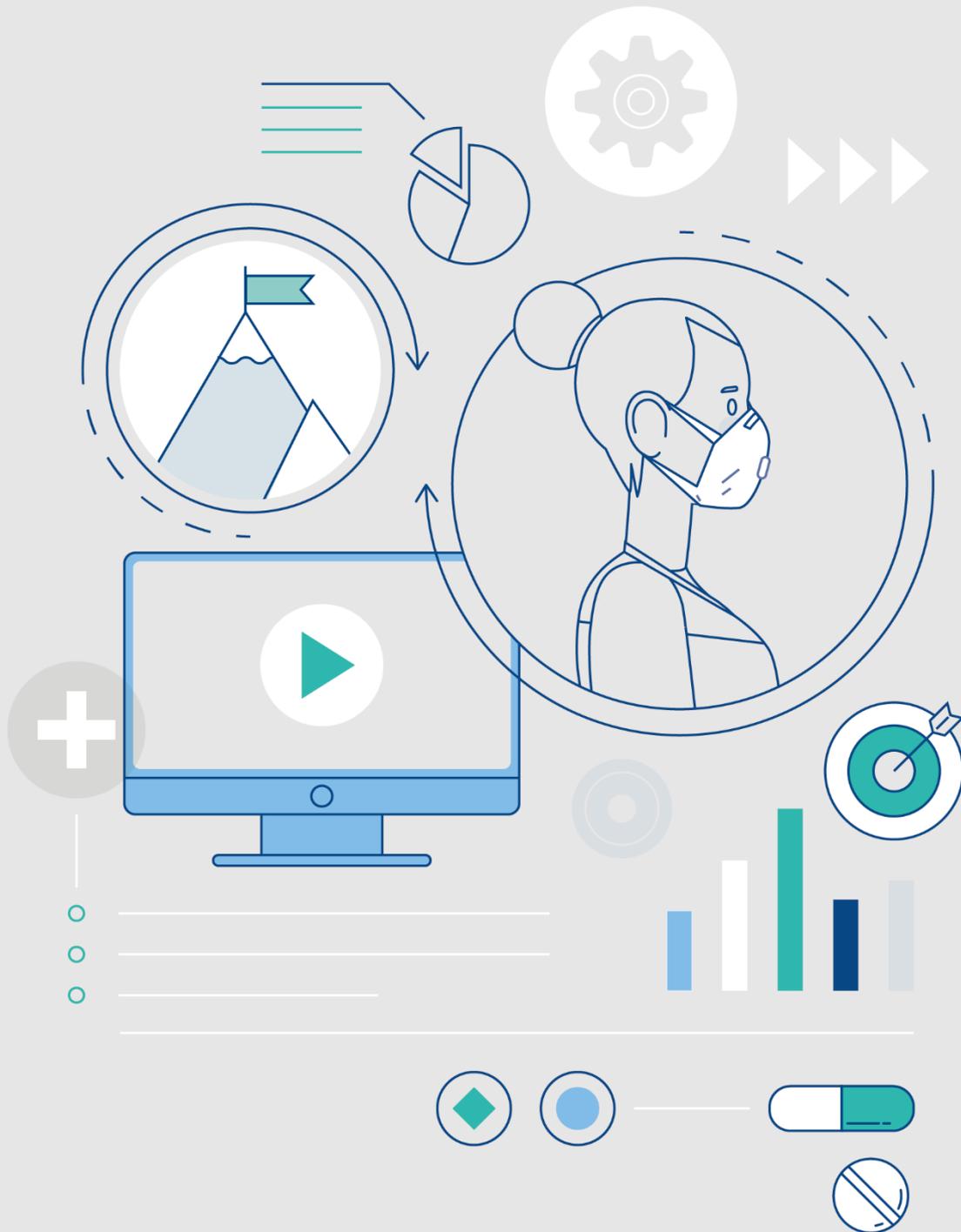




Annual Report and Accounts for the Year Ended 31 March 2021



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Introduction

2020 was a critical year for everyone. With statutory responsibility for educating and training Scotland's health and social care workforce we have had to balance our support for the COVID-19 response with laying the groundwork to make sure that in future we have the right people with the right skills.

As an organisation, we have had to be fleet of foot in developing new ways of working, not just for our own staff, but also for the wider workforce and citizens of Scotland.

During 2020/21, we paused substantial areas of our routine business, devoting energy to providing new educational resources and redeploying our staff and learners to support colleagues on the front-line. We also worked hard with partners across the UK to protect our trainees and other learners as much as possible, and to minimise the impact of the pandemic on training and recruitment.

Our digital services and leadership have played a major role in the pandemic response across the country, in both health and social care. Our vaccination management app touches every family in Scotland, as a key component in the scheduling, recording and reporting on the vaccinations that we get. Our data and analysis has been involved in everything from enlisting volunteers, supporting clinical and care home decision-making and delivering food parcels to 100,000 vulnerable people.

Throughout the year, we strengthened our links across health and social care, as we supported our partners in many ways. We have continued to build our partnerships with local authorities, Integrated Joint Boards, Community Planning Partnerships and many others. Our mental health resources and advice are a vital part of the overall pandemic response for staff and the public. We have delivered valuable support to children's services, with support for early years development, parental skills, speech and language to name just a few. We are co-producing programmes and materials covering housing and homelessness and prison healthcare, and in many other areas.

Our less-visible teams have been our unsung heroes. They are fundamental to making sure an organisation works well – in finance, workforce, IT, planning, performance, governance, communications, facilities, and administration.

Through all this, we have successfully operated within our financial envelope, delivering services on budget, and meeting our efficiency-saving targets. Culture and the welfare of our staff is important, as shown in our excellent staff 'iMatter' survey results. We have also strengthened our internal governance structures, refining the scrutiny of our strategic direction and performance.

The past year has reminded us how capable we all are, individually and united. We are proud to be part of NHSScotland and remain confident in the ability of our workforce in rising to the challenges and opportunities ahead.

David Garbutt
Chair

Karen Reid
Chief Executive

Performance Report

Overview

NHS Education for Scotland (NES) is the national NHS Board with responsibility for education, training, and workforce development. Having the right numbers of skilled, trained and supported staff, in the right place, at the right time and in the right roles is essential to providing high quality health and care services, which address health inequalities and encourage and support people to take more responsibility for their own health and wellbeing. In addition to providing national workforce and digital services, which play a key role in supporting those who deliver frontline health and care, NES directly funds and manages learners who comprise a significant element of the NHSScotland patient-facing workforce.

During 2020/21 in response to the COVID-19 pandemic, much of the mainstream NES activity and infrastructure was paused as we embarked upon new areas of business with the aim of ensuring that frontline health and care services across all of Scotland were as well supported as possible. The last year has therefore been dominated by the NES response to COVID-19 which has focused on supporting frontline services through educational materials, mental health resources, support for learners and trainees, redeployment of students, trainees and our staff and development of a wide range of digital support. While doing this we have engaged with learners and our staff to help understand where we should focus our recovery efforts while establishing new ways of delivering education and training and managing disruption to training pathways and learners. In addition, last year we delivered phase one and two Re-mobilisation Plans to support the Scottish Government's Re-mobilise, Recover, Re-design: The Framework for NHSScotland (the SG Framework).

How we work

Within our organisation we are structured into eight Directorates:



All of our work is aligned to our 5 Strategic themes:

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

In April 2020, the Scottish Government informed NES that review of our original Annual Operating Plan for 2020/21 would be paused and that we should focus our work on the response to COVID-19 as well as maintaining key areas of core business. Our response was outlined in two Re-mobilisation Plans and given the nature of the pandemic; these plans remained under constant review throughout the year.

All the activities underpinning our Strategic themes and supporting the two Re-mobilisation Plans can be described under three main headings:

1. Providing placement opportunities for undergraduate students, recruiting, and managing progression through structured post-graduate training programmes;
2. Providing educational materials, resources and learning opportunities;
3. Provision of physical, people and digital infrastructures.

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

UNDERGRADUATE EDUCATION PLACEMENTS

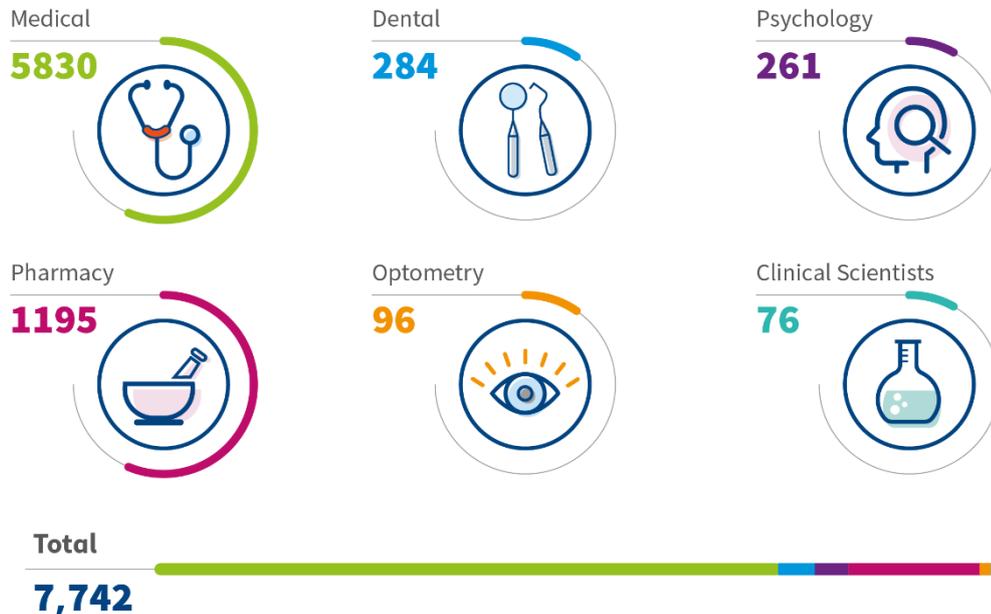
Support for Undergraduate Education Placements



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

POSTGRADUATE EDUCATION PROGRAMMES

Support for Postgraduate Education Programmes



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

Although substantial work was undertaken to mitigate the impact of COVID-19, disruption to education and training and workforce supply was experienced as we worked to recover our workforce and digital services. Many of our education and training programmes are based on workplace learning and their full recovery depends on the impact of the pandemic on clinical capacity, waiting time back-logs and new models of care as we continue to live with COVID-19 and experience further waves of the virus. Other key dependencies which have affected recovery include the commissioned activity of higher and further education and decisions taken by UK professional bodies and regulators. In addition, longer term workforce supply depends on undergraduate activity in the education sector which has also been subject to disruption.

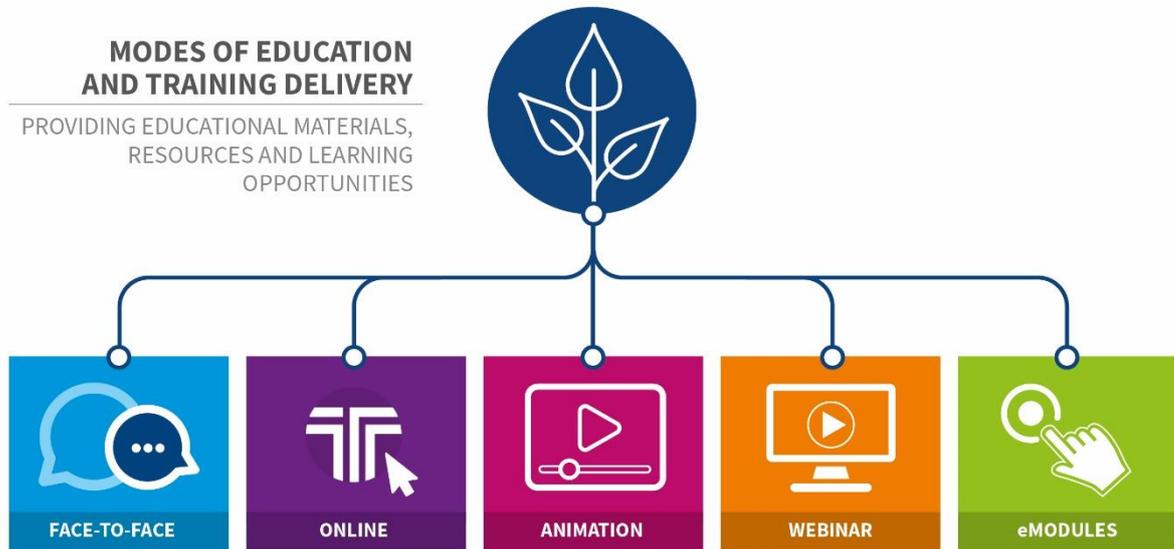
The overall number of postgraduate medical trainees in programme in August 2020 (5,830) is higher than August 2019 (5,598) due to a number of short term training extensions which were required to enable trainees to progress after their training had been disrupted due to COVID-19, there was also a small expansion of posts in 2020.

In addition, as part of the NHSS response to COVID-19 we, through the Scottish Foundation School, supported the onboarding of 575 foundation doctors after their early graduation from medical schools; worked with key stakeholders to support the employment of approximately 4,800 final and 2nd year nursing students within NHS Boards and became the employer of 387 final and 2nd year nursing students working within non-NHS settings.

2) Providing educational materials, resources and learning opportunities

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

As part of our response to COVID-19 we were required to deliver a significant volume of additional resources in challenging timescales and also support the increased shift from face to face to online delivery. This included the upskilling of NES facilitators in the use of new technologies to deliver a high-quality training experience online as well as the provision of a wider variety of online resources such as video productions and new e-learning modules.



2.1) Face to Face

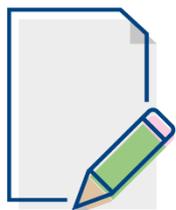
Traditionally we have delivered many learning opportunities face to face, however due to COVID-19 the majority of these programmes were paused or moved to virtual delivery platforms. Where face to face training was a critical requirement this continued with appropriate COVID-19 precautions in place. This included an innovative multi-professional skills programme for vaccinators and the Scottish Multi-professional Maternity Development Programme (SMMDP) also delivered 78 courses in Boards to maintain essential maternity services education through core mandatory training.

2.2) Online

Through a blend of web-based resources, we continue to put information at users' fingertips. This year, we delivered our **Knowledge Network**, while migrating more resources away from separate websites to our one-stop digital platform, Turas (see 3.3).

**THE KNOWLEDGE
NETWORK**

Use of Subscription Resources


1,282,249

 Journal articles
downloaded

938,406

 Database searches
conducted

1,967,627

 Views Of Ebooks
and Ebooks chapters

Previous Year	1,173,747	1,089,436	1,936,205
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In the early stages of the COVID-19 pandemic usage of the resources available initially fell, however recovered quickly. Many publishers made material relating to COVID-19 freely available for up to 1 year, where we were already customers, that usage is reflected in the numbers above. We also acquired new eBooks relevant to the management of COVID-19 and other acute respiratory ailments. Many of the services provided by the physical libraries in the Boards were interrupted, but the extent of the online provision lessened the impact on the workforce at this challenging time. The digital library collections have been able to support the shift to more online learning.

Reviewing the detail from one provider, of the top ten downloaded articles, 7 relate to COVID-19 and it is clear that in April 2020 NHSScotland staff were grappling with both a new disease and a new way of consulting with patients; in August the focus shifted to the management of post-acute COVID-19, and in January articles discussing the effectiveness of the vaccines / dosing intervals were most popular.

The Knowledge Services Team moved all training to online delivery and there was a significant up take of information skills training to social care staff via the Scottish Social Services Council (SSSC) Open Badges platform.

Whilst the increased shift to online delivery has been a necessity it has also increased the reach of many CPD courses compared to what would have been achievable had they been delivered face to face. E.g. 2,700 people have attended training events on Child and Adult Support and Protection where it is estimated that about 200 would have attended such training face to face.

The **Turas Learn** platform has continued to be developed as the NHSScotland Learning Management System. It hosts a continually expanding range of health and care related learning resources and provides general and targeted functionality to deliver, promote, track and record learning for all NHS and care staff. During 2020/21, in partnership with Scottish Government, we launched free access across Scotland to the online courses within the Solihull Approach to support parents, practitioners and teenagers in light of the COVID-19 pandemic, with 10,073 learners registered between May 2020 and March 2021.

All our developed and published learning and associated materials are now hosted and delivered through Turas Learn. In the last year the number of users visiting Turas Learn increased by 8.4% from 403,787 to 437,611 users, and there is now a specific focus on further development of the platform as the pandemic has fundamentally changed the scale and demand for remote/online learning.

Many **new online resources** needed to be developed at pace and these include; the Step-up to COVID-19 induction programme at NHS Louisa Jordan providing links to online learning resources and scenarios for an induction to working in any facility caring for COVID-19 patients; Digital learning resources for ocular hypertension and glaucoma; development of education resources to support the upskilling of the NMAHP workforce during the COVID-19 pandemic (including health care support workers, those caring for the deteriorating person/unwell child, bespoke resources for staff in community and social services (with SSSC) and accessible learning on infection prevention and control).

Many existing resources had to be adapted for **online delivery** for example our Quality Improvement Programmes. This enabled 177 people to complete Scottish Improvement Foundation Skills (Foundation level), 85 people to complete the Scottish Coaching and Leading for improvement Programme and 150 people to complete the Scottish Improvement Leaders Programme.

2.3) Animation and Videos

Animations are particularly effective in simplifying complex ideas and setting the tone for content in a highly accessible way. Animated content is also extremely memorable, increasing retention as well as engagement. Animations are a good example of micro-learning, helping busy staff to fit learning into their working day. There are also now 974 videos hosted on Turas Learn which allow learners to access the resources at a time that suits them.

2.4) Webinars

Webinars allow us to use technology to deliver learning across the country efficiently, eliminating the cost of travel, and supporting participants in remote and rural areas who otherwise might not be able to access training at all. During COVID-19 these have proved to be a popular delivery method for large volumes of people to access training / information updates simultaneously such as The Health Literacy webinars to support remote consultations which continue to be popular with both health and social care staff. The 11 webinars delivered were attended by 219 participants. NMAHP delivered 48 webinars to 16,908 attendees (26,700 registrants) covering a range of topics identified to support staff in practice e.g. Near Me, Digital, Placement recovery, Children and Young people, Support and Supervision.

2.5) eModules

The use of eModules as a mode of delivering learning is steadily increasing. Their interactivity makes them more attractive to many staff, and because they are delivered digitally, they allow easy recording of learning credits. There are now over 1,000 modules hosted on Turas Learn, 607 of which are provided by NES Directorates, the remainder by Health Boards, Scottish Government and other public sector organisations. One of these new NES developments was a COVID-19 Psychological First Aid module which was completed by 4,559 people in 2020/21.

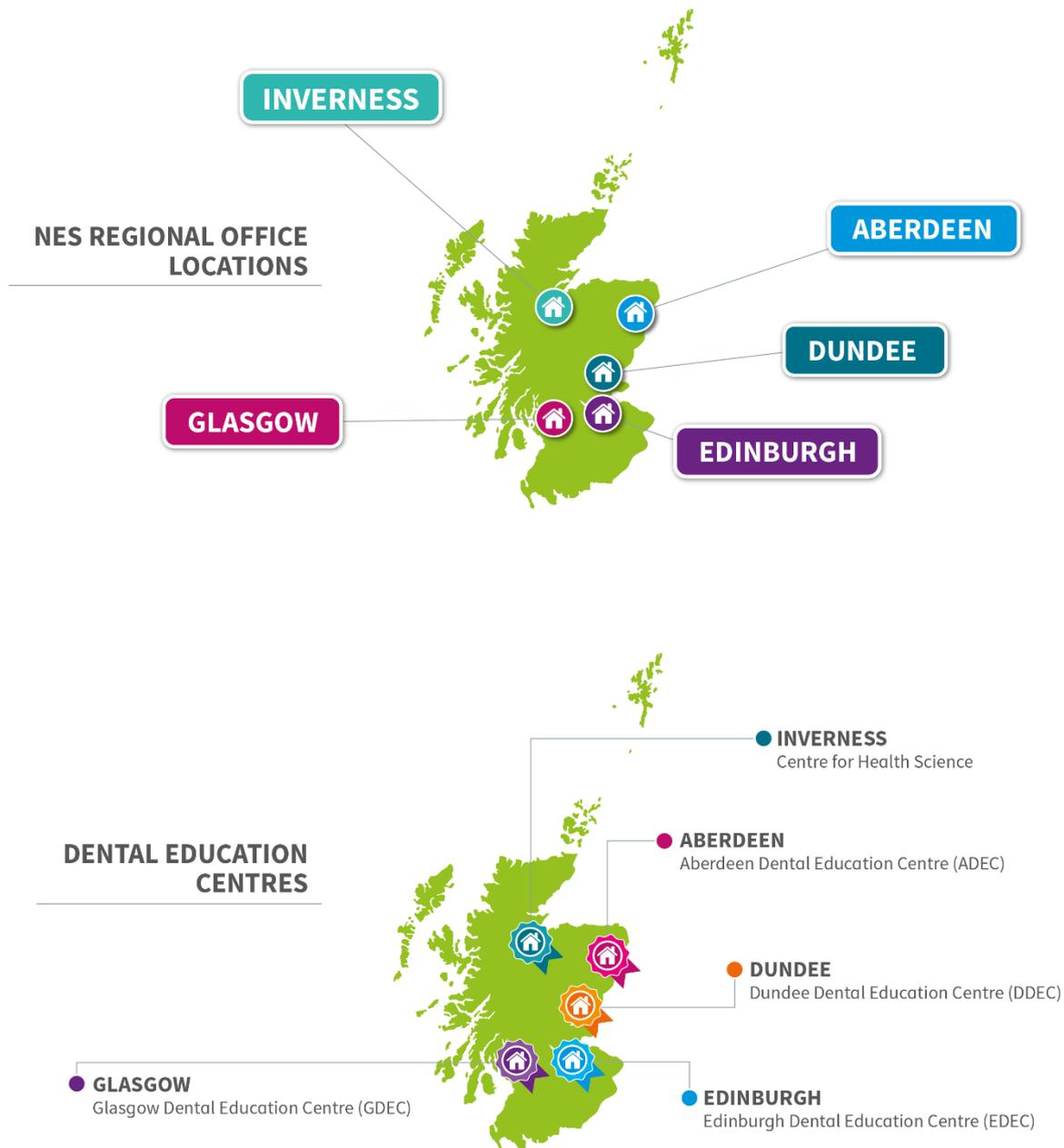
3) Provision of physical, people and digital infrastructures

3.1) Physical Infrastructure

We recognise the importance of having bases across Scotland in order to engage with our stakeholders and provide a service to the workforce across Scotland.

Throughout 2020/21, we have ensured that the office space conforms with COVID-19 guidelines on safe working environments, but the vast majority of NES office-based staff have been working from home in line with COVID-19 guidance issued by the Scottish Government. Support

for training programme management has continued to be provided online via MS Teams, webinars, or the provision of additional digital resources. A limited number of Family Nurse Partnership training events, which required to be delivered face to face, were facilitated in our sites as soon as Government guidelines allowed.



Due to COVID-19 the Dental Education Centres have been closed for most of 2020/21. The majority of educational programmes were moved online with the exception of a small number of face to face sessions where specific clinical skills training could not feasibly be delivered in any other way. Where this was necessary appropriate COVID-19 safety precautions were in place.

The Teach and Treat centres we support normally provide teaching opportunities for undergraduate and post-graduate practitioners. However, during 2020/21 this has been severely impacted because of COVID-19.

TEACH AND TREAT CENTRES

Providing teaching opportunities for UG and PG Practitioners



Dental
17

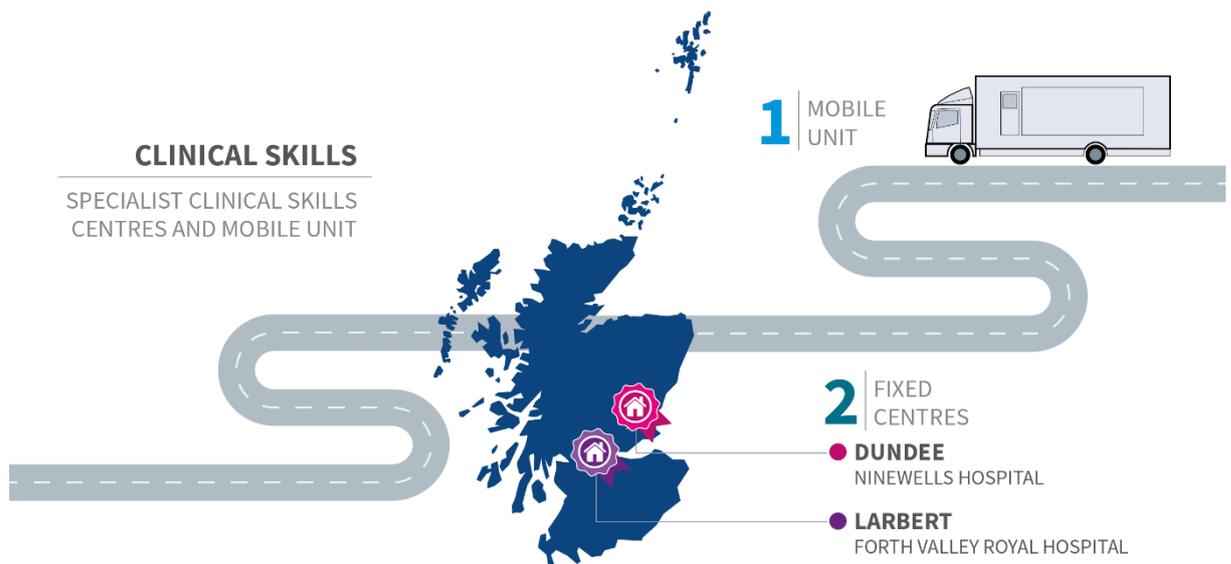
Optometry
3

The above figures are as at May 2021

In 2020 undergraduate Dental teaching was severely restricted as a result of the impact of COVID-19. This principally related to the ability to undertake aerosol generating procedures. Some of the dental Teach and Treat centres were repurposed to expand the capacity of NHSS to provide urgent dental care.

Where face to face training in the Optometry Teach and Treat centres was not possible, the content of programmes was reviewed and revised to maximise attendance rates for new online delivery models. The NES Optometry team continues to work with current partners to restart all the Teach and Treat clinics and is investigating the further extension of this model to provide increased clinical placements.

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



Our Clinical Mobile Skills Unit (MSU), which normally supports training across the country, was deployed to the site of the NHS Louisa Jordan Hospital (LJH) to establish an interim National Clinical Skills Education Hub. The NHS Louisa Jordan provided a training site where COVID-19 safety measures such as physical distancing could be put in place and enabled the delivery of

multi-professional skills training for 7,748 participants. The first European EyeSi simulator was piloted at the NHS Louisa Jordan Hospital initially to train optometrists but with the incorporated feedback system it supported all those involved in eye care.

Although COVID-19 necessitated the cancelling of 25 visits across 10 health boards as travel restrictions were imposed, the MSU was eventually able to move away from the NHS Louisa Jordan Hospital site to facilitate the training of 99 people (96 NHS staff; 3 other) over 5 training sessions in the period from August 2020 to March 2021

3.2) People Infrastructure: Trainers and Educators

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

NMAHP EDUCATION NETWORK

WTEs Within NMAHP Education Network

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



99.50

Nursing and Midwifery
Practice Education
Facilitator (PEF)



14.00

Nursing and Midwifery
Care Home Education
Facilitator (CHEF)

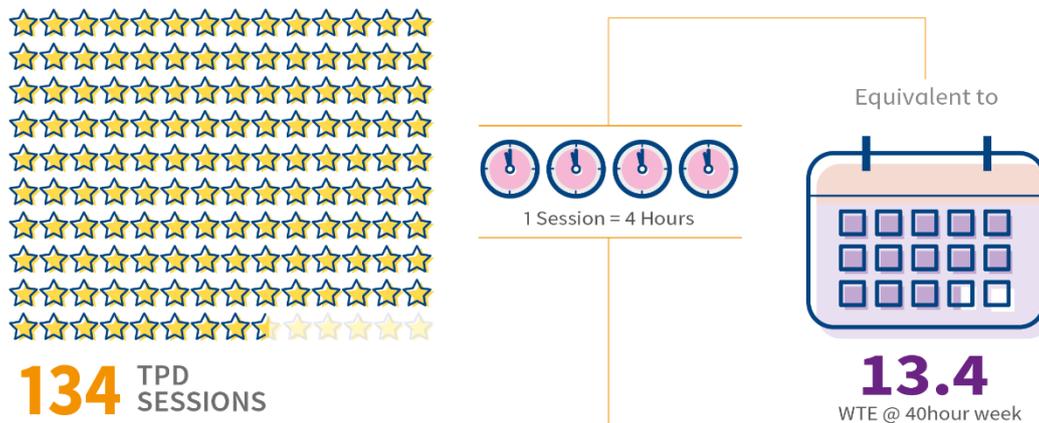


11.00

Allied Health Professional
Practice Education
Lead (AHP PEL)

This resource was deployed flexibly during the first wave of the pandemic with approximately 40% of the PEF resource returning to direct clinical roles in acute care, particularly any PEFs with High Dependency or Intensive Care experience. The remainder of the PEFs and CHEFs extended their role in terms of their usual educational remit of preparing and supporting supervisors and assessors to support directly the students going into paid placement both in the NHS and non NHS settings and the CHEFs were key in enabling NES to manage the employment responsibilities associated with the non-NHS placements for which we had responsibility. In the second wave of the pandemic the PEFs have supported training for delivery of the vaccine, with a small percentage, circa 10%, returning to direct clinical roles for a period of time.

MEDICAL Training Programme Directors



This resource was also deployed flexibly during the first wave of the pandemic as many training programme directors (TPDs) were prioritising clinical service delivery. This was less of an issue during the second and subsequent waves of the pandemic as most TPDs remained focused on supporting the recovery of education and training. In addition, the Foundation Programme Directors provided support for 575 foundation doctors who become interim Foundation Year 1's after their early graduation from medical schools.

DENTAL Training Programme Directors headcount



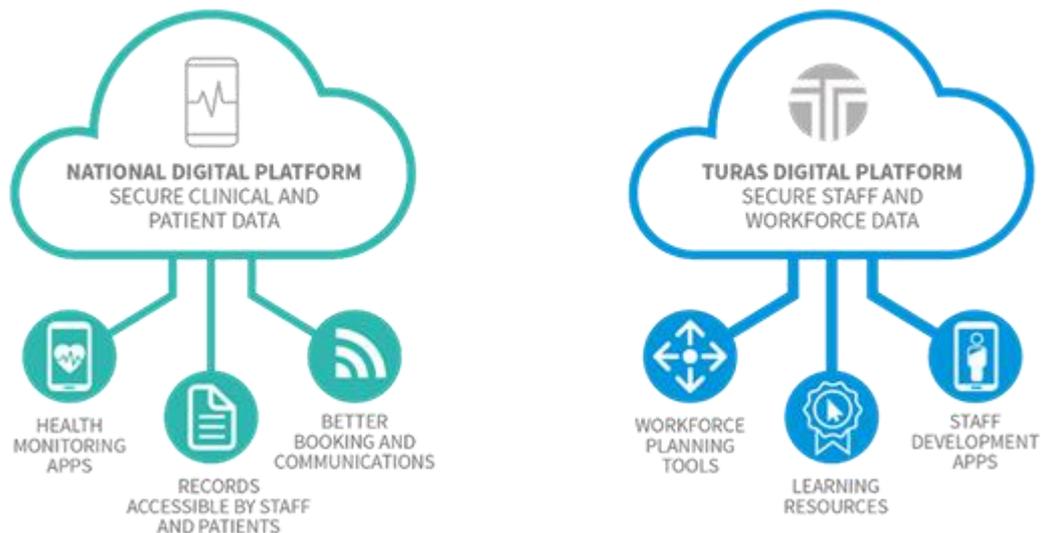
The Advisors (VT) support the one-year Vocational Training programme, which graduates must satisfactorily complete to enable them to be eligible to work as an associate or principal in NHS General Dental Practice. In addition, there is a single Therapy Advisor who supports a part time Vocational Training Scheme for recent Dental Therapy Graduates. Advisors (Core) support trainees who successfully apply to enter the Hospital and Public Dental Service through a core training placement. The Advisors (Specialty) support Dentists who are undertaking Specialty Training. These advisors continued to support trainees in post throughout 20/21 through the delivery of additional training resources to complement their clinical training.

Psychology Education Network

- Transforming Psychological Trauma Implementation Co-ordinators (TPTICs), 3.5 WTE nationally, enabling delivery of 1,444 trauma training places supporting multi-sector multi professional workforce.
- Funded network of 14 CAMHS Learning Coordinators (part-time) supporting multi-disciplinary CAMHS staff.

- Local Area Tutors, 4 WTE across 11 NHSScotland Boards, to provide support for the training of pre-registration clinical psychologists through liaison/interface between NHS supervisors/ services and Programme providers, as well as placement planning and monitoring, and supervisor training and development.
- Psychological Therapies Training Coordinators (PTTCs), 3.5 WTE in 14 health boards, to work with local strategic planning groups to support the increase in access to Psychological Therapies required to enable boards to meet the LDP Psychological Therapies Waiting Times Standard.

3.3) Digital Infrastructure



During 2020/21 the focus has been on maintaining our key business as usual systems and applications in support of education and training whilst redeploying our resource to support the NHSS response to COVID-19. This has meant the rapid development and deployment of new digital technology and services which has included:

- The rapid development and launch of the **COVID-19 Accelerated Recruitment Portal (CARP)** to support the return to service of registrants who had recently left, and to bring into service those who were close to qualification. Over 42,000 applications were processed from those willing to return from the following professions: Medicine, Nursing, Midwifery, Allied Health Professions, Pharmacy, Dentistry and Healthcare Science. Students from these professions were also processed via CARP to help support the service as needed. In addition, Social Care and Social Work returners were passed to colleagues in SSSC for processing.
- Acceleration of the strategic work which was already underway to develop and deliver the OpenEyes **ophthalmology electronic patient record (oEPR)** to provide support for community eye care services allowing community-based provision of emergency ophthalmology care, through support for virtual consultations between patients and staff.
- Continued delivery of an **SMS Service** for people in the most at-risk group, known as the shielding group, so that whilst they needed to remain at home, they had appropriate access to food and medication. In total, 13,227,703 messages were sent via the SMS shielding service resulting in 933,000 food package deliveries and the delivery of 71,365 free vitamin D orders.
- Development of a **COVID-19 case assessment tool** in a partnership between NES Digital, NHS Greater Glasgow and Clyde (GG&C), Daysix (creative agency), NES Digital Service (NDS), the Digital Health & Care Institute (DHI) and the Scottish Ambulance Service. This tool was used across paramedic, emergency department, specialist assessment and treatment areas and

clinical assessment centre contexts to improve situational awareness, decision making, safety and handover.

- Development of the **Care Home Safety Huddle application** to support the capture of Care Home staff and resident data. This tool enabled daily submissions on staff to resident ratios in adult care homes across Scotland. Reporting is in real time to care homes, care home groups, Health and Social Care Partnerships (HSCPs), Health Boards and Scottish Government.
- Hosting the **Protect Scotland proximity smartphone app** deployed on 10 September. The app alerts people if they have been in close contact with another app user who tests positive for coronavirus. It can help in determining contacts that people may have otherwise missed while keeping their information private and anonymous. It has currently been downloaded to approximately 1.48 million devices.
- In support of The Scottish Government (SG) **Vaccination Programme NES**, in collaboration with NHS GG&C, designed and developed the Vaccination Management Tool (VMT) tool, launched in December 2020, to support collection of essential data at the point of vaccination. The tool was built to deliver the captured vaccination event data to the **National Clinical Data Store (NCDS)** being built by NDS. A copy of this data is available to Public Health Scotland for reporting and epidemiology purposes in addition to passing relevant data to GP systems in order that an individual's GP vaccination record can be updated.

In addition to these new developments required during 2020/21 we have continued to provide an excellent range of resources on the **Knowledge Network** for health and care staff with nearly 1.3 million journal articles downloaded, 938 thousand database searches conducted, and nearly 2 million views of eBooks.

In December 2019, we achieved a key milestone towards transition of the workforce analytics functions from Information Services Division (ISD) at NHS National Services Scotland (NHS NSS), with the release of our first quarterly workforce publications. The transition of responsibility for NHSS workforce data, statistical and intelligence functions resulted from a review of existing arrangements including the vision outlined in the Health and Social Care Workforce Plan which sets out an enhanced role for NES in workforce intelligence.

We continued our work to support development of a digitally enabled workforce across the health and care system and have successfully secured additional funding to progress development of Technology Enabled Care (TEC) resources. Our first online learning module Introduction to Technology Enabled Care (TEC) has been accessed by 643 staff through Turas Learn. Work is underway on the second online module, Using TEC in Health and Care Practice.

The growing Turas application family:

TURAS | Applications and Registered Users



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

The **Turas Data Intelligence platform**, implemented in 2019, which brings together core workforce datasets across health and social care in a single cloud-based application, enables workforce planning teams to gain access to a range of information about labour market supply, demand and outcomes.

The expenditure relating to the activities in 1) to 3) above is reflected in the Statement of Comprehensive Net Expenditure and Notes to the accounts numbered 3 to 6 which are summarised below:

EXPENDITURE
(PER NOTES 3 TO 6)

Summary statement of comprehensive expenditure

Staff Costs

including GP Trainees and NES Staff

170,405

(£'000)

**Direct Educational Costs**

Costs of Trainees and ACT

398,260

(£'000)

**Cost of Educational Support**

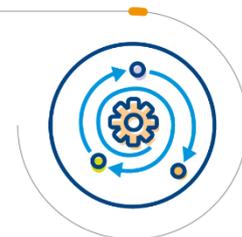
Support across all staff groups

43,031

(£'000)

**NES Support Costs****7,666**

(£'000)

**Total Gross Expenditure****619,362**

(£'000)

The Direct Educational Expenditure in Note 4 of £398,260k (2020: 375,463k) flows to Health Boards and Medical and Dental General Practices. The expenditure relating to Educational Support in Note 5 of £43,031 (2020: £48,612k) is predominantly paid to NHSScotland Health Boards and Scottish Universities.

Within the Total Gross Expenditure noted above, £16.5m is related to the gross additional costs of COVID-19.

Developments in our Operating Environment

We are responsive to changes in our operating environment and, as our role has grown to meet the increasingly challenging workforce pressures faced by health and social care, this has been reflected in both our annual activity and in the priorities within the NES Strategic Plan 2019-2024.

However, the outbreak of COVID-19 at the end of the 2019/20 financial year radically changed our operating environment, resulting in the activation of our Business Continuity Plan and Incident Management response. Major elements of our normal activities were stood down as resource was redeployed to support activities such as: the development of the Accelerated COVID-19 Recruitment Portal; the rapid development and deployment of large volumes of new targeted online training resources; and the development of the SMS shielding support service, which enabled vulnerable households appropriate access to food and medicine.

The impact of COVID-19 has continued throughout 2020/21 and the NHS in Scotland remains on an 'emergency footing'. Digital resource has continued to be focused on support of the national response to COVID-19 as described in section 3.3 above.

Across NES, another key focus has been on support for trainees across all clinical disciplines as the impact of the pandemic disrupted training programmes, clinical placements and in some instances, trainees and undergraduate students were redeployed to support service delivery. This resulted in key changes for NES such as the direct employment of undergraduate student nurses whilst they were in paid clinical placements in the Care sector.

Key Issues and Risks

The NES Board maintains an overview of the main issues that impact on our operating environment, and the risks to the achievement of our organisational objectives, by ensuring our corporate Risk Register is a standing item at each meeting of the Board. This is also reviewed by the Executive Team and the Audit and Risk Committee at each meeting. As the emergence of COVID-19 created a new set of risks, during 2020/21 the corporate Risk Register was supplemented by a COVID-19 specific annex, which ensured these new risks were considered in terms of how they changed the levels of strategic, operational, financial, and governance risks for the organisation.

As the Scottish Government had committed to funding any additional costs related to COVID-19 the key additional risks identified were in relation to:

- The potential interruption or delay to training programme delivery including Scottish Government mandated training, across all professional groups, and the negative impact this could have on undergraduate student and post-graduate trainee progression. The potential impact was anticipated from the cancellation of required courses or programmes, the cancellation of required professional examinations and reduced clinical experience and training capacity due to: cancellation of routine clinical activities; redeployment of trainees to different clinical duties; absence from work due to self-isolation or illness.
- Reduced capacity to deliver appropriate education and training once clinical services are re-established as there will be a significant backlog of clinical work potentially causing difficulty for clinical trainers to be released to deliver mandatory training/courses and professional examinations to remediate critical missed elements required for training progression, including Certificate of Completion of Training (CCT). From the perspective of clinical placements, it is possible that service delivery may not resume in line with previous modes of delivery.
- Impact on recruitment processes across all professions and the subsequent impact on the pipeline for the future NHSS workforce.
- New employment models and the impact on those staff groups e.g. Interim Foundation Year Doctors and Student Nurses moving into paid placements
- Reduced capacity to effectively balance critical 'business as usual' digital delivery whilst supporting several significant new developments in support of the NHSS response to COVID-19 where requirements were changing rapidly as initiatives developed.
- The impact that the implementation of COVID-19 health protection measures, combined with the pressure of workload, could have on staff health and wellbeing
- Ensuring that the governance arrangements in place to respond to the different phases of the COVID-19 pandemic provided sufficient oversight of the emerging priorities and the on-going business of the Board enabling effective scrutiny and assurance.

All of these risks had significant mitigations in place which evolved from strong collaboration across multiple stakeholders' groups both within Scotland and in a UK context.

Performance Analysis

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

1.1) Financial Performance and Position

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

- Revenue Resource Limit (RRL) - a resource budget for ongoing operations split between core and non-core. Non-core is for accounting adjustments which do not require a cash payment, such as depreciation or annually managed expenditure, where a provision is created for a potential future liability. All other budgets are considered to be core. Any underspend on non-core RRL cannot be carried forward to future years. Further detail can be found in the Summary of Resource Outturn.
- Capital Resource Limit (CRL) – a resource budget for net capital investment, split between core and non-core. In 2020/21 all the NES CRL was core: and
- Cash Requirement – a financing requirement to fund the cash consequences of the ongoing operations and net capital investment.

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

	Limit as set by SGHCD	Actual Outturn	Variance (Over)/ Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	535,383	534,539	844
Revenue Resource Limit - Non Core	1,134	1,134	(0)
Total Revenue Resource Limit	536,517	535,673	844
Capital Resource Limit - Core	3,115	3,115	0
Cash Requirement	534,839	534,839	(0)

Memorandum for In-Year Outturn

Memorandum for In-Year Outturn	
	£'000
Core Revenue Resource Variance in 2020/21	844
Financial Flexibility : funding provided by Scottish Government	0
Underlying Surplus against Core Revenue Resource Limit	844
Percentage	0.16%

The Board's outturn is an underspend on RRL of £0.844m (equivalent to 0.16%). A three-year financial plan was submitted to Scottish Government by NES on 4th March 2020. Due to the impact of the COVID-19 pandemic, the Scottish Government paused the Annual Operating and financial planning process. Recognising the exceptional nature of 2020-21, and the impact of

delivery of financial plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards. NES received £10.3m.

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 71 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. The COVID-19 pandemic has not impacted on this policy commitment from Scottish Government and, accordingly, the accounts have been prepared on the going concern basis.

Outstanding Liabilities

NES has recognised a dilapidation liability of £4,002k (2020: £4,033k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Glasgow, Edinburgh, Aberdeen, and Inverness. Further information is in Note 13a.

Legal Obligations

There are currently four on-going CNORIS cases. CNORIS is the Clinical Negligence and Other Risk Indemnity Scheme on behalf of the NHS in Scotland. One case has been settled in the year however remains open for final legal costs, a second case is expected to settle early in 2022. These are included in the £113k provision in Note 13b (2020: £143k). There are 2 further cases which have been identified as low risk therefore have not been provided for.

Prior Year Adjustments

There are no prior year adjustments.

Significant Changes in Non-Current Assets

Intangible:

NES invested £2,236k in intangible assets which included: continued investment in the Turas Learn platform (£376k); development of a COVID-19 case assessment tool (£263k) used across paramedic, emergency department, specialist assessment and treatment areas and clinical assessment centre contexts to improve situational awareness, decision making, safety and handover; the Care Home Safety Huddle application (£171k) which enabled daily submissions on staff to resident ratios in adult care homes across Scotland; the Vaccination Management Tool (VMT) tool (£374k) to support collection of essential data at the point of vaccination and then deliver the captured vaccination event data to the National Clinical

Data Store (£418k) enabling this data to be available to Public Health Scotland for reporting and epidemiology purposes in addition to passing relevant data to GP systems. Further development was also carried out on The Family Nurse Partnership programme software (£257k) to enable it to be used by NHS England.

Property, Plant and Equipment:

NES has invested £600k on simulation equipment reflecting the importance of simulation in providing additional clinical skills training to support trainee progression. This included expenditure of £414k on Endoscopic simulators which were transferred to other boards and £186k on ultrasound simulation equipment to support training in Obstetrics and Gynaecology and Clinical Radiology across the multi-disciplinary team. NES also invested £459k on Optometry equipment including digital Cameras, video slit Lamps and a Retinal Scanner, all to support the upskilling of Optometrists through remote supervision or teaching and to develop a multi-disciplinary approach to training all eyecare professionals in our Teach and Treat centres.

Pension Liabilities

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

Post Statement of Financial Position Items

There are no post Statement of Financial Position items

Impact of Lead Employer Arrangements

Within these accounts we have approximately £71m of expenditure (2020: £39m) relating to NES as one of four Lead Employers for all Doctors in Training within NHSScotland. Prior to 2018/19 NES employed GP Trainees whilst they were in a practice placement. In 2018/19 that was extended to include all GP Trainees for the duration of their training programme, including hospital placements. In 2019/20 this was further extended to include all National Programme Trainees in 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 Trainees, whilst they are in a hospital placement, and National Programme Trainees is recharged to the Placement Health Board. The increase in expenditure reflects the National Trainees that we have on board and is offset by an increase in income from NHSScotland bodies. We are also reporting an increase in staff composition as a result of this.

1.3) Performance Against Key Non-Financial Targets

Payment Policy

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

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

NON-NHS SUPPLIERS	2020/21	2019/20
AVERAGE CREDIT TAKEN	12 days	7 days
% OF INVOICES (BY VALUE) PAID WITHIN 30 DAYS	90%	98%
% OF INVOICES (BY VOLUME) PAID WITHIN 30 DAYS	96%	98%
% OF INVOICES (BY VALUE) PAID WITHIN 10 DAYS	80%	89%
% OF INVOICES (BY VOLUME) PAID WITHIN 10 DAYS	87%	93%

The pandemic and remote working has had an adverse impact on supplier payment performance figures compared to previous years, but they are still within the targets we set of paying 95% of undisputed invoices within 30 days, and 86% within 10 days. During 2020/21 we have reduced the frequency of cheque runs from weekly to monthly, as staff have not been able to access the office on a frequent basis. To mitigate against the impact of this, we have engaged with suppliers and increased the percentage of suppliers paid by BACS by 10% over the year.

Sickness Absence Data

The Board has a proactive policy on the management of sickness absence and the average absence rate for 2020/21 was 1.08% (2019/20: 2.3%). The move to mostly homeworking for office based staff during the pandemic is likely to have been the most significant contributing factor to the reduction in sickness absence, with staff having less exposure to infections than normal.

NES Essential Learning Completion Rates in 2020/21

Staff are encouraged and supported to ensure they invest in their own personal development, as well as those areas which are considered essential learning. In line with our Agile and SMARTER working policies, and to better reflect the hazards and risks associated with our way of working, NES staff now complete the new Workrite Agile module as part of the Health & Safety training suite. This module includes elements for office, home, and remote working, as well as a DSE workstation assessment. The uptake levels across those essential learning programmes as at 31/03/2021 are noted below.



Uptake on the Health and Safety modules has improved from 2019/20 whilst uptake on Counter Fraud, Equality and Diversity and Information Governance remains relatively stable. The Corporate Induction programme runs on a monthly basis and further work is underway to assess if this is sufficient given that a backlog of people who want to secure a place has built up.

Social Matters

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

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

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

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero

by 2045, 5 years in advance of the rest of the UK. Clear interim targets of a reduction of greenhouse gases have been set to 56% by 2020, 75% by 2030, and 90% by 2040.

As required by the Scottish Government, NES has provided an annual report to the Sustainable Scotland Network detailing those actions taken within the organisation in order to support the duties imposed by the Act, as well as the amended longer-term target. A report has been submitted for 2020/21 outlining performance against key indicators, which will be published on the Sustainability Action website in 2021. 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>.

1.4) Performance Against Key Operational Targets during 2020/21

Operational Performance Management

Over the first four months of COVID-19, much routine NES business was suspended, in part reflecting the changed clinical activity upon which it depends, and in part to support the service response to the pandemic. In addition, all NHS Board Annual Operational Plans (AOPs) were 'stood down' on the instructions of the Scottish Government. As a result, performance reporting against the NES AOP was suspended for the first and second quarters of the financial year and subsequently the AOP was replaced with Re-mobilisation Plan 2 (RMP2), providing a summary of our recovery plans, modified for the restrictions in place at the time, whilst considering contingency plans for further waves of COVID-19.

RMP2 supported the Scottish Government's Re-mobilise, Recover, Re-design: The Framework for NHSScotland (the SG Framework), published on 31 May 2020, describing our priority targets for recovery up to 31st March 2021 in support of the NHSScotland Mobilisation Programme with our focus on a skilled and sustainable workforce supported by digital innovation and high-quality data.

In developing RMP2, NES took the opportunity to review and revise activities and targets within the detailed operational and financial plan which underpins the planning process. This led to the introduction of some new targets, some revised targets and others which were removed. For the most part, the organisation developed a plan which sought to recover performance levels to those of the original AOP. At the time, as the initial wave of COVID-19 subsided to very low levels, this seemed appropriate. However, plans prepared at the end of July 2020 quickly became out of date as the COVID-19 situation changed and RMP2 therefore reflected a quite different environment to the one in which we were working at the end of March 2021. As a result, many of the year-end red and amber performance targets related to activities which the organisation had hoped to deliver but which became delayed or de-prioritised as the COVID-19 situation rapidly deteriorated in the last four months of the financial year.

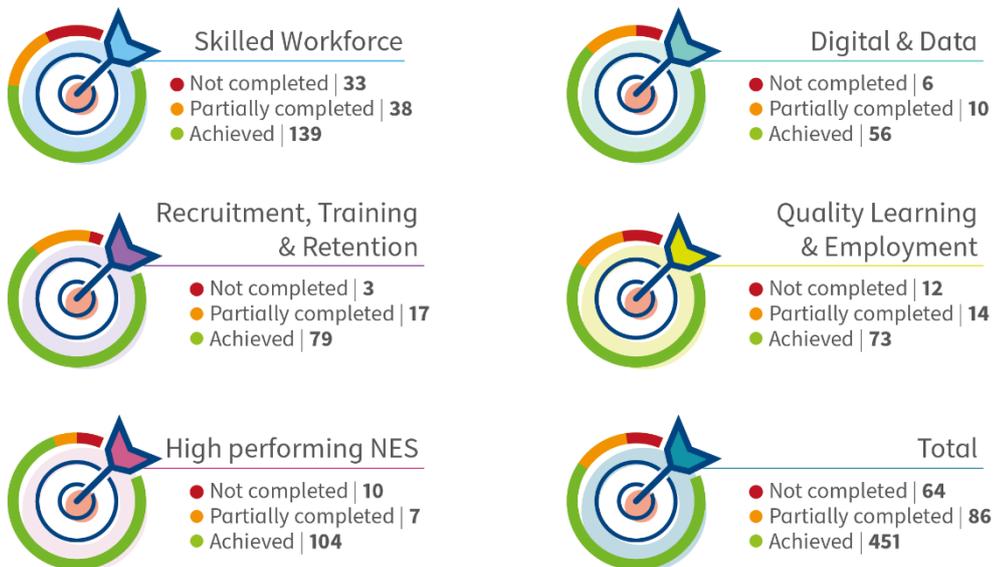
Over the forthcoming year NES is enhancing performance reporting through the development of strategic Key Performance Indicators (KPIs) to be reported to the NES Board through a 'Balanced Scorecard' KPI dashboard which will be incorporated into the quarterly corporate performance reports. Current reporting to the board separates performance against Priority targets and All Targets, linked to our strategic themes.

The 2020/21 targets by strategic theme are shown below.

PRIORITY TARGETS | Summary By Strategic Theme



ALL TARGETS | Summary By Strategic Theme



There were 601 RMP2 performance targets, of which 111 (18%) were identified as priority targets. Of all 601 targets, 64 were red, 86 were amber, and 451 were green. Of the 111 priority targets, 14 were red, 16 were amber and 81 were green.

Most of the red and amber priority targets were impacted by COVID-19.

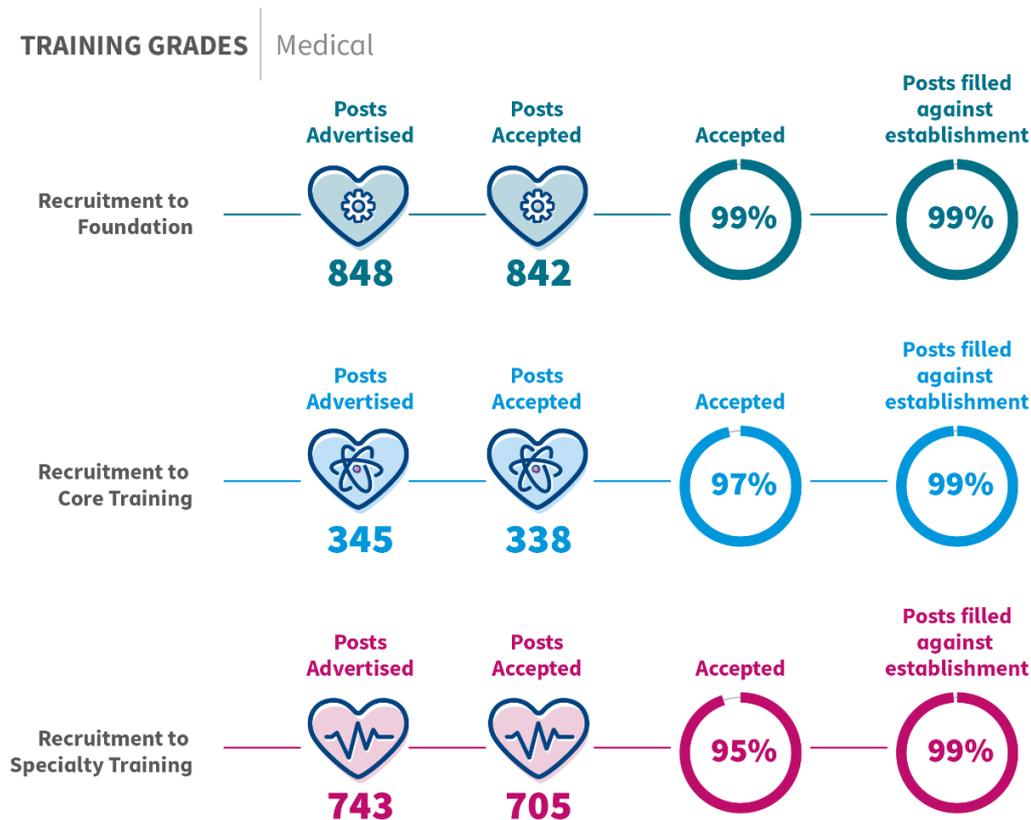
Area	Priority Targets not achieved (Red)	COVID-19 Impact
Dental (4)	The Delivery and Evaluation of the dental domiciliary care programme; implementation of the Smile4Life programme; an education event relating to Caring for Smiles programme.	Activity suspended due to social distancing restrictions and/or staff being reallocated to COVID-19 related priorities.
Finance (2)	Enable Lecturers to submit claims electronically and export data to e-Payroll and transfer of study leave payments to BACS.	Digital resource unavailable due to prioritisation of COVID-19 -related activities.
Digital (8)	4 targets relating to enhancements to the Turas platform to improve the employment experience for staff e.g. enable the lead employer model to be implemented for dentists; provide support to SG eHealth Information Governance Team; decommission and replace the internal finance, risk, planning & performance system; enable wider external access to Training Programme Management by revising the security model; enable Citizen Digital Health Interaction	All of this work was suspended to focus on supporting the NHSS response to COVID-19 through the development of enabling digital technology as described throughout this report.

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

1.4.1) Recruitment To and Progression Through Key Training Programmes

Medical

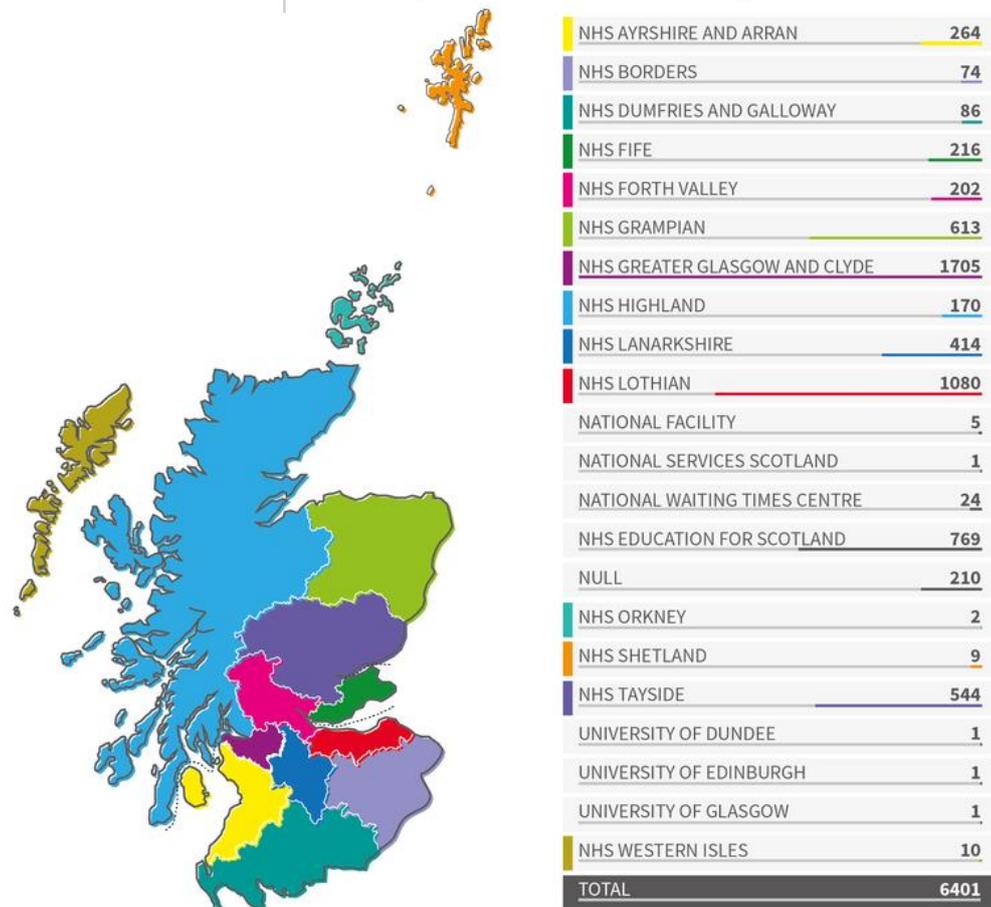
As detailed in Note 4 of the Annual Accounts, £284m of the NES budget directly supports post-graduate training across Scotland.



The four devolved nations work together to recruit junior doctors on a national basis using a single online system called Oriol. NES provides the infrastructure for recruitment in Scotland and despite the pandemic recruitment was able to proceed by using virtual interviews instead of the normal assessment centre approach, ensuring new trainee doctors entered training in August 2020 and February 2021.

The overall numbers for recruitment have been decreasing slightly each year for the past 4 years and in 2019 the overall number advertised was 1,131, this reduced to 1,088 in 2020. The main reason is due to trainees taking slightly longer to complete their training programmes, therefore they don't get their Certificate of Completion of Training (CCT) as quickly and we can't advertise quite as many posts.

We continue to support the 4 Lead employer model in Scotland, employing the GP Trainees and Trainee Doctors on cross-regional and national programmes through their training programmes, regardless of where they are based.

DOCTORS IN TRAINING | Trainees per employing board August 2020**DOCTORS IN TRAINING** | Trainees per placement board August 2020

Throughout COVID-19, a significant area of focus has been the impact on progression of trainees as rotations were disrupted and a reduced flow of patients meant that some training could not progress. NES staff were involved in significant four nation working to agree new processes and protocols to allow us to support the redeployment of doctors in training, manage and support derogation in Annual Review of Competence Progression (ARCP) processes and recruitment and play a significant role, through the Scottish Foundation School, in the onboarding of 575 foundation doctors after their early graduation from medical schools. This disruption to training is reflected in the total trainees in placement in the table above of 6,401 compared to the number in post reflected on page 7 of 5,830.

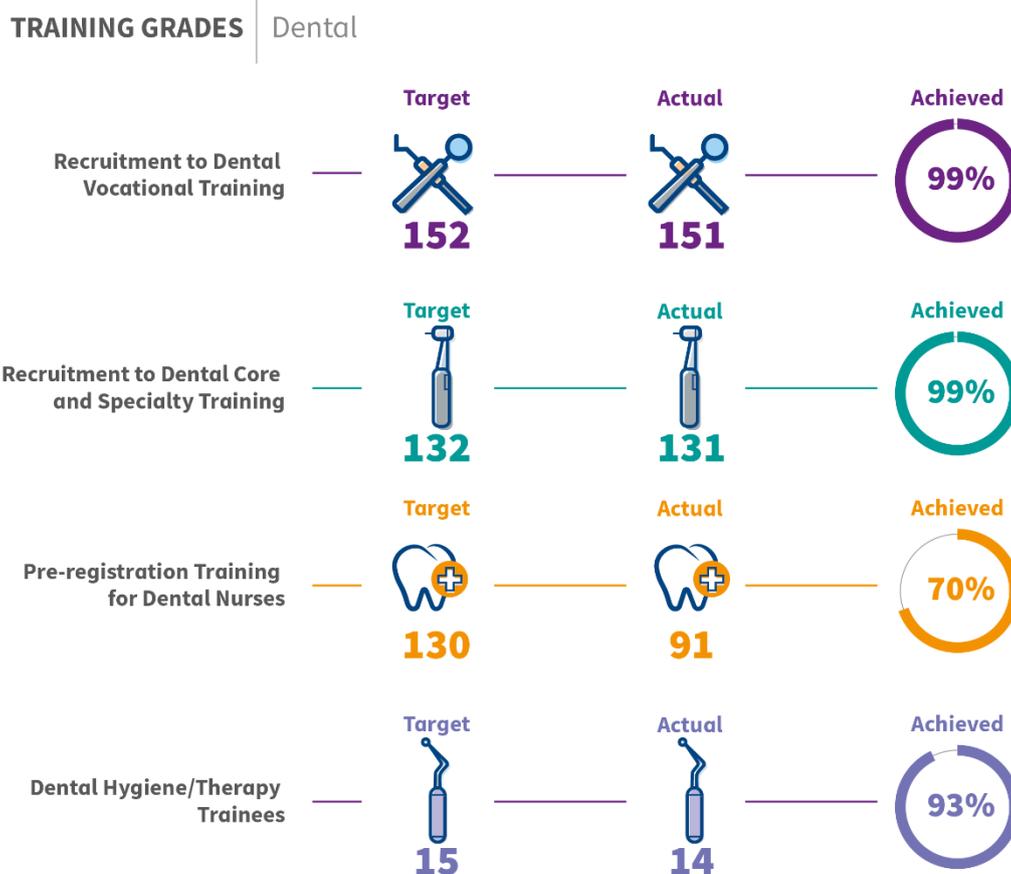
This difference is attributable to a number of short-term training extensions which were required to enable trainees to progress after their training had been disrupted due to COVID-19, a small expansion of posts in 2020 and those trainees who were out of programme, including those shielding.

Given the unprecedented demand the capacity of the Professional Support Unit was increased to provide support to our doctors in training and we will be working with colleagues across the four nations to agree and develop new ways of working for recruitment, and to reflect the lessons learnt during this pandemic year about what we can do differently and virtually and what we think still benefits from face to face arrangements.

Dentistry

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

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



Despite the partial re-mobilisation of dental services there has been a significant reduction in the number of patients Dental Vocational Trainees have been able to treat, together with severe limitations on providing care that requires aerosol generating procedures. In combination, these COVID-19 mitigations have impeded the progress towards Satisfactory Completion which would

normally be expected of trainees at this stage of the training programme. Training experiences have been variable, depending on individual practice arrangements and the relative prevalence of COVID-19 in different parts of the country.

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

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

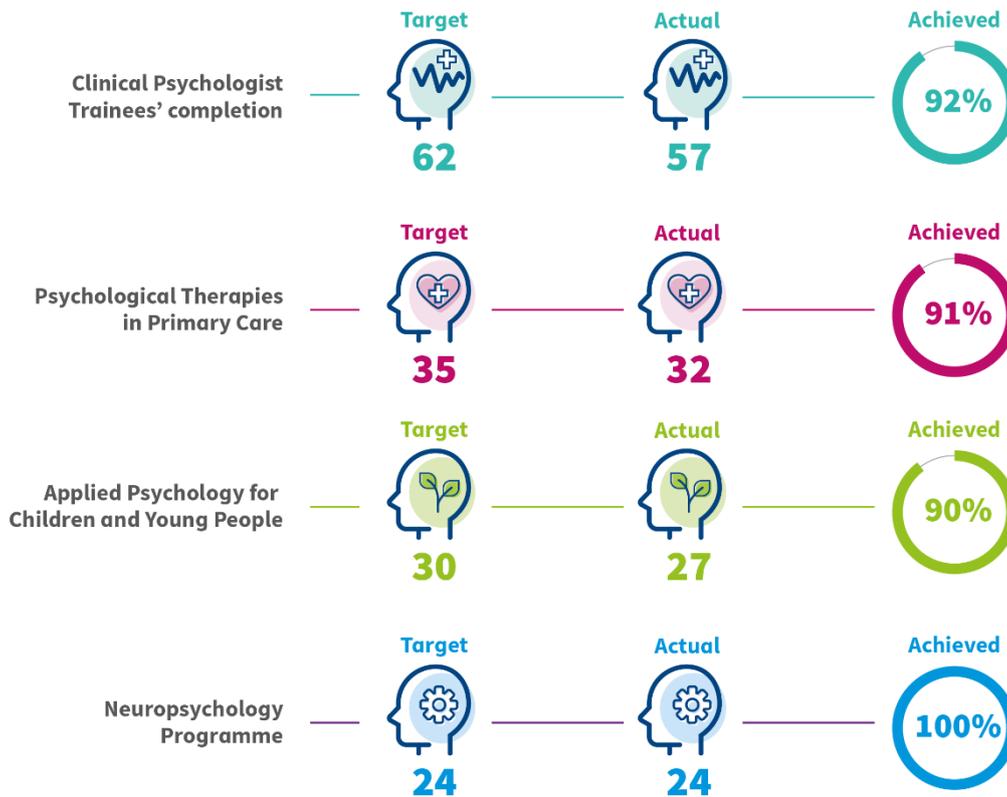
The repercussions on core and specialty training have been variable. It is currently expected that the impact on core trainees will be minimal however the extent of the impact for speciality trainees will be clearer after the Annual Review of Competence Progression (ARCP) process in summer 2021.

Psychology

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

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

TRAINING GRADES | Applied Psychology

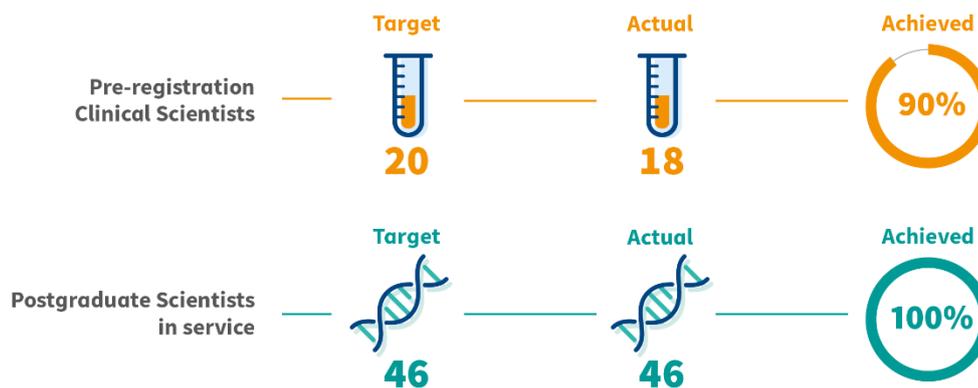


Clinical placements for all trainees were adjusted to support remote and digital delivery of supervised clinical practice to ensure trainees were obtaining the required experience, and that training was meeting regulatory and professional standards. Overall, the majority of trainees completed training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

Healthcare Science

NES funds Clinical Scientists who are post-graduate scientists across a range of disciplines in Diagnostic Laboratories, Medical Physics and Clinical Physiology, typically on three-year programmes leading to Health and Care Professions Council (HCPC) registration. Other post-graduate scientist trainees are bursary-supported by NES.

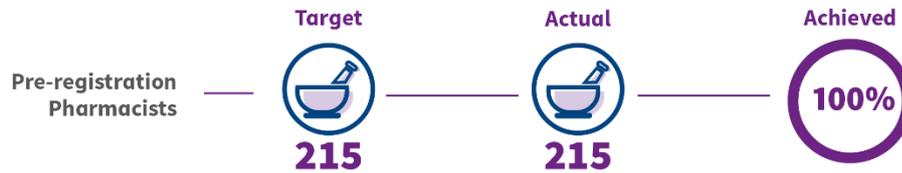
TRAINING GRADES | Healthcare Scientists



Pharmacy

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

TRAINING GRADES | Pre-registration Pharmacy



NES Pharmacy adapted all educational programmes to an online format using MS Teams and GoToWebinar; and provided additional support via Turas Learn. Quality management processes such as training site visits for pre-registration training were transitioned to a virtual format.

Adapting to online delivery has increased accessibility to trainees especially those in remote health boards and has enabled training to continue. However, NES has had to extend support for the Provisional registrant cohort (previous PRPS Trainees whose final assessment was delayed by the Pharmacy regulator).

1.4.2) Providing Educational Resources and Learning Materials

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

- Development of education resources to support the upskilling of the NMAHP workforce during the COVID-19 pandemic (including health care support workers, those caring for the deteriorating person/unwell child, bespoke resources for staff in community and social services (with SSSC) and accessible learning on infection prevention and control).
 - Creation of a suite of resources on Turas Learn based on the principles of Psychological First Aid designed to support:
 - Staff providing effective support for people experiencing distress
 - Staff planning for their own wellbeing
 - Managers supporting the wellbeing of their staff.
 - In partnership with Scottish Government, the launch of universal free access across Scotland to the courses within Solihull Approach Online, to support parents, practitioners, and teenagers in light of the COVID-19 pandemic. 10,073 learners registered between May 2020 and March 2021.
 - Scottish Dental Clinical Effectiveness Programme (SDCEP) a rapid review on mitigation of aerosol generating procedures in dentistry.
 - Trained 90 pharmacists in advanced practice to support general practice.
 - Supported 215 Pharmacy Trainees (PRPS), an increase from 19/20
- NES Pharmacy produced 10 pages of Turas Learn products specifically related to COVID-19 (between March and mid-April). The majority of these were aimed at people who were returning to, or being redeployed to, a specific sector (hospital, community, GP, NHS Louisa

Jordan) with additional products related to upskilling the existing workforce in relation to Palliative care and Critical care pharmacy.

- Learning resources to support new, returning and experienced vaccinators for the COVID-19 vaccination programme, reaching audiences of over 11,000.
- Support for 226 pharmacists on independent prescribing courses, an increase from 19/20.
- NES CPD Connect courses and Problem-based small group learning (PBSGL) were adapted for online delivery and to cover COVID-19 related topics, with 1,357 GP nurses attending courses and 212 joining PBSGL groups.
- Supported 103 District nurses to become non-medical prescribers and a further 121 nurses and AHPs to qualify as non-medical prescribers to support the COVID-19 recovery.
- Scottish Multi-professional Maternity Development Programme has delivered 78 courses in Boards face to face to maintain essential maternity services education. Despite COVID-19 restrictions, we've reached over 650 practitioners.
- Provided online training to 2,700 people on Child and Adult Support and Protection.
- Provided online training to 1,700 people on Oral Cancer.
- Provided training to over 6,000 people on managing medical emergencies and basic life support.
- Development of an induction package made available via Turas Learn for NMAHP returners to practice.

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

1.4.3) Providing National Infrastructure

The infrastructure provided by NES has three different elements: Physical; People; and Digital. Some of the key activities that supported the delivery of targets in this area for 2020/21 are detailed below:

Physical Infrastructure

- Learning and training oversight, and services across Scotland, are normally provided through our offices in Inverness, Aberdeen, Dundee, Edinburgh, and Glasgow. Throughout, we have ensured that the office space conforms with COVID-19 guidelines on safe working 2020/21 environments, but the vast majority of NES office-based staff have been working from home in line with COVID-19 guidance issued by the Scottish Government. Support for training programme management has continued to be provided online via MS Teams, webinars, or the provision of additional digital resources.
- The 17 Dental and three Optometry Teach and Treat centres, we support normally provide teaching opportunities for undergraduate and post-graduate practitioners. However, during 2020/21 this has been severely impacted as a result of COVID-19.
- We supported two specialist clinical skills post centres and a Mobile Skills Unit, which enables training in remote and rural locations. In addition, during 2020/21, the Mobile Skills Unit was deployed to the site of the NHS Louisa Jordan Hospital to establish an interim National Clinical Skills Education Hub.

People Infrastructure

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

- In 2020/21 we supported 99.5 WTE Nursing and Midwifery practice Education Facilitators, 14 Nursing and Midwifery Care Home Education Facilitators and 11 Allied Health Professional Practice Education Leads;
- Our Medical Training Programme Directors (TPD) delivered 134 TPD sessions, equivalent to 13.4 WTE posts;
- Our 36 Dental Training Programme Directors include Dental Vocational Training Advisors, who support the one-year VT programme which Dental Graduates must satisfactorily complete to enable them to be eligible to work as an Associate or Principal in NHS General Dental Practice. Advisors (Core Training) support trainees who successfully apply to enter the Hospital and Public Dental Services through a core training placement. In 2020/21 we created a new Advisor role to support postgraduate Hygiene Therapists;
- In Psychology we supported Transforming Psychological Trauma Implementation Coordinators (TPTICs) nationally, enabling delivery of 1,444 trauma training places nationally;
- We also maintained the funded network of 14 CAMHS Learning Coordinators who provide a vital link between NES and the territorial Boards – sharing information on training needs, disseminating information on NES training and events, and nominating clinicians for training;
- Local Area Tutors were provided across NHSScotland Boards to provide support for the training of pre-registration clinical psychologists through liaison/interface between - NHS supervisors/services and Programme providers, as well as placement planning and monitoring, and supervisor training and development; and
- Psychological Therapies Training Coordinators (PTTCs) were supported in the health boards, to work with local strategic planning groups to support the increase in access to Psychological Therapies required to enable boards to meet the Local Delivery Plan Psychological Therapies Waiting Times Standard.

Digital Infrastructure

Our response to the COVID-19 pandemic has meant the rapid development and deployment of new digital technology and services and NES has been a significant contributor to the national programme of work. This has included:

- The rapid development and launch of the **COVID-19 Accelerated Recruitment Portal (CARP)** to support the return to service of registrants who had recently left, and to bring into service those who were close to qualification. When the Portal closed to new applicants on 30th April the total number of individuals, returning health professionals and senior undergraduates, then registered was 18,440. The portal was re-opened to support the recruitment of staff to support contact tracing and there were over 35,000 expressions of interest.
- The strategic work which was already underway to develop and deliver the OpenEyes **ophthalmology electronic patient record (oEPR)** was accelerated to provide support for community eye care services allowing community-based provision of emergency ophthalmology care, through support for virtual consultations between patients and staff.
- Continued delivery of an **SMS Service** for people in the most at-risk group, known as the shielding group, was required so that whilst they needed to remain at home, they had appropriate access to food and medication. This was addressed by the development of an SMS Service that, through integration with the local authority support hubs, the six main supermarkets and NSS, connected people to services such as food parcel delivery, supermarket priority shopping slots, and delivery of key prescription medicines. The service

also provided the latest, reliable information directly to people so they could use it to protect themselves and self-isolate effectively. The service ran from April until the end of July, at which point shielding was paused, and supported the delivery of 933,000 food packages to at risk people.

- Development of a **COVID-19 case assessment tool** in a partnership between NES Digital, NHS Greater Glasgow and Clyde, Daysix (creative agency), NDS, the Digital Health & Care Institute (DHI) and the Scottish Ambulance Service. This tool was used across paramedic, emergency department, specialist assessment and treatment areas and clinical assessment centre contexts to improve situational awareness, decision making, safety and handover. The application allows clinical assessment data to be collected at the point of care, in real-time and in a structured format. It enables non-clinical staff to capture citizen symptoms to create a case that can then be assessed later (and potentially at distance) to support decisions about next steps. Capturing the data in a structured way means it can provide immediate analytics to clinicians, clinical leaders and senior managers and can also be integrated with other systems very easily. NES Digital was able to repurpose coding developed for the Family Nurse Partnership application (Turas FNP) to accelerate the time to delivery.
- As the COVID-19 pandemic evolved the **Care Home Safety Huddle application** was developed to support the capture of Care Home staff and resident data. This tool enabled daily submissions on staff to resident ratios in adult care homes across Scotland. Reporting is in real time to care homes, care home groups, Health and Social Care Partnerships (HSCPs), Health Boards and SG.
- The **Protect Scotland proximity smartphone app** deployed on 10 September is hosted by NES. The app alerts people if they have been in close contact with another app user who tests positive for coronavirus. It can help in determining contacts that people may have otherwise missed while keeping their information private and anonymous. It has currently been downloaded to approximately 1.48 million devices.
- In support of The Scottish Government (SG) Vaccination Programme NES, in collaboration with NHS Greater Glasgow & Clyde (GG&C), designed and developed the Vaccination Management Tool (VMT) tool, launched in December 2020, to support collection of essential data at the point of vaccination. The tool was built to deliver the captured vaccination event data to the National Clinical Data Store (NCDS) being built by NDS. A copy of this data is available to Public Health Scotland for reporting and epidemiology purposes in addition to passing relevant data to GP systems in order that an individual's GP vaccination record can be updated.

In addition to new developments required during 2020/21 we have continued to provide an excellent range of resources on the **Knowledge Network** for health and care staff with nearly 1.3 million journal articles downloaded, 938 thousand database searches conducted, and nearly 2 million views of eBooks.

As the pandemic has fundamentally changed the scale and demand for remote/online learning **Turas Learn** has continued to be developed as the NHSScotland Learning Management System. It hosts a continually expanding range of health and care related learning resources and provides general and targeted functionality to deliver, promote, track and record learning for all NHS and care staff. The **Turas Data Intelligence platform**, implemented in 2019, which brings together core workforce datasets across health and social care in a single cloud-based application, enables workforce planning teams to gain access to a range of information about labour market supply, demand and outcomes.

All of the work described above has been achieved within the financial limits set by the Scottish Government, including specific funding allocated for the additional demands of our response to COVID-19, and is due to the continued commitment and dedication of our staff. Despite the additional pressures placed on staff, our staff engagement scores, and absence rates indicate that people find NES a rewarding place to work. As Chief Executive, I am very pleased with the performance of the organisation during 2020/21 which has been a particularly challenging year for everyone.

Karen Reid

Chief Executive

Accountability Report

Corporate Governance Report

1) Directors' Report

Date of Issue

Audited financial statements were approved and authorised for issue by the Board on 24 June 2021.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General initially appointed Grant Thornton UK LLP to undertake the audit of NHS Education for Scotland for the financial years 2016/17 to 2020/21. The Auditor General has since extended this appointment through to the audit of the 2021/22 year. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland, and approved by the Auditor General for Scotland.

Board Membership

Under the terms of the Scottish Health Plan, the Board of NES is a Board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected 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 Board Members

NAME	POSITION	DATE OF APPOINTMENT
MR D GARBUTT	Non-Executive Director and Board Chair	Apr-18
MRS L GRIEVE	Employee Director and Non-Executive Director (Appointed 01 Apr 20)	Apr-20
DR D STEELE	Non-Executive Director and Board Vice Chair	May-13
MR D HUTCHENS	Non-Executive Director	Mar-15
MRS L DUNION	Non-Executive Director	Jun-18
MS A WALKER	Non-Executive Director	Jun-18
MS A CURRIE	Non-Executive Director	Sep-18
MRS J FORD	Non-Executive Director	May-19
MS V NAIRN	Non-Executive Director	May-19
MRS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	Feb-20

Executive Board Members

NAME	POSITION	DATE OF APPOINTMENT
MS K REID	Chief Executive (from 1 Feb 2021)	Feb-21
PROF S IRVINE	Deputy Chief Executive and Director of Medicine and then from 11 Nov 19 Acting Chief Executive	Apr-12
MRS A MCCOLL	Director of Finance and from 1 Dec 19 Acting Deputy Chief Executive	Feb-16
MRS K WILSON	Director of Nursing, Midwifery & Allied Health Professions.	Jan-18
PROF R PARKS	Acting Director of Medicine (until 31 Jan 2021)	Dec-19

Note: From 11 November 2019 to 31 January 2021 : Prof. S Irvine was appointed Acting Chief Executive; Ms A McColl was Acting Deputy Chief Executive; and Prof. R Parks was Acting Director of Medicine. Ms K Reid was appointed as Chief Executive on 1 February 2021.

2) Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Board as at 31 March 2021, and of its operating expenditure for the year then ended.

In preparing these accounts the Members are required to:

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

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

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

Board Members' and Senior Managers' Interests

Details of any material interests of Board Members, senior managers, and other senior staff in contracts or potential contractors with the organisation, as required by IAS 24 "related party disclosures" are disclosed in Note 17.

A Register of Interests is maintained and can be viewed at www.nes.scot.nhs.uk

Remuneration for Non-Audit Work

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

Public Services Reform (Scotland) Act 2010

The information which requires to be published under this Act for 2020/21 can be accessed at www.nes.scot.nhs.uk from 31 October 2021.

Personal Data Related Incidents

On 4th September 2020, NES was made aware that timesheets containing personal information relating to 16 student nurses, were emailed to the incorrect recipient. The incident was reported to the Information Commissioner's Office (ICO) and the student nurses were informed. NES was notified on 22nd September 2020 by the ICO, that on consideration of the information provided, no further action by the ICO was necessary.

NES was informed that on 18th December 2020, two separate accounts containing personal information belonging to two different members of staff were merged on the Turas People platform.

A notification of awareness was raised with the ICO and the two members of staff were notified. After consideration, the ICO informed NES on 20th April 2021 that no further action was required.

On 6th January 2021, NES was notified that an email was sent to 1699 individuals, whose email addresses were erroneously inserted to the 'To' field instead of the 'Bcc' field. This resulted in the disclosure of email addresses, including 593 personal emails addresses. A notification of awareness was raised with the ICO and all recipients of the email were informed. NES received confirmation from the ICO on 27th February 2021 that no further action was required.

Disclosure of Information to Auditor

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

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

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

This designation carries with it responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the Government's FReM and addendum for 2020/21 published in particular, to:

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

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

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

4) Governance Statement

Scope of Responsibility

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

Approach to Governance during COVID-19

Due to the COVID-19 global pandemic NHS Education for Scotland (NES) has been in "adapted" COVID-19 Board governance for the majority of the 2020/21 financial year, as business as usual governance has not been appropriate nor possible. This has been implemented in three phases:

Phase one: "Gold Command" and "Core Board Governance" 26 March 2020 – 27 August 2020.

At the 26 March 2020 Board meeting, the Board took the decision to delegate real time strategic decision-making to the Executive Team "Gold Command" and agreed "Core Board Governance" arrangements. This resulted in the standing down of the Educational and Research Governance Committee, the Finance and Performance Management Committee, and the Digital Committee, with urgent papers from those Committees being routed through the Audit Committee and/or the Board. The Staff Governance Committee remained operational and the Remuneration Committee met as required.

Phase two: "Development of Board Governance: COVID-19 Lessons Learnt and Remobilisation" 27 August 2020 – 5 January 2021

Executive "Gold Command" was formally stood down on 10 August 2020 and at the Private Board meeting on 27 August 2020, the Board agreed to re-instate full Board Governance arrangements from 01 September 2020 with some changes, recognising that the core governance arrangements in place since March 2020, had some beneficial consequences; resulting in increasingly effective governance. It was agreed that fewer Committees with broader, thematic and strategic remits would further strengthen NES Governance.

Phase three: "Governance Light" 5 January – 31 March 2021.

This aimed to reduce the demands, on the Executive Team and their supporting staff, in supporting the reinstated Committees whilst ensuring appropriate governance and scrutiny was maintained. "Governance Light" included approaches such as the prioritisation of agenda items, carefully considering the need for items in light of strategic context and taking only essential items of business and the use of a new shorter cover paper format using the SBAR approach (Situation/Purpose; Background; Assessment/Key Issues and Recommendations).

Throughout 2020/21 the key focus has been on managing risk including new and emerging COVID-19 risks and maintaining effective, proportionate, and robust governance and scrutiny.

Purpose of Internal Control

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



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

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

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

Operation of the Board

NES uses the “NHS Scotland Health Boards and Special Health Boards – Blueprint for Good Governance” as issued by Scottish Government in – DL (2019) 02. As such NES recognises the importance of robust corporate governance and in turn how this will contribute to the delivery of a consistent, effective and transparent governance approach across 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.

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



Comprehensive Structures

- A clearly articulated NES strategy which sets and communicates the Board’s vision and intended outcomes covering the period 2019-2024 supplemented by an Annual Operating Plan (AOP).
- During COVID-19 Governance the Scottish Government suspended performance reporting against the Annual Operational Plan (AOP) from 01 April 2020 to 31 July 2020. The Board approved the NES 2020/21 AOP and COVID-19 Local Mobilisation Plan (LMP) addendum at the March 2020 Board meeting. The LMP stated that the AOP would be ‘stood down’ and provided a summary of how NES would support the healthcare system across Scotland during the COVID-19 pandemic. The NES AOP was then subsequently replaced with the NES Phase 2 Remobilisation Plan 01 August 2020 – 31 March 2021, which was approved by the Board at the July Private Board meeting. The Board received an Update on progress against the five strategic themes in the NHS Education for Scotland Strategy 2019-24 at the November 2020 Board meeting.
- A robust Risk Management Strategy and specific COVID-19 risk register.
- A performance management framework, which records progress against performance targets for each planned outcome, and which is used to produce regular reports to the NES Board is in place, but due to COVID-19 governance the Scottish Government paused reporting. The Board received a Q3 report at the February 2021 Board meeting when reporting was re-instated during phase two of the COVID-19 Governance.
- The Educational Governance Framework which is used to assure the quality of the educational services has been adapted during the COVID-19 Governance phases. During COVID-19 phase one Governance, any priority educational reports went directly to the NES Board and the educational implications of the pandemic were reported as part of the COVID-19 strategic decision and action log. During phase two COVID-19 the Education and Research Committee held their last meeting and the new Education and Quality Committee was established.
- A revised structure of standing Committees of the Board with revised Terms of Reference for Staff Governance Committee, Remuneration (a sub-committee of the Staff Governance Committee), Education and Quality Committee and Audit and Risk Committee was developed as a consequence of COVID-19 governance lessons learnt. In relation to the Remuneration Committee, details of the membership and attendance are contained within the Remuneration Report, on page 53. Details of the membership of all other Committees, their attendance record and coverage of work is contained in the Governance Framework section of this report.

- The Digital Committee was stood down at the 26 March 2020 Board meeting, as part of the agreed changes to governance arrangements during the COVID-19 pandemic with oversight being retained by the NES Board throughout 2020/21.
- The Finance and Performance Committee was stood down at the 26 March 2020 Board meeting, with finance and performance reports scheduled through the Audit Committee and through Board respectively. As part of phase two COVID-19 lessons learnt the Board agreed at their 27 August 2021 meeting not to re-instate the Finance and Performance Committee. It was agreed that the Audit and Risk Committee would take on the financial aspects of remit, with strategic performance oversight by the full Board.

Clear Policies and Procedures

- Clear definition of the roles and responsibilities of the Board and the scheme of delegation set out in Standing Orders which are reviewed and updated on a regular basis;
- Comprehensive Standing Financial Instructions amended to reflect COVID-19 requirements, Procurement regulations, Risk Management Strategy and supporting procedures and manuals which define how decisions are taken and how associated risks are managed, and which are regularly reviewed and updated;
- Clear complaints policies with annual reporting of Feedback, Comments, Concerns and Complaints;
- The National Whistleblowing Standards had not been published as planned during 2020/21 as the work was paused due to the COVID-19 Pandemic. The NES Board has delegated the governance of Whistleblowing to the Staff Governance Committee who receive regular reports and progress updates;
- Policies and procedures to manage compliance with relevant laws, regulations and internal arrangements;
- The participation and involvement in key pandemic emergency planning groups such as the NHS CEO and Chairs frequent meetings; digital and vaccination meetings. Existence of clear channels of communication with all stakeholders including Strategic Liaison and Performance Management meetings with the Scottish Government Sponsor Division; Royal colleges and UK regulators, universities and partners such as the Scottish Funding Council and the Scottish Social Service Council;
- Joint Action plans agreed and adapted as appropriate for the impact of the COVID-19 pandemic in respect of partnership working with key partners such as the Scottish Funding Council and the Scottish Social Services Council;
- Clear COVID-19 policies and procedures were developed during phase one COVID-19 governance for staff in line with Scottish Government directives and these were amended and/or embedded further during phase two and three COVID-19 governance periods.

Effective Measurement

- Reliable data from key information systems, which are subject to regular reconciliation, integrity checking and audit; enabling management of the financial resources, human resources and performance of the organisation;
- Regular reports, including a verbal update from all Committee Chairs at each Board meeting highlighting key strategic points from their most recent Committee meeting, Committee approved minutes are made available at the relevant public Board for noting (with the exception of the Remuneration Committee Minutes);
- A comprehensive annual report from each Committee describing how it has discharged its remit during COVID-19 governance; the impact its work has had on the organisation; and identifying areas for development, is considered by the Audit and Risk Committee as part of its review of the whole system of internal control;
- The Board continued to embed the Blueprint for Good Governance and considered “Active Governance” at a Board Development session held on 29 October 2020;

- A comprehensive programme of internal audit review to give assurances concerning compliance with relevant laws, legislation and internal policies and procedures; and
- The preparation of an annual report covering the work of the Board.

Training and Development

- The Board had a new non-executive Employee Director join the Board on 1 April 2020 and a new Chief Executive as an executive Director join the Board on 1 February 2021. The Board member induction package was updated and made available.
- During phase one COVID-19 Governance the training and development opportunities Board paper, which had in the past come to every Board meeting was paused; during phase two COVID-19 Governance this paper was re-instated, but refocused to “Virtual/E-Learning Training and Development Opportunities”; during phase three COVID-19 Governance this paper moved to circulation to the Board by correspondence on a quarterly basis.
- Board Members would normally have Board Development Sessions during business as usual. During Phase one COVID-19 Governance the session scheduled for 23 April 2020 was cancelled; the 25 June 2020 Board Development session went ahead to respond to COVID-19 development priorities and the 27 August 2020 Board Development session also went ahead as scheduled. During COVID-19 Phase two Governance the 29 October 2020 Board development Session was held as scheduled and during phase three COVID-19 Governance the 25 February 2021 Board Development Session was cancelled and the two discussion topics re-scheduled instead to a Board Meeting and an Education and Quality Committee meeting.
- Non-executive Directors had their appraisal review and development discussion with the Board Chair during June 2020.
- Processes for identifying and addressing the development needs of Executive Directors took place via regular one-to-one meetings with the Acting Chief Executive. The formal mid-year reviews were delayed due to COVID-19 but took place in January and February 2021.
- A culture of continuous improvement, including the adoption of the principles of Best Value, facilitated through the activities of our Organisational Performance Improvement Programme Team and the Senior Operational Leadership Group.

Assessment of Board Governance

The Board was in different phases of COVID-19 pandemic Governance during the 2020/21 period, however assessment and review of Board governance rigour and effectiveness still took place and was just as, if not more important. During phases 1-3 of COVID-19 governance, the Board:

- Conducted a comprehensive assessment of NES Board governance against the NHS Board Standing Orders as advised by Scottish Government under DL (2019) and adopted the new NHS Standing Orders and developed the Board Standing Orders Implementation Action Plan.
- Developed and approved generic Terms of Reference (ToR) headings and generic text and approved specific ToRs for all Committees (with the exception of the Digital and Information Committee which remained suspended during 2020/21 and the Finance and Performance Management Committee which was not re-instated).
- Assessed the new Committee ToRs against the NES Board Assurance Framework to identify any potential gaps or duplication.
- Reviewed an independent assessment of the NES risk maturity carried out by KPMG.
- Assessed and reviewed Board governance and identified lessons learnt following phase one COVID-19 governance and implemented changes during phase two COVID-19 governance and further changes and improvements during phase three COVID-19 governance (Governance Light). Internal Audit carried out an independent review of the NES governance response to COVID-19 and stated that NES has implemented a number of beneficial changes to the organisation as part of its response to the COVID-19 pandemic and identified some minor areas for improvement.

The National Self-Assessment Survey against the NHS Corporate Governance Blueprint was intended to be issued on an annual basis, however due to the COVID-19 pandemic this was paused during 2020/21.

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 Committee	evaluation of the assurance arrangements in place, through their review of the development of our Assurance Framework, and their review of the annual reports of all Board sub-committees;
Internal Auditors	who submit regular reports to the Audit Committee which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement; and
External Auditors	who provide an Independent Report to the Audit Committee and the Board.

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

- Review by the Board of the strategic COVID-19 Decision Log maintained by the Executive Team during the 'Gold Command' phase of 2020/21 Governance;
- Assurances from each Director that there have been no significant or un-investigated breaches of controls in their Directorate;
- The production of an annual report from each Standing Committee of the Board to the Audit and Risk Committee containing a self-reflective evaluation of the way in which they have discharged their remit during the year and the impact of their work. Information is also included on any external reviews or other evidence which they have received;
- The work of the Audit and Risk Committee in receiving reports from the Internal Auditors and in producing an annual report to the Board which pulls together all sources of assurance, including the annual reports from the other governance committees of the Boards and which provides overall assurances to inform this Governance Statement;
- The work of the Audit and Risk Committee in considering the arrangements which the organisation has in place to secure Best Value and the work in reviewing all Counter Fraud activity including anti-bribery and corruption provisions;
- Consideration by the relevant Board Committees and the Executive Team of all internal audit reports and follow up of any areas of concern;
- The work of the NES Board in considering the corporate risk register at each of its meetings and the additional COVID-19 risk register;
- The work of the NES Board in the development of an Assurance Framework, identifying key sources of assurance for corporate functions, and the subsequent gap analysis and creation of an action plan for further improvements in Corporate Governance;
- The consideration by the NES Board of its formal report covering the way in which it has discharged its remit (Standing Orders) during the year;
- The opinion of Internal Audit that NES has a framework of controls in place that provides reasonable assurance regarding the effective and efficient achievement of the organisation's objectives and the management of key risks, including COVID-19 risks;

- The work of Internal Audit, who submit to the organisation's Audit and Risk Committee regular reports which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement, scrutiny of responses from management in response to recommendations made by both internal and external auditors, and follow up to demonstrate that agreed actions are implemented timeously; and
- The opinion expressed by External Audit in the Independent Auditor Report and the actions to address any comments made in the '*Communication of Audit Matters with Those Charged with Governance*'.

I believe that, overall, we have maintained an adequate and effective system of internal control throughout the year with appropriate adjustments to reflect the impact of COVID-19. As Chief Executive of NES I am content with the Governance arrangements of the organisation during 2020/21.

Risk Assessment

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

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

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

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

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

The **articulation by the NES Board of the 'risk appetite'** of the organisation as it relates to different categories of risk, which is used to assess the residual risk associated with individual items on the Corporate Risk Register against the level of risk which has been deemed acceptable, thus enabling the organisation to focus resources on managing the risks that are unacceptable; The NES risk appetite, set out in the NES Risk Management Strategy, was reviewed by the NES Board at the meeting of 24 September 2020 and it was agreed that no changes to the risk appetite were required;

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

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

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

The ongoing delivery of an **Information Governance Action Plan** to manage and monitor information risks. This action plan is regularly reviewed by the Information Governance Group and an annual report, which was previously submitted to the Finance and Performance Management Committee in May each year, was presented to the Audit Committee on 11 June 2020.

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

NES commissioned its internal auditors to undertake an assessment of its risk management processes and practice. This Global Risk Maturity Assessment (GRMA) was concluded in 2020 and a report was presented to the NES Board, Executive Team; Audit Committee workshop and discussed at the Board Development session. The GRMA concluded that NES is a risk mature organisation with several areas of good practice. Recommendations for improvement were made to help further embed the NES risk management framework, including the creation of a Risk Management Group. The management response to the recommendations and an action plan have been developed within NES during COVID-19 phase two governance but paused during COVID-19 phase three governance.

Internal audit also facilitated workshops to develop an IT Risk Universe specific to NES to ensure that the correct strategic risks had been identified enabling appropriate focus and management.

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

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

During the year to 31st March 2021, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. During 2020/21, there was one case of suspected fraud reported in relation to possible secondary employment whilst claiming sick pay from NES. NES internal procedures are being followed to fully investigate the circumstances

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

Governance Framework

As outlined in the introduction of this report, during the COVID-19 governance phases, the Board has continued to meet regularly using MS Teams, rather than in person. During this time the Board has governed the progress of the core business of NES) and maintained an overview of the implications of the COVID-19 pandemic.

There have been 6 public meetings, 7 private meetings and 3 development sessions during 2020/2021. All Board meetings were quorate and attendance by members at these meetings is detailed below.

NAME	Designation	PRIVATE BOARD MEETINGS ATTENDED	PUBLIC BOARD MEETINGS ATTENDED	WORKSHOPS ATTENDED
MR D GARBUTT	Non-Executive Director and Board Chair	7/7	6/6	3/3
MRS L GRIEVE	Non-Executive and Employee Director	6/7	6/6	2/3
MR D HUTCHENS	Non-Executive Director	7/7	4/6	3/3
DR D STEELE	Non-Executive Director	7/7	6/6	3/3
MRS L DUNION	Non-Executive Director	7/7	6/6	3/3
MS A WALKER	Non-Executive Director	7/7	6/6	3/3
MS A CURRIE	Non-Executive Director	7/7	6/6	3/3
MS V NAIRN	Non-Executive Director	6/7	5/6	2/3
MRS J FORD	Non-Executive Director	7/7	6/6	3/3
MRS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	7/7	6/6	3/3
MRS K REID	Chief Executive (Appointed 1 Feb 2021)	2/2	2/2	0/0
PROF S IRVINE	Acting Chief Executive	4/5	4/4	2/3
PROF S IRVINE	Director of Medicine and Deputy Chief Executive	1/2	1/2	0/0
MRS A MCCOLL	Finance Director and Acting Deputy Chief Executive	7/7	6/6	3/3
MRS K WILSON	Director of Nursing, Midwifery & Allied Health Professions	7/7	6/6	3/3
MR ROWAN PARKS	Acting Director of Medicine	4/5	3/4	3/3

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

Corporate Governance Committees of an NHS Board are:

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

In addition, the NES Board have a Digital and Information Committee which was suspended throughout 2020/21 and a Finance and Performance Management Committee which was suspended during phase one COVID-19 governance and not re-instated thereafter. The Board also has a Remuneration Committee, the membership details of which can be found on page 53.

Audit Committee / Audit and Risk Committee

The NES Board approved changes to the NES Standing Committee structure at the 27 August 2020 Board meeting and it was agreed that the Audit Committee would be renamed the Audit and Risk Committee from 01 September 2020. Changes to the Committee structure included increased responsibilities for the Audit and Risk Committee from the Finance and Performance Management Committee, which had been disbanded. The Audit Committee had already taken on some of these responsibilities temporarily from April 2020 as part of the COVID-19 Governance arrangements. The Audit Committee took place three times in 2020 (April, June, and July). An additional meeting took place in July 2020 to review and approve the NES Board Standing Orders for submission to the NES Board 30 July 2020. The Audit and Risk Committee took place twice (November 2020 and January 2021).

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

and external auditors. All meetings were quorate and the membership and attendance of the Audit Committee and Audit and Risk Committee during 2020/21 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
DR D STEELE	Non-Executive Board Member (Chair from Jun 2018)	5/5
MS A WALKER	Non-Executive Director	5/5
MRS L DUNION	Non-Executive Director	5/5
MS A CURRIE	Non-Executive Director	5/5
MS J FORD	Non-Executive Director	2/2

Staff Governance Committee

The Staff Governance committee meets four times per year and has an important role in ensuring consistency of policy and equity of treatment of staff across the organisation, in line with the National Staff Governance Standard. All meetings were quorate and the membership and attendance of the staff governance committee during 2020/2021 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
MRS L GRIEVE	Employee Director & Non-Executive Director	3/4
MRS L DUNION	Non-Executive Director (Chair from Aug 2018)	4/4
MS A CURRIE	Non-Executive Director	4/4
MRS J FORD	Non-Executive Director	4/4
MRS G MAWDSLEY	Non-Executive Director	4/4
MR D CUNNINGHAM	Ex-Officio Member	3/4
MR J MCCANN	Ex-Officio Member	1/1

Educational and Research Governance Committee / Education and Quality Committee

The Education and Research Governance Committee normally meets four times per year, however as per the COVID-19 governance arrangements, the Committee was stood down from March to September 2020, with urgent matters going directly to the Board during this time. The NES Board approved changes to the NES Standing Committee structure at the 27 August 2020 Board meeting and it was agreed that the Educational and Research Committee would be renamed the Education and Quality Committee from 01 September 2020.

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 advises the Board on the strategic planning of relevant aspects of education and educational quality and maintains oversight of the implementation of approved programmes.

All meetings were quorate and the membership and attendance of the Educational and Research Governance Committee during 2020/21 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
MR D HUTCHENS	Non-Executive Board Member (Chair from May 18)	2/3
DR D STEELE	Non-Executive Director	3/3
MS V NAIRN	Non-Executive Director	3/3
MS A WALKER	Non-Executive Director	3/3
MS G MAWDSLEY	Non-Executive Director (Whistleblowing Champion)	2/3

Finance and Performance Management Committee

Due to the response to the COVID-19 pandemic, the Finance and Performance Management Committee, alongside the Educational and Research Governance Committee and Digital Committee were stood down in March 2020. In August 2020 the Board agreed to a new NES Standing Committee governance structure, which included the disbandment of the Finance and Performance Management Committee. Therefore, the Finance and Performance Management Committee did not meet in financial year 2020/21.

The responsibilities of the Committee in relation to annual budgets and the 3-year financial plan; operational performance, procurement, and proposals for significant new expenditure; management accounts and efficiency programmes were distributed to the NES Board and the NES Audit Committee / Audit and Risk Committee.

Digital Committee / Digital and Information Committee

The Digital Committee normally meets four times per year, however as part of the COVID-19 governance arrangements, the Committee was stood down from March 2020 to March 2021, with urgent matters going directly to the Board during this time. The NES Board approved changes to the NES Standing Committee structure at the 27 August 2020 Board meeting and it was agreed that the Digital Committee would be renamed the Digital and Information Committee from 01 September 2020.

Gender Representation on Public boards (29 May 2020 – 30 April 2021)

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 2020 – 30 April 2021**. 2.2 Section 1 of the Act sets a "gender representation objective" that a Board has 50% of non-executive members who are women.

The table below sets out how NES has responded to those requirements.

Gender Representation Requirement	NES Response
Has the Gender Representation on the Board been met?	YES
Number of vacancies?	NIL
Number of Competition Rounds?	NIL
Number of Applications from Women?	N/A
Was an Appointment made?	N/A
Was an Appointment made to a woman?	N/A

Remuneration and Staff Report

1) Remuneration Report

Determination of Senior Employees' Remuneration

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

1. Employment Contracts and Business Interests

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

Any business interests required to be disclosed are noted in Section 1, Accountability Report - Board Members' and Senior Managers' Interests of the Directors' Report on page 38 and on Note 17.

2. Membership and Remit of the Remuneration Committee

The remit of the Remuneration Committee is reviewed annually in March. The following covers the period 1 April 2020 to 31 March 2021:

- To agree the remuneration and terms and conditions of employment of the Executive Directors and Directors and any other staff employed under the Executive Management or Consultants pay arrangements;
- To agree objectives for the Chief Executive and direct reports to the Chief Executive, normally before the start of the year in which performance is assessed;
- To monitor the performance of the Chief Executive and direct reports to the Chief Executive, in accordance with their performance plans; to consider and approve the annual performance gradings for the Chief Executive, Executive Directors and wider executive cohort;
- To review submissions from the Chief Executive for the terms of any Settlement Agreement, which may require the approval of the Scottish Government in accordance with procedures applicable across the Public Sector;
- To conduct regular reviews of NES policy for the remuneration and performance management of the Chief Executive and direct reports to the Chief Executive, in the light of any guidance issued by NHSScotland;
- To delegate responsibility to a sub-group of the committee to act as the Appeals body for the Chief Executive and direct reports to the Chief Executive who have a grievance concerning their terms and conditions of service;
- Together with the Chief Executive of NES, make recommendations regarding the citation of Doctors and Dentists to the Scottish Advisory Committee on Distinction Awards, General Dental Practitioners under CRUMP discretionary progression arrangements and consultant discretionary point progression; and

- To undertake an annual self-assessment of the performance of the Committee and produce an annual report for the Staff Governance Committee in accordance with audit requirements.

The remit of the Committee is reviewed annually.

The Remuneration Committee is a Sub-Committee of the Staff governance Committee. The Remuneration Committee normally meets four times per year, however as per the COVID-19 governance arrangements, the Committee would only meet for essential business and any other business would be transacted by correspondence.

Therefore, the Committee met once as scheduled on 4 June 2020 and all other meetings were cancelled. The meeting was quorate and the membership and attendance of the Remuneration Committee during 2020/21 was as follows:

MEMBER	POSITION	MEETINGS ATTENDED
DR D STEELE	Non-Executive Director (Chair)	1/1
MR D GARBUTT	Board Chair & Non-Executive Director	1/1
MR D HUTCHENS	Non-Executive Director	1/1
MRS L DUNION	Non-Executive Director	1/1
MRS L GRIEVE	Employee Director & Non-Executive Director	1/1

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

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

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

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

There were none during 2020/21.

5. Cash Equivalent Transfer Values (CETV)

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

account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The Real Increase in the Value of CETV

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

Remuneration Table For the Year Ended 31 March 2021 – 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 2020/21.

REMUNERATION OF:						
	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total Earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remunera tion (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Ms K Reid ¹	20-25	0	0	20-25	6	25-30
Acting Chief Executive/Dir of Medicine Prof S Irvine ²	210-215	0	0	210-215	45	255-260
Acting Director of Medicine Prof. R Parks ³	75-80	0	0	75-80	n/a	75-80
Director of Finance/Acting Deputy Chief Executive Ms A McColl ⁴	115-120	0	0	115-120	38	155-160
Director of Nursing, Midwifery & Allied Health Professions Ms K Wilson	115-120	0	0	115-120	29	145-150
NON EXECUTIVE MEMBERS						
Mr D Garbutt (Chair)	35-40	0	0	35-40	n/a	35-40
Dr D Steele (Deputy Chair)	10-15	0	0	10-15	n/a	10-15
Mr D Hutchens	5-10	0	0	5-10	n/a	5-10
Ms A Walker	5-10	0	0	5-10	n/a	5-10
Ms L Dunion	5-10	0	0	5-10	n/a	5-10
Ms A Currie	5-10	0	0	5-10	n/a	5-10
Ms J Ford	5-10	0	0	5-10	n/a	5-10
Ms V Nairn	5-10	0	0	5-10	n/a	5-10
Ms G Mawdsley (Whistleblowing Champion)	5-10	0	0	5-10	n/a	5-10
Mrs L Grieve, Employee Director ⁵	55-60	0	0	55-60	26	80-85
TOTAL					144	

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

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

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

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

Remuneration Table
For the Year Ended 31 March 2020– Prior Year (Audited Information) (continued)

REMUNERATION OF:						
	Gross Salary (bands of £5,000)	Bonus Payments (bands of £5,000)	Benefits in kind £	Total Earnings in year (bands of £5,000)	Pension Benefits £000's	Total Remunera- tion (bands of £5,000)
EXECUTIVE MEMBERS						
Chief Executive Ms C Lamb ¹	130-135	0	0	130-135	59	190-195
Acting Chief Executive/ Director of Medicine Prof S Irvine ¹	195-200	0	0	195-200	42	235-240
Acting Director of Medicine Prof. R Parks ²	25-30	0	0	25-30	n/a	25-30
Director of Finance/Acting Deputy Chief Executive Ms A McColl ¹	105-110	0	0	105-110	47	150-155
Director of Nursing, Midwifery & Allied Health Professions Ms K Wilson	105-110	0	0	105-110	27	130-135
NON EXECUTIVE MEMBERS						
Mr D Garbutt (Chair)	30-35	0	0	30-35	n/a	30-35
Dr D Steele (Deputy Chair)	5-10	0	0	5-10	n/a	5-10
Dr A Tannahill ³	0-5	0	0	0-5	n/a	0-5
Mr D Hutchens	5-10	0	0	5-10	n/a	5-10
Ms A Walker	5-10	0	0	5-10	n/a	5-10
Ms L Dunion	5-10	0	0	5-10	n/a	5-10
Ms A Currie	5-10	0	0	5-10	n/a	5-10
Ms J Ford	5-10	0	0	5-10	n/a	5-10
Ms V Nairn	5-10	0	0	5-10	n/a	5-10
Ms G Mawdsley ³	0-5	0	0	0-5	n/a	0-5
Ms E Ford, Employee Director ⁴	50-55	0	0	50-55	10	60-65
TOTAL					185	

Notes:

- Ms C Lamb took up a seconded position with the Scottish Government from the 1st Dec 2019. From that period, Prof. S Irvine took up the role of Acting Chief Executive and Ms A McColl took on the role of Acting Deputy Chief Executive. The disclosures above relate to their costs for the period while they were in the role. The Scottish Government were recharged £59k in relation to the costs, including employer's costs, for Ms Lamb from the 1st Dec 2019 to 31st Mar 2020.
- Prof. R Parks was appointed Acting Medical Director from 1 Dec 2020. Prof Parkes is employed by the University of Edinburgh and has been seconded to NES since Aug 2008. The above costs reflect the salary recharge for the period from 1 Dec 2019 to 31st March 2020. The annual equivalent recharge cost is £88k.
- Dr A Tannahill left the role in April 2019 and Ms G Mawdsley was appointed to the Board on the 1st February 2020. The annual equivalent remuneration for these roles is in the range £5k - £10k
- Ms E Ford's total salary and associated Pension benefits have been disclosed above. The Employee Director's salary includes £40k-£45k in respect of non-board duties

Remuneration Table For the Year Ended 31 March 2020 – Prior Year (Audited Information) (continued)

Pension Benefits (£'000)					
	Total accrued pension and related lump sum at pensionable age at 31 March	Real increase in pension and related lump sum at pensionable age at 31 March	Cash Equivalent Transfer Value (CETV) at 31 March 2019 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2020 £'000	Real increase in CETV in the year £'000
EXECUTIVE MEMBERS					
Chief Executive Ms C Lamb ¹	60-65 No lump sum	2.5-5 No lump sum	872	948	76
Acting Chief Executive/ Director of Medicine Prof S Irvine ¹	45-50 and 140-145 lump sum	2.5-5 and 10-12.5 lump sum	1037	1,130	46
Acting Director of Medicine Prof. R Parks ²	n/a	n/a	n/a	n/a	n/a
Director of Finance/Acting Deputy Chief Executive Ms A McColl ¹	40-45 No lump sum	2.5-5 No lump sum	524	576	51
Director of Nursing, Midwifery and Allied Health Professions Mrs K Wilson	5-10 No lump sum	0-2.5 No lump sum	104	136	32
NON EXECUTIVE MEMBERS					
Mr D Garbutt (Chair)	n/a	n/a	n/a	n/a	n/a
Dr D Steele	n/a	n/a	n/a	n/a	n/a
Dr A Tannahill	n/a	n/a	n/a	n/a	n/a
Mr D Hutchens	n/a	n/a	n/a	n/a	n/a
Ms S Walker	n/a	n/a	n/a	n/a	n/a
Ms L Dunion	n/a	n/a	n/a	n/a	n/a
Ms A Currie	n/a	n/a	n/a	n/a	n/a
Ms J Ford	n/a	n/a	n/a	n/a	n/a
Ms V Nairn	n/a	n/a	n/a	n/a	n/a
Ms G Mawdsley	n/a	n/a	n/a	n/a	n/a
Ms E Ford Employee Director ³	5-10 and 20-25 lump sum	0-2.5 and 0-2.5 lump sum	165	180	11
TOTAL					216

Notes:

- Ms C Lamb took up a seconded position with the Scottish Government from the 1st Dec 2019. From that period, Prof. S Irvine took up the role of Acting Chief Executive and Ms A McColl took on the role of Acting Deputy Chief Executive. The disclosures above relate to their pension benefits for the whole year.
 - Prof. R Parks was appointed Acting Medical Director from 1 Dec 2020. Prof Parkes is employed by the University of Edinburgh and as such any pension details are not available to NES to disclose.
 - Ms E Ford's Pension benefits disclosed above are in respect of her non-board duties
- The value of pension benefits accrued during any year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

Fair Pay Disclosure (Audited Information)

2020/21		2019/20	
RANGE OF STAFF REMUNERATION	£15,000-£20,000 to £210,000 to £215,000	RANGE OF STAFF REMUNERATION	£15,000-£20,000 to £195,000 to £200,000
HIGHEST EARNING DIRECTOR'S TOTAL REMUNERATION	£210,000-£215,000	HIGHEST EARNING DIRECTOR'S TOTAL REMUNERATION	£195,000-£200,000
MEDIAN TOTAL REMUNERATION	£54,396	MEDIAN TOTAL REMUNERATION	£52,913
RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)	3.91	RATIO (BASED ON MIDPOINT OF DIRECTOR PAY-BAND)	3.73

Commentary

Remuneration for staff includes salary and contracted allowances including overtime payments. Only individuals contracted for more than 2 hours per week have been included. In line with SG guidance, the calculation has been based on the March payroll data adjusted to reflect annualised whole time equivalent for each individual. This has had the effect of removing the Interim Foundation Doctors and Nursing and Midwifery students who were employed by NES over the summer of 2020 to provide COVID-19 support to front line services in Health boards and Care homes.

2) Staff Report

1. Higher Paid Employees Remuneration (Audited Information)

In the above table, staff are grouped according to whether they directly provide patient care (Clinicians) or otherwise. The salary reflects the actual payments paid to the individuals and may not reflect an annual equivalent salary. The increased numbers in 2021 relate to additional National Programme Trainees who were employed by NES in February 2020.

2020 NUMBER		2021 NUMBER
Other employees (excl Executive Board Members) whose remuneration fell within the following ranges:		
Clinicians		
10	£ 70,001 to £ 80,000	85
2	£ 80,001 to £ 90,000	39
0	£ 90,001 to £ 100,000	14
1	£ 100,001 to £ 110,000	9
0	£ 110,001 to £ 120,000	2
2	£ 120,001 to £ 130,000	2
Other		
25	£ 70,001 to £ 80,000	29
7	£ 80,001 to £ 90,000	10
2	£ 90,001 to £ 100,000	6
3	£ 100,001 to £ 110,000	2
1	£ 110,001 to £ 120,000	3
4	£ 120,001 to £ 130,000	1
1	£ 130,001 to £ 140,000	2
2	£ 140,001 to £ 150,000	0
0	£ 150,001 to £ 160,000	3
1	£ 160,001 to £ 170,000	1
1	£ 170,001 to £ 180,000	1
0	£ 180,001 to £ 190,000	0
2	£ 190,001 to £ 200,000	2

2. Staff Expenditure (Audited Information)

2020								2021
		Executive Board Members	Non Executive Members	Permanent Staff	Inward Second-ees	Other Staff	Outward Second-ees	Total
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
STAFF EXPENDITURE								
55,536	Salaries and wages	632	158	127,504	0	0	(57,659)	70,635
6,213	Social security expenditure	82	10	15,064	0	0	(7,094)	8,062
9,784	NHS scheme employers' expenditure	116	10	19,511	0	0	(8,041)	11,596
7,045	Inward secondees	89	0	0	6,704	0	0	6,793
2,054	Agency staff	0	0	0	0	3,061	0	3,061
80,632		919	178	162,079	6,704	3,061	(72,794)	100,147
77	Compensation for loss of office or early retirement	0	0	(493)	0	0	0	(493)
80,709	TOTAL STAFF EXPENDITURE	919	178	161,586	6,704	3,061	(72,794)	99,654
485	The above includes expenditure for staff engaged directly on capital	0	0	1,061	0	982	0	2,043

3. Staff Numbers (Audited Information)

2020								2021
Average Mean		Executive Board Members	Non Executive Members	Permanent Staff	Inward Second-ees	Other Staff	Outward Second-ees	Average Mean
1,192.4	Whole Time Equivalent (wte)	3.7	10.0	2,321.6	77.5	44.9	(951.4)	1,506.3
8.95	The above includes wte of staff engaged directly on capital projects of:	0	0	8.3	0	8.9	0	17.2
33.07	Included in the total staff numbers above were disabled staff * of:	0	0	27.9	0	0	0	27.9
0	Included in the total staff numbers above were Special Advisers of:							0

* Refers to staff who consider themselves to be disabled

4. Staff Composition (Not subject to audit)

	2020/21			2019/20		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	3	4	2	2	4
Non-Executive Directors and Employee Director	2	8	10	2	8	10
Other	856	1687	2543	771	1640	2411
Total Headcount	859	1698	2557	775	1650	2425

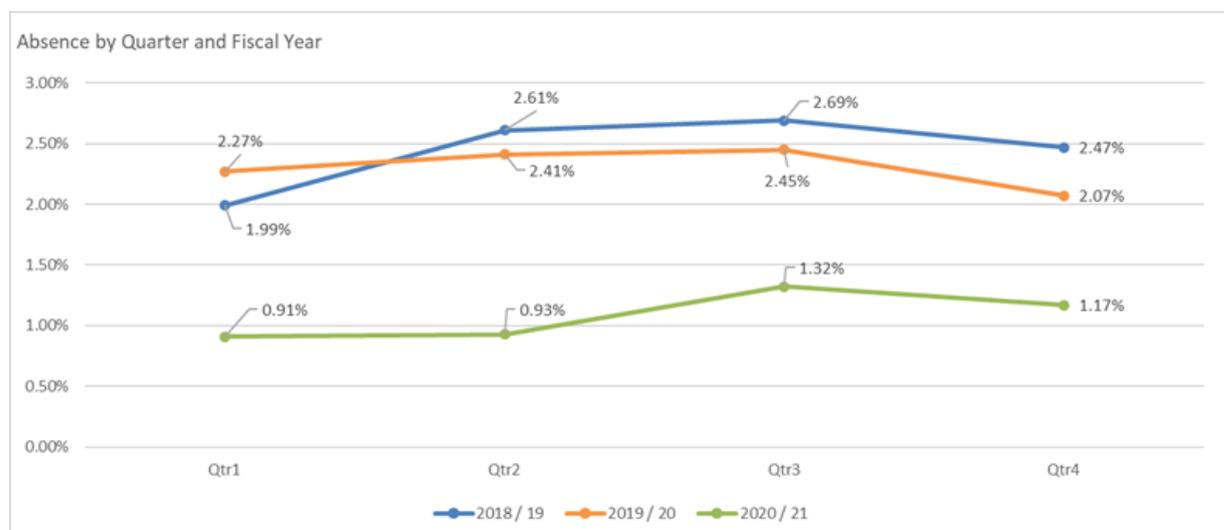
5. Staff Turnover (Not subject to audit)

Turnover Rate	Core	Trainees	Total
Leavers 1 April 2020 to 31 March 2021	88	406	494
Average Headcount	926.5	1500.5	2427
Turnover Rate	9.5%	27.1%	20.4%

Turnover rate includes all leavers including those leaving at the end of fixed term contracts. They do not include staff recruited for the COVID-19 response ie Interim FY1 and Student Nurses as they have not been included in other reports

6. Sickness Absence Data (Not subject to audit)

NES Core Staff Absence by Quarter during 2020/21 (this excludes GP Trainees and National Programme Trainees)



The average for 2020/21 is 1.08% (2019/20: 2.58%). This reduction is likely to have been influenced by the move to homeworking during the pandemic for the majority of NES staff with less exposure to infections than normal. Communications have been issued reminding staff and

managers that health and wellbeing is important when homeworking too, and that if staff are unwell when working from home, they should report their absence, as normal, in line with NES policy.

Our absence rates have reduced significantly from prior years and compares favourably to the NHSScotland average of 4.7%.

7. Disabled Persons Employment

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

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

8. Staff Engagement and Staff Governance

iMatter

Extensive engagement was carried out with key stakeholder groups to explore options for implementing a national staff experience measure for 2020. That engagement process identified the need for a Pulse Survey, focussing on well-being and staff experience during the COVID-19 pandemic. This approach provided a meaningful opportunity for staff to express their views, whilst still recognising the recovery work being undertaken across Health and Social Care. The Pulse Survey outcomes will be used to support employee experience and well-being, equality, diversity, and inclusion strategies and provide a real opportunity to inform remobilisation planning and business recommendations moving forward.

The Pulse Survey asks 13 questions about overall well-being and staff experience of work during the COVID-19 pandemic. The survey also asks staff two qualitative questions inviting them to describe what is most worrying them and what is supporting them, two short questions about the work environment and finally a suite of staff groupings and demographic questions.



* Excluding Doctors in training the response rate from NES staff was 77%, for 20-21 Doctors in Training completed 4 rounds of evaluation for NES (including a COVID-19 specific survey) and these surveys show an average response rate of 70%.

iMATTER | NHS Scotland outcomes 2020



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

9. Exit Packages (Audited Information)

There were no exit packages agreed during the year. Prior year figures are noted below

	Number of departures agreed 2019/20
< £10,000	1
£10,000 - £25,000	1
£25,000 - £50,000	0
£50,000 - £100,000	1
Total	3
Total Resource Expenditure (£000)	77

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

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

No of employees who were relevant union officials in 2020/21	WTE employee number	% of time spent on facility time	No of Employees
7	7.0	0%	0
		1-50%	7

Percentage of pay bill spent on facility time	
Total cost of facility time	£2,109
Total Pay Bill	£170,430
% of total pay bill spent on facility time	1.237%

Time spent on trade union activities	
Number of hours	83
% of hours of facility time spent on trade union activities	100%

Parliamentary Accountability Report

Losses and Special Payments

In 2020/21 the board was required to pay £252k in respect of 1 claim individually greater than £250k settled under the CNORIS Scheme (2019/20: £0k). Further details of the scheme can be found in Note 1 of the annual accounts.

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

Fees and Charges

In the year to 31 March 2021 there were no services where the full annual cost was £1m or more, or where the amount of the income and full cost of the service are material to the financial statements.

Karen Reid

Chief Executive as Accountable Officer

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of NHS Education for Scotland for the year ended 31 March 2021 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 Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

on the 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.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Statutory other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Joanne Brown

Joanne Brown (for and on behalf of Grant Thornton UK LLP)
110 Queen Street, Glasgow, G1 3BX

2/7/2021

Direction by the Scottish Ministers



NHS Education for Scotland

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in exercise of the powers conferred on them by sections 86(1), (1B) and (3) of the National Health Service (Scotland) Act 1978, as read with article 6(1) of and the Schedule to the NHS Education for Scotland Order 2002, (S.S.I. 2002/103), and all powers enabling them in that behalf, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

A handwritten signature in black ink, consisting of several loops and strokes.

Signed by the authority of the Scottish Ministers

Dated 10/2/2006

Financial Statements

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2021

2020			2021
£'000		Note	£'000
	Employee Expenditure		
121,201	Staff Expenditure	3	170,405
121,201			170,405
	Operating Expenditure (non-employee)		
375,463	Direct Educational Expenditure ¹	4	398,260
48,612	Expenditure for Other Educational Support ¹	5	43,031
7,323	NES Infrastructure Expenditure	6	7,666
431,398	Operating Expenditure (non-employee)		448,957
552,599	Gross Expenditure for the year		619,362
(51,139)	Less: Operating Income ²	7	(83,689)
501,460	Net Expenditure for the year		535,673

1. Although this expenditure is classified as non-pay expenditure for NES, the majority of the figures in this category fund the costs of salary of clinical staff employed by other organisations
2. The increase in operating income is mostly attributable to the full year impact of the additional salary recharge income from NHSS in-year due to the additional National Programme Trainees who were transferred to NES as their Lead Employer.

Statement of Financial Position

as at 31st March 2021

2020		2021	
£'000	Note	£'000	£'000
Non-current assets			
8,204	Intangible assets	9a	10,157
3,265	Property, plant and equipment	9b	2,818
11,469	Total non-current assets		12,975
Current assets			
Financial assets:			
5,450	Trade and other receivables	10	3,239
308	Cash and cash equivalents	11	225
5,758	Total current assets		3,464
17,227	Total assets		16,439
Current liabilities			
(418)	Provisions	13a	(694)
Financial liabilities:			
(24,898)	Trade and other payables	12	(25,939)
(25,316)	Total current liabilities		(26,633)
(8,089)	Non-current assets less net current liabilities		(10,194)
Non-current liabilities			
(4,483)	Provisions	13a	(3,910)
Financial liabilities:			
(1,012)	Trade and other payables	12	(645)
(5,495)	Total non-current liabilities		(4,555)
(13,584)	Assets less liabilities		(14,749)
Taxpayers' equity			
(13,587)	General Fund		(14,752)
3	Revaluation reserve		3
(13,584)	Total taxpayers' equity		(14,749)

Approved by the Board on 24 June 2021

Andrey McColl

Director of Finance

Karen Reid

Chief Executive

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

2/7/2021

2/7/2021

Statement of Cash Flows

for the year ended 31 March 2021

2020			2021	
£'000		Note	£'000	£'000
Cash flows from operating activities				
(501,460)	Net expenditure	SOCNE	(535,673)	
1,112	Adjustments for non-cash transactions	2,6	1,195	
(2)	Loss on Disposal of Non Current Assets	7	0	
(2,085)	(Increase)/Decrease in trade and other receivables	2,10	2,211	
5,192	Increase in trade and other payables	2,12	999	
686	Increase/(Decrease) in provisions	2,13	(297)	
(496,557)	Net cash outflow from operating activities			(531,565)
Cash flows from investing activities				
(767)	Purchase of property, plant and equipment	2,9b	(1,121)	
(995)	Purchase of intangible assets	2,9a	(2,236)	
2	Proceeds from sale of assets		0	
(1,760)	Net cash outflow from investing activities			(3,357)
Cash flows from financing activities				
498,317	Funding		534,922	
113	Movement in general fund working capital		(83)	
498,430	Net Financing			534,839
113	Net increase/(decrease) in cash and cash equivalents in the period	11	(83)	
195	Cash and cash equivalents at the beginning of the period	11	308	
308	Cash and cash equivalents at the end of the period	11		225
Reconciliation of net cash flow to movement in net cash				
113	Increase/(Decrease) in cash in year			(83)
195	Net cash at 1 April 2020	11		308
308	Net cash at 31 March 2021	11		225

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

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

Prior Year:	General Fund	Revaluation Reserve	Total Reserves
	£'000	£'000	£'000
Balance at 1 April 2019	(10,444)	3	(10,441)
Changes in taxpayers' equity for 2019/20			
Net expenditure for the year	(501,460)	0	(501,460)
Total recognised income and expense for 2019/20	(501,460)	0	(501,460)
Funding:			
Drawn down	498,430	0	498,430
Movement in General Fund Creditor	(113)	0	(113)
Total funding	498,317	0	498,317
Balance at 31 March 2020	(13,587)	3	(13,584)

Notes to the Accounts

Note 1. Accounting Policies

1. Authority

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

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

There were no Accounting standards, amendments or interpretations were issued and effective for the first time in 2020/21

Standards, amendments and interpretations issued but not yet effective or adopted this year

IFRS 16 - Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2022. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Board does not expect this standard to have a material impact on non-current assets, liabilities and depreciation.

The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position, the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Board will apply this definition to new leases only and will consider its assessments made under the old standards of whether existing contracts contain a lease.

There were no Accounting standards, amendments or interpretations early adopted in 2020/21.

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

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future. The Statement of Financial Position reflects liabilities falling due in future years that are expected to be met by the receipt of funding from the Scottish Government. The COVID-19 pandemic has not impacted on this policy commitment from Scottish Government and accordingly, the accounts have been prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future

Further information is provided in the Accountability Report.

3. Accounting Convention

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

4. Funding

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

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

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

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

5. Plant and Equipment

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

5.1 Recognition

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

Note 1. Accounting Policies (continued)

All assets falling into the following categories are capitalised:

- 1) Plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to, or greater than £5,000.
- 2) In cases where a new development would face an exceptional write-off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of up to 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

5.2 Measurement**Valuation**

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

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

Subsequent Expenditure

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

Revaluations and Impairment

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

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

Depreciation

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

Note 1. Accounting Policies (continued)

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

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

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

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

6. Intangible Assets**6.1 Recognition**

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

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

The main classes of intangible assets recognised are:

1. Software
2. Software Licences
3. Websites

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

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

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

Note 1. Accounting Policies (continued)**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.

Subsequently, intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

Revaluation and impairment

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

6.3 Amortisation

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

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

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

Note 1. Accounting Policies (continued)

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. Leasing**Operating Leases**

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

Leases of Land and Buildings

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

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.

Note 1. Accounting Policies (continued)**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.

Note 1. Accounting Policies (continued)

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

NES also provides for its liability from participating in the scheme. The CNORIS scheme 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 AME provision and is classified as non-core expenditure.

14. Related Party Transactions

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

15. Value Added Tax (VAT)

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

16. Provisions

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

17. Contingencies

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

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

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

Note 1. Accounting Policies (continued)

- 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.

Note 1. Accounting Policies (continued)**d) Impairment of financial assets**

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

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

Recognition and Measurement

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

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

a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expenses in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit and loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

b) Financial assets held at amortised cost

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

Financial Liabilities**Classification**

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

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

a) Financial liabilities at fair value through profit or loss

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

Note 1. Accounting Policies (continued)**b) Financial Liabilities held at amortised cost**

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

Recognition and Measurement

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

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

a) Financial liabilities at fair value through profit or loss

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

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

b) Financial liabilities held at amortised cost

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

20. Segmental Reporting

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

The total Operating segments will agree to the totals of expenditure and income shown in Notes 3 -7, however, the analysis of these notes will reflect the following categorisations – Pay costs; Direct Educational support costs; Educational Infrastructure costs; and NES Infrastructure costs.

21. Cash and Cash Equivalents

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

22. Foreign Exchange

The functional and presentational currencies of the Board are sterling.

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

Note 1. Accounting Policies (continued)**23. Key Sources of Judgement and Estimation Uncertainty**

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

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

Other (Dilapidations) Provision

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

Creditors

Within creditors there is an accrual for annual leave and flexi Leave of £1,167k (2020: £478k). Due to COVID-19, the usual cap on annual leave carry-forward was removed which accounts for the significant increase in the accrual value. The approach to determine the expected costs was in two stages. Stage 1 used the information extracted from the NES Annual leave App in relation to the remaining hours not taken, and the hours approved to carry-forward. It was then possible to apply hourly costs to the hours based on actual salary costs to give a total anticipated cost. As GP Trainees do not have access to the app, the average hours determined in stage 1 were applied to their hourly rates. The total included in the annual leave accrual for GP Trainees is £428k (2020:£160k) for GP Trainees, calculated as 19.17 hours leave for each trainee in post at 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 £21k. In addition, an accrual of £372k (2020: £865k) has been included in respect of payments relating to staff on fixed term contracts.

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

Summary of Core Revenue Resource			
	Note	£'000	
Net expenditure	SOCNE	535,673	
Total non core expenditure (see below)		<u>(1,134)</u>	
Total core expenditure		534,539	
Core revenue resource limit		535,383	
Saving against core revenue resource limit		844	
Summary of Non Core Revenue Resource			
		£'000	
Depreciation / Amortisation	6	1,195	
Annually Managed Expenditure	6	<u>(61)</u>	
Total non core expenditure (see below)		1,134	
Non core revenue resource limit		1,134	
Saving against non core revenue resource limit		(0)	
Summary of Resource Outturn			
	Resource	Expenditure	Saving
	£'000	£'000	£'000
Core	535,383	534,539	844
Non core	1,134	1,134	(0)
Total	536,517	535,674	844

	Limit as set by SGHCD	Actual Outturn	Variance (Over)/ Under
	£'000	£'000	£'000
Revenue Resource Limit - Core	535,383	534,539	844
Revenue Resource Limit - Non Core	1,134	1,134	(0)
Total Revenue Resource Limit	536,517	535,673	844
Capital Resource Limit - Core	3,115	3,115	0
Cash Requirement	534,839	534,839	(0)

2b Notes to the Cash Flow Statement

2020		2021	
Adjustments for non-cash transactions			
£'000			£'000
EXPENDITURE NOT PAID IN CASH			
804	Depreciation		912
308	Amortisation		283
1,112	Total expenditure not paid in cash		1,195
Movements in working capital			
		Opening	Closing
		Balances	Balances
		£'000	£'000
	TRADE AND OTHER RECEIVABLES		
(2,085)	Due within one year	10	5,450
0	Due after more than one year		3,239
			0
		5,450	3,239
(2,085)	Net (increase)/decrease		2,211
TRADE AND OTHER PAYABLES			
5,854	Due within one year	12	24,898
(410)	Due after more than one year	12	1,012
(139)	Less: property, plant & equipment included in above		(396)
(113)	Less: General Fund creditor included in above	11	(308)
	Total		25,206
5,192	Net increase		999
PROVISIONS			
686	Statement of Financial Position	13a	4,901
	Total		4,901
686	Net increase/(decrease)		(297)
3,793	Net movement		2,913

Note 3. Staff Expenditure

2020	2021
£'000	£'000
941	925
2,543	2,663
73,909	113,866
3,237	3,806
758	827
5,314	5,449
1,879	2,115
193	212
5,807	6,048
2,565	2,882
1,882	2,006
4,976	8,041
821	898
2,190	2,158
345	409
3,978	4,498
442	435
2,146	3,309
4,491	4,738
1,245	2,199
1,539	2,921
121,201	170,405

Reconciliation of Staff Expenditure to Staff Report	
80,709	99,680
(485)	(2,043)
40,977	72,794
121,201	170,431

1. Prior year figure includes £248k of costs for Pharmacy Fellows who were treated as Inward Secondees in 2019/20 and included in the staff costs whereas they are part of an SLA in 2020/21 and reported in Note 4.

Note 4. Direct Educational Non Pay Expenditure

2020		2021	2021
£'000		£'000	£'000
Undergraduate expenditure			
85,746	Medical ACT		93,672
15,730	Dental ACT ¹		18,890
2,260	Pharmacy ACT		2,045
103,735	Total undergraduate expenditure		114,607
Postgraduate expenditure			
27,641	Medical Foundation 1 Trainees	28,358	
33,084	Medical Foundation 2 Trainees	34,305	
168,788	Medical Core/Specialty Trainees	176,669	
341	Medical Training Fellowships	352	
9,060	Medical GP Trainee Support Expenditure	9,007	
238,914	Total Medical Training Grades		248,691
5,362	Dental training grades		5,487
9,461	Dental GP Trainees		8,774
14,823	Total Dental Training Grades		14,261
6,304	Pre-reg Pharmacy Trainees		7,021
0	Pharmacy Fellowships ²		288
6,304	Total Pharmacy		7,309
9,439	Clinical Psychology		10,857
2,247	Healthcare Science		2,535
271,727	Total Postgraduate Expenditure		283,653
375,463	Total Direct Educational Non Pay Expenditure		398,260

1. £3.1m of costs relating to a Dental School were allocated to note 5 in prior years and are now reflected in note 4.
2. £248k of Pharmacy Fellowships costs were incurred in prior year but were reflected in note 3.

Note 5. Other Educational Infrastructure Support - Non Pay Expenditure

2020		2021
£'000		£'000
3,483	Medical Professional Development	2,217
936	Medical Quality Management	879
593	Medical Strategic Planning & Directorate Support	228
3,971	Medical Training Programme Management	2,945
279	Healthcare Science	267
10,074	Dental ¹	7,073
11,086	Psychology	12,766
2,015	Pharmacy	1,334
8,861	Nursing, Midwifery and Allied Health Professionals	7,749
3,793	Knowledge Services	3,849
724	Optometry	657
1,321	NHS Workforce Support	1,233
951	Digital Systems Development & Support	970
525	NES Digital Services (NDS)	864
48,612	Total Other Educational Support Non Pay Expenditure	43,031

1. £3.1m of costs relating to a Dental School were allocated to note 5 in prior years and are now reflected in note 4.

Note 6. NES Infrastructure Non Pay Expenditure

2020		2021
£'000		£'000
252	Internal Governance, Planning, Commissioning & Systems	264
4,247	Property & Facilities Management	4,178
230	Workforce Support	205
1,091	Digital Services	1,324
1,112	Depreciation and Amortisation	1,195
245	Corporate	500
87	Movement on Provisions - Annually Managed Expenditure	(61)
59	External Auditor's Remuneration - Audit Fee	61
7,323	Total NES Infrastructure Non Pay expenditure	7,666

Note 7. Other Operating Income

2020		2021
£'000		£'000
40,966	NHS Scotland bodies	72,746
358	NHS Non-Scottish bodies	213
974	SGHSCD	1,188
781	License fees for E Portfolio system	806
346	GP CPD	153
489	Dental CPD	366
127	Scottish Patient Safety Programme Fellowship Fees	80
5,460	Overseas ACT Levy - Medical	6,662
914	Overseas ACT Levy - Dental	463
722	Other Income	1,012
2	Profit on Disposal of Non current Assets	0
51,139	Total Other Operating Income	83,689

Income from NHSScotland bodies includes recharges of £70,703k (2019 £39,256k) for the Lead Employer Programme for which NES. The Programme was expanded in August 2019 and February 2020 to incorporate National Programme Trainees.

Note 8. Segmental Analysis

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

	Medical	Dental	NMAHP	Other Health Professionals	Digital	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net operating expenditure 2021	412,328	45,518	15,563	30,559	15,515	16,190	535,673
Net operating expenditure 2020	388,692	45,062	13,735	26,887	13,213	13,871	501,460

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

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

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

Note 9. a) Intangible Fixed Assets – Current Year

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

Note 9. a) Intangible Fixed Assets – Prior Year

Prior Year	Software licenses	Software	Websites	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
As at 1st April 2019	45	9,689	412	0	10,146
Additions	0	350	0	645	995
Disposals	0	(186)	0	0	(186)
At 31 March 2020	45	9,853	412	645	10,955
Amortisation:					
As at 1st April 2019	12	2,205	412	0	2,629
Provided during the year	3	305	0	0	308
Disposals	0	(186)	0	0	(186)
At 31 March 2020	15	2,324	412	0	2,751
Net book value at 31 March 2019	33	7,484	0	0	7,517
Net book value at 31 March 2020	30	7,529	0	645	8,204
Asset financing:					
Owned	30	7,529	0	645	8,204
Net book value at 31 March 2020	30	7,529	0	645	8,204

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

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

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

Prior Year	Transport equipment	Plant & machinery	Information technology	Furniture & fittings	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
As at 1st April 2019	591	694	2,780	5,298	28	9,391
Additions	0	308	590	8	0	906
Transfers	0	28	0	0	(28)	0
Disposals	(216)	(24)	0	(6)	0	(246)
At 31 March 2020	375	1,006	3,370	5,300	0	10,051
Depreciation:						
As at 1st April 2019	266	631	2,330	3,001	0	6,228
Provided during the year	54	39	133	578	0	804
Disposals	(216)	(24)	0	(6)	0	(246)
At 31 March 2020	104	646	2,463	3,573	0	6,786
Net book value at 31 March 2019	325	63	450	2,297	28	3,163
Net book value at 31 March 2020	271	360	907	1,727	0	3,265
Asset financing:						
Owned	271	360	907	1,727	0	3,265
Net book value at 31 March 2020	271	360	907	1,727	0	3,265

Note 10. Trade and Other Receivables

2020		2021
£'000		£'000
Receivables due within one year:		
NHSScotland		
132	SGHSCD	136
256	Boards	337
388	Total NHSScotland receivables	473
96	NHS non-Scottish bodies	127
119	VAT recoverable	58
3,933	Prepayments	1,374
38	Accrued income	256
725	Reimbursement of provisions (CNORIS)	489
151	Other receivables	462
5,450	Total receivables due within one year	3,239
41	The total receivables figure above includes a provision for impairments of	0
WGA Classification:		
£'000		£'000
256	NHSScotland	337
252	Central Government bodies	194
96	Balances with NHS bodies in England and Wales	127
4,846	Balances with bodies external to Government	2,581
5,450	Total	3,239

Trade Receivables that are less than 3 months past their due date are not considered impaired. As at 31 March 2021, receivables with a carrying value of £1,034k (2020: £563k) were past their date but not impaired. The ageing of receivables that are past due but not impaired is as follows:

2020		2021
£'000		£'000
537	Up to 3 months past due	873
13	3 to 6 months past due	98
13	Over 6 months past due	63
563	Total Trade Receivables past due but not impaired	1,034

Note 10. Trade and Other Receivables (Cont.)

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:			
Counterparties with external credit ratings			
246	A		1,001
Counterparties with no external credit rating			
46	New customers		22
5	Existing customers with no defaults in the past		11
0	Existing customers with some defaults in the past		0
297	Total neither past due nor impaired		1,034

The value of debt write-off in the year was £0 (2019: £763). The carrying amount of receivables are denominated in Great British Pounds.

Note 11. Cash and Cash Equivalents

	At 1 April 2020	Cash Flow	At 31 March 2021
Current Year	£'000	£'000	£'000
Government Banking Service account balance	278	(79)	199
Cash at bank and in hand	30	(4)	26
Total cash and cash equivalents	308	(83)	225
	At 1 April 2019	Cash Flow	At 31 March 2020
Prior Year	£'000	£'000	£'000
Government Banking Service account balance	181	97	278
Cash at bank and in hand	14	16	30
Total cash and cash equivalents	195	113	308

Note 12. Trade and Other Payables

2020		2021
£'000		£'000
Payables due within one year		
NHSScotland		
5,572	Boards	8,190
5,572	Total NHSScotland payables	8,190
0	NHS Non-Scottish bodies	390
308	Amounts payable to General Fund	225
3,568	Trade payables	1,263
8,478	Accruals	8,132
691	Deferred income	180
3,513	Income tax and social security	3,906
2,226	Superannuation	2,423
478	Holiday pay accrual	1,167
64	Other payables	63
24,898	Total Trade and Other Payables due within one year	25,939
Payables due after more than one year		
1,012	Other payables	645
1,012	Total Trade and Other Payables after more than one year	645
25,910	Total Trade and Other Payables	26,584
£'000	WGA Classification	£'000
5,572	NHS Scotland	8,190
5,739	Central Government Bodies	6,329
0	Balances with NHS Bodies in England and Wales	390
14,599	Balances with bodies external to Government	11,675
25,910	Total Trade and Other Payables	26,584

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

Note 13. a) Provisions

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

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

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

Prior Year	Clinical legal claims	Participation in CNORIS	Dilapidations	Total
	£'000	£'000	£'000	£'000
At 1 April 2019	157	74	3,984	4,215
Arising during the year	629	16	49	694
Utilised during the year	(6)	(1)	0	(7)
Unwinding of discount	0	0	0	0
Reversed unutilised	(1)	0	0	(1)
At 31 March 2020	779	89	4,033	4,901

Expected timing of discounted cashflows	Clinical legal claims	Participation in CNORIS	Dilapidations	Total
	£'000	£'000	£'000	£'000
Payable in one year	403	15	0	418
Payable between 2 - 5 years	376	53	2,101	2,530
Payable between 6 - 10 years	0	5	1,932	1,937
Thereafter	0	16	0	16
At 31 March 2020	779	89	4,033	4,901

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

2020			2021
£'000		Note	£'000
779	Provision recognising individual claims against the Board at 31 March	13a	514
(725)	Associated CNORIS receivable for individual claims at 31 March	10	(489)
89	Provision recognising the Board's liability from participating in the scheme at 31 March	13a	88
143 Net total provision relating to CNORIS at 31 March			113

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 £779k relates to claims against NES, and the participation in CNORIS £89k 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://clo.scot.nhs.uk/our-services/cnoris.aspx>

Note 14 Commitments Under Lease

Operating Leases

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

2020		2021
£'000		£'000
Obligations under operating leases comprise:		
Buildings		
1,850	Not later than one year	1,704
1,704	Later than one year, not later than 2 years	1,514
1,526	Later than two years, not later than five years	2,671
467	Later than five years	147
5,547	Total Buildings	6,036
Other		
7	Not later than one year	6
6	Later than one year, not later than 2 years	6
12	Later than two years, not later than five years	6
1	Later than five years	0
26	Total Other	18
Amounts charged to operating expenditure in the year were:		
11	Hire of equipment (including vehicles)	12
1,850	Other operating leases	1,850
1,861	Total	1,862

Note 15. Pension Costs

National Health Service Superannuation Scheme

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

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

The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Education for Scotland is unable to identify its share of the underlying assets and liabilities of the scheme. The employer contribution rate for the period from 1 April 2020 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

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

NHS Education for Scotland's level of participation in the scheme is 1.22 % based on the proportion of employer contributions paid in 2019/20.

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 2020/21 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

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

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

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

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

www.sppa.gov.uk

National Employment Savings Trust (NEST)

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

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

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

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

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

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

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

Financial Assets		Financial Assets at Amortised costs		Total
	Note	£'000	£'000	£'000
At 31 March 2021				
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	10	845		845
Cash and cash equivalents	11	225		225
		1,070		1,070
At 31 March 2020				
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	10	285		285
Cash and cash equivalents	11	308		308
		593		593
Financial Liabilities		Financial Liabilities at Amortised Cost		Total
	Note	£'000	£'000	£'000
At 31 March 2021				
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	12	11,885		11,885
		11,885		11,885
At 31 March 2020				
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	12	13,908		13,908
		13,908		13,908

b) Financial Risk Factors

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

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

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

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

16b (i) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

16b (ii) Liquidity Risk

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

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

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'000	£'000	£'000	£'000
At 31 March 2020:				
Trade and other payables excluding statutory liabilities (VAT, income tax, and social security), deferred income and superannuation	12,896	348	664	0
Total	12,896	348	664	0

16b (iii) Market Risk

NES has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing NES in undertaking its activities.

a) Cash flow and fair value interest rate risk

NES has no significant interest-bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

b) Foreign Currency Risk

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

c) Price risk

NES is not exposed to equity security price risk.

16b (iv) Fair Value Estimation

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

Note 17. Related Party Transactions

There are related party transactions with other Government departments and other central Government bodies. NES spent £396 million (2019 £383.8 million) with other NHSScotland Boards. Excluding salary recharges there was income £707k (2020 £1.5 million) from other NHSScotland Boards

Executive Board Members had no material interests in contracts or potential contracts with the organisation. One Non-executive Director holds a position with Robert Gordon University. As a non-executive Director, they do not influence operational decisions of this nature. NES spent £1,003k (2019 £280k) with Robert Gordon's University in the year and had a £20k outstanding balance at year-end (2019 £nil).

One Executive Director, who was appointed on 1 December 2019, holds a post with the Royal College of Surgeons of Edinburgh. In the year NES expended £46k with the Royal College of Surgeons of Edinburgh (2019: £45k) and had sales income of £52.2k (2019: £36k), which consisted mostly of salary recharge income. There were no outstanding payables at year-end and £2.8k (2020 £8k) of outstanding receivables.

Note 18. Capital Commitments

The Board has no capital commitments.

Glossary of Terms

Acronym	Description	Acronym	Description
ACT	Additional Cost of Teaching	NMAHP	Nursing Midwifery and Allied Health Professionals
AHP PEL	Allied Health Professional Practice Education Lead	PAO	Principal Accountable Officer
BMA	British Medical Association	PCCP	Person-Centred Care and Participation.
BNF	British National Formulary	P DPR	Personal Development Planning and Review
CAMHS	Child & Adolescent Mental Health Services	PEF	Practice Education Facilitator
CARE	Career Average Re-valued Earnings	PFM	Property and Facilities Management
CETV	Cash Equivalent Transfer Values	PFPI	Patient Focus Public Involvement
CHEF	Nursing & Midwifery Care Home Education Facilitator	PoPP	Psychology of Parenting Programme
CNORIS	Clinical Negligence and Other Risks Indemnity Scheme	QI	Quality Improvement
CPD	Continuing Professional Development	RRL	Revenue Resource Limit
CPI	Consumer Prices Index	ScotGEM	Scottish Graduate Entry Medicine Programme
CRL	Capital Resource Limit	SGHSCD	Scottish Government Health and Social Care Directorate
eKSF	Electronic Knowledge and Skills Framework	SFC	Scottish Funding Council
FReM	Financial Reporting Manual	SIFS	Scottish Improvement Foundation Skills
GP	General Practice/Practitioner	SoCNE	Statement of Comprehensive Net Expenditure
GPhC	General Pharmaceutical Council	SPFM	Scottish Public Finance Manual
HCPC	Health and Care Professional Council	SPPA	Scottish Public Pensions Agency
ICO	Information Commissioner's Office	SSSC	Scottish Social Services Council
IFRIC	International Financial Reporting Interpretations Committee	TPD	Training Programme Director
IFRS	International Financial Reporting Standards	UG	Undergraduate
NDS	NES Digital Services	VAT	Value Added Tax
NES	NHS Education for Scotland	VT	Vocational Training
NEST	National Employment Savings Trust	WTE	Whole Time Equivalent

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



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