

Annual Report and Accounts for the Year Ended 31 March 2024



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Overview

The Annual Report and Accounts 2023/24 provide an open and transparent view of NHS Education for Scotland's performance in the last 12 months. We highlight what has gone well, where we were unable to meet our delivery commitments and the reason for this as well as providing an overview of our future direction.

NHS Education for Scotland (NES) is firmly committed to improving population health, reducing inequalities and working nationally and locally with partners to make a positive and lasting impact to improving the wellbeing of the people of Scotland.

As the statutory provider of education and training for the health and social care workforce in Scotland, our [Corporate Strategy](#) outlines our strategic ambitions under the themes of People, Partnerships and Performance. This report describes our performance and prospects in these three areas during 2023/24.



Chair & Chief Executive's Statement

NES supports everyone who works in and with health and social care services, as well as every person in every community in Scotland.

2023/24 has been a significant year for the organisation where we have focused both on the present and the future, balancing delivery of our commitments with outlining our aspiration and intent and the difference we want to make, enhancing outcomes, experience and quality of life for those who work in health and social care services as well as those who receive care across Scotland.

This has involved embracing new ways of thinking and doing and working differently as an organisation. Through our [Transformation Route Map](#), we have set out how we will deliver on our strategic intent and the changes people will see within the organisation to improve the education and learning experience within Scotland's health and social care system as we deliver our priorities.

Through our [Learning and Education Strategy](#), we have highlighted our ongoing commitment to providing the highest quality learning opportunities aligned to and informed by the needs of the health and social care system, individuals and partners.

Everything we do in NES is about people and our own people are at the heart of our success as an organisation. During 2023/24 we have continued to support them in being the best they can be through working in partnership to create the conditions and culture in which we can all thrive and be our best at work.

2023/24 was a year in which we made significant progress to deliver for the people of Scotland and it has been an honour to provide leadership of the organisation during this exciting time. This annual report is not only a public record of our accomplishments, but a tribute to the hard work, commitment and expertise of our staff who have been central to our achievements and continued success as an organisation.



Prof. Karen Reid
Chief Executive



Dr David Garbutt
Board Chair

Our vital role

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



£700m
Net Expenditure



1,207
Education & Support Staff



>6,000 learners supported through the NHSScotland Academy



512,367 visits to the NHSScotland Careers Website



1,974 Doctors & Dentists in Training



>95% of General Ophthalmic Services (GOS) Optometrists / Ophthalmic Medical Practitioners in Scotland received mandatory training.

Undergraduate placements



6,322
medical



944
dental



1,071
pharmacy

Postgraduate training programmes



6,659
medical



279
dental



1,052
pharmacy



123
clinical science



367
psychology



71
optometry



over
12,000
Pharmacy e-Learning
completions



NES Annual Conference
delivered to
1,730
participants



over
400
people completed the
National Trauma Training
Programme



Scottish Multiprofessional
Maternity Development
Programme training
delivered to
1,530
staff



1.2 million
journal article
downloads



700k
databases
searches



7.3k
ebook
downloads

Enabled by [The Knowledge Network](#) national digital library for health and social care in Scotland.



Who we are

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

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

What we do

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

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

The difference we make

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

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

We are focused on preparing and shaping the workforce for the future and the changes in health and social care necessary to improve outcomes. We work with the Scottish Government, local government, NHS, Health and Social Care Partnerships, social care providers, academia, regulators, and other strategic partners to create new roles and services and develop new and exciting career pathways for future generations.

Our Strategy 2023/26: People, Partnerships and Performance

In July 2023, we launched a new [strategy](#) for 2023/26 framed around the themes of people, partnership and performance.

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

Over the next three years we will work with our learners, educators, partners and stakeholders to improve education and learning, using technology and innovation to create a better future for health and social care. Our focus is, and will remain, improving people's health and care outcomes through a competent, confident and skilled workforce while supporting the Scottish Government's policies.

Our focus for 2023/26

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

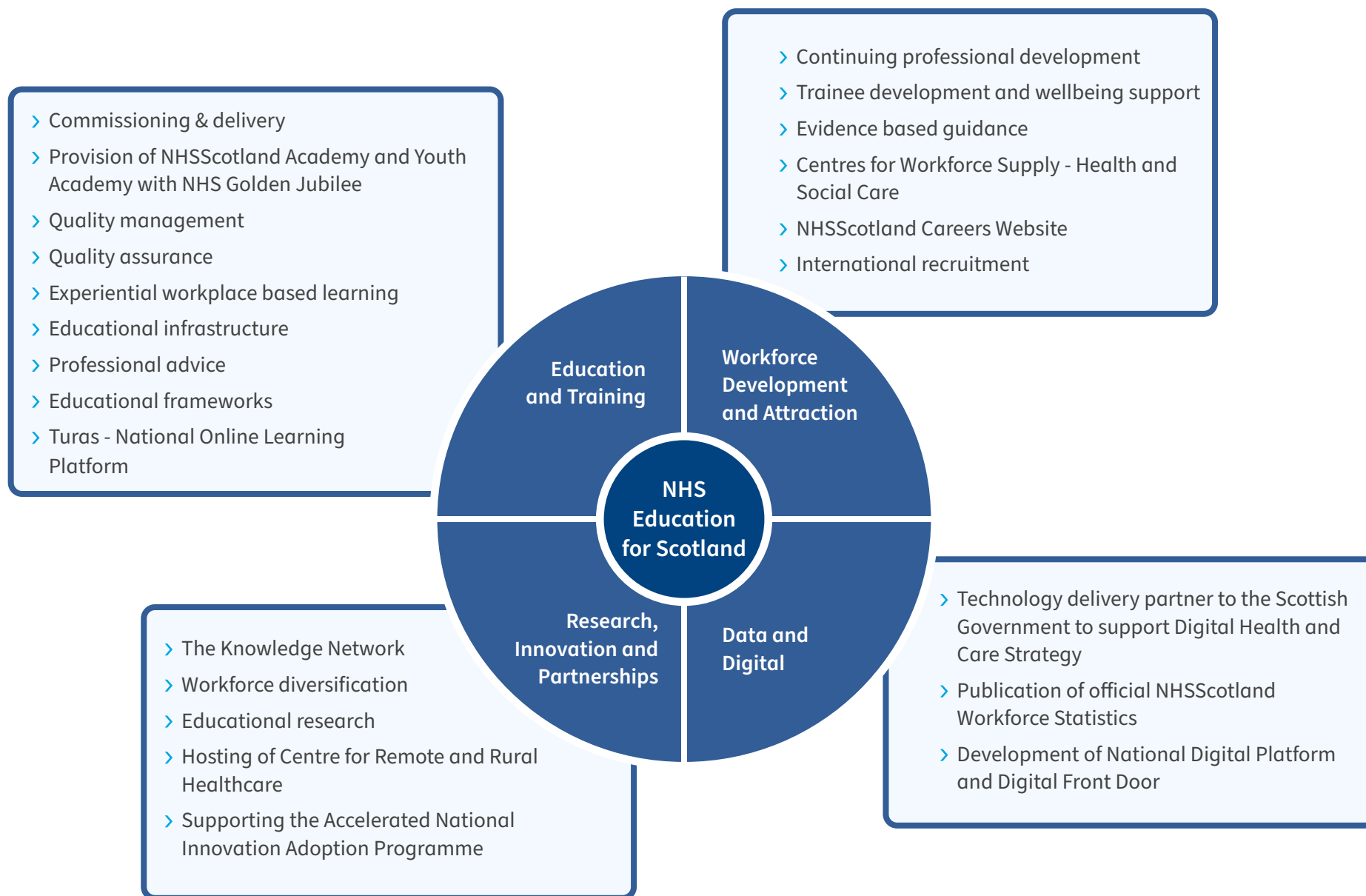
We will deliver our strategic ambition through our medium-term plan and annual delivery plans, measuring and managing our performance against Key Performance Indicators (KPIs) which align directly with our strategic themes.

Our organisational structure

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

- > Medical
- > Nursing, Midwifery and Allied Health Professionals
- > Social Care
- > Pharmacy
- > Dental (including Healthcare Science and Optometry)
- > NES Technology Service
- > Psychology
- > NHSScotland Academy (NHSSA) Learning and Innovation
- > Workforce

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



We operate from 31 sites across Scotland, with five regional offices and 26 educational centres which are located within the premises of other NHS Boards. NES is a hybrid and remote friendly organisation, and we are working actively with other NHS Boards and partner organisations to consider our future building requirements taking into account the needs of our stakeholders and anticipated new ways of working.

Developments in our operating environment

Throughout 2023/24 and within the context of an ongoing challenging fiscal environment, we have focused on supporting the current and future health and social care workforce via the development and delivery of high-quality education and training and workforce development, utilising digital technologies where appropriate.

The most significant development in our operating environment during 2023/24 was the launch of our new strategy for 2023/26. Building on a positive consultation and engagement process with our stakeholders as part of the development of our strategy in 2022/23, throughout 2023/24 we have continued to strengthen our relationships with the Scottish Government, the health and social care sector, academia and regulators to develop our offer, support succession planning and talent management and create new education and training routes that meet the needs of our population.

We also published a [Transformation Route Map](#) in September 2023, an Organisational Development Plan in October 2023 and our [Learning & Education Strategy](#) in March 2024, with each playing a vital role in setting out how we will deliver on our strategic intent and achieve the conditions and culture necessary to thrive and deliver excellence in our work. As part of delivering our Transformation Routemap, we have established 4 priority programmes:

- › Property and New Ways of Working
- › Learning and Education Quality System
- › Turas Refresh
- › Business Transformation

2023/24 also saw the formal launch of the National Centre for Remote & Rural Health and Care which will support the delivery of improved care for remote, rural and island communities across Scotland and work to reduce health and wellbeing inequalities through improving the sustainability, capacity, and capability of remote, rural and island Primary Care and community-based services. Through this new initiative we are working closely with our partners to harness innovation and make use of existing networks and community spaces to address local healthcare challenges.

Additionally, the Centre for Workforce Supply (CWS), which is hosted by NES on behalf of the Scottish Government, continued to support the international recruitment of staff into NHSScotland and a new CWS Social Care team was established to support accelerated recruitment into Adult Social Care roles across Scotland.

NES's successful partnership with NHS Golden Jubilee to deliver accelerated training and support to the health and social care workforce via the NHSScotland Academy (incorporating the NHSScotland Youth Academy) also continued throughout 2023/24. Over 6,000 learners have now benefitted from the mix of residential, online, and simulation training and resources, leading to more than 4,000 endoscopy and ultrasound patients being seen from across NHSScotland. Programmes such as the Clinical Skills for Pharmacists have also relieved pressures on services by upskilling pharmacists to provide assessments for minor symptoms and prescribe treatment which has increased access to frontline health care for people in their local communities.

Throughout 2023/24 we have also continued to work with other national Boards to support the recovery effort from the pandemic and have established strategic partnerships which add value and support to ongoing collaborations such as our work with the Scottish Ambulance Service (SAS), NHS 24, Public Health Scotland and NHSScotland Boards in the North in relation to workforce diversification.

This year also marked the start of a new approach to performance management within NES and the introduction of 41 strategic Key Performance Indicators (KPIs) which support us in understanding how we are performing in line with our strategic ambitions.

Key Risks and Issues

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

Financial Sustainability



We may be unable to deliver a sustainable financial plan in the longer term due to ongoing cost and funding pressures and a continued reliance on non recurring funding from the Scottish Government. Our Board approved a balanced financial plan for 2024/25 on 28 March 2024 and discussions are ongoing with the Scottish Government to convert a significant proportion of the non-recurring funding to recurring to reduce risk in this area. Maintaining strong engagement with relevant leads at the Scottish Government as well as our Sponsorship Team enhances the robustness of our financial and delivery planning and mitigates risk in this area.

Recruitment and retention of skilled and experienced staff across NES



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





Insufficient investment in Turas learn and our learning platforms



Insufficient investment could result in our learning platforms such as Turas, not meeting the learning needs and expectations of the workforce across health and social care. This would impact on our ability to achieve our purpose and objectives. A Turas refresh programme has been established to mitigate this risk, as part of our transformation programme and an outline business case has been prepared for presentation to the Scottish Government in early 2024/25, which takes into account the views and requirements of stakeholders from across the health and social care system.

Cyber and Information Security



In common with many other organisations, we face a range of threats in our operating environment which could impact on the security and resilience of our information and systems. We have a range of controls in place through our security, governance and business continuity arrangements and scored highly in our most recent Network and Information Systems Audit with a compliance score of 85%. We continue to seek continuous improvement in this area, monitored through our related key performance indicators.

Our Future

Looking ahead, our focus will remain on our strategic priorities as well as being responsive to changes in our operating environment, evolving our offer, to best meet the needs of the health and social care workforce within a challenging financial context.

We will outline our delivery priorities through our 2024/25 Annual Delivery Plan and continue to focus both on maximising the positive difference we can make for people and communities through high quality education, training, data and technology as well as on the efficiency, productivity and agility of our organisation, ensuring we are playing our vital role in supporting the overall success and sustainability of the health and social care system.



Performance Analysis - How we perform

Non Financial Performance

Throughout 2023/24 we have progressed the first year of implementation of a new approach to performance management.

This has involved defining metrics, developing reporting mechanisms and implementing Board and Committee level reporting.

In total, 41 key performance indicators, spanning 49 individual metrics, form our Board reporting suite, as detailed in the following diagram.



At the end of 2023/24, 68% of our strategic KPIs (73.5% of metrics) have been implemented for reporting. The table below provides a summary of reporting in respect of the four quadrants of our balanced scorecard and the year-end position for each KPI is available [here](#).

2023/24 Year End Position	
People	Performance
8 KPIs (12 metrics)	11 KPIs
1 still to report	0 still to report
Learners & Trainees	Partnerships
13 KPIs (17 metrics)	9 KPIs
9 still to report	3 still to report

The majority of KPIs are delegated to a Committee of the Board for scrutiny and assurance purposes, with a small number retained by the Board directly. Year 2 of implementation will focus on establishing reporting for the remaining KPIs and on building our understanding of our performance through analysing trends in our data as the dataset grows to provide data over time.

Alongside measuring our impact and reach through our KPIs, we monitor and report on performance against our annual delivery plan on a quarterly basis.

The delivery status against our 141 deliverables for the financial year 2023/24 is set out in the following table:

Deliverable Status	Number	Percentage
Blue – complete	54	38%
Red – significant delay	3	2%
Amber – minor delay	19	14%
Green – achieved milestones	65	46%
Total	141	

This completion status gives an overall position of 84% of deliverables being completed or on track, in comparison to 87% delivery achieved in 2022/23.

The three Red 2023/24 deliverables are due to staff capacity and internal systems capability or as result of ongoing discussions with the Scottish Government in relation to the transition of a technology-based delivery priority within the context of the challenging fiscal environment.

The Amber deliverables were as a result of internal staffing capacity issues, lower than expected numbers participating in educational programmes due to service priorities, delays to original project plans and timelines and, as per one of the red deliverables, due to ongoing discussions with the Scottish Government in relation to future funding arrangements and delivery priorities.

The year end position in respect of all deliverables is available [here](#).



How well do we support our staff?

We are a major employer within NHSScotland, employing over 3,000 staff, 1,974 of which are Doctors and Dentists in Training.

Supporting our staff and creating an environment in which they can flourish is a key priority for us as outlined in the [NES Strategic Workforce Plan 2022-25](#).

During 2023/24 our work to support staff with caring responsibilities was endorsed by Carers Scotland through recognising us as a Carer Positive Established Employer. Additionally, we were delighted to achieve an employee engagement index score of 85% in the annual iMatter survey, and to see an increase in the proportion of staff who reported having the time and resources to support their learning and growth.

Mid-year, we launched a succession planning pilot for our senior staff with the intent of rolling this approach out further following testing and we supported directorates to build future capability by enabling their development requirements.

We have also continued to support our staff through essential learning which was extended to include two new modules in 2023/24, covering Adult Support and Protection and Child Protection recognising the importance of awareness and understanding in these key areas which are integral to the protection of human rights. At the end of March 2024, we had achieved an overall 87.9% completion rate for essential learning, an improved position on previous years.



How well do we support our learners and trainees?

Throughout 2023/24 we provided undergraduate and postgraduate placement opportunities to over 17,000 learners across a range of clinical disciplines and supported continuing professional development and the diversification of the workforce, through around 8,000 people a day accessing our Turas Learn platform.

We also secured resource to develop our offering for the social care sector and provided a number of development opportunities for leaders across health and social care.

Through our Armed Forces Talent Programme, we worked collaboratively with NHS Boards to offer placements for veterans, services leavers and their families and we formally launched the National Centre for Remote and Rural Health and Care to support delivery of improved care for remote, rural and island communities across Scotland.

In addition, we launched Trauma Informed Justice: A Knowledge and Skills Framework for Working with Victims and Witnesses which highlights the critical importance of staff across all organisations having a shared understanding about the impact of trauma, and consistently having the additional knowledge and skills appropriate to their role in order to do no harm, minimise re-traumatisation, support recovery, and maintains their engagement to gain and interpret best evidence for those affected by trauma.



How well do we meet the needs of our partners?

Working in collaboration with a wide range of partners and stakeholders, and developing new partnerships.

We developed four significant strategic partnerships during 2023/24 (Digital Health & Care Innovation Centre, Open University in Scotland, UK Health Data Research Alliance and University of St Andrews), demonstrating our commitment to partnership working and the delivery of shared priorities which improve outcomes and create sustainability and value across the health and social care system.

We also continued to work in collaboration with a wide range of partners and stakeholders to deliver a range of exciting programmes and initiatives including the National Digital Platform and the Digital Front Door, a new commission from the Scottish Government which aims to enable citizens of Scotland to use a single means of access to their health and care information and to health and care services.

As the strategic delivery partner for the Scottish Government in improving digital skills and leadership across health and social care we also continued to deliver the Building Digital Skills and Leadership Programme, working alongside the University of Edinburgh to launch a flexible, certificate, diploma or full MSc programme on Leading Digital Transformation in Health & Social Care, engaging 50 participants.



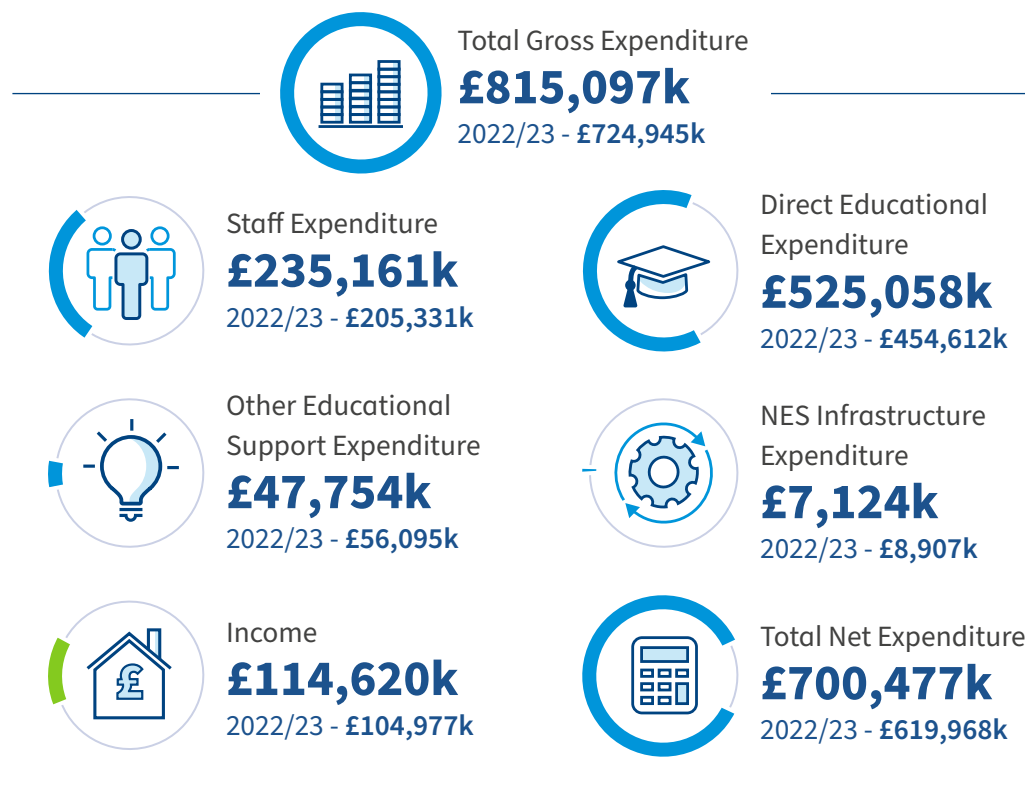
How well do we perform as an organisation?

As outlined previously, NES manages performance via the deliverables set out in our Annual Delivery Plan and our new strategic Key Performance Indicators. Further detail on the 2023/24 deliverable and [KPI position](#) is available here.

During 2023/24 we received a small number of complaints, of which 3 were upheld or partially upheld. Identified areas for improvement have been actively progressed which include the clarity of terms and conditions for training, the management of expenses and the timeliness of response through our service desks.

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

We have articulated our commitment to reducing inequalities within our Strategy and have embraced our Fairer Scotland Duty responsibilities through systematically considering the actual or potential impact of our work as we plan and take decisions. We also set out our intentions and contributions as an Anchor Institution in our Anchors Strategic Plan, demonstrating our focus on promoting a wellbeing economy, reducing poverty and inequality and our contribution to Net Zero.



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

The increase in staff costs for 2023/24 of £29,830k is mainly due to the pay awards agreed by the Scottish Government, the expansion of the GP Trainee programme and the change of employer status for dental trainees. Dental trainees previously employed by the dental practice and funded by NES (costs previously categorised under Direct Educational Costs in 2022/23) are now employed by NES.

The Direct Educational Expenditure in Note 3 of £525,058k (2022/23: £454,612k) flows to Health Boards and Medical and Dental General Practices. The increase of £70,446k reflects the expansion of clinical training posts across NHSScotland, the full cost of Psychology trainees moved into this category (previously reported under other educational support costs) and the 2023/24 pay award. This is slightly offset by the employer change for dental trainees as discussed above.

The expenditure relating to Other Educational Support in Note 3 of £47,754k (2022/23: £56,095k) is predominantly paid to Health Boards and Scottish Universities.

The overall reduction in other educational support and NES infrastructure non pay expenditure is a direct result of additional savings targets set by the Scottish Government during the financial year. In August 2023 NES along with all other national boards received a request from the Scottish Government to save a further £6.9m. Our directorates worked closely with the Scottish Government to agree a package of savings to deliver in year. The Director General for Health and Social Care and the Chief Executive for NHSScotland issued a further instruction in November to stop all discretionary expenditure for the remainder of the financial year. In doing so NES provided a further £2.2m to support the wider NHSScotland financial position.

Social Matters

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

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

We have zero tolerance for bribery or any kind of fraud. Bribery and corruption have a detrimental impact by undermining good governance. Transparent, fair conduct helps to foster trust between us and our partners and is vital for our reputation and future growth. We have a Standards of Business Conduct Policy, incorporating Hospitality Guidance, which outlines our position in relation to preventing and prohibiting bribery, and reporting suspected instances of bribery.

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050.

The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. 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 NES 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 supercedes 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://sustainableScotlandNetwork.org>.

Our report for 2022/23, the most recent year reported, as well as for prior years can be found at:

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

During 2023/24 we began the development of a NES Climate Emergency and Sustainability Strategy to support the wider NHSScotland effort to address the climate emergency, with approval and initial implementation of the strategy to take place during 2024/25. We also extended our NES Climate Emergency and Sustainability Group to include more clinical education and training colleagues enabling a focus on embedding climate emergency and sustainability mitigation measures into our education and training programmes as the most effective way of combatting the effects of the crisis. In addition, we launched an Electric Vehicle salary sacrifice scheme as a pilot which has proven to be popular with our core staff.

Financial Performance

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

1.1 Financial Performance and Position

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

- › **Revenue Resource Limit (RRL)** - a resource budget for ongoing operations split between core and non-core. Non-core is for accounting adjustments which do not require a cash payment, such as depreciation or annually managed expenditure, where a provision is created for a potential future liability. All other budgets are considered to be core. Any underspend on non-core RRL cannot be carried forward to future years. Further detail can be found in the Summary of Resource Outturn on page 99.
- › **Capital Resource Limit (CRL)** – a resource budget for net capital investment, split between core and non-core. In 2023/24 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 on the next page.



	Limit as set by SGHSCD	Actual Outturn	Variance (Over)/ Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	697,554	697,345	209
Revenue Resource Limit - Non Core	3,132	3,132	0
Total Revenue Resource Limit	700,686	700,477	209
Capital Resource Limit - Core	2,365	2,362	3
Cash Requirement	698,468	698,468	0

Memorandum for In-Year Outturn

	£'000
Core Revenue Resource Variance in 2023/24	209
Financial flexibility: Funding provided by the Scottish Government	0
Underlying surplus against Core Revenue Resource Limit	209
Percentage	0.03%

NHSScotland Boards have the ability to manage small under/overspends (within 1% of resource) within an overall breakeven position across a three-year period (2024-27). A three-year financial plan was submitted to the Scottish Government by NES on 1 March 2024, a letter was issued in response to the NHSScotland Boards' financial plan on 04 April 2024.

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 123 of these accounts.

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

Going Concern Basis

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

Outstanding Liabilities

NES has recognised a dilapidation liability of £3,761k (2022/23: £3,730k) 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 10a.

Legal Obligations

CNORIS is the Clinical Negligence and Other Risk Indemnity Scheme on behalf of the NHS in Scotland. Legal obligations under Medical Negligence claims are reported within Note 10a. The total provision for claims against NES as at 31 March 24 is £118k (2022/23: £50k).

Prior Year Adjustments

There are no prior year adjustments.

Significant Changes in Non-Current Assets

Intangible: NES invested £782k in the development of Real Time Staffing Software for use across NHSScotland

Property, Plant and Equipment: NES has invested £427k in total

- > Dental Phantom Heads (£215k) for Dental Trainees
- > C-Section Simulators (£36k)
- > Needle Ultrasounds with Scanner (£99k)
- > Wound Manekin Simulator (£22k)
- > Slit Lamp Camera and other Optometry Equipment (£55k)

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 £96m of expenditure (2022/23: £86m) relating to NES as one of four Lead Employers for all Doctors and Dentists in Training within NHSScotland

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

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 following table:

Non NHS suppliers	2023/24	2022/23
Average credit taken	7 days	7 days
% of invoices (by value) paid within 30 days	97%	97%
% of invoices (by volume) paid within 30 days	98%	97%
% of invoices (by value) paid within 10 days	90%	84%
% of invoices (by volume) paid within 10 days	93%	90%

The work we do in NES affects everyone who works in and with health and social care services, as well as every person in every community in Scotland. Through our NES Corporate Strategy for 2023-26 we have outlined the difference we want to make and our commitment to preparing and shaping the workforce for the future and the changes in health and social care necessary to improve outcomes. This 2023/24 NES Annual Performance Report evidences the positive steps we have taken in delivering on our ambitious strategic intent in the first year of taking forwards our Strategy, along with our robust and effective approach to financial management.

Prof. Karen Reid

Prof. Karen Reid
 Chief Executive
 27 June 2024



Corporate Governance Report

1 | Directors' Report

Date of Issue

Audited financial statements were approved and authorised for issue by the Board on 27 June 2024.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland.

The Auditor General appointed Carole Grant, Audit Director, Audit Scotland to undertake the audit of NES for the financial years 2022/23 to 2026/27. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland, and approved by the Auditor General for Scotland.

Board Membership

Under the terms of the Scottish Health Plan, the Board of NES is a board of governance whose membership will be informed by the functions of the Board.

Members of Health Boards are appointed on the basis of their position, or the particular expertise which enables them to contribute to the decision-making process at a strategic level.

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



Non-Executive Directors of the Board

NAME & DESIGNATION	DATE OF APPOINTMENT
DR D GARBUTT Non-Executive Director and Board Chair	Apr-18
MRS L GRIEVE Employee Director and Non-Executive Director	Apr-20
MS A GUNNER LOGAN Non-Executive Director and Board Vice Chair	Nov-21
MRS J FORD Non-Executive Director	May-19
MRS G MAWDSLEY Non-Executive Director (Whistleblowing Champion)	Feb-20
MS O CLAYTON Non-Executive Director	May-23
MR A BOYLE Non-Executive Director	May-23
MR N HENDERSON Non-Executive Director	May-23
MS S COWAN Non-Executive Director	Sep-23

Non-Executive Directors who retired in the year

NAME & DESIGNATION	DATE OF LEAVING
MR D HUTCHENS Non-Executive Director and Board Vice Chair	Aug-23
MS A CURRIE Non-Executive Director	Feb-24

Executive Directors of the Board

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

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 2024, and of its operating expenditure for the year then ended.

In preparing these accounts the Directors are required to:

- › Apply on a consistent basis the accounting policies and standards approved for the NHSScotland by Scottish Ministers;
- › Make judgements and estimates on a reasonable basis;
- › State, where applicable, accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; 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 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 15. The Board Members Register of Interests is published annually on the external public website [Our board | NHS Education for Scotland](#)

Remuneration for Non-Audit Work

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

Public Services Reform (Scotland) Act 2010

The information which requires to be published under this Act for 2023/24 can be accessed at www.nes.scot.nhs.uk from 31 October 2024.

Personal Data Related Incidents

There was one reportable incident in 2023/24.

On 13 October 2023, NES discovered an issue with the copy function on the Eyecare system. No patient data was lost, and the issue was reported to the supplier. Users of the system were advised not to use the copy function as the potential impact of using this function was that patient data from a previous event would be lost when a new event was created in the system. The supplier of the software has identified a solution, and this will be available in a later release. The incident was reported to the Information Commissioner's Office (ICO) for awareness. The ICO responded that no further action was required on this matter.

Disclosure of Information to Auditor

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



2 | Statement of Chief Executive's Responsibilities as the Accountable Officer

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



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
- › Safeguarding the assets of the Board.

In preparing the Accounts I am required to comply with the requirements of the Government's Financial Reporting Manual 2023/24 and in particular, to:

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

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

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

The Disclosure of Information to Auditor can be found in the Directors Report on Page 33

3 | Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for the propriety and regularity of financial transactions and for the economical, efficient and effective use of resources.

This is achieved by maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. I am responsible for safeguarding the public funds and assets assigned to the organisation.

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

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

Approach to Governance

NES has a Board which meets regularly to consider the plans and strategic direction of the organisation and approve decisions in line with the Board Scheme of Delegation. The Board comprises the Non-Executive Director members and the Executive Director members of the organisation. The Public Board minutes are available at:

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

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



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

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

Further to the approval of the Strategic Key Performance Indicators by the Board, the Board has reviewed overall performance against the developing Strategic Key Performance indicators on a quarterly basis. The Board Committees review performance against their Board delegated Strategic Key Performance Indicators as aligned to the role of that Committee on a quarterly basis commencing Autumn 2023.

Aligned to the Strategic Key Performance Indicator Reports, the Board receives quarterly Strategic Risk Reports and the Committees receive Board delegated strategic risk reports.

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

Purpose of Internal Control

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



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

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

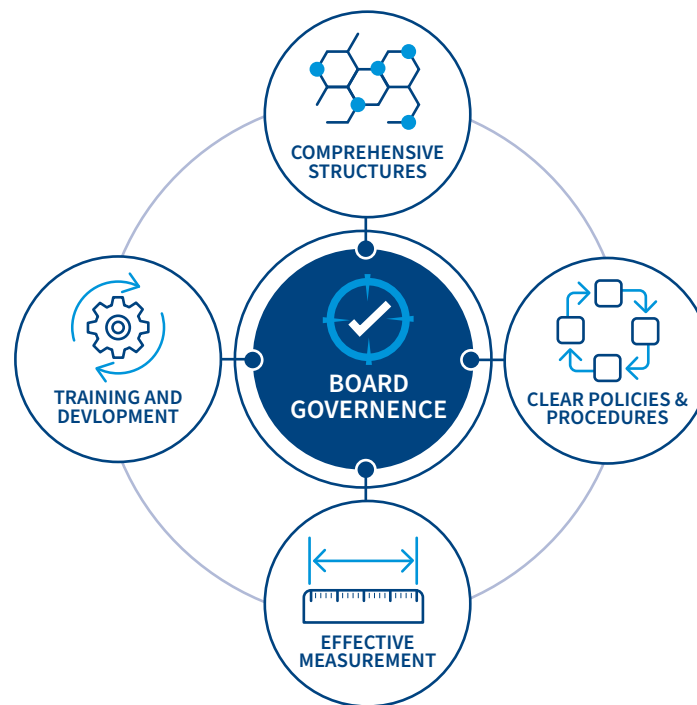
Operation of the Board

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

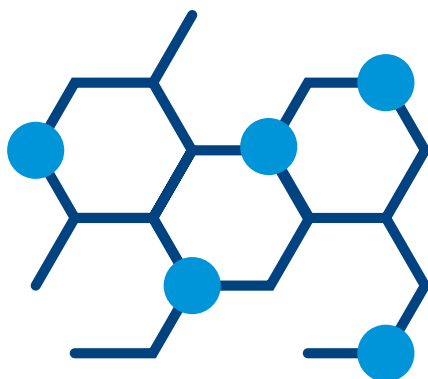
NES acknowledges the interdependencies of the three core aspects of the blueprint’s corporate governance approach; the functions of good governance and the enablers and systems required to support it, as part of the organisation’s overall Board governance system.

We have a Blueprint Action Plan to ensure continued focus on excellence in our Governance.

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

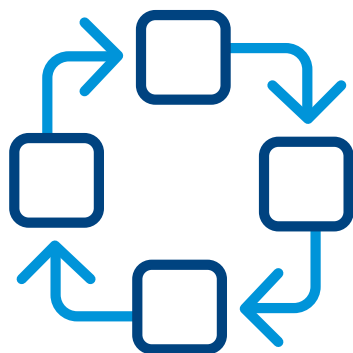


Comprehensive Structures



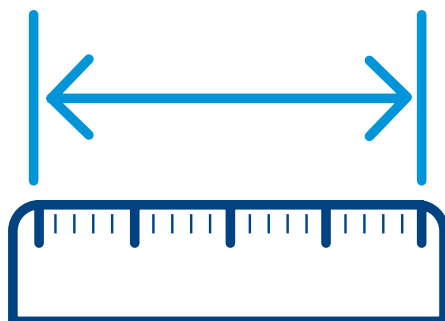
- › A clearly articulated NES strategy which sets and communicates the Board's vision and intended outcomes covering the period 2023-2026 supplemented by an Annual Delivery Plan (ADP) for 2023/24 and the three-year medium-term plan from 2023.
- › A robust Risk Management Strategy which includes a review of the Corporate Risk Register on a quarterly basis by the Board and the relevant Committees.
- › A performance management framework, which records progress against performance targets for each planned outcome, and which is used to produce quarterly reports to the NES Board is in place. The new strategic performance reporting was introduced in 2023/24 to demonstrate that our work contributes to the Scottish Government's National Performance Framework and budget priorities, that we are efficient and provide value for money, and that we comply with the legal obligations that govern our ways of working and ensure accountability.
- › A comprehensive structure of standing Committees of the Board with agreed Terms of Reference.
- › The Board received the corporate governance package as a whole document at the 8 February 2024 meeting. This covered all the corporate governance documents that had been through Committees for annual review and development, including the Board Standing Orders; the Board Code of Conduct; the Board Scheme of Delegation; the Standing Financial Instructions; the Audit and Risk Committee Terms of Reference (ToRs); the Staff Governance Committee ToRs; the Remuneration Committee ToRs; the Education and Quality ToRs and the Technology and Information Committee ToRs.
- › In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report. Details of the membership; the attendance record and the coverage of work for all other Committees is contained in the Governance Framework section of this report.

Clear Policies and Procedures



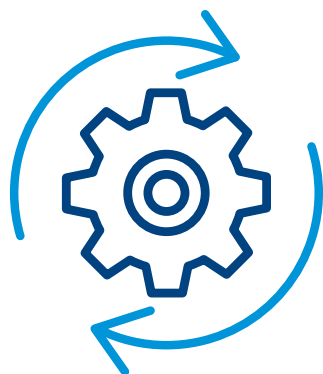
- › Clear definition of the roles and responsibilities of the Board are set out in the Board Standing Orders and the Board Scheme of Delegation. These key documents are reviewed and updated on an annual basis.
- › Comprehensive Standing Financial Instructions; Procurement regulations; Risk Management Strategy; and supporting procedures and manuals; define how decisions are taken and how associated risks are managed, are regularly reviewed and updated at least annually.
- › Clear complaints policies with annual reporting of Feedback, Comments, Concerns and Complaints.
- › The NES Board has delegated the governance of Whistleblowing to the Staff Governance Committee who receive quarterly reports and progress updates. An Annual Whistleblowing Report is scrutinised by the Staff Governance Committee and sequenced through Board for approval.
- › Policies and procedures to manage compliance with relevant laws, regulations and internal arrangements.
- › The participation and involvement in key strategic planning groups such as the NHS CEO and Chairs meetings. Existence of clear channels of communication with all stakeholders including Strategic Liaison and Performance Management meetings with the Scottish Government Sponsor Division; SG health and social care directorate functions and teams; Royal colleges; UK regulators; universities and partners such as the Scottish Funding Council, COSLA, NHS Boards, local government, third sector, Health and Social Care Partnerships and the Scottish Social Service Council.

Effective Measurement



- › Reliable data from key information systems, which 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 the relevant Committee Chairs at each Board meeting highlighting key strategic points from their most recent Committee meeting, Committee approved minutes are made available at the relevant public Board for homologation (with the exception of the Remuneration Committee Minutes).
- › A comprehensive annual report from each Committee describing how it has discharged its remit, identifying any areas for future consideration, is reviewed by the Audit and Risk Committee annually as part of its review of the whole system of internal control.
- › A comprehensive programme of internal audit review to give assurances concerning compliance with relevant laws, legislation, internal policies and procedures.
- › The preparation of an annual report covering the work of the Board.

Training and Development



- › There were four newly appointed non-executive directors during the 2023/24 period, and each received a comprehensive induction programme for their Board role and to NES and also to their roles on their Committees.
- › The newly appointed Vice Chair received an induction Programme for their role and their role as Remuneration Committee Chair.
- › The newly appointed Staff Governance Committee Chair received an induction programme for their role.
- › The newly appointed Education and Quality Committee Co-opted member was provided with an induction programme for their role.
- › The Board met in developmental session on 20 April, 29 June, 24 August, 26 October 2023 and 19 January and 25 January 2024. Non-executive Directors had their appraisal review and development discussion with the Board Chair during April – May 2023.
- › Processes for identifying and addressing the development needs of Executive Directors and Directors took place via regular one-to-one meetings with the Chief Executive throughout 2023/24. The formal end of year reviews for 2022/23 took place during April and May 2023.

Assessment of Board Governance

- › The business of the Board was conducted with the full Committee complement during the 2023/24 period.
- › The Board continued to progress major aspects of governance development in relation to the new corporate strategy, revised strategic engagement and communication plans, risk management development, risk appetite, strategic key performance indicator development and considered developmental work on the Board and Committee Assurance frameworks.
- › The NES Board conducted their self-assessment against the Blueprint for Good Governance and met to discuss the findings and develop a Governance Improvement Plan on 19 January 2024. This was approved by the Board at the 28 March 2024 Board meeting.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control.

My review is informed by:

Executive and Senior Managers

responsible for developing, implementing and maintaining internal controls across their areas.

Audit and Risk Committee

evaluation of the assurance arrangements in place, through their review of the development of our Assurance Framework, and their review of the annual reports of all Board Standing Committees.

Internal Auditors

who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement.

External Auditors

who provide an Independent Report to the Audit and Risk Committee and the Board.

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

- › Assurances from each Director that there have been no significant or un-investigated breaches of controls in their Directorate.
- › The production of an annual report from each Standing Committee of the Board to the Audit and Risk Committee containing a self-reflective evaluation of the way in which they have discharged their remit during the year and the impact of their work. Information is also included on any external reviews or other evidence which they have received.
- › The work of the Audit and Risk Committee in receiving reports from the Internal Auditors and in producing an annual report to the Board which pulls together all sources of assurance, including the annual reports from the other governance committees of the Boards and which provides overall assurances to inform this Governance Statement.
- › The work of the Audit and Risk Committee in considering the arrangements which the organisation has in place to secure Best Value and the work in reviewing all Counter Fraud activity including anti-bribery and corruption provisions.
- › Consideration by the relevant Board Committees and the Executive Team of all internal audit reports and follow up / improvements of any areas of concern.
- › The work of the NES Board in considering the corporate risk register at each of its meetings.
- › The work of the NES Board in the further development of the Board and Committee Assurance Frameworks to align with newly identified strategic risks and the new strategic outcomes.
- › The consideration by the NES Board of its formal report covering the way in which it has discharged its remit (Standing Orders) during the year.
- › The opinion of Internal Audit that NES has a framework of controls in place that provides significant assurance with minor improvements regarding the effective and efficient achievement of the organisation's objectives and the management of key risks.
- › The work of Internal Audit, who submit to the organisation's Audit and Risk Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement, scrutiny of responses from management in response to recommendations made by both internal and external auditors and follow up to demonstrate that agreed actions are implemented timeously.
- › A number of recommendations have arisen from our internal audit reports which we have accepted, and which have been addressed, and improvements implemented.

- › We have also received two unqualified assurance reports and one qualified by exception report from Service Auditors in respect of services provided to NES by other organisations and have concluded that there is no risk of misstatement within the NES Annual Report and Accounts.
- › The opinion expressed by External Audit in the Independent Auditor Report and the actions to address any comments made in the ‘Communication of Audit Matters with Those Charged with Governance’.

I believe that, overall, we have maintained an adequate and effective system of internal control throughout the year. As Chief Executive of NES I am content with the Governance arrangements of the organisation during 2023/24.

Risk Management

NHSScotland bodies are subject to the requirements of the Scottish Public Finance Manual and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers.

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

The NES Risk Management Strategy is regularly reviewed and updated to respond to internal developments and to audit recommendations.

Several elements of the corporate approach are:

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

Directorate Risk Registers were maintained during the reporting period, enabling managers to record, review and report the risks to the achievement of their objectives, to regularly review the ratings associated with those risks, to identify the controls in place to mitigate the risks and to indicate the further steps they are taking to manage those risks.

The **categorisation of risks** into ‘very high, high, medium and low’ enabling prioritisation of those risks that are both high likelihood and high impact above those that are either high likelihood but low impact, or low likelihood but high impact.

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

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

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

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

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

During the year to 31st March 2024, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. It has been identified that additional training is required in risk management to ensure that risks are being raised appropriately and that they are visible to the senior management team. We have also considered the Qualified by Exception opinions of the Service Auditor appointed by NSS and, based on our assessment, we conclude there is no risk of misstatement within the NES Annual Report and Accounts.

The organisation remained committed to continuous development and improvement in its risk management systems and processes in 2023/24.

During 2023/24, one suspected case of fraud was reported to Counter Fraud Services. Upon investigation, fraud was ruled out.

Governance Framework

Board

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

The Board is normally scheduled to meet in Private session four times a year. An additional two Private Board meetings took place in February and March 2024 to discuss the 2024/25 Annual Delivery Plan and Financial Plan following the issue of the Scottish Government Budget for 2024/25.

All formal Board meetings were quorate. The attendance by members at these meetings is detailed in the following table.

NAME & DESIGNATION	PUBLIC BOARD	PRIVATE BOARD
DR D GARBUTT: Non-Executive Director and Board Chair	6/6	6/6
MRS L GRIEVE: Employee Director and Non-Executive Director	6/6	6/6
MS A GUNNER LOGAN: Non-Executive Director and Board Vice Chair	6/6	5/6
MRS J FORD: Non-Executive Director	6/6	6/6
MRS G MAWDSLEY: Non-Executive Director (Whistleblowing Champion)	6/6	5/6
MS O CLAYTON: Non-Executive Director (from May 23)	5/6	4/6
MR A BOYLE: Non-Executive Director (from May 23)	4/6	6/6
MR N HENDERSON: Non-Executive Director (from May 23)	6/6	6/6
MS S COWAN: Non-Executive Director (from Sept 23)	4/4	4/4
MR D HUTCHENS: Non-Executive Director (retired Aug 23)	1/2	0/2
MS A CURRIE: Non-Executive Director (retired Feb 24)	5/5	2/3
PROF K REID: Chief Executive and Accountable Officer	6/6	5/6
PROF E WATSON: Executive Medical Director	6/6	5/6
MR J BOYLE: Executive Director of Finance	6/6	6/6
MS K WILSON: Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive	6/6	6/6

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

Corporate Governance Committees of an NHS Board are:

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

In addition, the NES Board has a Remuneration Committee, the membership details of which can be found on page 52.

Audit and Risk Committee

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

The Audit and Risk Committee met four times during the 2023/24 period. The meetings considered: Internal control; risk management; corporate governance; financial accounting

matters; draft budget; counter fraud; climate emergency and sustainability reports and received reports from the internal and external auditors.

All meetings were quorate. The membership and attendance of the Audit and Risk Committee during 2023/24 was as follows:

NAME & DESIGNATION	MEETINGS
MRS J FORD: Non-Executive Director and Chair	4/4
MR A BOYLE: Non-Executive Director (from June 23)	3/3
MS O CLAYTON: Non-Executive Director (from June 23)	3/3
MRS G MAWDSLEY: Non-Executive Director (Whistleblowing Champion)	3/4
MS A CURRIE: Non-Executive Director (retired Feb 24)	4/4
NAME & ATENDEE DESIGNATION	MEETINGS
PROF K REID: Chief Executive and Accountable Officer	3/4
MR J BOYLE: Executive Director of Finance	4/4

Staff Governance Committee

The Staff Governance Committee met four times during 2023/24 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 2023/24 was as follows:

NAME & DESIGNATION	MEETINGS
MS A CURRIE: Non-Executive Director and Chair (retired Feb 24)	4/4
MR N HENDERSON: Non-Executive Director and Chair (from June 23 and became chair in Mar 24)	3/3
MS L GRIEVE: Employee Director and Non-Executive Director	4/4
MRS G MAWDSLEY: Non-Executive Director (Whistleblowing Champion)	3/4
MRS J FORD: Non-Executive Director (until May 23)	1/1
MR J McCANN: (Co-opted member)	4/4

Education and Quality Committee

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

The Education and Quality Committee met four times during 2023/24. All meetings were quorate. The membership and attendance of the Educational and Quality Committee during 2023/24 was as follows:

NAME & DESIGNATION	MEETINGS
MR D HUTCHENS: Non-Executive Director and Chair (retired Aug 23)	1/1
MS A GUNNER LOGAN: Non-Executive Director and Chair (from Sept 23)	4/4
MR N HENDERSON: Non-Executive Director (from June 23)	3/3
MS O CLAYTON: Non-Executive Director (from June 23)	3/3

NAME & DESIGNATION	MEETINGS
MS S COWAN: Non-Executive Director (from Oct 23)	2/2
DR D GARBUTT: Non-Executive Director and Board Chair (voting member for one meeting)	1/1
MR P DONNELLY: Co-opted member from Dec 2023	1/2

Technology and Information Committee

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

The Digital and Information Committee met four times during 2023/24. All meetings were quorate. The membership and attendance of the Technology and Information Committee during 2023/24 was as follows:

NAME & DESIGNATION	MEETINGS
DR D GARBUTT: Non-Executive Director and Board Chair and Committee Chair	4/4
MR A BOYLE: Non-Executive Director (from June 23)	4/4
MS S COWAN: Non-Executive Director (from Sept 23)	3/3
MRS J FORD: Non-Executive Director	4/4
MR D HUTCHENS: Non-Executive Director (retired Aug 23)	1/1
MR J MCCANN: (Co-opted member)	4/4

Gender Representation on Public boards (29 May 2023 – 30 April 2024)

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 2023 – 30 April 2024.

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

Gender Representation Requirement	NES RESPONSE
Has the Gender Representation on the Board been met?	Yes
Number of Non-Executive vacancies?	1
Number of Competition Rounds?	1
Number of Applications from Women	23
Was an Appointment made?	Recruitment in progress
Was an Appointment made to a Woman?	Recruitment in progress

Remuneration and Staff Report

1 | Remuneration Report

Determination of Senior Employees' Remuneration

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

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

1. Employment Contracts and Business Interests

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

Any business interests required to be disclosed are noted in Section 1, Accountability Report - Board Members' and Senior Managers' Interests of the Directors' Report and on Note 15.

2. Membership and Remit of the Remuneration Committee

The Remuneration Governance Committee met twice during 2023/24. The Remuneration Committee through the Staff Governance Committee provide assurance to the Board that the appropriate arrangements are in place to ensure that the Board meets the statutory requirements laid out in the Staff Governance Standard in respect of the remuneration of individual Executive Directors and Directors (and any staff employed under Executive Managers or Consultants pay arrangements).

All meetings were quorate and the membership and attendance of the Remuneration Committee during 2023/24 was as per the following table:

NAME & DESIGNATION	MEETINGS
MR D HUTCHENS: Non-Executive Director and Chair (retired Aug 23)	1/2
MS A GUNNER LOGAN: Non-Executive Director and Chair (from Sept 23)	1/1
DR D GARBUTT: Non-Executive Director and Board Chair	2/2
MS L GRIEVE: Employee Director and Non-Executive Director	2/2
MRS J FORD: Non-Executive Director (from June 23)	1/2
MS A CURRIE: Non-Executive Director (retired Feb 24)	2/2

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

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

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

Senior managers are remunerated in accordance with the Felt Fair Panel’s recommendations. Additionally, performance related pay may be awarded in accordance with the appraisal arrangements for staff on executive pay ranges. Further information can be referenced in two related circulars which are extant: HDL (2006) 54, PCS(ESM)2019/02, and the Good Practice Guide to Performance Management.

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

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

There were none during 2023/24.

4. Cash Equivalent Transfer Values (CETV)

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

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

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

They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The Real Increase in the Value of CETV

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

Remuneration Table

For the Year Ended 31 March 2024 – 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 2023/24

REMUNERATION OF:	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Prof K Reid	150-155	0	0	150-155	41	190-195
Executive Medical Director Prof E Watson	205-210	0	0	205-210	29	235-240
Executive Director of Finance Mr J Boyle	115-120	0	0	115-120	32	150-155
Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive Ms K Wilson	125-130	0	0	125-130	33	160-165

REMUNERATION OF:	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
NON EXECUTIVE MEMBERS						
Dr D Garbutt (Chair)	35-40	0	0	35-40	n/a	35-40
Mr D Hutchens (Vice Chair to Aug 23)	5-10	0	0	5-10	n/a	5-10
Ms A Gunner Logan (Vice Chair from Sep 23)	10-15	0	0	10-15	n/a	10-15
Mr A Boyle (from May 23)	5-10	0	0	5-10	n/a	5-10
Ms O Clayton (from June 23)	5-10	0	0	5-10	n/a	5-10
Ms S Cowan (from Sep 23)	5-10	0	0	5-10	n/a	5-10
Ms A Currie (until Feb 24)	5-10	0	0	5-10	n/a	5-10
Mrs J Ford	5-10	0	0	5-10	n/a	5-10
Mr N Henderson (from May 23)	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 ¹	60-65	0	0	60-65	16	75-80
SENIOR EMPLOYEES						
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies	125-130	0	0	125-130	35	155-160
TOTAL					186	

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

Remuneration Table – Pension Related Benefits

For the Year Ended 31 March 2024 – Current Year (Audited Information)

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2024 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2023 (£'000)	Cash Equivalent Transfer Value (CETV) at 31 March 2024 (£'000)	Real increase in CETV in the year (£'000)
EXECUTIVE MEMBERS					
Chief Executive Prof K Reid	10-15 No lump sum	0-5 No lump sum	98	151	26
Executive Medical Director Prof E Watson	45-50 Lump sum 5-10	5-10 Lump sum 0-5	673	767	22
Executive Director of Finance Mr J Boyle	5-10 No lump sum	0-5 No lump sum	41	83	23
Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive Ms K Wilson	20-25 No lump sum	0-5 No lump sum	305	373	30

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2024 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2023 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2024 £'000	Real increase in CETV in the year £'000
NON EXECUTIVE MEMBERS					
Dr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Ms A Gunner Logan (Vice Chair)	n/a	n/a	n/a	n/a	n/a
Mr A Boyle (from May 23)	n/a	n/a	n/a	n/a	n/a
Ms O Clayton (from June 23)	n/a	n/a	n/a	n/a	n/a
Ms S Cowan (from Oct 23)	n/a	n/a	n/a	n/a	n/a
Ms A Currie (until Feb 24)	n/a	n/a	n/a	n/a	n/a
Mrs J Ford	n/a	n/a	n/a	n/a	n/a
Mr N Henderson (from May 23)	n/a	n/a	n/a	n/a	n/a
Ms G Mawdsley (Whistleblowing Champion)	n/a	n/a	n/a	n/a	n/a
Mrs L Grieve, Employee Director	10-15 30-35 lump sum	0-5 0-5 lump sum	229	262	12
SENIOR EMPLOYEES					
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies	5-10 No lump sum	0-5 No lump sum	102	152	27
TOTAL					140

Remuneration Table

For the Year Ended 31 March 2023 – Prior Year (Audited Information)

REMUNERATION OF:	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Prof K Reid	145-150	0	0	145-150	36	185-190
Executive Medical Director Prof E Watson ¹	180-185	0	0	180-185	30	210-215
Executive Director of Finance Mr J Boyle	105-110	0	0	105-110	30	135-140
Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive Ms K Wilson ²	120-125	0	0	120-125	36	155-160
NON EXECUTIVE MEMBERS						
Dr D Garbutt (Chair)	35-40	0	0	35-40	n/a	35-40
Mr D Hutchens (Vice Chair)	10-15	0	0	10-15	n/a	10-15
Ms A Currie	5-10	0	0	5-10	n/a	5-10
Mrs J Ford	5-10	0	0	5-10	n/a	5-10

¹ Prof E Watson was appointed as Executive Medical Director on 1 Apr 2022

² Ms K Wilson and Ms T Ashworth-Davies were appointed Deputy Chief Executive on 1 Apr 2022

REMUNERATION OF:	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remuneration (bands of £5,000)
NON EXECUTIVE MEMBERS (CONT)						
Ms G Mawdsley (Whistleblowing Champion)	5-10	0	0	5-10	n/a	5-10
Ms A Gunner Logan	5-10	0	0	5-10	n/a	5-10
Mrs L Grieve, Employee Director ³	60-65	0	0	60-65	6	65-70
Ms S Walker (until 31 Dec 22)	5-10	0	0	5-10	n/a	5-10
Ms L Dunion (until 31 Oct 22)	5-10	0	0	5-10	n/a	5-10
Ms V Nairn (until 31 Oct 22)	5-10	0	0	5-10	n/a	5-10
SENIOR EMPLOYEES						
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies ²	105-110	0	0	105-110	31	135-140
TOTAL					169	

² Ms K Wilson and Ms T Ashworth-Davies were appointed Deputy Chief Executive on 1 Apr 2022

³ Mrs L Grieve's total salary and associated pension benefits have been disclosed above. The employee Director's salary includes £50-55k in respect of non-board duties. Ms Grieve's pension contribution has been restated based on revised scheme membership from SPPA received in 2023-24.

Remuneration Table – Pension Related Benefits

For the Year Ended 31 March 2023 – Prior Year (Audited Information)

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2023 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2022 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2023 £'000	Real increase in CETV in the year £'000
EXECUTIVE MEMBERS					
Chief Executive Prof K Reid	5-10 No lump sum	0-5 No lump sum	75	120	16
Executive Medical Director Prof E Watson ¹	40-45 5-10 lump sum	5-10 Lump sum	470	560	18
Executive Director of Finance Mr J Boyle	0-5 No lump sum	0-5 No lump sum	6	37	17
Executive Director of Nursing, Midwifery and Allied Health Professionals and Deputy Chief Executive Ms K Wilson ²	15-20 No lump sum	0-5 No lump sum	214	283	30
NON EXECUTIVE MEMBERS					
Dr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Mr D Hutchens (Vice Chair)	n/a	n/a	n/a	n/a	n/a
Ms S Walker (until 31 Dec 22)	n/a	n/a	n/a	n/a	n/a

¹ Prof E Watson was appointed as Executive Medical Director on 1 Apr 2022

² Ms K Wilson and Ms T Ashworth-Davies were appointed Deputy Chief Executive on 1 Apr 2022

Pension Benefits (£'000)	Total accrued pension and related lump sum at pensionable age at 31 March 2023 (bands of £5,000)	Real increase in pension and related lump sum at pensionable age at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2022 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2023 £'000	Real increase in CETV in the year £'000
NON EXECUTIVE MEMBERS (CONT)					
Ms L Dunion (until 31 Oct 22)	n/a	n/a	n/a	n/a	n/a
Ms A Currie	n/a	n/a	n/a	n/a	n/a
Mrs J Ford	n/a	n/a	n/a	n/a	n/a
Ms V Nairn (until 31 Oct 22)	n/a	n/a	n/a	n/a	n/a
Ms G Mawdsley (Whistleblowing Champion)	n/a	n/a	n/a	n/a	n/a
Ms A Gunner Logan	n/a	n/a	n/a	n/a	n/a
Mrs L Grieve, Employee Director ³	10-15 30-35 lump sum	0-5 0-5 lump sum	172	195	2
SENIOR EMPLOYEES					
Director of Workforce & Deputy Chief Executive Ms T Ashworth-Davies	0-5 No lump sum	0-5 No lump sum	30	65	20
TOTAL					103

³ Mrs L Grieve's total salary and associated pension benefits have been disclosed above. The employee Director's salary includes £50-55k in respect of non-board duties. Mrs Grieve's details have been restated since prior year due to revised information from SPPA regarding scheme membership.

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.

Prior year CETV/Real increase figures have been restated due to revised information provided by SPPA

Fair Pay Disclosure (Audited Information)

	2023/24	2022/23	Change %
RANGE OF STAFF REMUNERATION	£25,000 - £30,000 to £215,000 - £220,000	£20,000 - £25,000 to £205,000 - £210,000	4%
HIGHEST EARNING DIRECTOR'S TOTAL REMUNERATION	£205,000 - £210,000	£195,000 - £200,000	5%
MEDIAN TOTAL REMUNERATION	£65,256	£58,056	12%
MEDIAN RATIO (BASED ON MID-POINT OF DIRECTOR PAY BAND)	3.18	3.40	-6%
25TH PERCENTILE PAY	£46,244	£43,286	7%
25TH PERCENTILE RATIO (BASED ON MID-POINT OF DIRECTOR PAY BAND)	4.49	4.56	-2%
75TH PERCENTILE PAY	£76,613	£68,223	12%
75TH PERCENTILE RATIO (BASED ON MID-POINT OF DIRECTOR PAY BAND)	2.71	2.89	-6%

Commentary

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

The Highest Paid Director worked part-time for 4 months of the year in 2022/23 therefore the annualised salary wte differs from the gross pay reflected in the remuneration report

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

2 | Staff Report

1. Higher Paid Employees Remuneration (Audited Information)

Other employees (excl Executive Board Members) whose Remuneration fell within the following ranges:	2023	2024	2023	2024
Clinicians	Clinicians	Clinicians	Other	Other
£70,000 to £80,000	105	193	20	33
£80,000 to £90,000	53	125	16	29
£90,000 to £100,000	23	53	13	20
£100,000 to £110,000	17	21	3	1
£110,000 to £120,000	5	12	6	8
£120,000 to £130,000	3	5	3	4
£130,000 to £140,000	4	2	0	1
£140,000 to £150,000	1	1	1	2
£150,000 to £160,000	0	0	2	0
£160,000 to £170,000	0	0	1	0
£170,000 to £180,000	0	0	2	1
£180,000 to £190,000	0	0	0	1
£200,001 and above	0	0	2	2

2. Staff Expenditure (Audited Information)

2023									2024
Total £'000		Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Total Pay Costs per Note 3 £'000	Outward Secondees £'000	Total Pay £'000
STAFF EXPENDITURE									
79,219	Salaries and wages	606	119	173,298	0	0	174,023	(78,838)	95,185
9,845	Social security expenditure	78	4	21,174	0	0	21,256	(9,848)	11,408
13,691	NHS scheme employers' expenditure	123	0	27,043	0	0	27,166	(10,848)	16,318
9,425	Inward secondees	0	0	0	10,471	0	10,471	0	10,471
4,529	Agency staff	0	0	0	0	3,027	3,027	0	3,027
116,709	TOTAL STAFF EXPENDITURE	807	123	221,515	10,471	3,027	235,943	(99,534)	136,409
0	Compensation for loss of office or early retirement	0	0	3	0	0	3	0	3
116,709	TOTAL STAFF EXPENDITURE	807	123	221,518	10,471	3,027	235,946	(99,534)	136,412
(538)	The above includes expenditure for staff engaged directly on capital	0	0	(588)	(55)	(142)	(785)	0	(785)
116,171	TOTAL STAFF EXPENDITURE PER NOTE 3	807	123	220,930	10,416	2,885	235,161	(99,534)	135,627

3. Staff Numbers (Audited Information)

2023								2024
Total		Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	Total
1,635.6	Whole Time Equivalent (wte)	4.0	9.8	2,507.6	89.1	32.7	(1,022.7)	1,620.5
8.7	The above includes wte of staff engaged directly on capital projects of:	0	0	11.25	1.08	1.11	0	13.4
44	Included in the total staff No's above wte disabled staff* of:	0	0	61.9	0	0	(19.9)	42.0
0	Included in the total staff No's above were Special Advisors of:							0

* Refers to staff who consider themselves to be disabled

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

4. Staff Composition as at 31 March 2024 (Not subject to audit)

	2023/24			2022/23		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	3	4	1	3	4
Non Executive Directors and Employee Director	3	6	9	2	5	7
Other	1068	2100	3168	1054	1997	3051
Total Headcount	1072	2109	3181	1057	2005	3062

5. Staff Turnover (Not subject to audit)

The Trainees, who account for 32.4% of leavers, are Doctors and Dentists in Training who have completed their training programme with NES.

Turnover Rate	Core	Trainees	Total
Leavers 1 April 2023 to 31 March 2024	154	624	778
Average Headcount	1,142	1,927	3,069
Turnover Rate	13.5%	32.4%	25.4%

6. Sickness Absence Data (Not subject to audit)

The NES Business and Education staff average for 2023/24 (which does not include Doctors and Dentists in Training) is 1.6% compared with 1.8% in 2022/23.

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 $\sqrt{\vee}$ symbol user (Positive About Disabled People), NES also actively seeks to provide an environment where any disabled applicant (or those employees who become disabled) can continue to contribute to the work of the organisation.

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



8. Exit Packages (Audited Information)

Exit Packages Cost Band	No of compulsory departures agreed 2023/24	No of other departures agreed 2023/24	Total No of exit packages by cost band 2023/24	No of compulsory departures agreed 2022/23	No of other departures agreed 2022/23	Total No of exit packages by cost band 2022/23
<£10,000	0	1	1	0	0	0
£10,000 - £25,000	0	0	0	0	0	0
£25,000 - £50,000	0	0	0	0	0	0
£50,000 - £100,000	0	0	0	0	0	0
Total	0	1	1	0	0	0
Total Resource Expeniture (£000)	0	3	3	0	0	0

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

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

No of employees who were relevant union officials in 2023/24	WTE employee No	% of time spent on facility time	No of employees
5	4.8	0%	0
		1 - 50%	5

Percentage of pay bill spent on facility time	
Total cost of facility time	£3,731
Total Pay Bill	£235,160,694
% of total pay bill spent on facility time	0.002%

Time spend on trade union activities	
No of hours	51
% of hours of facility time spend on trade union activities	100%

Parliamentary Accountability Report

Losses and Special Payments

In the year to 31 March 2024, NES was not required to pay any claims individually greater than £300k settled under the CNORIS scheme (2022/23: £434k). Further details of the scheme can be found in Note 1 of the annual accounts

The board is required to provide for CNORIS claims notified to it and which will be settled at a future date; details of this provision can be found in Note 10.

Fees and Charges

In the year to 31 March 2024 there were no services where the full annual cost was £1m or more, or where the amount of the income and full cost of the service are material to the financial statements.

Prof. Karen Reid

Chief Executive

27 June 2024



Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Education for Scotland for the year ended 31 March 2024 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 material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- › give a true and fair view of the state of the board's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- › have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- › have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 16 May 2023.

My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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



Carole Grant CPFA

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

27 June 2024



Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

2023			2024	
£'000		Note	£'000	
Employee Expenditure				
205,331	Staff Expenditure	3	235,161	
205,331			235,161	
Operating Expenditure (non-employee)				
454,612	Direct Educational Expenditure	3	525,058	
56,095	Expenditure for Other Educational Support	3	47,754	
8,907	NES Infrastructure Expenditure	3	7,124	
519,614	Operating Expenditure (non-employee)		579,936	
724,945	Gross Expenditure for the year		815,097	
(104,977)	Less Operating Income	4	(114,620)	
619,968	Net Expenditure for the year		700,477	

Statement of Financial Position

as at 31 March 2024

2023		2024	
£'000	Note	£'000	£'000
Non-current assets			
9,340	Intangible assets	6a	9,594
2,106	Property, plant and equipment	6b	1,958
3,590	Right of use assets	14a	2,934
15,036	Total non-current assets		14,486
Non-current assets			
Financial assets:			
7,997	Trade and other receivables	7	3,669
466	Cash and equivalents	8	602
8,463	Total current assets		4,271
23,499	Total assets		18,757
Current liabilities			
(366)	Provisions	10a	(2,279)
Financial liabilities:			
(43,222)	Trade and other payables	9	(41,070)
(43,588)	Total current liabilities		(43,349)
(20,089)	Non-current assets less net current liabilities		(24,592)
Non-current liabilities			
(3,887)	Provisions	10a	(2,200)
Financial liabilities:			
(1,529)	Trade and other payables	9	(857)
(5,416)	Total non-current liabilities		(3,057)
(25,505)	Assets less liabilities		(27,649)
Taxpayers' equity			
(25,508)	General fund	SOCTE	(27,652)
3	Revaluation Reserve	SOCTE	3
(25,505)	Total taxpayers' equity		(27,649)

Approved by the Board on 27 June 2024



Director of Finance

The Notes to the Accounts, numbered 1 to 16, form an integral part of these Accounts.

27 June 2024



Chief Executive

27 June 2024

Statement of Cash Flows

for the year ended 31 March 2024

2023			2024	
£'000		Note	£'000	£'000
Cash flows from operating activities				
(619,968)	Net expenditure	SOCNE	(700,477)	
2,378	Adjustments for non-cash transactions	2b	2,912	
41	Interest payable	2b	42	
6,661	Movements in working capital	2b	2,117	
(610,888)	Net cash outflow from operating activities			(695,406)
Cash flows from investing activities				
(813)	Purchase of property, plant and equipment	6b	(405)	
(538)	Purchase of intangible assets	6a	(782)	
(1,351)	Net cash outflow from investing activities			(1,187)
Cash flows from financing activities				
613,961	Funding		698,333	
19	Movement in general fund working capital		136	
0	Capital element of payment in respect of leases		(1,698)	
(1,722)	IFRS 16 - interest		(42)	
612,258	Net financing			696,729
19	Net increase in cash and cash equivalents in the period	8	136	
447	Cash and cash equivalents at the beginning of the period	8	466	
466	Cash and cash equivalents at the end of the period			602
Reconciliation of net cash flow to movement in net cash				
19	Increase in cash in year	8		136
447	Net cash at 1 April 2022	8		466
466	Net cash at 31 March 2024			602

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2024

Current Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2023	(25,508)	3	(25,505)
		0	0
Net expenditure for the year	(700,477)	0	(700,477)
Total recognised income and expense for 2023-24	(725,985)	3	(725,982)
Funding			
Drawn down	698,468	0	698,468
Movement in General Fund Creditor	(135)	0	(135)
Total funding	698,333	0	698,333
Balance as at 31 March 2024	(27,652)	3	(27,649)
Prior Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2022	(19,279)	3	(19,276)
Retrospective restatements for changes in accounting policy and material errors	(222)	0	(222)
Restated balance at 1 April 2022	(19,501)	3	(19,498)
Changes in taxpayers' equity for 2022/23			
Impairment of property, plant and equipment	0	(329)	(329)
Revaluation & impairments taken into operating expense	0	329	329
Net expenditure for the year	(619,968)	0	(619,968)
Total recognised income and expense for 2022-23	(619,968)	0	(619,968)
Funding			
Drawn down	613,980	0	613,980
Movement in General Fund Creditor	(19)	0	(19)
Total funding	613,961	0	613,961
Balance as at 31 March 2023	(25,508)	3	(25,505)

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 22 below.

Standards, amendments and interpretations effective in current year:

There are no new standards, amendments or interpretations effective in the year 2023/24.

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

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2023/24 financial year.

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

There are no accounting standards, amendments or interpretations early adopted in 2023/24.

2. Going Concern

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

Further information is provided in the Performance Analysis.

3. Accounting Convention

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

4. Funding

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

All other income receivable by the Board, which is not classed as funding, is recognised in the year in which it is receivable. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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

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

5. Property, Plant and Equipment

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

5.1 Recognition

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

All assets falling into the following categories are capitalised:

- › Property, Plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to, or greater than £5,000.
- › In cases where a new development would face an exceptional write-off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of up to 10 years.

- › Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

5.2 Measurement

Valuation

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

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

5.3 Depreciation

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

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

- › Assets in the course of construction are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- › Plant, equipment and fixtures and fittings are depreciated over the estimated life of the asset.
- › Leased property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

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

6. Intangible Assets

6.1 Recognition

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

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

The main classes of intangible assets recognised are:

- › Software
- › Software Licences
- › Websites

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

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

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

Software

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

Software Licences

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

Websites

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

6.2 Measurement**Valuation**

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

Revaluation and impairment

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

6.3 Amortisation

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

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

- › Software is amortised over its expected useful life.
- › Other intangible assets are amortised over their expected useful life.
- › No amortisation is charged on assets under development.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

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

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

7. Sale of Plant and Equipment and Intangible Assets

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the SoCNE.

8. Leases

Scope and classification

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

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

The following are excluded:

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

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised.

The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year.

The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

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

Lease expenditure

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

Estimates and judgements

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

9. Impairment of Non-Financial Assets

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

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

10. General Fund Receivables and Payables

Where the Board has a positive net cash book balance at the year end, a corresponding creditor is created, and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created, and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

11. Losses and Special Payments

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

12. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. 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.

NES provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement.

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

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

14. Related Party Transactions

Material related party transactions will be disclosed in a note to the accounts in line with the requirements of IAS 24. Trading figures with other NHS bodies are disclosed in Note 15.

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.

19. Financial Instruments

Financial Assets

Business model

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

Classification

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss; amortised cost; and fair value through other comprehensive income.

The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

a) Financial assets at fair value through profit or loss

This is the default basis for financial assets.

b) Financial assets held at amortised cost

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

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

c) Financial assets at fair value through other comprehensive income

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

- › The financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset; and

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

d) Impairment of financial assets

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

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

Recognition and Measurement

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

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

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.

Financial assets held at amortised cost

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

Financial Liabilities

Classification

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

- › These are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy.
- › They contain embedded derivatives; and/or
- › It eliminates or reduces ‘accounting mismatch’ that would otherwise arise from measurement or recognition on an amortised cost basis.

Financial liabilities at fair value through profit or loss

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

Financial Liabilities held at amortised cost

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

Recognition and Measurement

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

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

Financial liabilities at fair value through profit or loss

- › Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.
- › Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the SoCNE.

Financial liabilities held at amortised cost

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

20. Segmental Reporting

Total operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Chief Executive supported by the Extended Executive team. The Extended Executive team consists of all Executive Directors, a number of other senior staff, and meets fortnightly.

The total Operating segments will agree to the totals of expenditure and income shown in Notes 3 – 4.

21. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, cash balances held by the Government Banking Service and balances held in commercial bank accounts. Where the Government Banking Service is using Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

Foreign Exchange

The functional and presentational currencies of the Board are sterling.

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

22. Key Sources of Judgement and Estimation Uncertainty

The Board makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results.

As such key estimates and judgements are continually evaluated and are based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

The 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.

Trade and Other Payables and Other Provisions

Within trade and other payables there is an accrual for annual leave and flexi leave of £1,272k (2023: £1,137k)

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 and Dental 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 £444k (2023: £370k), for Dental Trainees is £59k (2023: £58k) calculated as 14 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 £25k.

In addition, an accrual of £468k (2023: £154k) and a provision of £319k (2023: £263k) has been included in respect of payment relating to staff on fixed term contracts.

A provision and an accrual have been established in year due to the recent court ruling and new legislation in relation to the cost of holiday pay for irregular workers employed by NES. The provision of £47k is based on an assessment of potential claims during 2024/25. The accrual of £220k relates to the confirmation of continuous service status for dental vocational trainees from August 2023. The costs are calculated based on the guidance issued with the new legislation.

Note 2. Memoranda to the Primary Statements

2a. Summary of Resource Outturn (SORO)

Summary of Core Revenue Resource		
	Note	£'000
Net expenditure	SOCNE	700,477
Total non core expenditure (see below)		(3,132)
Total core expenditure		697,345
Core revenue resource limit		697,554
Saving against core revenue resource limit		209

Summary of Non Core Revenue Resource		
Depreciation / Amortisation	3	2,915
Annually Managed Expenditure	3	217
Capital Grant Income Peppercorn Lease		0
Total non core expenditure (see below)		3,132
Non core revenue resource limit		3,132
Saving against non core revenue resource limit		0

Summary of Resource Outturn	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	697,554	697,345	209
Non core	3,132	3,132	0
Total	700,686	700,477	209

	Limit as set by SGHSCD	Actual Outturn	Variance (Over) / Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	697,554	697,345	209
Revenue Resource Limit - Non Core	3,132	3,132	0
Total Revenue Resource Limit	700,686	700,477	209
Capital Resource Limit - Core	2,365	2,362	3
Cash Requirement	698,468	698,468	0

2b. Notes to the Cash Flow Statement

2023	Summary of Core Revenue Resource	Note	2024	
Adjustments for non-cash transactions				
£'000			£'000	
INCOME AND EXPENDITURE NOT PAID IN CASH				
880	Depreciation	6b	575	
553	Amortisation	6a	528	
1,616	Depreciation of Right of Use Assets	14a	1,670	
329	Impairments on Intangible Assets charged to SoCNE	3	0	
139	Depreciation of Right of Use Assets- Peppercorn Lease	14a	139	
116	Loss on disposal of property, plant and equipment	3	0	
(1,255)	Grant Income from Peppercorn Lease	4	0	
2,378	Total expenditure not paid in cash		2,912	
INTEREST PAYABLE				
41	Lease Interest	14b	42	
MOVEMENTS IN WORKING CAPITAL				
		Note	Opening Balances £'000	Closing Balances £'000
TRADE AND OTHER RECEIVABLES				
(5,904)	Due within one year	7	7,997	3,669
(5,904)	Net increase/(decrease)			4,328
TRADE AND OTHER PAYABLES				
14,660	Due within one year	9	43,222	41,070
1,151	Due after more than one year	9	1,529	857
0	Less: property, plant and equipment included in above		0	(22)
(19)	Less: General Fund creditor included in above	8	(466)	(602)
(2,631)	Less: Lease and PFI creditors included in above	9	(2,631)	(2,086)
	Total		41,654	39,217
13,161	Net increase/(decrease)			(2,437)
PROVISIONS				
(596)	Statement of Financial Position	10a	4,253	4,479
	Total		4,253	4,479
(596)	Net increase/(decrease) in Working Capital			226
6,661	Net movement	CFS		2,117

Note 3. Expenditure

2023	2024
£'000	£'000
146,758 Medical	167,217
12,496 NES Technology Service	13,497
11,426 Dental	14,740
8,890 Workforce	10,066
7,551 Nursing, Midwifery and Allied Health Professionals	7,989
3,833 Psychology	4,506
2,797 Pharmacy	3,108
1,107 NHSScotland Academy	2,216
712 Optometry	862
275 Healthcare Science	334
254 Social Care	403
9,232 Corporate Services	10,223
205,331 Total Staff Expenditure	235,161
113,917 Medical ACT	126,049
20,419 Dental ACT	20,871
2,212 Pharmacy ACT	2,637
136,548 Total Undergraduate Expenditure	149,557
280,561 Medical Training Grades	327,391
10,284 Dental Training Grades	9,865
8,356 Pharmacy	8,757
15,146 Clinical Psychology	25,636
3,717 Healthcare Science	3,852
318,064 Total Postgraduate Expenditure	375,501
454,612 Total Direct Educational Non Pay Expenditure	525,058
8,258 Medical	5,792
7,189 Dental	7,412
10,321 Nursing, Midwifery and Allied Health Professionals	7,624
17,713 Psychology	12,301
1,845 Pharmacy	1,868
622 Optometry	808
332 Healthcare Science	426
6,454 NES Technology Service	7,333
2,802 NHS Workforce Support	3,166
559 NHSScotland Academy	1,018
0 Social Care	6
56,095 Total Other Educational Non Pay Expenditure	47,754

Note 3. Expenditure (continued)

2023	2024
£'000	£'000
5,419 Corporate Services	3,916
3,188 Depreciation and Amortisation	2,915
75 External Auditor's Remuneration - Audit Fee ¹	76
116 Loss on Disposal of Assets	0
329 Impairment of Assets	0
(220) Movement on Provisions	217
8,907 Total NES Infrastructural Non Pay Expenditure	7,124
519,614 Total Non Pay Expenditure	579,936
724,945 Total Expenditure	815,097

¹ The External Auditor remuneration for 2023/24 is £79k, the figure above includes a reversal of an accrual from 2022/23

Note 3 has been amended to align with our Directorate structure as set out in the performance report (page 9). There are also changes to the categorisation of costs in 2023/24. These are:

- > From the 2022/23 academic year dental trainees are now employed by NES. Therefore, their salary costs have moved from Direct Educational Non Pay Expenditure to Staff Expenditure. (£2.6m)
- > The cost of training grades for Psychology trainees have been moved from Other to Direct Educational Non Pay Expenditure. (£5.7m)

Note 4. Other Operating Income

2023	2024
£'000	£'000
90,220 NHSScotland bodies	100,480
164 NHS Non-Scottish bodies	292
1,477 SGHSCD	1,712
7,900 Overseas ACT Levy - Medical	7,846
764 Overseas ACT Levy - Dental	1,363
1,255 Grant Income	0
3,197 Other Income	2,927
104,977 Total Other Operating Income	114,620

Outward Seconded Income comprises £97.5m from NHSScotland bodies, £1.6m from SGHSCD and £0.4m in Other Income

Note 5. Segmental Analysis

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

	Medical	Dental	NMAHP	Other Health Professionals	Digital	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating expenditure 2023/24	538,297	50,806	14,724	52,045	19,491	25,114	700,477
Net operating expenditure 2022/23	469,601	48,061	17,356	43,967	21,324	19,659	619,968

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

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

Note 6a. Intangible Fixed Assets – Current Year

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

Note 6a. Intangible Fixed Assets – Prior Year

Current Year	Software Licences	Software	Websites	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
As at 1 April 2022	45	12,788	412	13,245
Additions	0	538	0	538
Disposals	0	(823)	0	(823)
At 31 March 2023	45	12,503	412	12,960
Amortisation:				
As at 1 April 2022	15	3,018	412	3,445
Provided during the year	0	553	0	553
Disposals	0	(707)	0	(707)
Impairment charge	0	329	0	329
At 31 March 2023	15	3,193	412	3,260
Net Book Value at 31 March 2022	30	9,770	0	9,800
Net Book Value at 31 March 2023	30	9,310	0	9,340
Asset Financing:				
Owned	30	9,310	0	9,340
Net Book Value at 31 March 2023	30	9,310	0	9,340

Note 6b. Property Plant and Equipment – Current Year

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

* Assets under construction (AuC)

Note 6b. Property Plant and Equipment – Prior Year

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

* Assets under construction (AuC)

Note 7. Trade and Other Receivables

2023	2024
£'000	£'000
Receivables due within one year:	
NHSScotland	
231 SGHSCD	391
945 Boards	577
1,176 Total NHSScotland receivables	968
7 NHS non-Scottish bodies	181
148 VAT recoverable	14
1,203 Prepayments	732
2,102 Accrued income	607
22 Reimbursement of provisions (CNORIS)	44
3,332 Other receivables	1,122
7 Other public sector bodies	1
7,997 Total receivables due within one year	3,669
WGA Classification:	
£'000	£'000
945 NHSScotland	577
380 Central Government bodies	405
7 Whole of Government bodies	1
7 Balances with NHS bodies in England and Wales	181
6,658 Balances with bodies external to Government	2,505
7,997 Total	3,669
Movement on the provision for impairment of receivables are as follows:	
£'000	£'000
At 1 April	0
0 Provision for impairment	34
0 Receivables written off during the year as uncollectable	4
0 At 31 March	38
2023	2024
£'000	£'000
244 Up to 3 months past due	35
201 3 to 6 months past due	76
102 Over 6 months past due	167
547 Total neither past due nor impaired	278

Note 7. 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:

2023		2024
£'000		£'000
Counterparties with external credit ratings		
4,369	A	1,787
Counterparties with no external credit ratings		
73	New customers	46
19	Existing customers with no defaults in the past	67
4,461	Total neither past due nor impaired	1,900

The maximum exposure to credit risk is the fair value of each class of receivable. The carrying amount of receivables are denominated in GBP.

The value of debt write-off in the year was £3,981 (2023: £0). The carrying amount of receivables are denominated in GBP.

Note 8. Cash and Cash Equivalents

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

Prior Year	At 1 April 2022	Cash Flow	At 31 March 2023
	£'000	£'000	£'000
The Scottish Government Banking Service account	427	30	457
Cash at bank and in hand	20	(11)	9
Total cash and cash equivalents	447	19	466

Note 9. Trade and Other Payables

2023		2024
£'000		£'000
Payables due within one year		
NHSScotland		
19,503	Boards	15,021
19,503	Total NHSScotland payables	15,021
444	NHS non-Scottish bodies	9
466	Amounts payable to General Fund	602
1,972	Trade payables	1,204
9,555	Accruals	9,828
1,247	Net obligations under leases	1,373
926	Deferred income	2,975
5,017	Income tax and social security	5,380
2,950	Superannuation	3,399
1,137	Holiday pay accrual	1,272
5	Other payables	7
43,222	Total Trade and Other Payables due within one year	41,070
Payables due after more than one year		
891	Net obligations under leases due within 2 years	467
493	Net obligations under leases due after 2 but within 5 years	246
145	Other payables due within 2 years	144
1,529	Total Trade and Other Payables after more than one year	857
44,751	Total Trade and Other Payables	41,927
£'000	WGA Classification	£'000
19,503	NHSScotland	15,021
7,967	Central Government bodies	8,779
444	Balances with NHS bodies in England and Wales	9
16,837	Balances with bodies external to Government	18,118
44,751	Total Trade and Other Payables	41,927

Note 10a. Provisions

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

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

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

Prior Year	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2022	376	102	4,046	325	4,849
Arising during the year	142	195	0	203	540
Utilised during the year	(435)	(86)	0	(106)	(627)
Unwinding of discount	0	0	(316)	0	(316)
Reversed unutilised	(33)	0	0	(160)	(193)
At 31 March 2023	50	211	3,730	263	4,253

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000
Payable in one year	50	53	0	263	366
Payable between 2 - 5 years	0	128	3,730	0	3,857
Payable between 6 - 10 years	0	11	0	0	11
Thereafter	0	19	0	0	19
At 31 March 2023	50	211	3,730	263	4,253

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

2023			2024
£'000		Note	£'000
50	Provision recognising individual claims against Board at 31 March	10a	118
(22)	Associated CNORIS receivable for individual claims at 31 March	7	(44)
211	Provision recognising the Board's liability from participating in the scheme at 31 March	10a	235
239 Net total provision relating to CNORIS at 31 March			309

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

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

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

Therefore, there are two related, but distinct, provisions required as a result of participation in the scheme. Clinical and Medical Legal £118k relates to claims against NES, and the participation in CNORIS £235k relates to the NES share of the total NHSScotland liability. The annual cost of participating in the CNORIS scheme is an expenditure which is charged to the SoCNE.

Further information on the scheme can be found at <https://www.nss.nhs.scot/legal/clinical-negligence-and-other-risks-indemnity-scheme-cnoris/guide-to-the-clinical-negligence-and-other-risks-indemnity-scheme-cnoris/>

Note 11. 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.

2023	2024
£'000	£'000
Obligations under operating leases comprise:	
Buildings	
1,247 Not later than one year	1,277
891 Later than one year, not later than two years	372
493 Later than two years, not later than five years	121
2,631 Total Buildings	1,770
Other	
4 Not later than one year	99
4 Later than one year, not later than two years	96
1 Later than two years, not later than five years	125
9 Total Other	320
Amounts charged to operating expenditure in the year were:	
6 Hire of equipment (including vehicles)	6
1,657 Other operating leases	1,714
1,663 Total	1,720

Note 12. Pension Costs

National Health Service Superannuation Scheme

NES participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government.

The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a four-yearly funding valuation undertaken by the scheme actuary.

The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 01 April 2019 to 31 March 2023.

The UK Government since confirmed that these employer rates would remain in place until 31 March 2024. In addition, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%. The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 October 2023 have been paid within a

range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

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

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NES is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2023 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.

NES's level of participation in the scheme is 1.88 % based on the proportion of employer contributions paid in 2022/23. NES employers contributions are detailed in the Staff Report.

The current NHS Pension Scheme (Scotland) 2015

From 1 April 2015, the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2023/24 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.

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

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

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 13. Financial Instruments

a) Financial Instruments by Category

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

Financial Assets At 31 March 2023	Financial Assets at Amortised costs	Total
	£'000	£'000
Assets per Statement of Financial Position		
Trade and other receivables excluding NHSS receivables, prepayments, reimbursements of provision and VAT recoverable	5,448	5,448
Cash and equivalents	466	466
	5,914	5,914

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

Financial Liabilities At 31 March 2023	Liabilities at Amortised costs	Total
	£'000	£'000
Liabilities per Statement of Financial Position		
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	16,355	16,355
	16,355	16,355

Note 13. 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.

13b (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.

13b (ii) Liquidity Risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2024				
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	14,295	611	246	0
Total	14,295	611	246	0
At 31 March 2023				
Trade and other payables excluding NHSS payables, statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	14,826	1,035	494	0
Total	14,826	1,035	494	0

13b (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.

13b (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 14. Lease Assets and Liabilities

a) Lease Assets

	Buildings	Transport	Total
	£'000	£'000	£'000
Cost or valuation:			
As at 1 April 2023	5,345	0	5,345
Additions	808	345	1,153
At 31 March 2024	6,153	345	6,498
Amortisation:			
As at 1 April 2023	1,755	0	1,755
Provided in year	1,639	31	1,670
Provided in year - Peppercorn Leases	139	0	139
At 31 March 2024	3,533	31	3,564
Net Book Value at 31 March 2023	3,590	0	3,590
Net Book Value at 31 March 2024	2,620	314	2,934
	Buildings	Transport	Total
	£'000	£'000	£'000
Cost or valuation:			
As at 1 April 2022	4,090	0	4,090
Additions	1,255	0	1,255
At 31 March 2023	5,345	0	5,345
Amortisation:			
As at 1 April 2022	0	0	0
Provided in year	1,616	0	1,616
Provided in year - Peppercorn Leases	139	0	139
At 31 March 2023	1,755	0	1,755
Net Book Value at 31 March 2022	0	0	0
Net Book Value at 31 March 2023	3,590	0	3,590

Note 14. Lease Assets and Liabilities

b) Lease Liabilities

There are a total of £2,085k of lease liabilities falling due as follows:

	£'000
Amounts falling due:	
Not later than one year	1,373
Later than one year, not later than two years	466
Later than two years, not later than five years	246
Later than five years	0
Total at 31 March 2024	2,085

An amount of £1,809k (2023: £1,616k) depreciation and £42k (2023: £41k) interest is recognised in the Statement of Comprehensive Expenditure and the Statement of Cashflows.

Note 15. Related Party Transactions

There are related party transactions with other Government departments and other central Government bodies. NES spent £525 million (2023: £465 million) with other NHSScotland Boards. NES expenditure with the following boards exceeded £10 million: NHS Ayrshire and Arran, NHS Dumfries and Galloway, NHS Fife, NHS Forth Valley, NHS Grampian, NHS Greater Glasgow and Clyde, NHS Highland, NHS Lanarkshire, NHS Lothian and NHS Tayside. Boards where the total income exceeded £10 million are NHS Grampian, NHS Greater Glasgow and Clyde, NHS Lothian and NHS Tayside.

Note 16. Capital Commitments

The Board has no capital commitments.

Direction by the Scottish Ministers

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

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

6. In these Directions –

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

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

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

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

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

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

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

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

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



Signed by the authority of the Scottish Ministers

Dated 22 March 2022

ALTERNATIVE FORMATS

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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