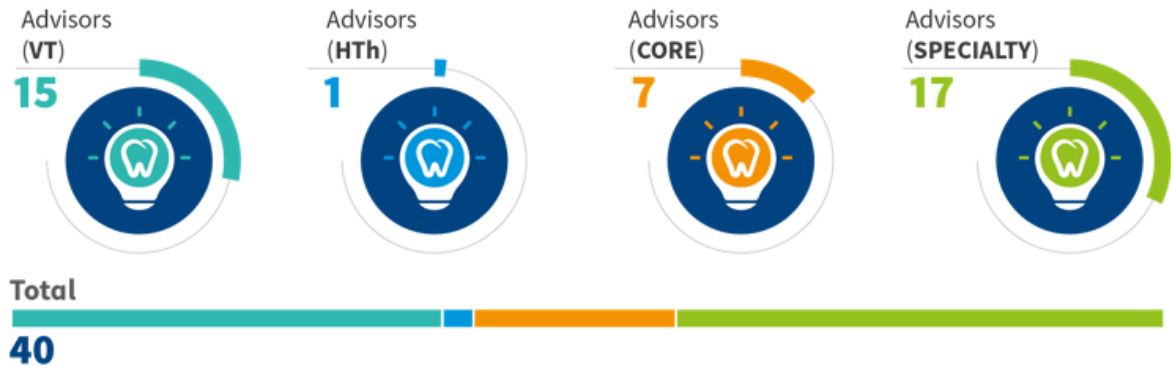
In addition, extensive stakeholder engagement enabled a 'Once for Scotland' approach to the implementation of Nursing and Midwifery Council and Health and Care Professions Council regulatory requirements by increasing capability and capacity, national resources, and refreshed governance arrangements. Collectively, these provide national consistency across Scotland and contribute to the enhancement of the quality of the practice learning experience for students and the wider workforce.

MEDICAL | Training Programme Directors



Training Programme Director sessions have expanded slightly over 2021/22 to accommodate additional support for international medical graduates and for expanding numbers in Internal Medical Training programmes.

DENTAL | Training Programme Directors headcount



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

These advisors continued to support trainees in post throughout 2021/22 through the delivery of additional training resources to complement their clinical training.

Psychology Education Network

Psychology | Psychology Education Network



Transforming Psychological Trauma
Implementation Co-ordinators (TPTICs)

3.25 WTE



CAMHS Learning Coordinators

14



Local Area Tutors

3.4 WTE



Psychological Therapies Training
Coordinators (PTTCs)

3.5 WTE

- Transforming Psychological Trauma Implementation Co-ordinators (TPTICs), 3.25 WTE nationally, enabling delivery of 1911 trauma training places supporting multi-sector multi professional workforce.
- Funded network of 14 CAMHS Learning Coordinators (part-time) supporting multidisciplinary CAMHS staff.
- Local Area Tutors, 3.4 WTE across 11 NHS Scotland Boards, to provide support for the training of pre-registration clinical psychologists through liaison/interface between NHS supervisors/ services and Programme providers, as well as placement planning and monitoring, and supervisor training and development.
- Psychological Therapies Training Coordinators (PTTCs), 3.5 WTE in 14 health boards, to work with local strategic planning groups to support the increase in access to Psychological Therapies required to enable boards to meet the LDP Psychological Therapies Waiting Times Standard.

3.3) Digital Infrastructure

During 2021/22 the focus has been on maintaining our key business as usual systems and applications in support of education and training whilst continuing to support the Scottish Government response to the Covid-19 pandemic, largely but not exclusively through our support for the national vaccination programme. In addition, there has been significant work undertaken to bring the two separate digital groups within NES into a single, consolidated Technology Delivery Group, the NES Technology Service (NTS).

We continue to contribute to the delivery of the *Digital Health & Care Strategy*. All agreed delivery dates have been met, there were no unfilled product or delivery outcomes. NTS continues to have excellent support from the SG Digital Health & Care Directorate, NHS Scotland, and wider stakeholders. The significant, enterprise-wide planning processes started in October 2021 covering the Health and Social Care domains, completed its work in March 2022.

In support of this increasingly complex landscape NTS has developed a domain model for delivery management and reporting.

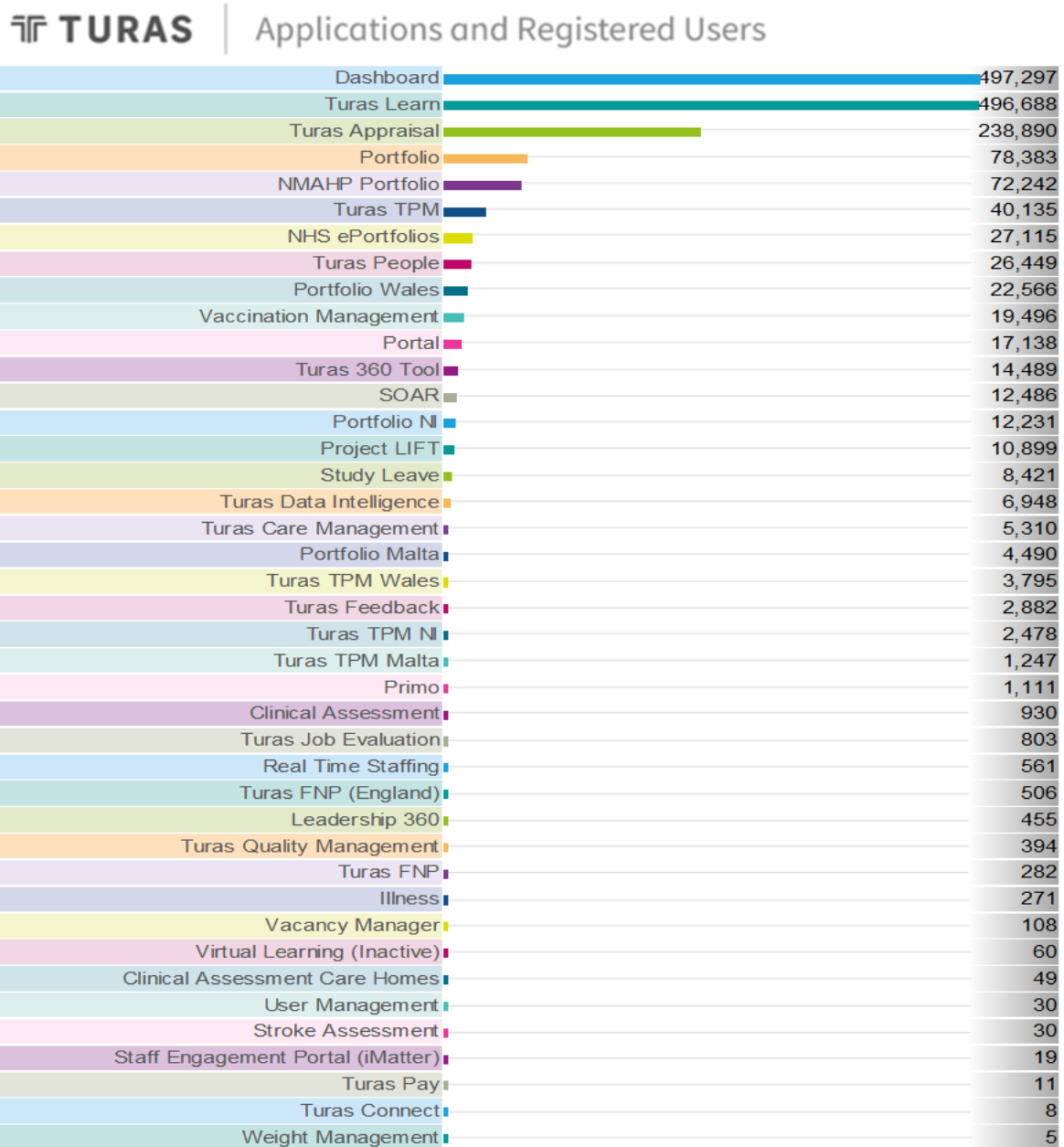
DIGITAL | Digital Operational Domains



These domains will be used in the 2022/23 year for governance and reporting purposes but more centrally, for management of delivery.

The growing Turas application family:

Below is the list of available applications and users running from the NES Turas Platform as of March 2022 representing more than £1.6million users of 41 different applications.



The **Turas Dashboard**, implemented in 2019, is NHS Education for Scotland's single, unified platform that enables users to sign in to manage their account, or access health and social care tools and learning resources, all in one place. The Dashboard acts as the single point of access for all the different applications, services and learning resources available to that user.

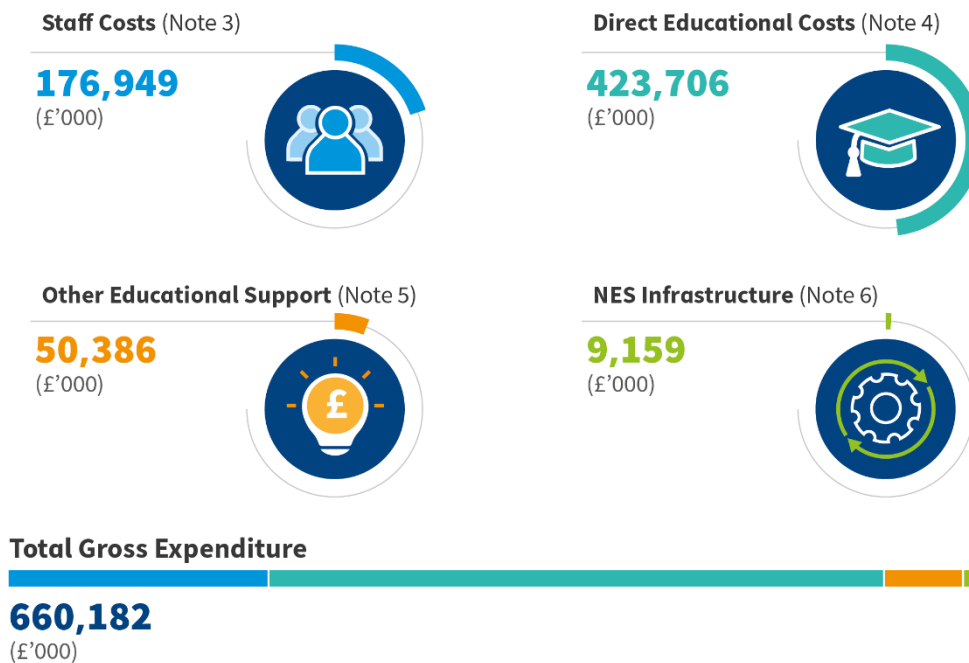
As the pandemic has fundamentally changed the scale and demand for remote/online learning, **Turas Learn** has continued to be developed as the NHS Scotland Learning Management System. It hosts a continually expanding range of health and care related learning resources and provides general and targeted functionality to deliver, promote, track and record learning for all NHS Scotland and care staff.

Expenditure in 2021/22

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

EXPENDITURE (PER NOTES 3 TO 6)

Summary statement of comprehensive expenditure



The Direct Educational Expenditure in Note 4 of £423,706k (2021: 398,260k) flows to Health Boards and Medical and Dental General Practices. The expenditure relating to Other Educational Support in Note 5 of £50,386k (2021: £43,031k) is predominantly paid to NHS Scotland Health Boards and Scottish Universities.

Within the Total Gross Expenditure noted above, £6.3m is related to the gross additional costs of COVID-19.

Developments in our Operating Environment

In response to the ongoing pandemic, throughout 2021/22 NES focused on supporting frontline services through educational materials, mental health resources, support for learners and trainees, redeployment of students, trainees and our staff and a wide range of digital support. While doing this we engaged with learners and our staff to help understand where we should focus our recovery efforts while establishing new ways of delivering education and training and managing disruption to training pathways and learners. In addition, last year we delivered phase three and four Re-Mobilisation Plans (RMP3 and RMP4) to support the Scottish Government's Re-Mobilise, Recover, Re-design: The Framework for NHS Scotland. These Re-Mobilisation Plans summarised our one-year priority activities and targets while recovering core services and maintaining contingency plans for COVID-19 disruption.

Over the year we operated in very challenging circumstances due to COVID-19 with the period to end September 2021 focusing on maintaining essential services, followed by a period of stabilisation to end March 2022 focused on annual student and trainee recruitment and educational programmes, training progression and support for Scottish Government priorities (vaccination programmes, COVID-19 suppression, essential services, and public health guidance). We played our part in supporting these priorities while recovering the recruitment, education, and training and workforce supply pipelines which provide a trained health and care workforce.

The formation of the NHS Scotland Academy with our partner NHS Golden Jubilee will support the implementation of NHS Scotland's Recovery Plan. The initial focus of the venture has been supporting the immediate workforce priority needs of NHS Scotland, including the acceleration of the appointment of at least 1500 additional staff to National Treatment Centres.

The Centre for Workforce Supply hosted by NES provided support to meet the target of international recruitment of 200 nurses by March 2022. In the longer term, the centre will support Boards to have the people with the right skills in the right place at the right time through the development of resource strategies and services which tackle national and place-based workforce supply challenges.

Key Issues and Risks

The corporate risks identified within the NES RMP3 and RMP4 plans are dominated by reduced capacity and delayed progression within the clinical learning environment. While we focused on COVID-19 recovery throughout 2021/22, we remained mindful of the many pressures that the service continued to face and the strategic risk to workforce supply if education and training activity and recruitment into training programmes continued to be disrupted. Throughout the year we worked hard to maintain these activities and our quality assurance systems, many of which have patient safety implications. To mitigate delays to training, we used measures such as training extensions, support for alternative examinations, early engagement with stakeholders, new online resources, alternatives to study, adjusted individual training plans and reviewed start dates.

In terms of ongoing risk NES also remains affected by our reliance on non-recurrent funding allied to funding for new activities and the various cost and system pressures associated with these initiatives. In addition, our support for national digital programmes for COVID-19 recovery impacted our core digital business and internal digital developments. To mitigate these risks, we worked with the Scottish Government to ensure that additional resources were made available for any new work as well as potential double-running costs across professional groups, the impact of paused training programmes and exam deferrals due to COVID-19.

In the longer term if workforce strategic risks are not managed, service capacity and capability could be further impacted by high vacancy rates and skills deficits within the health and care workforce. In future, increasing the supply routes into health and social care and improving retention will be essential to minimising workforce gaps as will action to build capacity through workforce

development and digital innovation. NES will mitigate these risks through strong stakeholder engagement and partnership working to confirm resourcing and be clear on expectations and deliverables for key areas of work. These actions, allied to the recovery of workplace learning and national initiatives to increase workforce supply and introduce new technology, have helped to ensure that the planning which underpin RMP3 and RMP4 enables us to achieve the outcome of a skilled and sustainable workforce.

Performance Analysis

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

1.1) Financial Performance and Position

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

- Revenue Resource Limit (RRL) - a resource budget for ongoing operations split between core and non-core. Non-core is for accounting adjustments which do not require a cash payment, such as depreciation or annually managed expenditure, where a provision is created for a potential future liability. All other budgets are considered to be core. Any underspend on non-core RRL cannot be carried forward to future years. Further detail can be found in the Summary of Resource Outturn.
- Capital Resource Limit (CRL) – a resource budget for net capital investment, split between core and non-core. In 2021/22 all the NES CRL was classified as core.
- Cash Requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

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

	Limit as set by SGHCD	Actual Outturn	Variance (Over)/ Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	567,267	566,253	1,014
Revenue Resource Limit - Non Core	1,833	1,832	1
Total Revenue Resource Limit	569,100	568,085	1,015
Capital Resource Limit - Core	449	448	1
Cash Requirement	563,780	563,780	0

Memorandum for In-Year Outturn

Memorandum for In-Year Outturn	
	£'000
Core Revenue Resource Variance in 2021/22	1,014
Financial Flexibility : funding provided by Scottish Government	0
Underlying Surplus against Core Revenue Resource Limit	1,014
Percentage	0.18%

1.2) Summary of key items from the Financial Statements**Accounting Convention**

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

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

Going Concern Basis

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

Outstanding Liabilities

NES has recognised a dilapidation liability of £4,046k (2021: £4,002k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Glasgow, Edinburgh, Aberdeen, and Inverness. Further information is in Note 13a.

Legal Obligations

CNORIS is the Clinical Negligence and Other Risk Indemnity Scheme on behalf of the NHS in Scotland. Legal obligations under Medical Negligence claims are reported within Note 13a, Provisions in the accounts. The total provision for claims against NES as at 31st March 22 is £376k (2021: £514k).

Prior Year Adjustments

There are no prior year adjustments.

Significant Changes in Non-Current Assets

Intangible:

NES invested £321k in intangible assets which included £228k on further enhancements to the National Digital Platform.

Property, Plant and Equipment:

NES has invested £182k on simulation equipment reflecting the importance of simulation in providing additional clinical skills training to support trainee progression.

Pension Liabilities

The accounting policy note for pensions is provided in Note 1. The disclosure of the expenditure is shown within Note 15, and also in the Remuneration Report.

Post Statement of Financial Position Items

There are no post Statement of Financial Position items

Impact of Lead Employer Arrangements

Within these accounts we have approximately £79m of expenditure (2021: £71m) relating to NES as one of four Lead Employers for all Doctors in Training within NHS Scotland

The impact of this is reflected in the Statement of Comprehensive Net Expenditure (SoCNE) in staff expenditure and income. The expenditure relating to GP and Dental Trainees, whilst they are in a hospital placement and National Programme Trainees is recharged to the Placement Health Board. The increase in expenditure reflects the full-year impact of Trainees on National Programmes for whom NES became the employer in August 2020. The increase in expenditure is offset by an increase in income from NHS Scotland bodies.

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	2021/22	2020/21
AVERAGE CREDIT TAKEN	10 days	12 days
% OF INVOICES (BY VALUE) PAID WITHIN 30 DAYS	97%	90%
% OF INVOICES (BY VOLUME) PAID WITHIN 30 DAYS	97%	96%
% OF INVOICES (BY VALUE) PAID WITHIN 10 DAYS	93%	80%
% OF INVOICES (BY VOLUME) PAID WITHIN 10 DAYS	92%	87%

Supplier payments performance figures have shown an improvement in the year and demonstrate a recovery from the initial impact of the COVID-19 pandemic. We are well within the target of paying 95% of undisputed invoices within 30 days, and 86% within 10 days, and are now reflecting that on average, undisputed invoices are paid in 10 days.

Sickness Absence Data

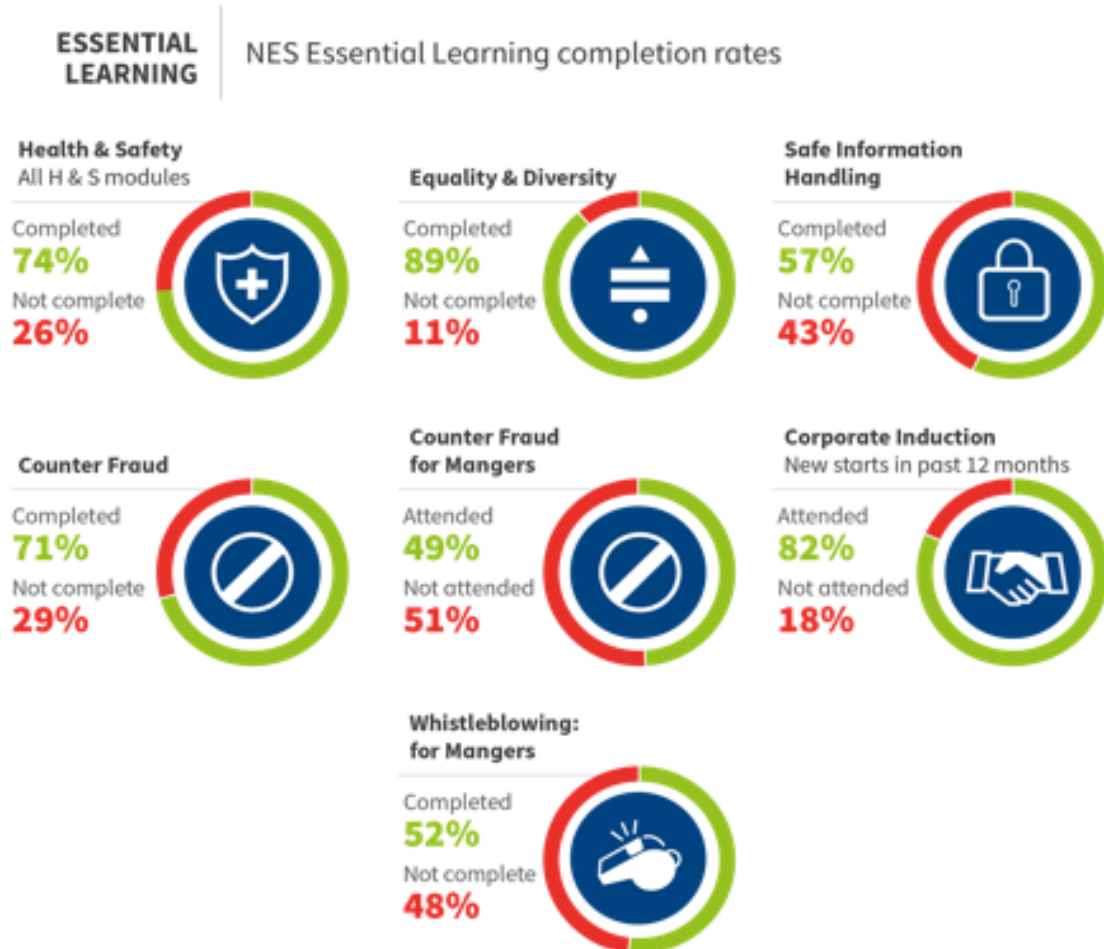
The Board has a proactive policy on the management of sickness absence and the average absence rate for 2021/22 was 1.77%. Although this has increased from 2020/21 (1.08%), it is still less than pre-pandemic levels reported in 2019/20 (2.3%).

NES Essential Learning Completion Rates as at 31 March 2022

Completion of Corporate Induction has improved from 2020/21 whilst uptake on Counter Fraud, Equality and Diversity, Safe Information Handling and Health & Safety has decreased, this is mainly as a result of changes to these modules which introduced refresh dates where previously

there had been none, the Information Governance module was updated and replaced by Safe Information Handling resulting in all staff being required to retake this module, the Health and Safety modules are generally geared towards staff working in an office environment and as most staff have been homeworking for the last 12 months some modules have not been prioritised. The Whistleblowing for Line Managers is a new course added to essential learning requirements in Q3 of 2022, the target date for staff to complete this module in June 2022.

In some instances, completion rates will have been affected by the additional workload for some staff as a result of pandemic pressures and priorities. However, the Extended Executive Team members have been asked to focus on reducing compliance gaps and the factors impacting on completion of essential learning over the next few months, with steps being taken to review the components, processes and data relating to essential learning.



Social Matters

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

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

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

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. In 2020 'The Climate Change (Scotland)' Amendment order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets.

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

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

1.4) Performance Against Key Operational Targets during 2021/22

Operational Performance Management

Throughout 2021/22 we remained prepared for continued disruption to education and training, acknowledging the ongoing pressure on frontline services and the uncertainty surrounding COVID-19. During the year Scottish Government requested phase three and four Re-Mobilisation Plans (RMP3 and RMP4) which were short-term in timescale (to end March 2022) and focused on our 2021/22 priority activities while we continued to recover our core business and operate our contingency plans to deal with ongoing disruption. During the year we continued to performance report to the NES Board quarterly using RAG status against the targets set in our detailed operational and financial plan for 2021/22 which covered all NES activities and programmes. From this detailed operational and financial plan, we identified our priority activities and performance targets and pulled these into the RMP3 and RMP4 plans using the template supplied by Scottish Government. Progress against the RMP4 activities and targets was RAG reported to the Scottish Government quarterly from end September 2021, consistent with the quarterly performance reports to the NES Board.

During 2021/22 we started to review our strategic vision and future operating model. This includes implementing a new corporate performance framework with performance measures and strategic key performance indicators (KPI's), which measure true business outcomes and key results across NES, following evidence-based performance measurement methodology. The outcome of this work will be improved performance reporting and assurance, providing the NES Board with improved data and intelligence through aligned performance reporting on key strategic and business priorities, evidencing impact towards achieving the new NES strategy.

In addition, it will provide assurance to Scottish Government linked to the NES annual review, aligned to strategy to support identification of areas for improvement and establishing ownership for KPI's at all levels to drive improvement. While we transition to this new approach, our existing performance reports do give an overview of performance (Red, Amber and Green)

in relation to the existing NES strategic themes to identify key areas which might require additional focus.

Phase 1 of the programme was completed during 2021/22. This included training and familiarisation with performance measurement methodology linked to a measurable strategy to support continuous improvement and strategic progression. Phase 2 of the programme has established an implementation team who will cascade training and work with others to create strategic Key Performance Indicators, linked to our new strategy, once this is available.

The 2021/22 targets by strategic theme are shown below.

PRIORITY TARGETS

Summary By Strategic Theme

Skilled Workforce

● Not completed | 0
● Partially completed | 1
● Achieved | 8



Digital & Data

● Not completed | 0
● Partially completed | 0
● Achieved | 7



Recruitment, Training & Retention

● Not completed | 3
● Partially completed | 3
● Achieved | 17



Quality Learning & Employment

● Not completed | 0
● Partially completed | 0
● Achieved | 4



High performing NES

● Not completed | 0
● Partially completed | 1
● Achieved | 11



Total

● Not completed | 3
● Partially completed | 5
● Achieved | 47



ALL TARGETS | Summary By Strategic Theme**Skilled Workforce**

● Not completed | **11**
 ● Partially completed | **34**
 ● Achieved | **174**

**Digital & Data**

● Not completed | **6**
 ● Partially completed | **8**
 ● Achieved | **54**

**Recruitment, Training & Retention**

● Not completed | **12**
 ● Partially completed | **9**
 ● Achieved | **97**

**Quality Learning & Employment**

● Not completed | **7**
 ● Partially completed | **6**
 ● Achieved | **68**

**High performing NES**

● Not completed | **13**
 ● Partially completed | **12**
 ● Achieved | **67**

**Total**

● Not completed | **49**
 ● Partially completed | **69**
 ● Achieved | **460**



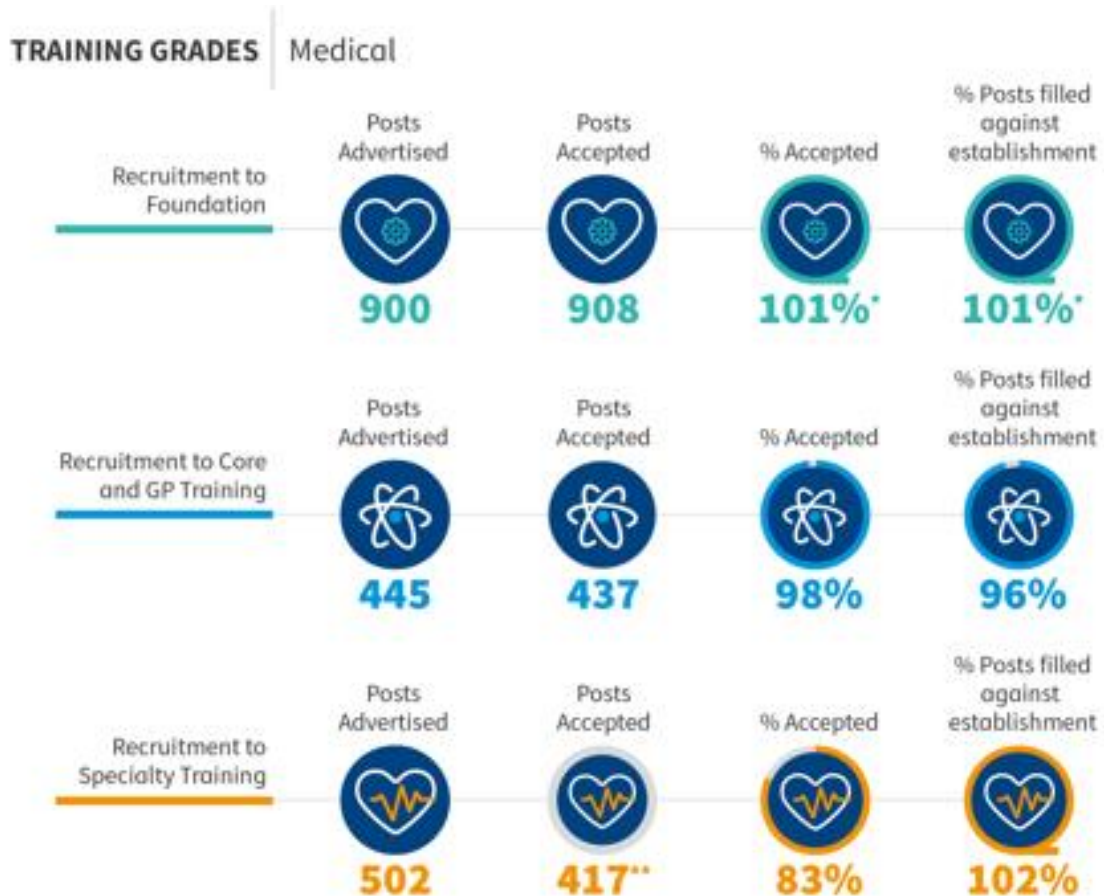
There were 578 RMP4 performance targets, of which 55 (10%) were identified as priority targets. Of all 578 targets, 49 were red, 69 were amber and 460 were green. Of all the 55 priority targets, 3 were red, 5 were amber and 47 were green.

Area	Priority Targets not achieved (Red)	COVID-19 Impact
Dental (2)	To provide up to 163 training posts for Dental Vocational Training (DVT) to match the final output of the Scottish Dental Schools by July 2021. Up to 92 Dental Core and up to 45 (40 NES-funded) Specialty and post Certificate of Completion of Specialist Training (CCST) trainees achieving the learning outcomes of the relevant curricula to the GDC (General Dental Council) standards. Supported by relevant digital systems and trainers who can access support from NES.	There was no Scottish Dental School output in July 2021 due to COVID-19. Only 72 DCT posts were filled due to a combination of posts unfilled at national recruitment plus withdrawals and resignations since post commencement.
NMAHP (1)	Develop online content for Prison Healthcare and Care Home Nursing and redesign current General Practice Nursing and District Nursing resources to form a single resource with core and specific areas for District Nurses, General Practice Nurses, Care Home and Prison Health Care Nurses.	Owing to COVID related service pressure within the Prison Service, the subject matter expert that was identified to complete the work was not released to undertake this work.

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

1.4.1) Recruitment to and Progression through Key Training Programmes

Medical



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

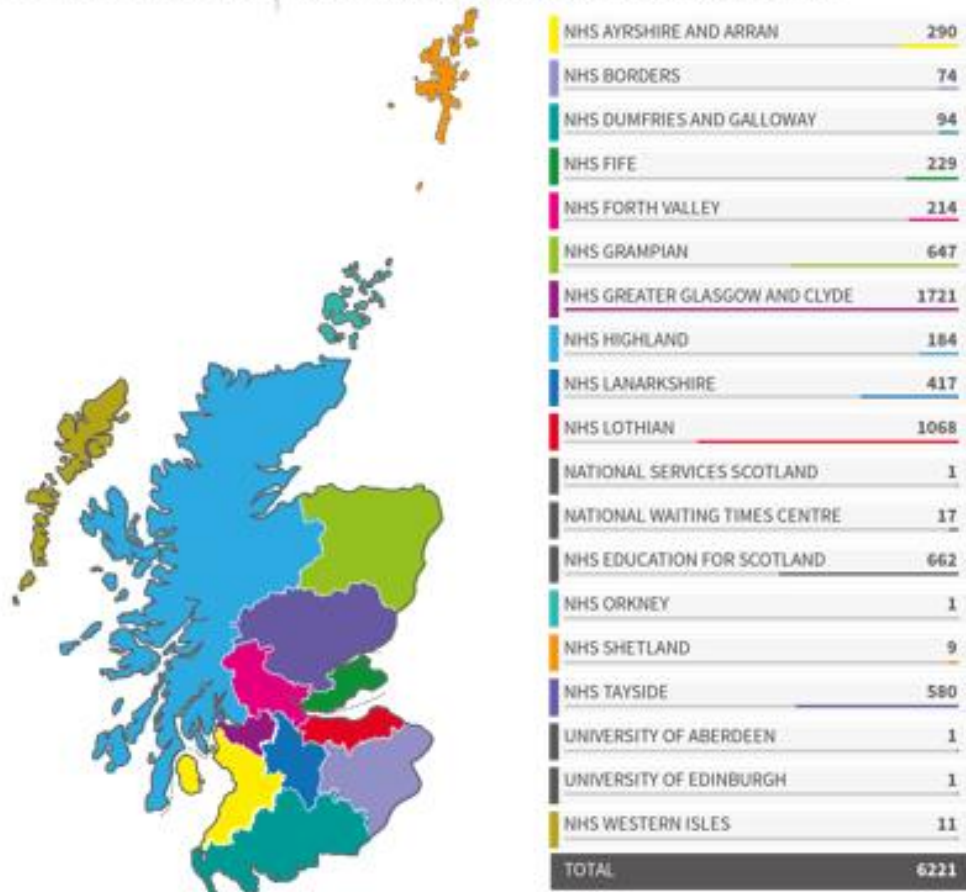
** Due to changes in curriculum a number of trainees that had previously completed core medical training were given the opportunity to return to an IMT year 3 post, an additional 69 posts were added into the system to accommodate the trainees but only 47 were required, this makes the percentage fill rate for higher and run through training look slightly lower. There are also a number of gaps in higher psychiatry training.

As at 5th August 2021 higher specialty training posts were slightly overfilled against establishment due to extensions to training required for period of grace, where trainees needed additional training time (Outcome 3 at ARCP) and where trainees needed additional training time due to COVID-19 delays (outcome 10.2 at ARCP). This figure reduces incrementally across the year.

DOCTORS IN TRAINING | Trainees per employing board August 2021



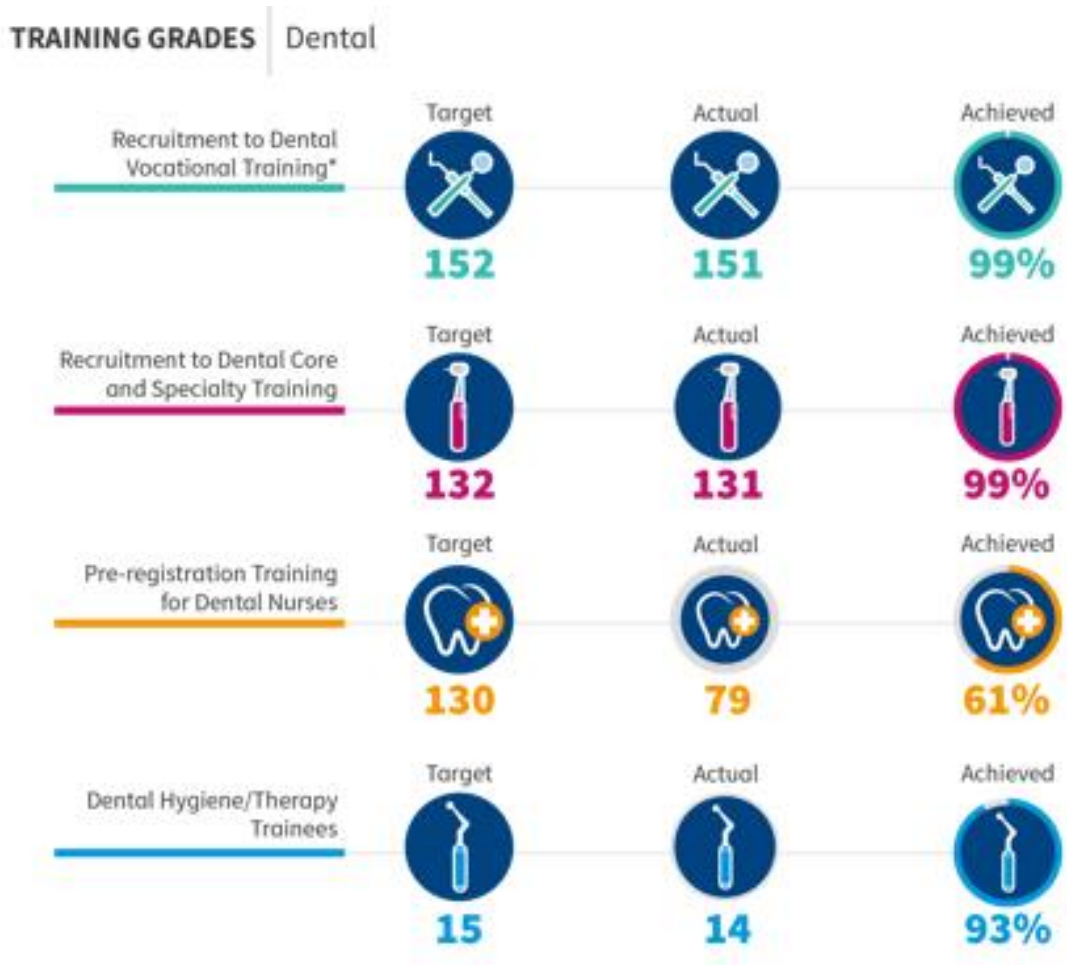
DOCTORS IN TRAINING | Trainees per placement board August 2021



Dentistry

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

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



**152 DVTs commenced training in September 2020. As a result of the impact of COVID-19 on training, extension to training was offered until 31st July 2022 therefore no new trainees were recruited. In April 2021 151 remained in post. After 31st March 2022 141 will remain in post. This has been due to 6 already obtaining satisfactory completion of training in February 2022 and a further 1 was awarded satisfactory completion subject to conditions. The remainder have resigned from their training posts*

Dental services are now remobilised, although there is a widespread recognition that a return to the pre pandemic model is neither desirable nor feasible. For Vocational Training, opportunities for patient treatments, and opportunities for the delivery of full care plans from planning to execution have been restricted. The extent to which training has been disrupted has been variable, depending on bubble arrangements within practices, and periods of closure or absence as a result of restrictions and/or self-isolation for team members. General Dental Services are

now approaching normal arrangements and activity levels, and opportunities for VDPs have increased significantly in recent months.

For these reasons and after careful consideration of all the information available it became increasingly clear that an extension of training would be required for:

- Students in all years of the BDS programme. This will allow undergraduates to reach the status of 'safe beginner' by the time they graduate and apply for registration with the General Dental Council.
- Dental Vocational Trainees to ensure that they gain appropriate experience and proficiency required to meet the standards for award of Satisfactory Completion.

The repercussions on core and specialty training have been variable.

As with all areas of dentistry, the COVID-19 pandemic had an effect Dental Core and Specialty trainees although the effect was reduced in 2021/22 in comparison with 2020/21.

The review of competence progression (RCP) assesses the progress trainees have made over the year and of the dental core trainees completing training in August 2021, 85 were assessed as having completed the training year satisfactorily and only 1 trainee had not made satisfactory progress. A further trainee who had missed a significant amount of training due to a combination of Covid related factors was given a special, "no fault" COVID-19 outcome.

During the period April 2021 to March 2022, 48 Dental Specialty trainees were training in 9 of the 13 dental specialties. Each of these trainees had at least 1 review of progression during this period and the majority of trainees made satisfactory progress. In this timeframe, 5 trainees completed specialty training.

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

Uptake of places is dependent on external recruitment within general dental practice and NHS boards. This dictates demand for training places and is out with our control. Dental services faced significant impact as a result of the pandemic which resulted in the cessation of routine dental care and recruitment of new staff during 20-21. Dental services have remobilised and there is an increase in recruitment of trainee dental nurses due to commence in September 2022.

We offered up to 20 vocational training places for Dental Hygienist/Therapists, funded 60%, though this is not a compulsory requirement for registration and practice. 14 commenced in 2020/2021 and were offered an extension to training. In 2021/22, thirteen remained in post and completed in November. Due to the impact of COVID-19, they were then offered further educational support through an enhanced CPD programme.

Optometry

Of the circa 1,600 Optometrists and Ophthalmic medical practitioners on the list of Ophthalmic practitioners in Scotland, 1,572 completed their Mandatory Training module with NES which is a resource focused on developing personal leadership.

NES Optometry funded 18 practice staff members in achieving a SQA 5 or SQA7 Optical Assistant qualification.

Psychology

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

- Training of mental health disciplines (e.g., mental health nursing, psychiatry, clinical psychology).
- Mental health training for healthcare disciplines including those in primary care settings (general medical practitioners, general practice nurses, health visitors, school nurses).
- Mental health training for multidisciplinary health staff, social care and third sector staff (including care home/residential staff).

TRAINING GRADES | Applied Psychology

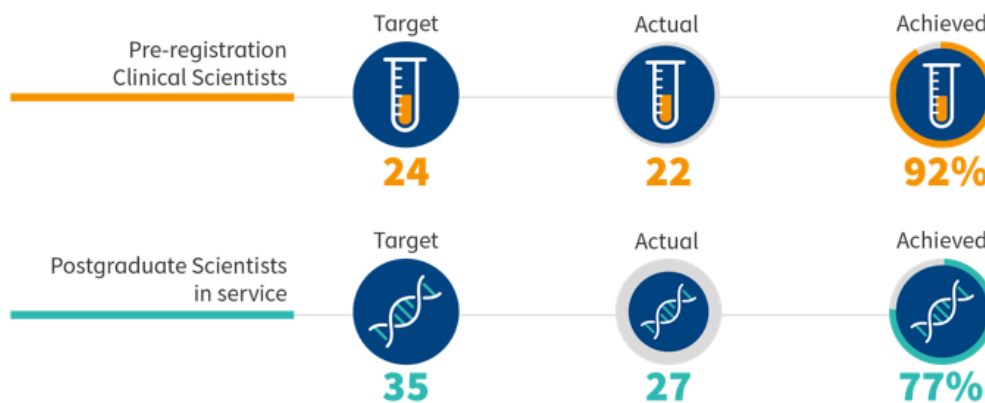


Clinical placements for all trainees continued to encompass elements of remote and digital delivery of supervised clinical practice to ensure trainees were obtaining the required experience, and that training was meeting regulatory and professional standards. Overall, the majority of trainees completed training as planned, however some trainees required short extensions to offset the impact of COVID-19 on delivery of training.

Healthcare Science

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

TRAINING GRADES | Healthcare Scientists



Pharmacy

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

TRAINING GRADES | Pre-registration Pharmacy



During 2021/22 NES Pharmacy continued to deliver all educational programmes in online formats including use of MS Teams and GoToWebinar; and provided additional support via Turas Learn. Quality management processes such as training site approval continued as a virtual format.

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

NHS Scotland Academy (NHSSA)

During 2021/22 the initial focus of the NHSSA has been on supporting the immediate workforce priority needs of NHS Scotland. The progress of our initial programmes that NHS Scotland Academy started to deliver in 2021/2022 are highlighted below:

- National Endoscopy Training Programme (NETP) is providing accelerated workforce training to increase the number of endoscopists in Scotland. The NETP has been established within the NHS Scotland Academy to commission and deliver endoscopy training to a wide range of learners from different professional backgrounds. 24 clinicians from across Scotland (doctors and nurses) have participated in the first NETP colonoscopy upskilling training programme, provided by an internationally renowned external team appointed to skill endoscopy faculty. A learning package for all endoscopy trainees using the high fidelity endoscopy simulators provided by NHS Education for Scotland (NES) and located across Scotland has been developed. Nineteen clinicians have been recruited to join the team who will take on the first faculty roles as part of the NETP, with a view to establishing opportunities for endoscopy training across Scotland.
- The first two cohorts of the Foundations of Perioperative Practice Programme are undertaking an accelerated programme to support them to become scrub and recovery practitioners. This is a priority of the National Treatment Centres' Accelerated Workforce Programme and offers accelerated education and training for Registered Nurses to become scrub and recovery practitioners. 21 registered nurses from across Scotland have embarked on the first two cohorts of the programme.
- Learners continue to access the Preparation for Working in Health and Social Care digital learning programme on TURAS, and by the end of March, 783 learners had registered to use the resource, logging on for 2826 sessions between them. Learners were from 13 of the 14 regional Boards, and by care providers throughout Scotland. The digital resource is optimised for mobile phones and offers short, interactive modules, using video and quizzes. It is available anywhere, anytime, and on any device.
- The National Clinical Skills for Pharmacists Programme supports pharmacists to become independent prescribers and we continue to work closely with the University of Dundee to successfully deliver this programme. This programme is supporting registered pharmacists take on new and extended clinical roles, improving access to healthcare in patients' local communities, reducing strain on accident and emergency units and GP surgeries. The National Clinical Skills for Pharmacists Programme continues to deliver around four clinical skills days per month, creating 60 learner places for pharmacists from across Scotland per month. Up to the end of March 2022, the NHS Scotland Academy pharmacy programme had 182 learners accessing a total 390 delegate days on the programme. These learners represent 12 of the national Boards.

1.4.2) Providing Educational Resources and Learning Materials

The impact of COVID-19 meant that there was a significant increase in the demand for educational resources and learning materials both online and in some cases face to face, to be developed at pace, to support staff across Health and Care. The activities detailed below provide an indication of the range of resources developed to meet key performance targets in this area.

- Development of education resources to support the upskilling of the NMAHP workforce during the COVID-19 pandemic (including health care support workers, those caring for the deteriorating person/unwell child, bespoke resources for staff in community and social services (with SSSC) and accessible learning on infection prevention and control).
- Creation of a suite of resources on Turas Learn based on the principles of Psychological First Aid designed to support:

- Staff providing effective support for people experiencing distress
- Staff planning for their own wellbeing
- Managers supporting the wellbeing of their staff
- In partnership with Scottish Government, the launch of universal free access across Scotland to the courses within Solihull Approach Online, to support parents, practitioners, and teenagers in light of the COVID-19 pandemic. 10,073 learners registered between May 2020 and March 2021.
- Scottish Dental Clinical Effectiveness Programme (SDCEP) a rapid review on mitigation of aerosol generating procedures in dentistry.
- Supported 214 Pharmacy Trainees (FTY)
- Supported 103 District nurses to become non-medical prescribers and a further 121 nurses and AHPs to qualify as non-medical prescribers to support the COVID-19 recovery.
- Scottish Multi-professional Maternity Development Programme has delivered 78 courses face to face in Boards to maintain essential maternity services education. Despite COVID-19 restrictions, we've reached over 650 practitioners.
- Provided online training to 2,700 people on Child and Adult Support and Protection.
- Provided online training to 1,700 people on Oral Cancer.
- Provided training to over 6,000 people on managing medical emergencies and basic life support.
- Development of an induction package made available via Turas Learn for NMAHP returners to practice.

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

1.4.3) Providing National Infrastructure

The infrastructure provided by NES has three different elements: Physical; People; and Digital. Some of the key activities that supported the delivery of targets in this area for 2021/22 are detailed below:

Physical Infrastructure

- Learning and training oversight, and services across Scotland, are normally provided through our offices in Inverness, Aberdeen, Dundee, Edinburgh, and Glasgow. Throughout, we have ensured that the office space conforms with COVID-19 guidelines on safe working 2021/22 environments, but most NES office-based staff have been working from home in line with COVID-19 guidance issued by the Scottish Government. Support for training programme management has continued to be provided online via MS Teams, webinars, or the provision of additional digital resources.
- The 17 Dental and 3 Optometry Teach and Treat centres we support normally provide teaching opportunities for undergraduate and post-graduate practitioners. In 2021/22 this continued to be severely restricted because of the impact of COVID-19, however some

Dental centres remained repurposed to expand the capacity of NHS Scotland to provide urgent dental care, and we were able to introduce specialist optometrist-led sessions in our Optometry teach and treat centres in 2021/22 through funding NES Glaucoma Award Training across eight health boards in Scotland.

- We supported two specialist clinical skills post centres and a Mobile Skills Unit, which enables training in remote and rural locations. In 2021/22 we held training over 9 different sites including new venues in Western Isles and Fife.
- NHS Scotland Academy is based at the NHS Golden Jubilee University Hospital and is developing a hub and spoke delivery model. An example of this is the National Endoscopy Training Programme, with the hub at NHS Golden Jubilee University Hospital and spokes being developed to other parts of Scotland at Stobhill Hospital, East Lothian Community Hospital, Ninewells Hospital and Raigmore Hospital.

People Infrastructure

Our network of staff across Scotland manages training programmes, facilitate placements, support practice education, and provide an infrastructure to ensure that our training meets regulatory requirements.

- In 2021/22 we supported 150 WTE Nursing and Midwifery Practice Education Facilitators, 21 WTE Nursing and Midwifery Care Home Education Facilitators, 12 WTE Nursing and Midwifery Practice Educators, 18.2 WTE Allied Health Professional Practice Education Leads and 5.8 WTE Paramedic Practice Education Leads.
- Our Medical Training Programme Directors (TPD) delivered 140 TPD sessions, equivalent to 14 WTE posts.
- The Advisors (VT) support the one-year Vocational Training programme, which graduates must satisfactorily complete to enable them to be eligible to work as an associate or principal in NHS General Dental Practice. In addition, there is a single Therapy Advisor who supports a part time Vocational Training Scheme for recent Dental Therapy Graduates. Advisors (Core) support trainees who successfully apply to enter the Hospital and Public Dental Service through a core training placement. The Advisors (Specialty) support Dentists who are undertaking Specialty Training. These advisors continued to support trainees in post throughout 2021/22 through the delivery of additional training resources to complement their clinical training
- In Psychology we supported Transforming Psychological Trauma Implementation Coordinators (TPTICs) nationally, enabling delivery of 1,911 trauma training places nationally.
- We also maintained the funded network of 14 CAMHS Learning Coordinators who provide a vital link between NES and the territorial Boards – sharing information on training needs, disseminating information on NES training and events, and nominating clinicians for training.
- Local Area Tutors were provided across NHS Scotland Boards to provide support for the training of pre-registration clinical psychologists through liaison/interface between - NHS supervisors/services and Programme providers, as well as placement planning and monitoring, and supervisor training and development; and
- Psychological Therapies Training Coordinators (PTTCs) were supported in the health boards, to work with local strategic planning groups to support the increase in access to Psychological Therapies required to enable boards to meet the Local Delivery Plan Psychological Therapies Waiting Times Standard.

Digital Infrastructure

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

- The rapid development and deployment of a new application in support of SG Chief Nursing Officer Directorate to capture **Real Time Staffing (RTS)**. This is to ensure appropriate reporting at SG level as part of the Safe Staffing legislation. The first iteration of the tool is for Intensive Care staff. The tool is live in all 14 Territorial Boards.
- The strategic work to develop and deliver the OpenEyes **ophthalmology electronic patient record (oEPR)** continued in NHS Grampian who now have the first live integration with the PAS Trak. NHS GG&C have also been on boarded to the programme and are building on the NHS Grampian integration to accelerate go live. NHS Lanarkshire have commenced the on boarding process.
- The **Protect Scotland proximity smartphone app** was identified as a Medical Device Software which requires regulatory compliance. The app alerted people if they have been in close contact with another app user who tested positive for COVID-19. It was downloaded by over 1.5 million devices. As a result of holding manufacturer status NES were required by the Medical and Health Regulatory Authority (MHRA) to attain compliance status. From a standing start this was a significant piece of work. The required badge was awarded on the 21st September 2021.
- In support of The Scottish Government (SG) **Vaccination Programme** NTS continued the development of the Vaccination Management Tool (VMT) tool and the underpinning **National Clinical Data Store (NCDS)**. Access to this data is available to Public Health Scotland for reporting and epidemiology purposes in addition to passing relevant data to GP systems in order that an individual's GP vaccination record can be updated. The work also involved loading historic vaccination events from GP IT systems into NCDS. This is important in paving the way for further data integration between GP IT systems and the National Digital Platform, a critical part in developing the strategic goal of a single, Electronic Patient Record (EPR) for the residents of Scotland. Additional development supported the wider vaccination programme for Scotland. The VMT and NCDS now capture flu, shingles, pertussis, and pneumococcal vaccination events.
- A fully redeveloped and migrated ReSPECT application went live in Forth Valley and is now available for roll out to all NHS Scotland Health Boards and related (especially GP) organisations.
- The SCI-Diabetes team was successfully transferred from NHS Tayside into the NTS technology group. Work has commenced on the required technical migration from ATOS managed technology to the Azure public cloud environment used by NTS to run the Turas platform. The team successfully delivered the development of the initial, next phase of SCI-Prevent (diabetes), a weight management application to replace an existing, out of life, spreadsheet service.

In addition to these new developments NTS have continued to provide an excellent range of resources on the **Knowledge Network** for health and care staff with nearly 1.2 million journal articles downloaded, 903 thousand database searches conducted, and nearly 2 million views of eBooks.

One of the priorities to support **Technology Enabled Care** within the Building Digital Skills and Leadership Programme funded by Scottish Government is the creation of learning resources for Near Me and Connect Me (was Remote Health Pathways). During 2021/22 we successfully created and launched the Near Me Remote Consulting and Remote Health Pathways, now rebranded to Connect Me, dedicated learning resource websites supporting changes in front line delivery. Further clinician guidance and resources have been onboarded to Turas and Connect Me animation is now live on Turas and has been promoted via social media.

All the work described above has been achieved within the financial limits set by the Scottish Government, including specific funding allocated for the additional demands of our response to COVID-19 and the recovery from the pandemic, and is due to the continued commitment and dedication of our staff. Despite the additional pressures placed on staff, our staff engagement scores that have come through the iMatter process, and the exceptionally low absence rates indicate that people find NES a hugely rewarding place to work.

Karen Reid

Chief Executive as Accountable Officer

30/6/2022

Accountability Report

Corporate Governance Report

1) Directors' Report

Date of Issue

Audited financial statements were approved and authorised for issue by the Board on 30 June 2022.

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 initially appointed Grant Thornton UK LLP to undertake the audit of NHS Education for Scotland for the financial years 2016/17 to 2020/21. The Auditor General has since extended this appointment through to the audit of the 2021/22 year. 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 conditioned by the functions of the Board. Members of Health Boards are appointed on the basis of their position, or the particular expertise which enables them to contribute to the decision-making process at a strategic level.

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

Non-Executive Directors of the Board

NAME	DESIGNATION	DATE OF APPOINTMENT
MR D GARBUTT	Non-Executive Director and Board Chair	Apr-18
MRS L GRIEVE	Employee Director and Non-Executive Director	Apr-20
DR D STEELE	Non-Executive Director and Board Vice Chair (until 31 Aug 21)	May-13
MR D HUTCHENS	Non-Executive Director and Board Vice Chair (from 1 Sep 21)	Mar-15
MRS L DUNION	Non-Executive Director	Jun-18
MS S WALKER	Non-Executive Director	Jun-18
MS A CURRIE	Non-Executive Director	Sep-18
MRS J FORD	Non-Executive Director	May-19
MS V NAIRN	Non-Executive Director	May-19
MRS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	Feb-20
MS A GUNNER LOGAN	Non-Executive Director	Nov-21

Executive Directors of the Board

NAME	DESIGNATION	DATE OF APPOINTMENT
MS K REID	Chief Executive and Accountable Officer	Feb-21
PROF S IRVINE ¹	Director of Medicine and Deputy Chief Executive	Apr-12
MRS A MCCOLL	Director of Finance (until 9 Jul 2021)	Feb-16
MRS J SINCLAIR	Interim Director of Finance (until 31 Jan 2022)	Jul-21
MR J BOYLE	Director of Finance (From 1 Feb 2022)	Feb-22
MRS K WILSON	Director of Nursing	Jan-18

1. Prof S Irvine retired from the Board on 31st March 2022. Dr E Watson took up position as the Executive Medical Director from 1st April 2022.

2) Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Board as at 31 March 2022, and of its operating expenditure for the year then ended.

In preparing these accounts the Members are required to:

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

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

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

Board Members' and Senior Managers' Interests

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

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 2021/22 can be accessed at www.nes.scot.nhs.uk from 31 October 2022.

Personal Data Related Incidents

There was 1 reportable personal data incident in 2021/22.

On 7 April 2021, NES was informed that an ex-employee was emailed a customer statement file in error, containing personal data of 17 individuals. The incident was reported to the Information Commissioner's Office (ICO) and all affected individuals were informed of the breach. NES was notified by the ICO on 7 May 2021, that on consideration of the information provided, no further action by the ICO was necessary, and we have improved internal processes to avoid any future re-occurrence.

Disclosure of Information to Auditor

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

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

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

This designation carries with it responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the Government's FReM 2021/22 published in particular, to:

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

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

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

4) Governance Statement

Scope of Responsibility

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

Approach to Governance during COVID-19

Due to the on-going COVID-19 global pandemic, Board and Committee meetings took place virtually using Microsoft Teams. As the Pandemic guidance eased during the end of the 2021/22 period a hybrid approach to public Board meetings was taken.

Key lessons learnt from the 2020/21 periods of "Core Board Governance"; "Gold Command" and "Governance Light" have been applied during 2021/22. This includes fewer Committees with broader, thematic and strategic remits with aligned schedules of business and the prioritisation of agenda items and the use of a shorter cover paper format using the SBAR approach (Situation/Purpose; Background; Assessment/Key Issues and Recommendations).

Further to the winter pressures, the emergence of the new Omicron variant and the letter from Scottish Ministers (December 2021) advising that the NHS would be on emergency footing for the next 3 months, the NES Board adopted "Governance Light" from 20 December 2021 – 31 March 2022. This did not include the instigation of "Gold Command".

This period of governance included the postponement of the NES Annual Review until the spring 2022; the cancellation of the February 2022 Board Development session and the postponement of the Remuneration Roadshow workshop. It also included the postponement developmental work in relation to the further adoption of the DL (2021) 31 Model Meeting Paper Template and Guidance and the postponement of the implementation of the Committee Self-Assessment process (for Committees other than the Audit and Risk Committee), however all Committee Annual Report work continued.

Based on learning from the last NES COVID-19 "Governance Light" approach, the Board strategic development work in relation to Key Performance Indicators; strategic risk and stakeholder communications, continued. Work on the Annual Accounts continued to the pre-COVID-19 timeline

Throughout 2021/22 the key focus has been on managing risk including new and emerging COVID-19 risks and maintaining effective, proportionate, and robust governance and scrutiny.

Purpose of Internal Control

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



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

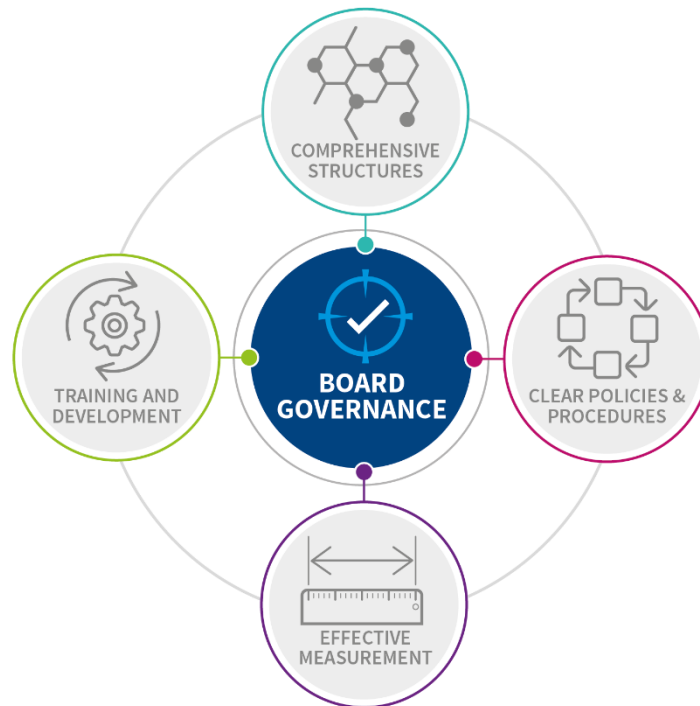
The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the financial year and up to the date of approval of the annual report and accounts.

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

Operation of the Board

NES uses the "NHS Scotland Health Boards and Special Health Boards – Blueprint for Good Governance" as issued by Scottish Government in – DL (2019) 02. As such NES recognises the importance of robust corporate governance and in turn how this will contribute to the delivery of a consistent, effective and transparent governance approach across NHS Scotland. NES acknowledges the interdependencies of the three core aspects of the blueprint's corporate governance approach; the functions of good governance and the enablers and systems required to support it, as part of the organisation's overall Board governance system.

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



Comprehensive Structures

- A clearly articulated NES strategy which sets and communicates the Board's vision and intended outcomes covering the period 2019-2024 supplemented by an Annual Operating Plan (AOP).
- During COVID-19 Governance the Scottish Government suspended performance reporting against the Annual Operational Plan (AOP). The Board received an update on progress against the five strategic themes in the NHS Education for Scotland Strategy 2019-24 at the November 2021 Board meeting.
- A robust Risk Management Strategy which includes a review of the Corporate Risk Register and specific COVID-19 risk register by the Board at each meeting.
- A performance management framework, which records progress against performance targets for each planned outcome, and which is used to produce regular reports to the NES Board is in place. The Board received quarterly performance reports during 2021/22.
- The structure of standing Committees of the Board with agreed Terms of Reference is comprehensive and now includes the NHS Scotland Academy Joint Strategic Programme Board, co-chaired by the NES Board Chair and the NHS Golden Jubilee Board Chair.
- The Board received the corporate governance package as a whole document at the 10 February 2022 meeting. This covered all the corporate governance documents that had been through Committees for annual review and development, including the Board Standing Orders; the Board Code of Conduct; the Board Scheme of Delegation; the Standing Financial Instructions; the Audit and Risk Committee Terms of Reference (ToRs); the Staff Governance Committee ToRs; the Remuneration Committee ToRs; the Education and Quality ToRs; the Digital and Information Committee ToRs and the NHS Scotland Academy Joint Strategic Programme Board ToRs.
- In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report, on page 54. Details of the membership; the attendance record and the coverage of work for all other Committees and the NHS Scotland Academy Joint Strategic Programme Board, is contained in the Governance Framework section of this report.

- The new Digital and Information Committee met for the first time on 28 June 2021, replacing the previous Digital Committee with a broader remit and expanded membership. During 2020/21 oversight of the digital agenda had been retained by the NES Board after the Digital Committee had been stood down as part of the agreed changes to governance arrangements during the COVID-19 pandemic.

Clear Policies and Procedures

- Clear definition of the roles and responsibilities of the Board is 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, amended to reflect COVID-19 requirements; 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 annual reporting of Feedback, Comments, Concerns and Complaints.
- The National Whistleblowing Standards have been implemented. The NES Board has delegated the governance of Whistleblowing to the Staff Governance Committee who receive regular reports and progress updates.
- 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; digital; and COVID-19 vaccination meetings. Existence of clear channels of communication with all stakeholders including Strategic Liaison and Performance Management meetings with the Scottish Government Sponsor Division; Royal colleges and UK regulators, universities and partners such as the Scottish Funding Council and the Scottish Social Service Council.
- Clear COVID-19 policies and procedures were developed for staff in line with Scottish Government.

Effective Measurement

- Reliable data from key information systems, which are subject to regular reconciliation, integrity checking and audit; enabling management of the financial resources, human resources and performance of the organisation.
- Regular reports, including a verbal update from all Committee Chairs at each Board meeting highlighting key strategic points from their most recent Committee meeting, Committee approved minutes are made available at the relevant public Board for noting (with the exception of the Remuneration Committee Minutes).
- A comprehensive annual report from each Committee describing how it has discharged its remit and adapted, as appropriate, in relation to the COVID-19 pandemic; the impact its work has had on the organisation; and identifying areas for development, is considered by the Audit and Risk Committee as part of its review of the whole system of internal control.
- The Board continued to embed the Blueprint for Good Governance through the connected governance work in the on-going developmental areas of a new NES Strategy; strategic key performance indicators; risk management and strategic risks and the Board assurance framework.
- A comprehensive programme of internal audit review to give assurances concerning compliance with relevant laws, legislation, internal policies and procedures.
- The preparation of an annual report covering the work of the Board.

Training and Development

- The new Interim Executive Director of Finance joined the Board on 9 July 2021 and the substantive Executive Director of Finance joined the Board on 1 February 2022. Both Executive Directors received the Board member induction package; induction meetings were scheduled with other members of the Board as appropriate, and the OnBoard training signposted. A new Non-Executive Director joined the Board on 1 November 2021. The Board member induction package was made available; induction meetings were scheduled with other members of the Board and the OnBoard training signposted.
- “Virtual/E-Learning Training and Development Opportunities” Board paper is circulated on a quarterly basis to the Board.
- Board Development Sessions took place on 4 April 2021; 24 June 2021; 26 August 2021 and 28 October 2021. The Board Development session scheduled for 24 February 2022 was cancelled due to “Governance Light”. An Annual Accounts workshop took place on 26 May 2021 and a Board Visioning developmental workshop was held on 15 November 2021.
- Non-executive Directors had their appraisal review and development discussion with the Board Chair during April – May 2021.
- Processes for identifying and addressing the development needs of Executive Directors took place via regular one-to-one meetings with the Chief Executive throughout 2021/22. The formal end of year reviews for 2020/21 took place during April and May 2021 and included the acting Chief Executive, the Chief Executive and the relevant Executive Director.
- A culture of continuous improvement, including the adoption of the principles of Best Value, facilitated through the activities of our Organisational Performance Improvement Programme Team and the Senior Operational Leadership Group.

Assessment of Board Governance

The business of the Board was conducted with the full Committee complement during the 2021/22 period. Some aspects of Board Development were paused during the December 2021 – March 2022 “Governance Light”.

- The Board continued to progress major aspects of governance development in relation to the creation of a new corporate strategy, revised strategic engagement and communication plans, risk management development, strategic key performance indicator development and initiated developmental work on the Board Assurance framework.
- The Board completed the implementation of the Board Standing Orders Implementation Action Plan and brought a full corporate governance package through the 10 February 2022 Board for approval.
- In partnership with NHS Golden Jubilee, the Board developed a governance framework for the NHS Scotland Academy. The NHS Scotland Academy Joint Strategic Programme Board held its inaugural meeting on 8 July 2021. The Joint Strategic Programme Board approved their ToRs and delegated the educational and quality remit to the NES Education and Quality Committee (EQC). The EQC expanded their ToRs and schedule of business accordingly.
- Work began on the development of annual self-assessment checklists to be used by each Standing Committee; this work was paused due to “Governance Light”.

The National Self-Assessment Survey against the NHS Corporate Governance Blueprint was intended to be issued on an annual basis, however due to the COVID-19 pandemic this was paused during 2021/22.

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 sub-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; and
External Auditors	who provide an Independent Report to the Audit Committee and the Board.

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

- Review by the Board of the strategic COVID-19 Decision Log maintained by the Executive Team during the “Governance Light” phase of 2021/22 Governance.
- Assurances from each Director that there have been no significant or un-investigated breaches of controls in their Directorate.
- The production of an annual report from each Standing Committee of the Board to the Audit and Risk Committee containing a self-reflective evaluation of the way in which they have discharged their remit during the year and the impact of their work. Information is also included on any external reviews or other evidence which they have received.
- The work of the Audit and Risk Committee in receiving reports from the Internal Auditors and in producing an annual report to the Board which pulls together all sources of assurance, including the annual reports from the other governance committees of the Boards and which provides overall assurances to inform this Governance Statement.
- The work of the Audit and Risk Committee in considering the arrangements which the organisation has in place to secure Best Value and the work in reviewing all Counter Fraud activity including anti-bribery and corruption provisions.
- Consideration by the relevant Board Committees and the Executive Team of all internal audit reports and follow up of any areas of concern.
- The work of the NES Board in considering the corporate risk register at each of its meetings and the additional COVID-19 risk register.
- The work of the NES Board in the development of an Assurance Framework, identifying key sources of assurance for corporate functions, and the subsequent gap analysis and creation of an action plan for further improvements in Corporate Governance.
- 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 reasonable assurance regarding the effective and efficient achievement of the organisation’s objectives and the management of key risks, including COVID-19 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.

- The opinion expressed by External Audit in the Independent Auditor Report and the actions to address any comments made in the '*Communication of Audit Matters with Those Charged with Governance*'.

I believe that, overall, we have maintained an adequate and effective system of internal control throughout the year with appropriate adjustments to reflect the impact of COVID-19. As Chief Executive of NES I am content with the Governance arrangements of the organisation during 2021/22.

Risk Assessment

NHS Scotland 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 SPFM.

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

The maintenance of a **corporate Risk Register** which identifies all significant corporate risks and any changes from the previous period. A COVID-19 risk annex was developed in May 2020, identifying the additional key risks for the organisation as a result of the impact of, and the NES response to the COVID-19 pandemic. The corporate risk register, supplemented by the COVID-19 Risk Annex, is presented to each meeting of the NES Board, Executive Team and the Audit and Risk Committee;

The maintenance of **departmental Risk Registers** for the whole organisation, which require managers to identify the risks to the achievement of their objectives, to regularly review the ratings associated with those risks, and to indicate the steps they are taking to manage those risks;

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

The **articulation by the NES Board of the 'risk appetite'** of the organisation as it relates to different categories of risk, which is used to assess the residual risk associated with individual items on the Corporate Risk Register against the level of risk which has been deemed acceptable, thus enabling the organisation to focus resources on managing the risks that are unacceptable; The NES risk appetite, set out in the NES Risk Management Strategy, was reviewed by the NES Board at the meeting of 12 August 2021. It was agreed that no changes to the risk appetite were required at that time, however, this would be reviewed and informed by any recommendations from the newly established Risk Management Group;

The **development of a matrix approach** to the management of risk appetite to enable a greater tolerance for risk during the development phase of new activities or ways of working;

The establishment of **trained Risk Champions** in each department to facilitate and co-ordinate the management of risk at local level and provide related business advice;

The inclusion of risk awareness training in the **Corporate Induction Programme** for all new staff; and

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

The Board's corporate risks are categorised as Strategic & Policy risks; Operational & Service delivery risks; Financial Risks; Reputational risks and Accountability & Governance risks. The corporate risk register details both the inherent and residual risk ratings against all risks identified in each category and compares the residual risk assessed against the level of tolerance of risk for each category (the risk appetite) that the Board has defined.

Building on the development of the NES Assurance framework further mapping has been added to link each assurance element to the relevant Board Committee and ensure the Terms of Reference for each committee are reflected.

More generally, despite the COVID-19 crisis the organisation has remained committed to continuous development and improvement through developing systems in response to any relevant reviews and developments in best practice as appropriate and as possible given the pandemic.

During the year to 31st March 2022, 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. During 2021/22, there was one case of suspected fraud reported in relation to possible dual employment. The case was referred to Counter Fraud Services and upon the implementation of NES internal procedures the individual resigned from NES.

A number of recommendations have arisen from our internal audit reports which we have accepted, and which will be implemented and followed up. We have also considered the Qualified by Exception opinion of the Service Auditor appointed by NSS and, based on our assessment, we conclude there is no risk of misstatement within the NES Annual Report and Accounts.

Governance Framework

During COVID-19 governance, the Board has continued to meet regularly using Microsoft Teams, rather than in person. The exception to this are the 15 November informal Visioning workshop and the 24 March 2022 public Board meeting which were both held using a hybrid model. During this time, the Board has governed the progress of the core business of NES and maintained an overview of the implications of the COVID-19 pandemic.

There have been 6 formal public meetings, 6 formal private meetings, 1 private briefing meeting, 4 Board Development sessions 1 visioning workshop and 1 annual accounts/finance workshop during 2021/2022. All formal Board meetings were quorate and attendance by members at these meetings is detailed below.

NAME	DESIGNATION	PRIVATE BOARD MEETINGS ATTENDED	PUBLIC BOARD MEETINGS ATTENDED	WORKSHOPS ATTENDED
MR D GARBUTT	Non-Executive Director and Board Chair	6/6	6/6	4/4
MRS L GRIEVE	Non-Executive and Employee Director	6/6	6/6	4/4
MR D HUTCHENS	Non-Executive Director and Board Vice Chair from 1 Sep 21	6/6	6/6	3/4
DR D STEELE	Non-Executive Director and Board Vice Chair until 31 Aug 21	3/3	2/2	3/3
MS L DUNION	Non-Executive Director	6/6	6/6	3/4
MS S WALKER	Non-Executive Director	6/6	6/6	4/4
MS A CURRIE	Non-Executive Director	6/6	6/6	4/4
MS V NAIRN	Non-Executive Director	6/6	5/6	3/4
MRS J FORD	Non-Executive Director	5/6	5/6	4/4
MS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	6/6	6/6	4/4
MS A GUNNER LOGAN	Non-Executive Director (appointed Nov 21)	2/3	3/3	0/0
MS K REID	Chief Executive	6/6	6/6	3/4
PROF S IRVINE	Director of Medicine	6/6	6/6	3/4
MRS A McCOLL	Director of Finance (resigned 9 July 2021)	2/2	1/1	2/2
MRS J SINCLAIR	Interim Director of Finance (10 Jul 2021 to 31 Jan 2022)	2/2	3/3	2/2
MR J BOYLE	Director of Finance (appointed 1 Feb 2022)	2/2	2/2	0/0
MS K WILSON	Director of Nursing, Midwifery & Allied Health Professions	6/6	6/6	4/4

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:

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

In addition, the NES Board have a Digital and Information Committee and the NHS Scotland Academy Joint Strategic Programme Board in partnership with NHS Golden Jubilee. The Board also has a Remuneration Committee, the membership details of which can be found on page 55.

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 five times during the 2021/22 period. An additional fifth meeting was added to the schedule to enable the Committee to meet to scrutinise the in-year financial reports prior to these reports being taken through the Board.

The following was considered at these meetings: Internal control; risk management; corporate governance; financial accounting matters; financial performance; counter fraud; and to receive reports from the internal and external auditors.

All meetings were quorate. The membership and attendance of the Audit and Risk Committee during 2021/22 was as follows:

NAME	DESIGNATION	MEETINGS ATTENDED
DR D STEELE	Non-Executive Board Member and Chair (until Aug 2021)	3/3
MS S WALKER	Non-Executive Director	5/5
MRS L DUNION	Non-Executive Director	5/5
MS A CURRIE	Non-Executive Director	5/5
MRS J FORD	Non-Executive Director and Chair (from Sep 2021)	4/5

Staff Governance Committee

The Staff Governance Committee meets four times per year and has an important role in ensuring consistency of policy and equity of treatment of staff across the organisation, in line with the National Staff Governance Standard. All meetings were quorate and the membership and attendance of the Staff Governance Committee during 2021/2022 was as follows:

NAME	DESIGNATION	MEETINGS ATTENDED
MRS L GRIEVE	Non-Executive & Employee Director	3/4
MRS L DUNION	Non-Executive Director (Chair to Aug 2021)	4/4
MS A CURRIE	Non-Executive Director (Chair from Aug 2021)	4/4
MRS J FORD	Non-Executive Director	3/4
MRS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	4/4
MR D CUNNINGHAM	Ex-Officio Member	3/4
MR J MCCANN	Ex-Officio Member	4/4

Education and Quality Committee

The Education and Quality Committee's main purpose is to advise the Board on matters relating to education and the management of educational quality. The Committee scrutinises the strategic planning of relevant aspects of education and educational quality and maintains oversight of the implementation of approved programmes. During the 2021/22 business year the Education and Quality Committee took on an additional remit delegated from the NHS Scotland Academy Joint Strategic Programme Board for the educational governance of the NHS Scotland Academy educational programmes.

The Education and Quality Committee meets four times a year. All meetings were quorate. The membership and attendance of the Educational and Quality Committee during 2021/22 was as follows:

NAME	DESIGNATION	MEETINGS ATTENDED
MR D HUTCHENS	Non-Executive Director and Chair (from Sep 21)	4/4
DR D STEELE	Non-Executive Director (until Aug 21)	2/2
MS V NAIRN	Non-Executive Director	4/4
MS S WALKER	Non-Executive Director	4/4
MS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	4/4
MS A GUNNER LOGAN	Non-Executive Director	2/2

Digital and Information Committee

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

The Digital and Information Committee held its inaugural meeting on 28 June 2021 and had three further meetings during the 2021/22 period. All meetings were quorate. The membership and attendance of the Digital and Information Committee during 2021/22 was as follows:

NAME	DESIGNATION	MEETINGS ATTENDED
MR D GARBUTT	Non-Executive Director and Chair	4/4
MRS J FORD	Non-Executive Director	4/4
MR D HUTCHENS	Non-Executive Director	4/4
MS V NAIRN	Non-Executive Director	3/4
MR A McCANN	Co-opted Non Executive Director, NHS Lothian	4/4

NHS Scotland Academy Joint Strategic Programme Board

The NHS Scotland Joint Strategic Programme Board is a newly established governance group, created by NHS Golden Jubilee and NES. NES and NHS Golden Jubilee (NHSGJ) are the two parent Boards accountable for the work of the NHS Scotland Academy.

The role of the NHS Scotland Joint Strategic Programme Board is to ensure that NHS Scotland Academy strategic intention is jointly developed and agreed; risk appetite is set and agreed in line with parent Board risk appetites and strategic risk identified and mitigated; key strategic partners and stakeholders identified and performance reported.

The NHS Scotland Joint Strategic Programme Board has delegated educational and quality governance and scrutiny of NHS Scotland Academy training programmes to the NES Education and Quality Committee and the review and scrutiny of quarterly implementation and delivery reports including equality and diversity to the NHSGJ Strategic Portfolio Governance Committee.

The NHS Scotland Joint Strategic Programme Board held its inaugural meeting on 8 July 2021 and held two further meetings during the 2021/22 period. All meetings were quorate. The membership and attendance of the NHS Scotland Joint Strategic Programme Board during 2021/22 was as follows:

NAME	DESIGNATION	MEETINGS ATTENDED
MR D GARBUTT	Non-Executive Director & Joint Chair rotational (NES)	3/3
MS S DOUGLAS-SCOTT	Non-Executive Director & Joint Chair rotational (NHSGJ)	2/3
MR D HUTCHENS	Non-Executive Director (NES)	3/3
MS L SEMPLE	Non-Executive Director (NHSGJ)	3/3

Gender Representation on Public boards (29 May 2021 – 30 April 2022)

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 2021 – 30 April 2022.

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 vacancies?	3
Number of Competition Rounds?	4
Number of Applications from Women? Round 1 - Non Executive Director Round 2 - Non Executive Director Round 3 - Executive Director of Finance Round 4 - Executive Director of Medicine	15 Apps - 9 from women 17 Apps - 8 from women 12 Apps - 1 from a woman 8 Apps - 2 from women
Was an Appointment made? Round 1 - Non Executive Director Round 2 - Non Executive Director Round 3 - Executive Director of Finance Round 4 - Executive Director of Medicine	No Yes Yes Yes
Was Appointment Made to a Woman? Round 1 - Non Executive Director Round 2 - Non Executive Director Round 3 - Executive Director of Finance Round 4 - Executive Director of Medicine	No appointment Yes No Yes

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 on page 40 and on Note 17.

2. Membership and Remit of the Remuneration Committee

The remit of the Remuneration Committee is reviewed annually in March. The following covers the period 1 April 2021 to 31 March 2022:

- In relation to Executive Directors and Directors, to:
 - review and approve all Terms and Conditions of Employment, including job descriptions, terms and conditions of employment, basic pay, performance pay (if applicable) and all benefits associated with each post.
 - seek assurance that remuneration, benefits and employment related terms and conditions are in line with and fair in terms of the national system and arrangements for determining those matters and to seek redress if this is determined to not be the case.
 - confirm that individual annual SMART performance objectives are in place aligned to the organisations corporate vision, goals, purpose and values.
 - review and approve individual annual SMART performance objectives, including overseeing the review of performance against these objectives at the mid-year point and agreeing any revisions to the objectives during the course of the year.
 - consider and approve proposals on the assessment of performance at the year-end (taking into account any factors which the Committee consider to be relevant and which may not have been known by the relevant parties at the time when objectives, including their weighting were agreed) and any changes to the remuneration or the Terms and Conditions of Employment arising from this assessment of performance during the review period.
 - delegate responsibility to a sub-group of the Committee to act as a final appeals body for the Chief Executive and Executive Directors who have raised a grievance regarding their remuneration, benefits, performance grading or terms and conditions of employment.
 - seek assurance on application of the performance review and development process.
- In relation to any other staff employed under Executive Managers' or Consultants' pay arrangements to maintain an overview of remuneration arrangements for staff falling within these categories.

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

The remit of the Committee is reviewed annually.

NAME	DESIGNATION	MEETINGS ATTENDED
DR D STEELE	Non-Executive Director and Chair (to Aug 21)	2/2
MR D GARBUTT	Board Chair & Non-Executive Director	3/3
MR D HUTCHENS	Non-Executive Director and Chair (from Sep 21)	2/3
MRS L DUNION	Non-Executive Director	2/3
MRS L GRIEVE	Non-Executive Director & Employee Director	3/3

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

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

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

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

There were none during 2021/22.

5. Cash Equivalent Transfer Values (CETV)

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

The Real Increase in the Value of CETV

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

Remuneration Table For the Year Ended 31 March 2022 – 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 2021/22.

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

1. Prof S Irvine retired on 31st March 2022

2. The salary and associated Pension benefits disclosed above for Mr J Boyle relate to the time from appointment as Director of Finance Designate on 17th January 2022 then Director of Finance on 1st February 2022 to the 31st March 2022. The annual equivalent salary is in the range £100k-£105k. Mrs J Sinclair was Interim Director of Finance from 09th July 2021 to 31st January 2022. The figures above reflect a full year.

3. The salary and associated Pension benefits disclosed above for Ms A McColl are until her resignation date of 31st July 2021. The annual equivalent salary is in the range £105k-£110k.

4. Ms Gunner Logan was appointed to the Board of Directors on 1st November 2021

5. Mrs L Grieve's total salary and associated Pension Benefits have been disclosed above. The employee Director's salary includes £45k-£50k in respect of non-board duties

Remuneration Table For the Year Ended 31 March 2022 – Current Year (Audited Information) (continued)

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

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

**Remuneration Table
For the Year Ended 31 March 2021– Prior Year (Audited Information) (continued)**

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 Remunera- tion (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Ms K Reid ¹	20-25	0	0	20-25	6	25-30
Acting Chief Executive/Dir of Medicine Prof S Irvine ²	210-215	0	0	210-215	45	255-260
Acting Director of Medicine Prof. R Parks ³	75-80	0	0	75-80	n/a	75-80
Director of Finance/Acting Deputy Chief Executive Ms A McColl ⁴	115-120	0	0	115-120	38	155-160
Director of Nursing, Midwifery & Allied Health Professions Ms K Wilson	115-120	0	0	115-120	29	145-150
NON EXECUTIVE MEMBERS						
Mr D Garbutt (Chair)	35-40	0	0	35-40	n/a	35-40
Dr D Steele (Vice Chair)	5-10	0	0	5-10	n/a	5-10
Mr D Hutchens	5-10	0	0	5-10	n/a	5-10
Ms S Walker	5-10	0	0	5-10	n/a	5-10
Ms L Dunion	5-10	0	0	5-10	n/a	5-10
Ms A Currie	5-10	0	0	5-10	n/a	5-10
Ms J Ford	5-10	0	0	5-10	n/a	5-10
Ms V Nairn	5-10	0	0	5-10	n/a	5-10
Ms G Mawdsley (Whistleblowing Champion)	5-10	0	0	5-10	n/a	5-10
Mrs L Grieve, Employee Director ⁵	55-60	0	0	55-60	26	80-85
TOTAL					144	

Notes:

- 1 The salary and associated Pension benefits disclosed above for Ms K Reid relate to the time from her appointment as Chief Executive on 1st February until the 31st March 2021. The annual equivalent salary is in the range £140k-£145k.
- 2 Prof S Irvine was Acting Chief Executive until 31st January 2021 after which he reverted to the Director of Medicine and Deputy Chief Executive Roles.
- 3 Prof R Parks was Acting Director of Medicine until 31st January 2021. Prof R Parks is employed by the University of Edinburgh and the above disclosure relates to the recharge period 1st April 2020 to 31st January 2021. The annual equivalent recharge costs are in the range £90k to £95k.
- 4 Ms A McColl is the Director of Finance and was also Acting Deputy Chief Executive until 31st January 2021
- 5 Ms L Grieve was appointed as Employee Director on 1st April 2021. This salary includes £45k-£50k in respect of non-board duties.

Remuneration Table

For the Year Ended 31 March 2021 – Prior Year (Audited Information) (continued)

Pension Benefits (£'000)					
	Total accrued pension and related lump sum at pensionable age at 31 March 2021 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2021	Cash Equivalent Transfer Value (CETV) at 31 March 2020 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2021 £'000	Real increase in CETV in the year £'000
EXECUTIVE MEMBERS					
Chief Executive Ms K Reid ¹	0-5 No lump sum	0-2.5 No lump sum	0	5	5
Acting Chief Executive/ Director of Medicine Prof S Irvine	50-55 and 155-160 lump sum	2.5-5 and 10-12.5 lump sum	1,166	1,262	49
Acting Director of Medicine Prof. R Parks ²	n/a	n/a	n/a	n/a	n/a
Director of Finance/Acting Deputy Chief Executive Ms A McColl	45-50 No lump sum	2.5-5 No lump sum	576	622	46
Director of Nursing, Midwifery and Allied Health Professions Mrs K Wilson	10-15 No lump sum	0-2.5 No lump sum	135	169	34
NON EXECUTIVE MEMBERS					
Mr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Dr D Steele (Vice Chair)	n/a	n/a	n/a	n/a	n/a
Mr D Hutchens	n/a	n/a	n/a	n/a	n/a
Ms S Walker	n/a	n/a	n/a	n/a	n/a
Ms L Dunion	n/a	n/a	n/a	n/a	n/a
Ms A Currie	n/a	n/a	n/a	n/a	n/a
Ms J Ford	n/a	n/a	n/a	n/a	n/a
Ms V Nairn	n/a	n/a	n/a	n/a	n/a
Ms G Mawdsley (Whistleblowing Champion)	n/a	n/a	n/a	n/a	n/a
Mrs L Grieve Employee Director ³	10-15 and No lump sum	0-2.5 and No lump sum	115	133	18
TOTAL					152

Notes:

- MS K Reid was appointed as Chief Executive on 1st February 2021. The disclosures above relate to Pension benefits from her appointment until 31st March 2021.
- Prof. R Parks was Acting Medical Director until 31st January 2021. Prof Parkes is employed by the University of Edinburgh and as such any pension details are not available to NES to disclose.
- Ms L Grieve's pension benefits disclosed above are in respect of her non-board duties

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

Fair Pay Disclosure (Audited Information)

	2021/22	2020/21	Change %
RANGE OF STAFF REMUNERATION	£15,000 - £20,000 to £205,000 - £210,000	£15,000 - £20,000 to £210,000 - £215,000	2.5%
HIGHEST EARNING DIRECTOR'S TOTAL REMUNERATION	£205,000-£210,000	£210,000-£215,000	-2.5%
MEDIAN TOTAL REMUNERATION	£56,028	£54,396	3%
MEDIAN RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)	3.70	3.91	-5%
25TH PERCENTILE PAY	£42,623	£44,828	-5%
25TH PERCENTILE RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)	4.87	4.74	3%
75TH PERCENTILE PAY	£65,997	£64,074	3%
75TH PERCENTILE RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)	3.14	3.32	-5%

Commentary

Remuneration for staff includes salary and contracted allowances including overtime payments. Only individuals contracted for more than 2 hours per week have been included. In line with SG guidance, the calculation has been based on the March payroll data adjusted to reflect annualised whole time equivalent for each individual.

Disclosure of the 25th and 75th percentile pay ratios has been added for 2021/22, and the percentage change in the remuneration and ratios is also now provided. The percentage changes are not significant and reflect the slight reduction in the pay of the highest paid director and general pay awards applied during the year.

2) Staff Report

1. Higher Paid Employees Remuneration (Audited Information)

2021 NUMBER		2022 NUMBER
Other employees (excl Executive Board Members) whose remuneration fell within the following ranges:		
Clinicians		
85	£ 70,001 to £ 80,000	87
39	£ 80,001 to £ 90,000	45
14	£ 90,001 to £ 100,000	25
9	£ 100,001 to £ 110,000	4
2	£ 110,001 to £ 120,000	5
2	£ 120,001 to £ 130,000	0
Other		
29	£ 70,001 to £ 80,000	26
10	£ 80,001 to £ 90,000	8
6	£ 90,001 to £ 100,000	6
2	£ 100,001 to £ 110,000	2
3	£ 110,001 to £ 120,000	4
1	£ 120,001 to £ 130,000	1
2	£ 130,001 to £ 140,000	1
0	£ 140,001 to £ 150,000	2
3	£ 150,001 to £ 160,000	1
1	£ 160,001 to £ 170,000	1
1	£ 170,001 to £ 180,000	1
0	£ 180,001 to £ 190,000	0
2	£ 190,001 to £ 200,000	0
0	£ 200,001 to £ 210,000	2

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

2. Staff Expenditure (Audited Information)

2021		2022						
		Executive Board Members	Non Executive Members	Permanent Staff	Inward Second-ees	Other Staff	Outward Second-ees	Total
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF EXPENDITURE								
70,139	Salaries and wages	620	169	129,093	0	0	(64,290)	65,592
8,062	Social security expenditure	80	11	15,664	0	0	(7,858)	7,897
11,596	NHS scheme employers' expenditure	129	10	20,335	0	0	(8,989)	11,485
6,793	Inward secondees	0	0	0	7,414	0	0	7,414
3,061	Agency staff	0	0	0	0	3,706	0	3,706
99,651	TOTAL STAFF EXPENDITURE	829	190	165,092	7,414	3,706	(81,137)	96,094
	Compensation for loss of office or early retirement	0	0	32	0	0	0	32
99,651	TOTAL STAFF EXPENDITURE	829	190	165,124	7,414	3,706	(81,137)	96,126
2,043	The above includes expenditure for staff engaged directly on capital	0	0	(314)	0	0	0	(314)

3. Staff Numbers (Audited Information)

2021		2022						
Average Mean		Executive Board Members	Non Executive Members	Permanent Staff	Inward Second-ees	Other Staff	Outward Second-ees	Average Mean
1,506.3	Whole Time Equivalent (wte)	4.0	9.8	2,246.5	80.1	40.5	(983.6)	1,397.3
17.2	The above includes wte of staff engaged directly on capital projects of:	0	0	5.0	0	0	0	5.0
27.9	Included in the total staff numbers above were disabled staff * of:	0	0	36	0	0	0	36.0
0	Included in the total staff numbers above were Special Advisers of:							0

* Refers to staff who consider themselves to be disabled

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

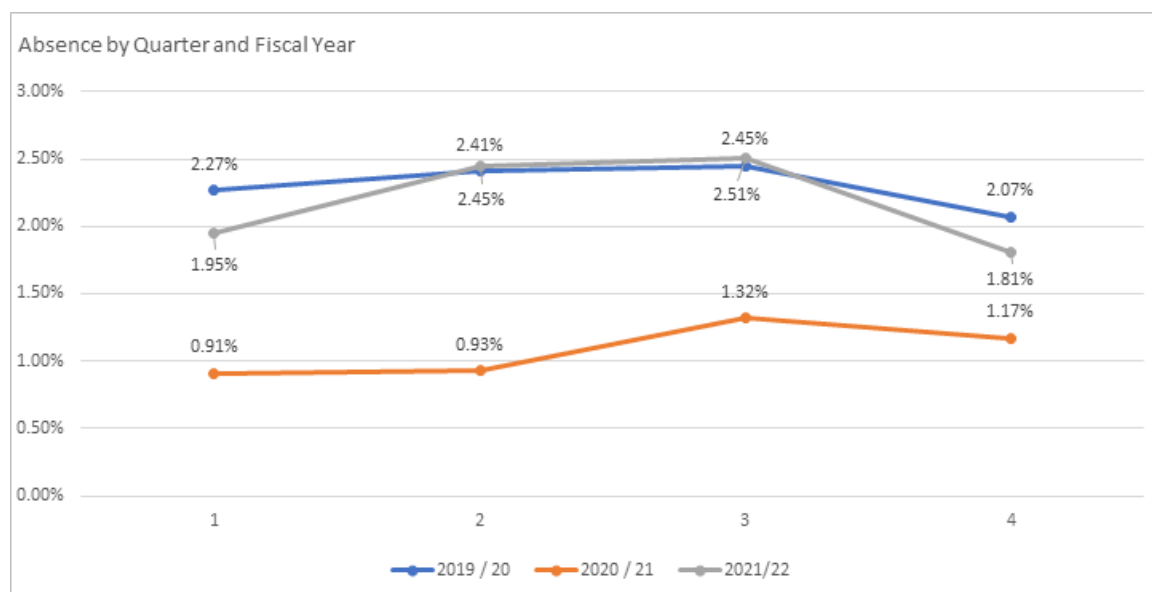
4. Staff Composition (Not subject to audit)

	2021/22			2020/21		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	2	4	1	3	4
Non-Executive Directors and Employee Director	2	8	10	2	8	10
Other	851	1827	2678	856	1687	2543
Total Headcount	855	1837	2692	859	1698	2557

5. Staff Turnover (Not subject to audit)

Turnover Rate	Core	Trainees	Total
Leavers 1 April 2021 to 31 March 2022	125	449	574
Average Headcount	965	1,658	2,623
Turnover Rate	13.0%	27.1%	21.9%

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

6. Sickness Absence Data (Not subject to audit) (to be updated)**NES Core Staff Absence by Quarter during 2021/22 (this excludes Doctors & Dentists in Training)**

The average for 2021/22 is 2.2% (2020/21: 1.1%). This increase demonstrates a return to pre COVID-19 absence levels across NES. Our absence rates compares favourably to the NHS Scotland average of 5.7% (2020/21: 4.7%).

7. Disabled Persons Employment

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

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

8. Staff Engagement and Staff Governance

iMATTER | NES outcomes 2021

Response Rate

92%



Employee Engagement Index

84%



Reports issued

94%



Action Plans completed

83%



NES participated in the national NHS Scotland iMatter survey intended to understand staff engagement. Participation rate was 92% (vs 87% in the previous 2019 survey), the highest in NHS Scotland, and the Employee Engagement Index was 84 (vs 82 in the previous 2019 survey), again the highest across the sector. During the year, a wide range of support was provided to NES staff supporting their well-being, particularly given that the majority worked from home for much of the year. The Staff Governance Committee provided oversight of performance against the Staff Governance Standard. Feedback from Scottish Government on the NES Staff Governance Monitoring Report, which provided evidence against the Staff Governance Standard referenced several positive staff support practices.

- NES had 199 teams, of which 110 were 'small', ie 4 or less team members
- Overall, 188 teams received a report. Of the 110 'small' teams, 99 received a report
- Overall, 165 teams completed an action plan

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

iMATTER | NHS Scotland outcomes 2021

Response Rate

56%



Employee Engagement Index

75%



Reports issued

88%



Action Plans completed

42%



A key difference to note is that in 2021 there were nearly twice as many teams as the last time iMatter ran in 2019 (199 compared to 102), which was due to there being more 'small' (ie with 4 team members or less) teams. This came about because SWAG were keen to make iMatter teams more granular and more closely aligned with the eEES line management structure, as a way of ensuring that iMatter feedback went more directly to those who needed to hear it (ie the direct line manager), rather than being diluted in larger, aggregated teams.

9. Exit Packages (Audited Information)

	Number of departures agreed 2021/22	Number of departures agreed 2020/21
< £10,000	0	0
£10,000 - £25,000	0	0
£25,000 - £50,000	1	0
£50,000 - £100,000	0	0
Total	1	0
Total Resource Expenditure (£000)	32	0

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data will be published at the following link: www.nes.scot.nhs.uk

No of employees who were relevant union officials in 2021/22	WTE employee number	% of time spent on facility time	No of Employees
8	8.0	0%	0
		1-50%	8

Percentage of pay bill spent on facility time	
Total cost of facility time	£4,155
Total Pay Bill	£176,949,990
% of total pay bill spent on facility time	0.002%

Time spent on trade union activities	
Number of hours	159
% of hours of facility time spent on trade union activities	100%

Parliamentary Accountability Report

Losses and Special Payments

In the year to 31 March 2022, there were no balances in excess of £300,000 that were written off.

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

Fees and Charges

In the year to 31 March 2022 there were no services where the full annual cost was £1m or more, or where the amount of the income and full cost of the service are material to the financial statements.

Karen Reid

Chief Executive as Accountable Officer

30/6/2022

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

We have audited the financial statements in the annual report and accounts of NHS Education for Scotland for the year ended 31 March 2022 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board as at 31 March 2022 and of the 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 2021/22 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

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

Conclusions relating to going concern basis of accounting

We 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 we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the board 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, we 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

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our 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 ability of the board 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

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing 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 our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on 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 our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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



John Boyd, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street
Glasgow
G1 3BX
Date: 30/6/2022

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

2021		2022	
£'000		Note	£'000
Employee Expenditure			
170,405	Staff Expenditure	3	176,949
170,405			176,949
Operating Expenditure (non-employee)			
398,260	Direct Educational Expenditure	4	423,706
43,031	Expenditure for Other Educational Support	5	50,368
7,666	NES Infrastructure Expenditure	6	9,159
448,957	Operating Expenditure (non-employee)		483,233
619,362	Gross Expenditure for the year		660,182
(83,689)	Less: Operating Income	7	(92,097)
535,673	Net Expenditure for the year		568,085

Statement of Financial Position

as at 31st March 2022

2021		2022	
£'000	Note	£'000	£'000
Non-current assets			
10,157	Intangible assets	9a	9,800
2,818	Property, plant and equipment	9b	2,173
12,975	Total non-current assets		11,973
Current assets			
Financial assets:			
3,239	Trade and other receivables	10	2,093
225	Cash and cash equivalents	11	447
3,464	Total current assets		2,540
16,439	Total assets		14,513
Current liabilities			
(694)	Provisions	13a	(464)
Financial liabilities:			
(25,939)	Trade and other payables	12	(28,562)
(26,633)	Total current liabilities		(29,026)
(10,194)	Non-current assets less net current liabilities		(14,513)
Non-current liabilities			
(3,910)	Provisions	13a	(4,385)
Financial liabilities:			
(645)	Trade and other payables	12	(378)
(4,555)	Total non-current liabilities		(4,763)
(14,749)	Assets less liabilities		(19,276)
Taxpayers' equity			
(14,752)	General Fund		(19,279)
3	Revaluation Reserve		3
(14,749)	Total taxpayers' equity		(19,276)

Approved by the Board on 30 June 2022

Jim Boyle

Director of Finance
30/6/2022

Karen Reid

Chief Executive
30/6/2022

The Notes to the Accounts, numbered 1 to 18, form an integral part of these Accounts.

Statement of Cash Flows

for the year ended 31 March 2022

2021		2022	
£'000	Note	£'000	£'000
Cash flows from operating activities			
(535,673)	Net expenditure	SOCNE	(568,085)
1,195	Adjustments for non-cash transactions	2b,6	1,450
2,211	Decrease in trade and other receivables	2b	1,146
999	Increase in trade and other payables	2b	2,288
(297)	Increase/(Decrease) in provisions	2b,13	245
(531,565)	Net cash outflow from operating activities		(562,956)
Cash flows from investing activities			
(1,121)	Purchase of property, plant and equipment	2b, 9b	(281)
(2,236)	Purchase of intangible assets	9a	(321)
(3,357)	Net cash outflow from investing activities		(602)
Cash flows from financing activities			
534,922	Funding		563,558
(83)	Movement in general fund working capital		222
534,839	Net Financing		563,780
(83)	Net decrease in cash and cash equivalents in the period	11	222
308	Cash and cash equivalents at the beginning of the period	11	225
225	Cash and cash equivalents at the end of the period	11	447
Reconciliation of net cash flow to movement in net cash			
(83)	(Decrease)/Increase in cash in year		222
308	Net cash at 1 April 2021	11	225
225	Net cash at 31 March 2022	11	447

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022

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

Prior Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2020	(13,587)	3	(13,584)
Changes in taxpayers' equity for 2020/21			
Net expenditure for the year	(535,673)	0	(535,673)
Transfer of Assets	(414)	0	(414)
Total recognised income and expense for 2020/21	(536,087)	0	(536,087)
Funding			
Drawn down	534,839	0	534,839
Movement in General Fund Creditor	83	0	83
Total funding	534,922	0	534,922
Balance at 31 March 2021	(14,752)	3	(14,749)

Notes to the Accounts

Note 1. Accounting Policies

1. Authority

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

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

There were no Accounting standards, amendments or interpretations issued and effective for the first time in 2021/22

Standards, amendments and interpretations issued but not yet effective or adopted this year:
IFRS 16 - Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022.

Under IFRS16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. NHS Education for Scotland expects that all existing operating leases fall within the scope of IFRS16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract negotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right-of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7. The Board has assessed the impact that the application of IFRS 16 would have on the comprehensive net expenditure for the financial year ending 31 March 2023 and on the Statement of Financial Position at that date.

Based on the opening position of exiting leases as of 31 March 2022, the Standard is expected to increase total expenditure in 2022-23 by £0.1 million. Right of use assets totalling £7.8 million will be brought on to the statement of Financial Position with an associated lease liability of £8 million.

There were no Accounting standards, amendments or interpretations early adopted in 2021/22.

Note 1. Accounting Policies (continued)**2. Going Concern**

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future. 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 Accountability Report.

3. Accounting Convention

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

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

5. Plant and Equipment

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

5.1 Recognition

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

All assets falling into the following categories are capitalised:

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

Note 1. Accounting Policies (continued)

- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

5.2 Measurement**Valuation**

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

- Equipment, installations and fittings are valued at fair value. A depreciated historical cost basis is a proxy for fair value in respect of such assets which have short useful lives or low values (or both).
- Assets under construction are valued at current cost. These are also subject to impairment review.

Subsequent Expenditure

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

Revaluations and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the SoCNE, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups.

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

Depreciation

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

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

- 1) Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 2) Plant, equipment and fixtures and fittings are depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis.

Note 1. Accounting Policies (continued)

The following asset lives have been used:

Asset Category / Component	Useful Life
Plant & Machinery and Information Technology	5 years to 10 years
Furniture & Fittings	5 years to 10 years
Transport Equipment	6 years

6. Intangible Assets**6.1 Recognition**

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

1. Software
2. Software Licences
3. Websites

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

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

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

Software

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

Note 1. Accounting Policies (continued)**Software Licences**

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

Websites

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

6.2 Measurement**Valuation**

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

Revaluation and impairment

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

6.3 Amortisation

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

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

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

Amortisation is charged on a straight-line basis.

Note 1. Accounting Policies (continued)

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. Leasing**Operating Leases**

Where a lease, including a lease for a building, is regarded as an operating lease, the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and offset against the payments over the life of the lease.

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.

Note 1. Accounting Policies (continued)**11. Losses and Special Payments**

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

12. Employee Benefits**Short-term Employee Benefits**

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

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the SoCNE represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency 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.

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

Note 1. Accounting Policies (continued)

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

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 fixed 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.

Note 1. Accounting Policies (continued)**19. Financial Instruments****Financial Assets****Business model**

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

Classification

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

a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

b) Financial assets held at amortised cost

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

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

c) Financial assets at fair value through other comprehensive income

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

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

d) Impairment of financial assets

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

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

Note 1. Accounting Policies (continued)**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.

a) Financial liabilities at fair value through profit or loss

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

b) Financial Liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The 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.

Note 1. Accounting Policies (continued)

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

a) Financial liabilities at fair value through profit or loss

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

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the SoCNE.

b) 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 -7.

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.

22. 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.

23. Key Sources of Judgement and Estimation Uncertainty

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

Note 1. Accounting Policies (continued)

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

Dilapidations Provision

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

Creditors and Other Provisions

Within creditors there is an accrual for annual leave and flexi Leave of £1,091k (2021: £1,167k) and an accrual for the buy-back of annual leave of £190k (2021: £0k). In line with prior year and due to COVID-19, the usual cap on annual leave carry-forward was removed and an option was provided for staff to buy back their annual leave carried forward since 2019-20, up to a maximum of 10 days.

The approach to determine the expected costs was in two stages. Stage 1 used the information extracted from the NES Annual leave App in relation to the remaining hours not taken, and the hours approved to carry-forward. It was then possible to apply hourly costs to the hours based on actual salary costs to give a total anticipated cost. As GP Trainees do not have access to the app, the average hours determined in stage 1 were applied to their hourly rates. The total included in the annual leave accrual for GP Trainees is £448k (2021:£428k) for GP Trainees, calculated as 16 hours leave for each trainee in post on 31 March. If the average amount of annual leave estimated to be outstanding for each trainee moved by 5%, the overall accrual required would increase / decrease by £22k.

In addition, an accrual of £145k (2021: £372k) and a provision of £325k (2021: Nil) has been included in respect of payments relating to staff on fixed term contracts.

Prepayments and Deferred Income

A de-minimis level of £5,000 will be applied to prepaid expenses and deferred income. Any costs, including irrecoverable VAT and any income, excluding VAT under £5,000 where part or all of the transaction relates to a subsequent financial year, will be accounted for in full and no prepayment or deferral recognised.

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

Summary of Core Revenue Resource			
	Note	£'000	
Net expenditure	SOCNE	568,085	
Total non core expenditure (see below)		(1,832)	
Total core expenditure		566,253	
Core revenue resource limit		567,267	
Saving against core revenue resource limit		1,014	
Summary of Non Core Revenue Resource			
		£'000	
Depreciation / Amortisation	6	1,450	
Annually Managed Expenditure	6	382	
Total non core expenditure (see below)		1,832	
Non core revenue resource limit		1,833	
Saving against non core revenue resource limit		1	
Summary of Resource Outturn			
	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	567,267	566,253	1,014
Non core	1,833	1,832	1
Total	569,100	568,085	1,015

	Limit as set by SGHCD	Actual Outturn	Variance (Over)/ Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	567,267	566,253	1,014
Revenue Resource Limit - Non Core	1,833	1,832	1
Total Revenue Resource Limit	569,100	568,085	1,015
Capital Resource Limit - Core	449	448	1
Cash Requirement	563,780	563,780	0

2b Notes to the Cash Flow Statement

2021		2022		
Adjustments for non-cash transactions				
£'000		£'000		
EXPENDITURE NOT PAID IN CASH				
912	Depreciation			958
283	Amortisation			492
1,195	Total expenditure not paid in cash			1,450
MOVEMENTS IN WORKING CAPITAL				
			Opening Balances	Closing Balances
		Note	£'000	£'000
TRADE AND OTHER RECEIVABLES				
2,211	Due within one year	10	3,239	2,093
			3,239	2,093
2,211	Net decrease			1,146
TRADE AND OTHER PAYABLES				
1,041	Due within one year	12	25,939	28,562
(367)	Due after more than one year	12	645	378
242	Less: property, plant & equipment included in above		(154)	0
83	Less: General Fund creditor included in above	11	(225)	(447)
	Total		26,205	28,493
999	Net increase			2,288
PROVISIONS				
(297)	Statement of Financial Position	13a	4,604	4,849
	Total		4,604	4,849
(297)	Net increase/(decrease) in Working Capital			245
2,913	Net movement	CFS		3,679

Note 3. Staff Expenditure

2021		2022
£'000		£'000
925	Medical Training Fellowships	988
2,663	Medical Training Programme Directors	2,870
113,866	Medical GP Trainees (employed by NES)	116,622
3,806	Medical Professional Development	4,402
827	Medical Quality Management	858
5,449	Medical Strategic Planning & Directorate Support	5,532
2,115	Medical Training Programme Management	2,092
212	Healthcare Science	255
6,048	Dental	6,277
2,882	Psychology	3,202
2,006	Pharmacy	2,511
8,041	Nursing, Midwifery and Allied Health Professionals	6,092
898	Knowledge Services	1,072
2,158	Leadership & Admin Workforce Development	2,463
409	Optometry	534
4,498	Internal Governance, Planning, Commissioning & Systems	4,983
435	Property & Facilities Management Expenditure	427
3,309	Workforce Support	3,113
6,937	NES Technology Service ¹	10,217
2,921	Corporate Expenditure	2,226
0	NHS Scotland Academy (NHSSA) ²	213
170,405	Total Staff Expenditure	176,949
Reconciliation of Staff Expenditure to Staff Report		
99,654	Total Pay per Staff Report b) on page 63	96,126
(2,043)	Less capitalised salaries in Staff Report, not in this note	(314)
72,794	Add back Outward Secondees as they are in Note 7	81,137
170,405	Total Staff Expenditure	176,949

1. Digital Services and NES Digital Service (NDS) were reported separately in prior years and have merged into NES Technology Service in 2021/22

2. NHS Scotland Academy was formed in 2021/22 in collaboration with Golden Jubilee

Note 4. Direct Educational Non Pay Expenditure

2021		2022
£'000		£'000
Undergraduate expenditure		
93,672	Medical ACT	104,191
18,890	Dental ACT	19,619
2,045	Pharmacy ACT	2,318
114,607	Total undergraduate expenditure	126,128
Postgraduate expenditure		
28,358	Medical Foundation 1 Trainees	31,250
34,305	Medical Foundation 2 Trainees	35,006
176,669	Medical Core/Specialty Trainees	183,830
352	Medical Training Fellowships	358
9,007	Medical GP Trainee Support Expenditure	9,206
248,691	Total Medical Training Grades	259,650
5,487	Dental training grades	5,734
8,774	Dental GP Trainees	9,091
14,261	Total Dental Training Grades	14,825
7,021	Pre-reg Pharmacy Trainees/FTY Trainee Pharmacist ¹	7,471
288	Pharmacy Fellowships	238
7,309	Total Pharmacy	7,709
10,857	Clinical Psychology	12,367
2,535	Healthcare Science	3,027
283,653	Total Postgraduate Expenditure	297,578
398,260	Total Direct Educational Non Pay Expenditure	423,706

1. Driven by the General Pharmaceutical Council, as part of the implementation of new standards for education and training of Pharmacists, in July 21 the programme was renamed Foundation Trainee Year (FTY) Trainee Pharmacist.

Note 5. Other Educational Infrastructure Support - Non Pay Expenditure

2021		2022
£'000		£'000
2,217	Medical Professional Development	2,677
879	Medical Quality Management	894
228	Medical Strategic Planning & Directorate Support	280
2,945	Medical Training Programme Management	5,174
267	Healthcare Science	246
7,073	Dental	6,457
12,766	Psychology	14,296
1,334	Pharmacy	2,323
7,749	Nursing, Midwifery and Allied Health Professionals	9,639
3,849	Knowledge Services	3,391
657	Optometry	689
1,233	NHS Workforce Support	1,492
1,834	NES Technology Service ¹	2,764
0	NHS Scotland Academy(NHSSA) ²	46
43,031	Total Other Educational Support Non Pay Expenditure	50,368

1. Digital Services and NES Digital Service (NDS) were reported separately in prior years and have merged into NES Technology Service in 2021/22
2. NHS Scotland Academy was formed in 2021/22 in collaboration with Golden Jubilee

Note 6. NES Infrastructure - Non Pay Expenditure

2021		2022
£'000		£'000
264	Internal Governance, Planning, Commissioning & Systems	484
4,178	Property & Facilities Management	4,176
205	Workforce Support	244
1,324	NES Technology Service	1,837
1,195	Depreciation and Amortisation	1,450
500	Corporate	524
(61)	Movement on Provisions - Annually Managed Expenditure	382
61	External Auditor's Remuneration - Audit Fee	62
7,666	Total NES Infrastructure Non Pay expenditure	9,159

Note 7. Other Operating Income

2021		2022
£'000		£'000
72,746	NHS Scotland bodies	81,221
213	NHS Non-Scottish bodies	130
1,188	SGHSCD	1,072
806	License fees for E Portfolio system	751
153	GP CPD	168
366	Dental CPD	589
80	Scottish Patient Safety Programme Fellowship Fees	114
6,662	Overseas ACT Levy - Medical	7,402
463	Overseas ACT Levy - Dental	0
1,012	Other Income	650
83,689	Total Other Operating Income	92,097

Income from NHS Scotland bodies includes recharges of £78,626k (2021: £70,703k) for the Lead Employer Programme for which NES is the Lead Employer for GP and Dental Trainees in a hospital placement and National Programme Trainees.

Note 8. Segmental Analysis

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

	Medical	Dental	NMAHP	Other Health Professionals	Digital	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating expenditure 2021/22	434,492	46,699	15,508	34,534	20,341	16,511	568,085
Net operating expenditure 2020/21	412,328	45,518	15,563	30,559	15,515	16,190	535,673

In the above, Other Health Professionals includes Optometry, Healthcare Science and Psychology; Digital includes the cost of all digital infrastructure; and Corporate includes Finance and Procurement, Workforce and Planning and Corporate Resources. Within Corporate Resources there is Property and Facilities Management.

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

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

Note 9. a) Intangible Fixed Assets – Current Year

Current Year	Software licenses	Software	Websites	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
As at 1 April 2021	45	11,716	412	1,018	13,191
Additions	0	321	0	0	321
Transfers	0	832	0	(1,018)	(186)
Disposals	0	(81)	0	0	(81)
At 31st March 2022	45	12,788	412	0	13,245
Amortisation:					
As at 1 April 2021	15	2,607	412	0	3,034
Provided in year	0	492	0	0	492
Disposals	0	(81)	0	0	(81)
At 31st March 2022	15	3,018	412	0	3,445
Net Book Value at 31 March 2021	30	9,109	0	1,018	10,157
Net Book Value at 31 March 2022	30	9,770	0	0	9,800
Asset financing:					
Owned	30	9,770	0	0	9,800
Net Book Value at 31 March 2022	30	9,770	0	0	9,800

Note 9. a) Intangible Fixed Assets – Prior Year

Prior Year	Software licenses	Software	Websites	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
As at 1st April 2020	45	9,853	412	645	10,955
Additions	0	1,218	0	1,018	2,236
Transfers	0	645	0	(645)	0
At 31 March 2021	45	11,716	412	1,018	13,191
Amortisation:					
As at 1st April 2020	15	2,324	412	0	2,751
Provided during the year	0	283	0	0	283
At 31 March 2021	15	2,607	412	0	3,034
Net book value at 31 March 2020	30	7,529	0	645	8,204
Net book value at 31 March 2021	30	9,109	0	1,018	10,157
Asset financing:					
Owned	30	9,109	0	1,018	10,157
Net book value at 31 March 2021	30	9,109	0	1,018	10,157

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

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

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

Prior Year	Transport equipment	Plant & machinery	Information technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
As at 1st April 2020	375	1,006	3,370	5,300	10,051
Additions	0	879	0	0	879
Transfers	0	(414)	0	0	(414)
At 31 March 2021	375	1,471	3,370	5,300	10,516
Depreciation:					
As at 1st April 2020	104	646	2,463	3,573	6,786
Provided during the ye	54	44	239	575	912
At 31 March 2021	158	690	2,702	4,148	7,698
Net book value at 31 March 2020	271	360	907	1,727	3,265
Net book value at 31 March 2021	217	781	668	1,152	2,818
Asset financing:					
Owned	217	781	668	1,152	2,818
Net book value at 31 March 2021	217	781	668	1,152	2,818

Note 10. Trade and Other Receivables

2021		2022
£'000		£'000
Receivables due within one year:		
NHSScotland		
136	SGHSCD	106
337	Boards	359
473	Total NHSScotland receivables	465
127	NHS non-Scottish bodies	177
58	VAT recoverable	163
1,374	Prepayments	586
256	Accrued income	201
489	Reimbursement of provisions (CNORIS)	350
462	Other receivables	151
3,239	Total receivables due within one year	2,093
WGA Classification:		
£'000		£'000
337	NHSScotland	359
194	Central Government bodies	269
127	Balances with NHS bodies in England and Wales	177
2,581	Balances with bodies external to Government	1,288
3,239	Total	2,093

Trade Receivables that are less than 3 months past their due date are not considered impaired. As at 31 March 2022, receivables with a carrying value of £240k (2021: £1,034k) were past their date but not impaired. The ageing of receivables that are past due but not impaired is as follows:

2021		2022
£'000		£'000
873	Up to 3 months past due	133
98	3 to 6 months past due	49
63	Over 6 months past due	58

Note 10. Trade and Other Receivables (Continued)

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:			
2021			2022
£'000			£'000
	Counterparties with external credit ratings		
1,001	A		675
	Counterparties with no external credit rating		
22	New customers		13
11	Existing customers with no defaults in the past		34
1,034	Total neither past due nor impaired		722

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

Note 11. Cash and Cash Equivalents

	At 1 April 2021	Cash Flow	At 31 March 2022
Current Year	£'000	£'000	£'000
Government Banking Service account balance	199	228	427
Cash at bank and in hand	26	(6)	20
Total cash and cash equivalents	225	222	447
	At 1 April 2020	Cash Flow	At 31 March 2021
Prior Year	£'000	£'000	£'000
Government Banking Service account balance	278	(79)	199
Cash at bank and in hand	30	(4)	26
Total cash and cash equivalents	308	(83)	225

Note 12. Trade and Other Payables

2021		2022
£'000		£'000
Payables due within one year		
NHSScotland		
8,190	Boards	9,285
8,190	Total NHSScotland payables	9,285
390	NHS Non-Scottish bodies	430
225	Amounts payable to General Fund	447
1,263	Trade payables	1,022
8,132	Accruals	8,811
180	Deferred income	219
3,906	Income tax and social security	4,371
2,423	Superannuation	2,711
1,167	Holiday pay accrual	1,091
63	Other payables	175
25,939	Total Trade and Other Payables due within one year	28,562
Payables due after more than one year		
645	Other payables	378
645	Total Trade and Other Payables after more than one year	378
26,584	Total Trade and Other Payables	28,940
£'000	WGA Classification	£'000
8,190	NHS Scotland	9,285
6,329	Central Government Bodies	7,082
390	Balances with NHS Bodies in England and Wales	430
11,675	Balances with bodies external to Government	12,143
26,584	Total Trade and Other Payables	28,940

The carrying amount of payables are denominated in Great British Pounds.

Note 13. a) Provisions

Current Year	Clinical legal claims¹	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	514	88	4,002	0	4,604
Arising during the year	60	37	44	325	466
Utilised during the year	(55)	(23)	0	0	(78)
Reversed unutilised	(143)	0	0	0	(143)
At 31 March 2022	376	102	4,046	325	4,849

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

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

Prior Year	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	779	89	4,033	0	4,901
Arising during the year	0	39	(31)	0	8
Utilised during the year	(262)	(40)	0	0	(302)
Reversed unutilised	(3)	0	0	0	(3)
At 31 March 2021	514	88	4,002	0	4,604

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
Payable in one year	514	22	158	0	694
Payable between 2 - 5 years	0	53	3,844	0	3,897
Payable between 6 - 10 years	0	5	0	0	5
Thereafter	0	8	0	0	8
At 31 March 2021	514	88	4,002	0	4,604

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

2021			2022
£'000		Note	£'000
514	Provision recognising individual claims against the Board at 31 March	13a	376
(489)	Associated CNORIS receivable for individual claims at 31 March	10	(350)
88	Provision recognising the Board's liability from participating in the scheme at 31 March	13a	102
113	Net total provision relating to CNORIS at 31 March		128

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

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

Additionally, as a result of participation in the scheme, NHS Boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual Board. Boards also recognise that there is a requirement to make contributions to the scheme in future years. Therefore, a second provision that recognises the Board's share of the total CNORIS liability of NHS Scotland has been made and this is reflected in the table above.

Therefore, there are two related, but distinct, provisions required as a result of participation in the scheme. Clinical and Medical Legal £377k relates to claims against NES, and the participation in CNORIS £88k relates to the NES share of the total NHS Scotland liability. The annual cost of participating in the CNORIS scheme is an expenditure which is charged to the SoCNE.

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

Note 14 Commitments Under Lease

Operating Leases

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

2021		2022
£'000		£'000
Obligations under operating leases comprise:		
Buildings		
1,704	Not later than one year	1,850
1,514	Later than one year, not later than 2 years	1,388
2,671	Later than two years, not later than five years	1,533
147	Later than five years	9
6,036	Total Buildings	4,780
Other		
6	Not later than one year	4
6	Later than one year, not later than 2 years	4
6	Later than two years, not later than five years	1
18	Total Other	9
Amounts charged to operating expenditure in the year were:		
12	Hire of equipment (including vehicles)	5
1,850	Other operating leases	2,180
1,862	Total	2,185

Note 15. Pension Costs

National Health Service Superannuation Scheme

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

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

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Education for Scotland is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate for the period from 1 April 2021 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

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

NHS Education for Scotland's level of participation in the scheme is 1.55 % based on the proportion of employer contributions paid in 2020/21.

The current NHS Pension Scheme (Scotland) 2015

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

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

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

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

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

www.pensions.gov.scot

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
1st March 2013	1%	1%	2%
1st April 2018	3%	2%	5%
1st April 2019	5%	3%	8%

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

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

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

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

Financial Assets At 31 March 2022:	Financial Assets at Amortised costs £'000	Total £'000
Assets per Statement of Financial Position		
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	529	529
Cash and cash equivalents	447	447
	976	976
Financial Assets At 31 March 2021:		
	Financial Assets at Amortised costs £'000	Total £'000
Assets per Statement of Financial Position		
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	845	845
Cash and cash equivalents	225	225
	1,070	1,070

Financial Liabilities At 31 March 2022:	Liabilities at Amortised costs £'000	Total £'000
Liabilities per Statement of Financial Position		
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	12,354	12,354
	12,354	12,354
Financial Liabilities At 31 March 2021:		
	Other financial liabilities £'000	Total £'000
Liabilities per Statement of Financial Position		
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	11,885	11,885
	11,885	11,885

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

NES's activities expose it to a variety of financial risks:

- Credit risk the possibility that other parties might fail to pay amounts due.
- Liquidity risk the possibility that NES might not have funds available to meet its commitments to make payments.
- Market risk the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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

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

16b (i) Credit Risk

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

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by NES.

The utilisation of credit limits is regularly monitored.

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

16b (ii) Liquidity Risk

The Scottish Parliament makes provision for the use of resources by NES for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified, and up to the amounts specified, in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. NES is therefore not exposed to significant liquidity risks.

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2022:				
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	11,976	234	144	0
Total	11,976	234	144	0

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2021:				
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	11,241	292	352	0
Total	11,241	292	352	0

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 £396 million (2021: £396 million) with other NHS Scotland Boards. NES expenditure with the following boards exceeded £10 million: NHS Ayrshire and Arran, NHS Fife, NHS Forth Valley, NHS Grampian, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire, NHS Lothian and NHS Tayside. NHS Boards where the total income exceeded £10 million are NHS Greater Glasgow and Clyde and NHS Lothian.

Executive Board Members had no material interests in contracts or potential contracts with the organisation. One Non-executive Director held a position with Robert Gordon University until Feb 2022 and currently holds a position with University of Highlands and Islands. As a non-executive Director, they do not influence operational decisions of this nature. NES spent £649k (2021: £1,003k) with Robert Gordon's University in the year and had a £0k outstanding balance at year-end (2021: £20k) and spent £46k with University of Highlands and Islands with no outstanding balances at yearend.

Note 18. Capital Commitments

The Board has no capital commitments.

Direction by the Scottish Ministers

DIRECTIONS BY THE SCOTTISH MINISTERS

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

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

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

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

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

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

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

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

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

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

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



Signed by the authority of the Scottish Ministers

Dated 22 March 2022

Glossary of Terms

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

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



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