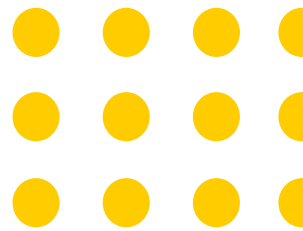


Annual Report and Accounts



**For the year
to 31 March
2023**



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Part A

Performance report

The Performance Report provides sufficient information to understand the purpose of NHS National Services Scotland (NSS), the key risks to the achievement of our objectives and how we have performed during the year.

Further detailed information is provided in the Performance Report, Accountability Report and Financial Statements. You can also find more information about our services on our website www.nss.nhs.scot

A view from Keith Redpath, Chair

In my role as Chair of the Board, I am pleased to see the progress NSS has made towards our objectives in the past year. Every area of NSS has worked hard to manage our resources. We have delivered value for money and maximised the impact of our contributions to health and social care in Scotland.

On behalf of the Board, I want to express my appreciation to each person in NSS for their efforts. The NHS remains under significant pressure, but you continue to provide efficient, effective, quality services to the people of Scotland.

Our internal awards event, 'Recognising Excellence,' celebrates the contributions staff make to the organisation. This year, the breadth of individual and collective endeavours was once again clear. Without their diligence and dedication, we could not showcase colleagues' specific achievements and give them an opportunity to shine in front of their peers.

The awards use the hashtag '#proudtoworkatNSS.' This feels appropriate as we reflect on how well the whole organisation has done over the past year.

We have focused on streamlining our processes, enhancing our digital capabilities, and embedding a culture of sustainability. These strategic decisions are helping to drive improvements in patient safety and quality of care.

Sustainability has been central to our robust organisational performance too. As well as reducing waste and conserving resources, there has been an emphasis on financial and workforce sustainability.

Collaboration and partnerships have been key to successful service delivery. We continued to work closely with NHS boards, local authorities, and Scottish Government to ensure that our services align with the needs of the health and social care system. It is particularly pleasing to see NSS continue to play an increasing role supporting colleagues and organisations within social care.

Keith Redpath,
Chair, NHS National Services Scotland

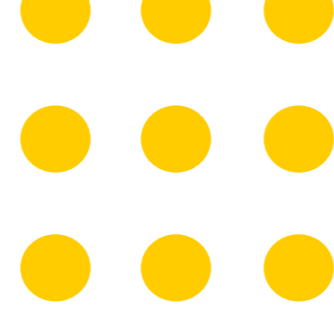


I am proud of what NSS colleagues have accomplished over the past 12 months. I hope that those who read this report enjoy the overview of activities and recognise the progress we have made. On a personal note, I was pleased and privileged to be re-appointed to my role as Chair of NSS until 2027.

I look forward to seeing NSS continue to meet the needs and expectations of the people of Scotland over the next four years.

Despite the challenges of a constantly evolving healthcare landscape - I am confident that NSS is well placed to deliver, both on the objectives we're given and those we set for ourselves.

“ We have focused on streamlining our processes, enhancing our digital capabilities, and embedding a culture of sustainability. These strategic decisions are helping to drive improvements in patient safety and quality of care. ”



Chief Executive's statement

The past year has seen Scotland respond to perhaps the broadest range of challenges that have ever been faced; from the continuing impact of the COVID-19 pandemic and the urgent need to remobilise our services, to the cost-of-living crisis and tragic events in Ukraine.

Individually, each of those circumstances would have presented a significant test. Collectively, they have severely impacted the health and social care system in which we operate.

Throughout the year, we have remained agile, adjusting, and refocusing our priorities to respond to the evolving needs of our stakeholders. We have been mindful of the challenges they face, and we have provided national solutions in service of our shared NHS purpose – to protect and enhance the health and wellbeing of the people of Scotland.

I am pleased to be presenting the 2022/2023 Annual Report and Accounts as a positive record of NHS National Services Scotland's performance.

This report evidences our strong financial control and management, demonstrates that we achieve value for money, and highlights our determination to deliver better services and outcomes for every citizen, family, and community.

Our remit has expanded since April 2022, which marked the beginning of the 12-month period covered in this report. We have launched new services, expanded existing ones, and formed relationships with new partners.

This report is not just a public record of our accomplishments, but a testament to the hard work, expertise and dedication of our staff.

I want to express my gratitude to them for their commitment, collaboration, and care during another busy year.



Mary Morgan, Chief Executive, NHS National Services Scotland

Their efforts have delivered positive outcomes for NSS and our partners across NHS Scotland and beyond. We recognise that our accomplishments as an organisation are only possible because of the excellent work they do every day.

The challenges, uncertainties, and risks that we have faced in 2022/2023 will continue for the near term. However, we have important strengths and capabilities, underpinned by strong organisational values to build upon for continued positive performance, sustainability, and resilience.

We are committed to working with all our stakeholders to deliver better outcomes for NSS, for Health and Social Care, and for the people of Scotland.



This report is not just a public record of our accomplishments, but a testament to the hard work, expertise and dedication of our staff.

I want to express my gratitude to them for their commitment, collaboration, and care during another busy year.



Our NSS Services

Digital and security



Our expertise in digital services includes end-to-end business solutions, technology and data for clinical settings, and digital security options. Our innovative and person-centred scalable technology is delivered through local and national digital solutions, providing clinical informatics, cyber security and information governance.

Primary care support



We support general practitioners, dentists, opticians, community pharmacies and dispensing contractors to deliver primary care across Scotland. This includes managing contractor payments, maintaining an up-to-date patient registration database, medical record transfers and clinical governance for dental services

Specialist healthcare commissioning



We commission a range of specialist and rare condition treatments supporting NHS Scotland to ensure equitable and affordable access to these services when needed. We also co-ordinate a range of screening programmes.

Legal



We provide specialist legal advice and assistance in every area of law relevant to the public sector. With many years of experience, we advise clients on all aspects of the law, and with close links to Scottish Government, we also counsel on wider policy issues.

Programme management services



We act as a national delivery provider and work with our partners to offer total solutions in portfolio, programme, project management and transformation services. By equipping our clients with the right people and approaches we can support the delivery of complex and challenging change programmes

National procurement



We provide a single procurement service across NHS Scotland. We work collaboratively to provide best quality, fit for purpose and best value commercial solutions – weighing up cost and added value. Our expert logistics services include distribution, supply chain and warehouse operations, fleet management and ward product management.

Fraud prevention



We work in partnership with NHS Scotland and across the Scottish public sector to provide a comprehensive service to reduce the risk of fraud and corruption. We're responsible for checking patient exemptions in respect of NHS Scotland patient charges and collecting payments for incorrectly claimed exemptions.

Blood, tissues and cells



The Scottish National Blood Transfusion Service provides blood, tissues, and cells to NHS Scotland, ensuring they are available, 24 hours a day, every day of the year throughout Scotland. We also provide specialist treatment and therapeutic solutions, and specialist testing and diagnostic services appropriate for all Scottish patient needs.

Corporate services



We provide corporate shared services to other boards. Our offer brings together five vital services: HR, Digital and Security, Facilities, Procurement and Finance.

The Board Services team at NSS provides essential support for the effective functioning of NHS Scotland

Committees and the NSS Board and Committees. They work closely with the Corporate Governance Directorate to uphold high corporate governance standards.

NHS Scotland Assure



We work with boards and partners to support a 'Once for Scotland' approach ensuring healthcare buildings are safe and ensure patient safety. The service unites professionals from different backgrounds, such as infection, prevention and control, construction, capital planning, facilities and catering, decontamination, and sustainability, to reduce risk and improve quality in Scotland's buildings and estates

Antimicrobial Resistance and Healthcare Associated Infection (ARHAI) Scotland

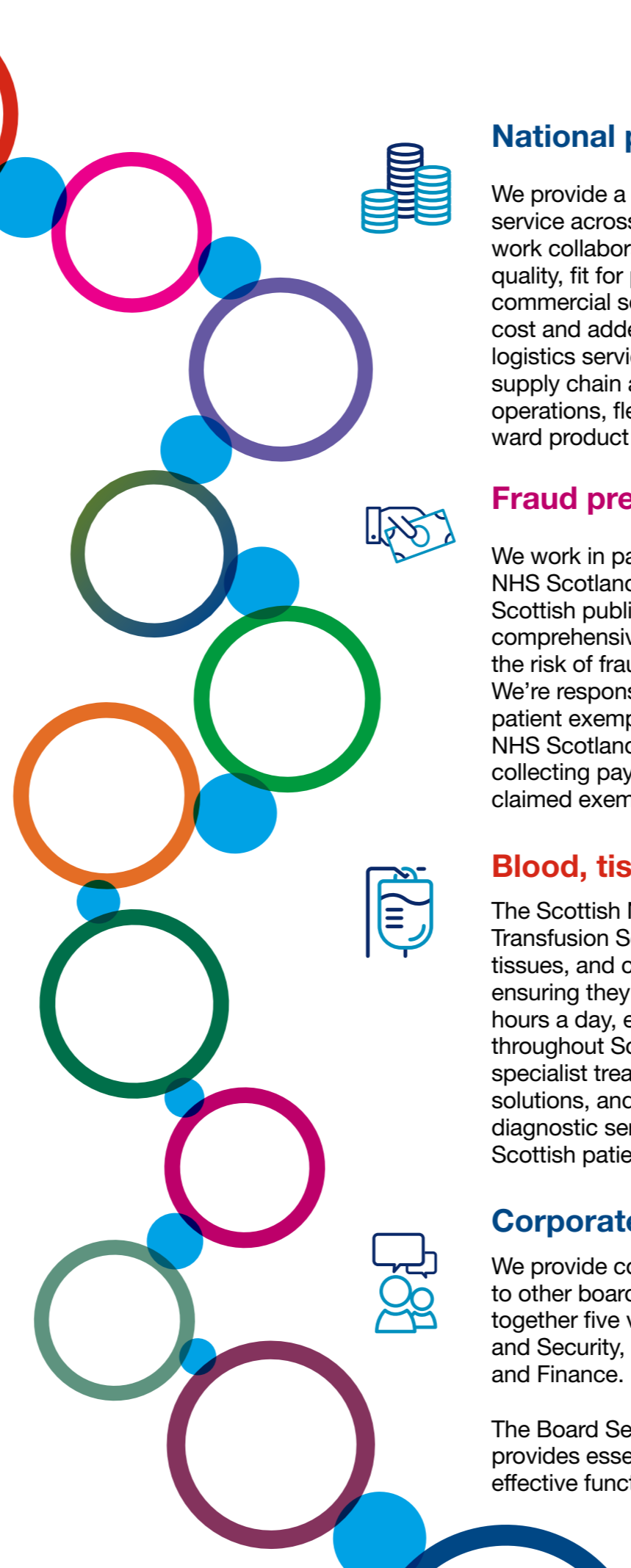


ARHAI Scotland is responsible for coordinating national surveillance, reporting of healthcare associated infections and monitoring antimicrobial resistance and prescribing. As part of NHS Scotland Assure, we also provide evidence-based guidance and expert advice on infection prevention and control to reduce healthcare-associated infection (HAI).

Health Facilities



As part of NHS Scotland Assure, Health Facilities Scotland provides a range of specialist and technical services supporting NHS Scotland's built environment. This includes advice on capital projects, engineering advice, equipment provision and facilities management.





Key facts

Budget:	£1,105.0m
Workforce:	3,569 Whole Time Equivalent (WTE) staff
Sites:	25
NSS efficiencies:	£17.8m in cash-releasing efficiency savings.
National efficiencies	£3.034bn payments to primary care contractors, on behalf of SG and territorial boards.
	£236.3m procured on behalf of NHS Scotland
	£286m services nationally commissioned on behalf of NHS Scotland
	£43m of national savings secured by National Procurement
	£4.5m of NHS Scotland resources protected through prevention, detection and investigation of fraud.

Purpose and Key Facts

Purpose

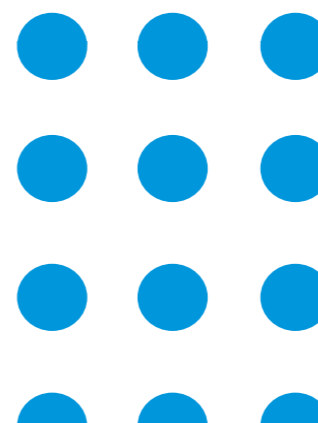
NSS is a Non-Departmental Public Body (NDPB), accountable to Scottish Ministers. NSS was established as the Common Services Agency in 1974 under The National Health Service (Functions of the Common Services Agency) (Scotland) Order 1974, with a mandate to provide national strategic support services and expert advice to Scotland's health sector whilst maximising health impacts and cost savings.

In 2013, the Public Services Reform (Functions of the Common Services Agency for the Scottish Health Service) (Scotland) Order 2013 extended the remit of NSS enabling the provision of services to other bodies, including local authorities and government departments.

The following year, the Public Bodies (Joint Working) Scotland Act 2014 reinforced this requirement to maximise health, financial and environmental impacts by engaging with, and offering services, to the wider public sector in Scotland.

£17.8m
in cash-releasing
efficiency
savings

£43m
of national savings
secured by
**National
Procurement**





Our NSS strategy

NSS is integral to Scotland's health and care service. We set ourselves three priorities to ensure this is maintained.

1. Enable
health and care
transformation
with new
services

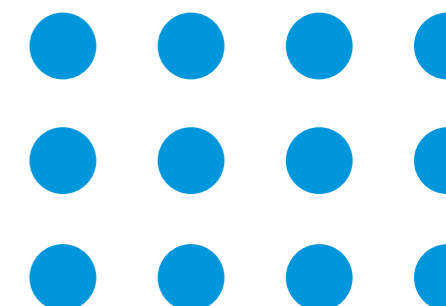
Harnessing NSS' wide-ranging skills and expertise to deliver national infrastructure solutions and services.

2. Underpin
NHS Scotland with
excellent services

Providing national infrastructure solutions integral to the delivery of health and care services in Scotland.

3. Assist other
organisations involved in
health and care

Connecting a range of partners and stakeholders to ensure our services support the wider health and care system.



Enable

The Enable pillar of our strategy focuses on harnessing the wide-ranging skills in NSS to deliver national solutions and services that support healthcare providers and professionals to deliver high-quality care to patients and the public.

While innovation and transformation are a foundation of all of NSS' work, it is of particular importance within our Enable strategic pillar.

Aiding innovation

NSS facilitates a more efficient, cost-effective, and responsive healthcare system that meets the needs of the people of Scotland. That is why we are pleased to have supported the development of the Scotland Innovates portal, a supplier-led innovation portal designed by a pan sector team.

This portal opens the door to innovative ideas and solutions and was developed as part of a collaborative project between Scottish Government's Scottish Procurement and Property Directorate (SPPD) and NSS.

Accelerating collaboration

The Accelerating National Innovation Adoption (ANIA) Collaborative selects innovations for their impact in priority areas, focusing on technology-enabled health and care to address Scotland's health and NHS system challenges.

This allows NSS to provide quality and assurance expertise in areas such as clinical safety, information governance and security, as well as financial sustainability of innovations during assessment and implementation projects in the ANIA pathway.

Digital Clinical Safety

Through expansion of the Digital Clinical Informatics team, we have increased our focus on clinical safety and software as a medical device. Enhanced processes and policies ensure that newly developed software focuses on the safety of patients.

Combatting modern slavery

We documented almost 9,000 products in the National Distribution Service product catalogue and used the data to map these products against the global modern slavery index. In the future, this information could also be used to inform product journeys for climate change baselining and analysis.



“ At NSS we are dedicated to working collaboratively to deliver excellence in healthcare and improving the health and wellbeing of the people of Scotland ”

Improving community benefits

We collaborated with Public Health Scotland to improve the economic, social, and environmental wellbeing of local areas through the Community Benefits Gateway (CBG), securing 18 community benefits in 2022/23, with 297 third sector organisations signed up, along with 230 suppliers.

Our suppliers play a lead role through CBG initiatives by:

- Supporting children and young people with complex needs to better access their local community to promote social inclusion.
- Creating apprenticeships for young people.
- Providing jobs for long term unemployed people.
- Supporting cancer sufferers and their families.
- Supporting young people leaving care and helping them integrate, as they transition into adulthood, with housing support services.

Tackling antimicrobial resistance (AMR)

We implemented the Scottish One Health Antimicrobial Use and Antimicrobial Resistance programme aimed at reducing risk in the healthcare-built environment by

providing specialist infection prevention and control expertise across NHS Scotland. This is delivered through the development of epidemiological evidence on trends in antibiotic use and resistance to inform local and national interventions and initiatives in human and animal health.

Treating COVID-19

Our teams worked with the University of Edinburgh and NHS Lothian to develop COVID-19 Viral Specific T-cells for the treatment of COVID-19. The first patient was treated in January this year, and there have been two infusions to date.

Enabling COVID-19 recovery

NSS has played a key role in enabling COVID-19 recovery and future preparedness across health and care in Scotland.

The National Contact Centre (NCC) managed 1.4m calls, providing expert advice, support and guidance to the people of Scotland on a range of COVID-19 related topics and providing COVID-19 and flu vaccination appointment services.

Our efforts in the Autumn/Winter 2022/23 vaccination programme helped Scotland achieve an uptake of more than 72% across all cohorts, with particularly high uptake rates in over 75s (>80%) and in care home residents (>90%). We supported targeted outbound calls to high-risk patients and delivered digital platform changes to support the forthcoming COVID-19 booster Spring 2023 campaign and conducted a wastage review of flu and COVID-19 vaccines to ensure efficient use of resources.

Additionally, we have implemented variants and mutations (VAM) services to enhance our capabilities in monitoring and responding to emerging COVID-19 variants.

Underpin

The Underpin pillar focuses on improving the core services we provide and that are essential to the functioning of the wider health and social care system.

Continually improving our core services ensures a strong and stable foundation for the healthcare system to deliver the best possible care and outcomes for the people of Scotland.

Recycling medicines

We implemented the NHS Scotland Medicines Stockpile Recycling Programme to address high levels of pharmaceutical waste related to the adoption of a stockpiled medicines strategy. By rotating medicines with short dates through our established supply routes helped to minimise the disposal of expired stock.

Scanning for safety

The Scan for Safety programme is focused on improving patient safety through the traceability of medical devices and equipment. By March 2026, the program aims to electronically trace approximately 75% of Class III and IIb Implantable Medical Devices in acute settings.

The roll-out of the Inventory Management System to all territorial boards across Scotland has been completed. This platform will now be used to implement Point of Care scanning, with the first pilot underway within NHS Lothian.



“NSS is committed to improving patient safety using innovative technologies and solutions in Scotland.”

“At NSS, we focus on delivering excellence in healthcare services and are continually working to improve the way we do things to better serve citizens across Scotland.”

Enhancing cyber security

In December 2022, we formally launched the NHS Scotland Cyber Centre of Excellence (CCOE) as an anchor tenant at Abertay University’s cyberQuarter campus. We are working to develop a shared service capable of supporting NSS and the rest of NHS Scotland with a range of cyber, information security and governance services, with four NHS Scotland boards engaged with services so far.

Improving decision making

We have migrated the existing Seer data platform to the public cloud, with secondary migration activity underway. This ensures Seer 1.0 continues to operate until the end of April 2023 and supports the launch of Seer 2.0 in 2023.

Seer is a key data and analytics platform for health and care data across Scotland. It is used for reporting, business intelligence and advanced analytics across a wide range of health and social care services. It is made up of around 100 data products and thousands of data outputs.

Work is continuing with the migration to Seer 2.0, which is the culmination of years of work and significant investment in Scotland’s

Digital Health and Care Strategy. In February this year, Scottish the Government published “A strategy for data-driven care in a digital age” which committed to “developing and modernising our ‘Seer’ platform as part of the National Digital Platform”.

Refining user experience

We have standardised the NSS website and intranet options into a single channel allowing all directorates to adopt a simple user driven process to manage and support all internal and external facing websites and content. This provides a standard look and feel that can be managed though a single point and is aligned with the NSS Marketing and Communications strategy.

Supporting payroll

On 1 February 2023, we expanded our services to the NHS Scotland South East region by welcoming payroll teams from NHS Fife, NHS Forth Valley, NHS Lothian and the Scottish Ambulance Service. The new service provides payroll services to around 80,000 NHS Scotland employees. Our next phase is to design a high-quality, sustainable service utilising new systems and technologies.

Assist

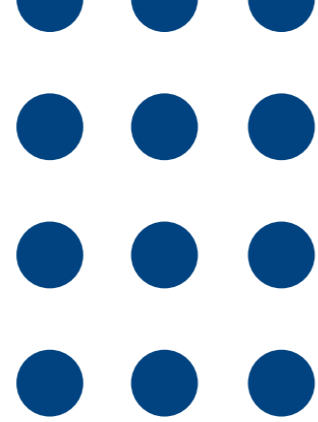
The Assist pillar links together organisations involved in health and care and beyond and accounts for the work we do to help manage national incidents or resilience issues being faced by NHS Scotland.

Regularly connecting with partners and stakeholders helps ensure our services support the wider health and care system and enables us to respond quickly and appropriately when our help is urgently needed.

Partnering with stakeholders

NSS provides essential national infrastructure services to support health and care services in Scotland. Through our Assist Programme, we are focused on supporting better decisions, improving performance and prevention, and delivering value for money. This encourages joint-working and partnerships with public sector and third-party organizations to improve health and wellbeing outcomes for the people of Scotland.

At NSS, we have strong and established partnerships with various strategic groups, including Scottish Government, health, local government, emergency services, non-departmental public bodies, and executive agencies. These networks have been particularly crucial during the COVID-19 pandemic. We have been able to increase engagement with senior leadership and decision-makers across the health and care landscape, ensuring that we work collaboratively to deliver high-quality services to the people of Scotland



“NSS provides essential national infrastructure services to support health and care services in Scotland.”

An example of this collaboration is the Lothian Chronology Working Group, which includes NSS, local authorities, Police Scotland, NHS Lothian, and the Care Inspectorate. The group developed guidance to help organisations across the partnership to more consistently manage significant events in the lives of individuals and reduce avoidable risk.

Managing incidents

National Cyber Security Operations

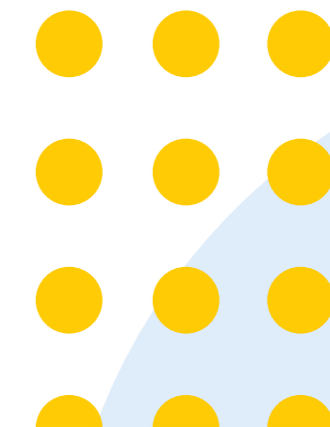
Our National Cyber Security Operations Team provided extensive technical information and cyber security assurance to NHS Scotland territorial boards and the Scottish Government Digital Health and Care Department regarding the hygiene of reinstated systems in response to the Advanced Cyber Incident.

NHS Hospital Sterilisation and Decontamination Unit incident

Our decontamination specialists provided support and advice to the problem assessment group on notification of an incident which had an impact on cleanroom integrity. The support was provided throughout the 26-day shutdown and participation in the lessons learned exercise.

NHS Board Incident

Our decontamination specialists attended an initial Problem Assessment Group (PAG) meeting in relation to an incident which had an impact on a cleanroom and production was stopped. Over six days, our colleagues from the decontamination team attended eight meetings. They provided support and advice, including briefings and participation in a lesson learned exercise. Our team attended an onsite visit as part of the IRIC investigation to investigate the source of the damage and inspect the repair to the cleanroom in question.





Our strategic objectives

We set new strategic objectives in 2022/23 to support the delivery of our Annual Delivery Plan.



Service excellence

To continuously improve the way in which we deliver existing and new services, with a focus on quality, to ensure they are safe, efficient, effective, and meet the needs of our service users, partners, and stakeholders.

Financial sustainability

To deliver an organisational financial stewardship culture that drives effective use of assets, infrastructure, and value for money.

Workforce sustainability

To develop a diverse, knowledgeable, and skilled workforce deployed in an environment where the organisation is adaptable to the changing lifecycle of employees and delivers leadership and behaviours reflecting the values of NHS Scotland.

Climate sustainability

To embed climate sustainability in everything we do to ensure NHS Scotland becomes a net zero greenhouse gas emissions health service by 2040 or earlier.

Service excellence

At NSS, we are committed to delivering high quality services to the people of Scotland while protecting their health and the environment in a sustainable way. We are proud of the work that we have done and continue to do to deliver excellence in healthcare.

Improving quality

Quality Improvement (QI) is a central part of our Service Excellence theme, and in 2022/23 we commissioned a discovery and baselining exercise on the maturity of QI in NSS using the Scottish Approach to Service Design (SATSD) framework. This has helped us to design a quality improvement strategy and will see the implementation of a new quality framework for NSS in 2023/24.

Increasing digital adoption

Throughout the year we adopted modern technologies like public cloud and Software as a Service, to enable a more data-driven and integrated approach to support our needs now and in the future. This provides greater flexibility and cost control and by adopting these technologies we can ensure efficient and cost-effective corporate systems, delivering high-quality services across Scotland.

We have exploited our online collaboration tools to increase productivity and reduce costs through consolidating licenses. We continue to maximise our investment in these tools by adopting additional components that support automation of repeatable processes, allowing staff to focus on high value tasks and reducing the administrative overhead.

We have migrated NSS users' data storage from our physical storage servers to make use of public cloud tools to allow easier management, control and reporting of this data. Corporate processes will migrate to these services through 2023 which will enhance the governance and management of our unstructured data through a single set of tools.

Supporting primary care

Our primary care support team have been highly active in providing services to patients and have increased new patient registrations, patient movement and records transfers by over 2%. We are also managing an increase in prescribed and dispensed prescriptions, which now average over 9.5m items per month and can exceed 10m items in our busiest months.

Replacing paper prescriptions

NSS and NHS Education for Scotland (NES) are jointly delivering the Digital Prescribing and Dispensing Pathways programme, which will replace paper prescriptions with a digital solution for in-hours prescribing from general practices to community pharmacy dispensing. The solution design is nearing completion and engagement with stakeholders is ensuring it delivers benefits such as easier and more efficient prescription ordering, safer and faster processes and support for climate sustainability services which had been delivered this year.

Fulfilling customer orders

In National Procurement, we have maintained a customer order fulfilment level of over 95%, with more than 4m orders shipped in 12 months.

Ensuring oxygen supplies

The Oxygen Therapy Team have excelled in providing a liquid oxygen service for patients travelling to the Freeman Hospital in Newcastle for a transplant assessment. This allows patients travelling from Scotland to return home on the same day. Our facilities service also deliver the home oxygen service, ensuring that patients who need oxygen in their home can access a reliable, year-round, 24/7 service – supporting 7,000 patients across Scotland.

Making blood supply safer

Scottish National Blood Transfusion Service Teams, in collaboration with Public Health Scotland (PHS), are working hard to make blood supply safer through enhanced testing for blood donors. We recently began enhanced testing of donations to improve the detection rate of hepatitis B virus (HBV) in blood. We're also working to trace and inform anyone who

has received blood that may have a low risk of passing on hepatitis B from this new test (anti-HBc).

Phase 2 of the 'MATCH product' clinical trial was successfully completed. This new whole blood therapy trial was approved for follow-up in December 2022 to determine longer-term safety and the durability of treatment, with data from this trial to be published during 2023.

Improving forecasting

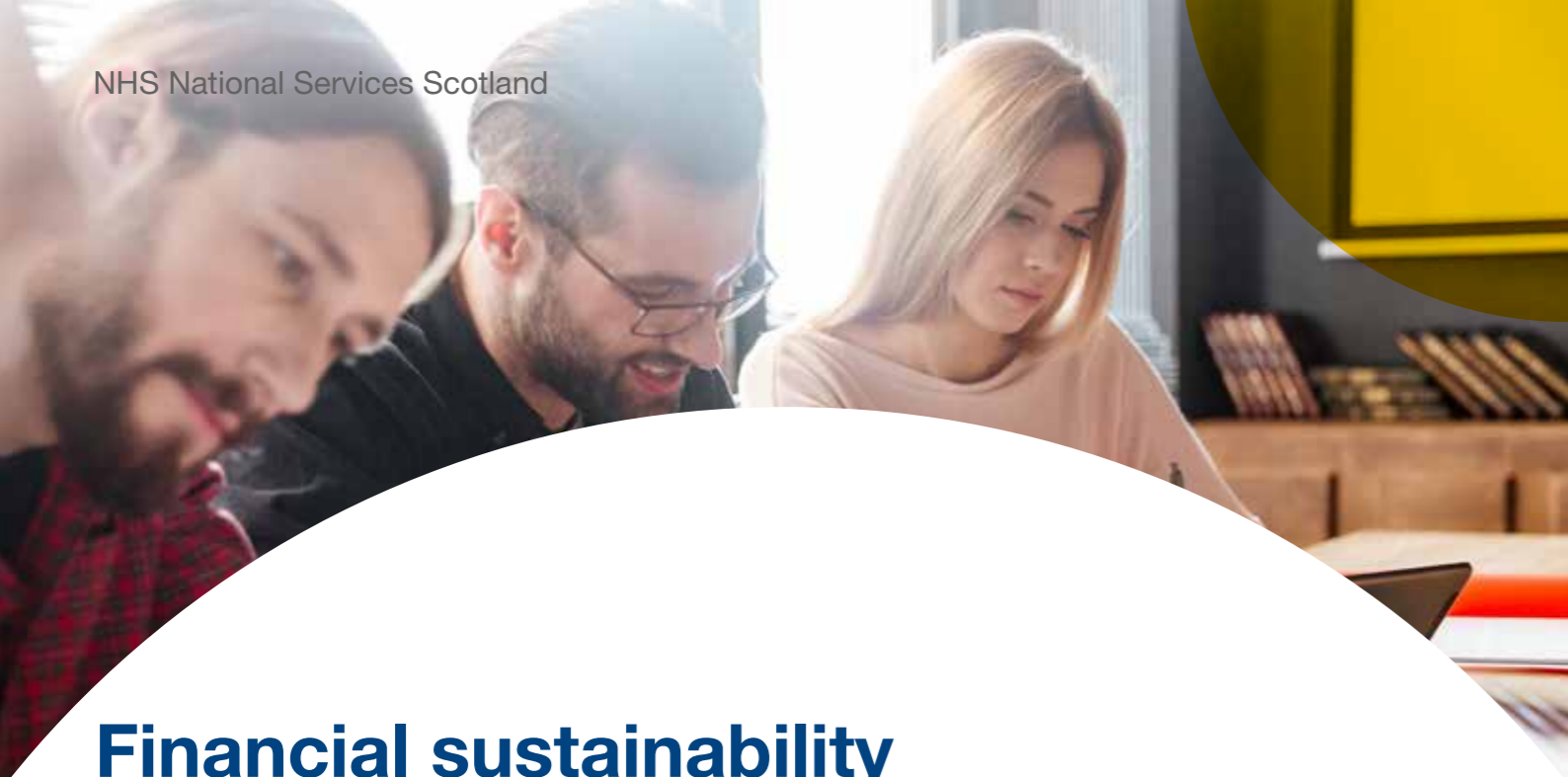
We have developed and implemented the national specialist and screening commissioned services activity and finance dashboard, providing robust information on the most up-to-date status of our services. Over 220 staff in NHS Scotland boards have been trained on how to use the dashboard. This has given us an accurate forecasting tool and enabled us to identify £11m of underspend that was returned to boards in 2022/23.

Supporting Public Inquiries

Central Legal Office (CLO) has provided extensive support to NHS Scotland territorial boards for several Public Inquiries, including the UK Infected Blood Inquiry, the Scottish Child Abuse Inquiry, the Scottish Hospitals Inquiry and the UK and Scottish COVID-19 Public Inquiries.

We delivered educational training to NHS Scotland staff who are supporting the public inquiries, so they are aware of what is expected of them. We also continue to develop excellent working relationships with wider legal teams involved in public inquiries. Recently, the submissions made on behalf of NHS Scotland at the Infected Blood Inquiry led to a commendation by the Inquiry Chair.





Financial sustainability

NSS creates, embeds and develops “an organisational financial stewardship culture that will drive effective use of assets, infrastructure and value for money.”

Financial targets

Each year, NSS’ Financial Performance is measured against statutory financial targets:

- A break-even position on Revenue Outturn.
- A break-even position on Capital Outturn.
- 3% of recurring Cash Releasing Efficiency Savings (CRES) per annum (as per the national Sustainability & Value Programme requirements).

For 2022/23 all statutory financial targets have been achieved.

Financial planning

The NSS Board also agreed a balanced 3-year revenue plan (2023/24 to 2025/26) and a balanced 5-year capital plan (2023/24 to 2027/28) in March 2023.

The Financial Plan is an important part of a wider strategic planning cycle which incorporates workforce planning and service plans (Annual Delivery Plan). This year’s process included an inaugural Executive Management Team Budget Summit where the financial sustainability of services across NSS

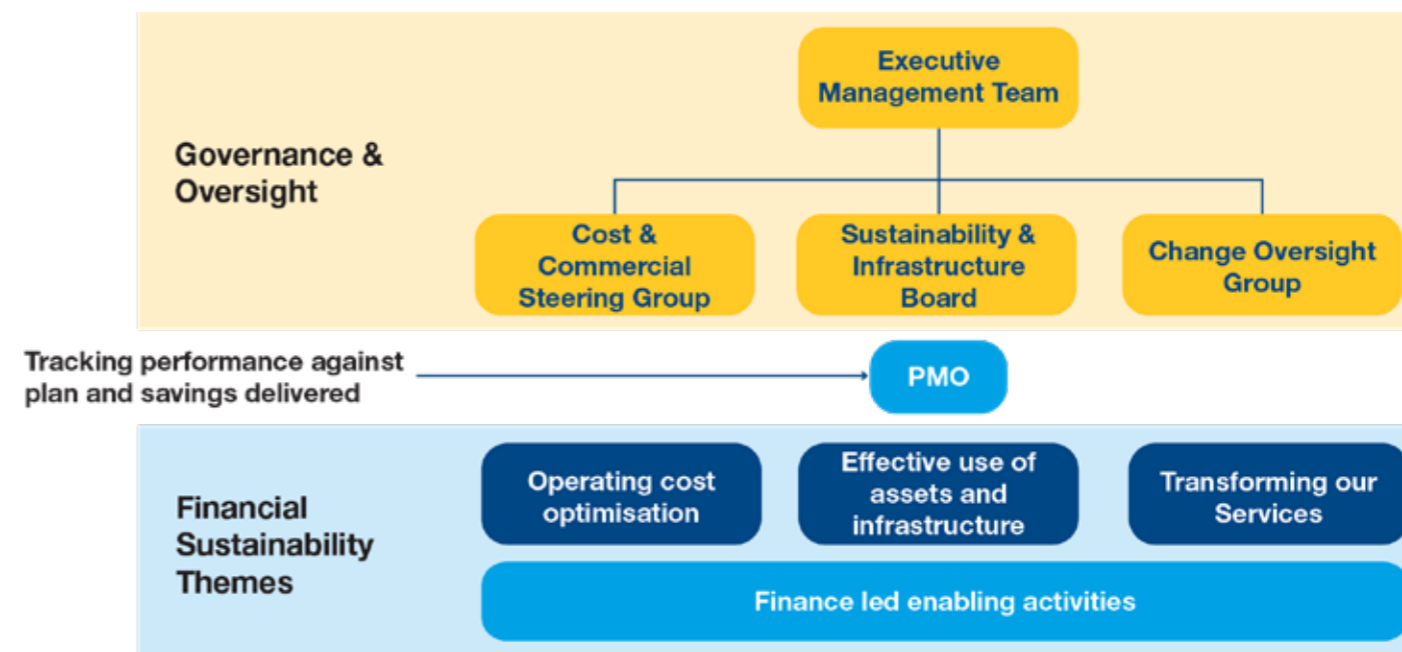
was at the heart of discussions. This provided Directors the opportunity to come together to understand and constructively challenge the plans of their respective peers.

Financial governance

The delivery of in-year financial targets and longer-term financial sustainability of services is governed as below:

- The Finance team provide strategic and operation financial support to our Board, Committees, Executive Management team and budget holders.
- They provide financial information that our Directorates require to manage their budgets efficiently and effectively and support planning and decision making across the organisation to support the delivery of our services.
- There is robust governance in place to support financial sustainability – with the Standing Financial Instructions and Finance charter clearly setting out the roles and responsibilities of finance and delegated budget holders.

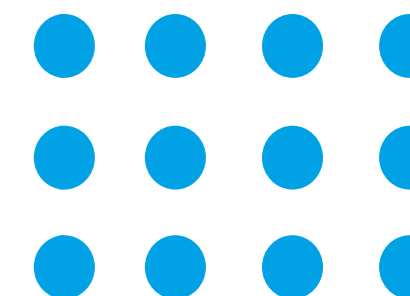
Financial sustainability - Governance



Introduction of the Counter Fraud Standard

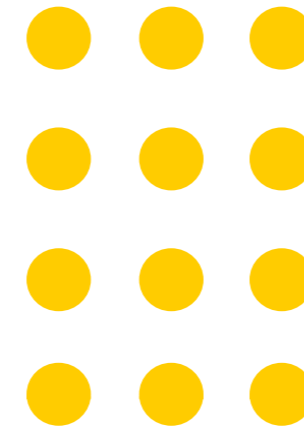
The Standard was introduced in April 2022 under the terms of the Partnership Agreement 2022-2025, between NSS and CFS. Working in partnership, the Standard will be implemented over the next 3 years.

The NHS Counter Fraud Standard is a best practice approach to countering fraud based on twelve key components. Our implementation of the Standard is progressing well, and we have met requirements for seven of the components and partially met requirements for the remaining five. Our focus for next year will be supporting Counter Fraud services with the national delivery of the partially met standards.



NHS National Services Scotland

Counter Fraud Standards - Key Components



11 Access to and completion of training

Undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable

10 Undertake detection activity

Undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable

09 Access to trained investigators

Have agreed access to trained investigators that meet the agreed public sector skill standard

08 Report identified loss

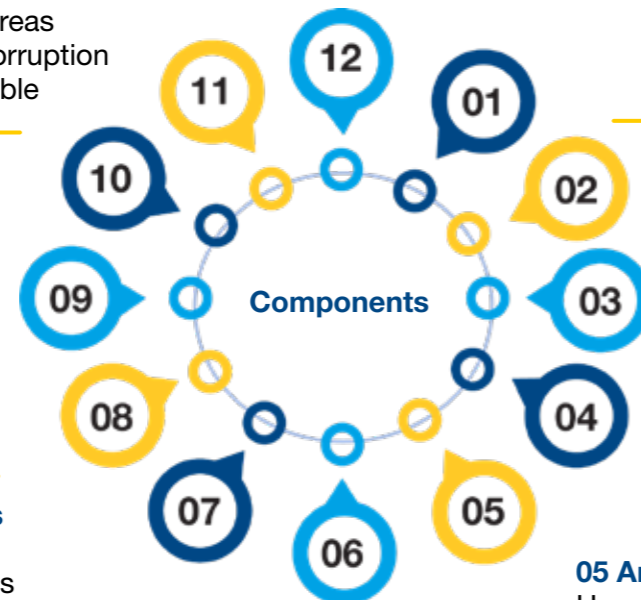
Will report identified loss from fraud, bribery, corruption and error and associated recoveries, to the centre in line with agreed government definitions

07 Reporting routes for staff, contractors, members of the public

Have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations

12 Policies and registers for gifts and hospitality and COI

Have policies and registers for gifts and hospitality and conflicts of interest



01 Accountable individual - 1A/1B

Have an accountable individual at board level who is responsible for counter fraud, bribery and corruption

02 Counter fraud bribery and corruption strategy

Have a counter fraud, bribery and corruption strategy that is submitted to the centre

03 Fraud bribery and corruption risk assessment

Have a fraud, bribery and corruption risk assessment that is submitted to the centre

04 Policy and response plan

Have a policy and response plan for dealing with potential instances of fraud, bribery and corruption

05 Annual action plan

Have an annual action plan that summaries key actions to improve capability, activity and resilliance

06 Outcome-based metrics

Have outcome-based metrics summarising what outcomes they are seeking to achieve that year. For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact

Workforce sustainability

At NSS, we understand that our workforce needs to be flexible and adaptable to meet the demands of our ever-changing healthcare landscape. That is why we utilise flexible resourcing models to support our workforce and those of our partner organisations, ensuring that we are always responsive and effective in meeting service needs and workforce capacity and capability.

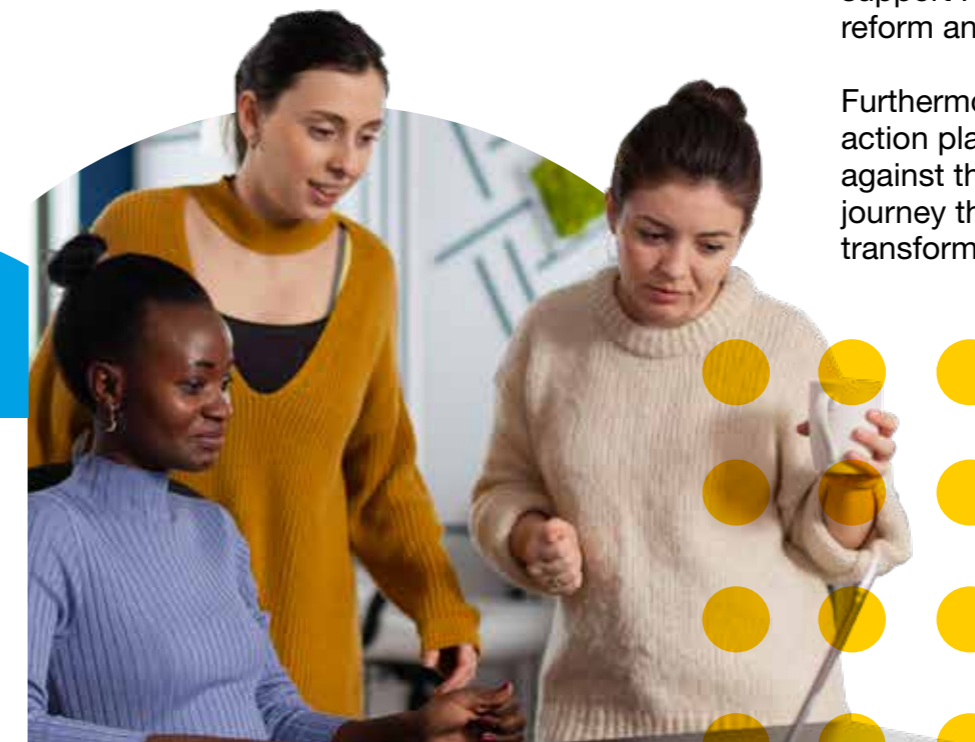
Our workforce planning considers new ways of working, as agreed upon by the Executive Management Team and the NSS Partnership Forum. Local workforce plans and projections are reviewed annually to reflect our current operations and any new service requirements in line with our three-year and annual delivery plans.

Service redesign and change are enacted in line with the NSS Strategy, with full consideration given to the impact on workforce capability and capacity to deliver effective and efficient core services. Workforce plans, including all service redesign and subsequent organisational change, are developed in full partnership between management and trade unions/professional organisations, with staff engagement.

NSS has a three-year workforce plan in place that is aligned to the NHS Scotland Workforce Strategy, which sets out a national framework to achieve our vision of a sustainable skilled workforce with attractive career choice where all are respected and valued for the work they do. It also aligns with Scottish Government's Care and Wellbeing Portfolio, the NHS Scotland priorities and builds on the success of our previous remobilisation plans.

Our plan incorporates our strategic aims of enabling health and care transformation, underpinning NHS Scotland services and assisting more widely in health and care. Importantly, the plan ensures we continue to support NHS Scotland as it seeks to stabilise, reform and transform.

Furthermore, our plan is supported by a 3-year action plan which sets out key deliverables against the 5 pillars of the workforce journey that support recovery, growth and transformation of services and the workforce.



Climate sustainability

The 5 pillars of the workforce journey are:



The action plan is subject to regular review on progress against each of the deliverables.

A copy of the NSS Workforce Plan, including the 5 Pillars Action Plan, can be found in the attached link

[NSS Workforce Plan 2022-25.docx \(live.com\)](https://www.nss.nhs.scot/publications/nss-workforce-plan-2022-25.docx)

National Contact Centre

In response to the Covid 19 pandemic and at the request of Scottish Government, we set up the National Contact Centre. At its peak, the National Contact Centre had circa 540 WTE core staff the majority of which were fixed term or a small number of secondments who had either been redeployed, deployed or appointed via a recruitment process and who were substantively employed in either NSS or another NHS board. The total capacity available including the Staff Bank was circa 2000 headcount but the maximum utilised at any one point was circa 1100. In agreement with Scottish Government and in accordance with the changing requirements of responding to the COVID-19 pandemic, the National Contact Centre changed role and focus and began to scale back the workforce from September 2022. This resulted in 103 staff exiting the organisation who met the criteria for a redundancy payment at the end of the fixed term contract. Following a direct commission from Scottish Government the National Contact Centre was scaled back to a core workforce of 58.2 WTE from 1 February 2023. For further detail please see exit packages table on (pg.80) of the Remuneration and Staff Report.



NSS recognises the important responsibility it has to achieve climate sustainability in its own services but also in helping NHS Scotland to achieve climate sustainability.

Prioritising climate sustainability

NSS is dedicated to protecting the environment and reducing greenhouse gas emissions. In 2022 we developed our NSS Environmental and Sustainability Strategy 2022 to 2040, which sets out how we will build on work already taking place to reduce emissions and implement targeted sustainability practises, across a range of themes.

<https://www.nss.nhs.scot/publications/nss-environmental-and-sustainability-strategy-2022-to-2040>

Reducing carbon

Scottish Government aims to reduce emissions in Scotland by at least 80% by 2050, with a new target of net-zero by 2045; a goal that requires a collaborative effort from all sectors of society. NHS Scotland boards are now required to report on their progress in delivering emissions reduction targets thereby ensuring that the healthcare sector plays its part in achieving these crucial targets.

As an integral part of the healthcare system in Scotland, NSS has taken significant steps towards reducing its carbon footprint, with a clear objective of achieving net zero by 2040. This objective is supported by interim targets for 2025, 2030 and 2035, across ten categories. At mid-year we had reduced our consumption of fuel, energy and water and no domestic waste was going to landfill.

Achieving gold

By setting clear targets and prioritising sustainability, NSS is not only contributing to Scottish Government's emissions reduction targets but also playing its part in achieving the United Nations Sustainable Development Goals.

We assess our performance annually against the NHS Scotland Sustainability Assessment Tool (NSAT). In 2022, NSS achieved a silver ranking of 67% in external validation. In 2023 we are aiming for gold status. Our self-assessment at year end shows a score of 80%, which would give NSS a gold rating. External validation of our 2023 score will be confirmed in August 2023.

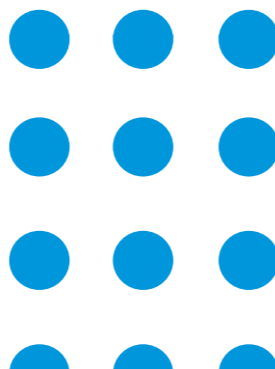
Across NSS, we have delivered a range of climate sustainability achievements in 2022/23 to help us improve our NSAT rating.

- We're proud to have launched the NHS Scotland Climate Emergency and Sustainability Strategy 2022-2026, in collaboration with Scottish Government, to set out actions for reducing our impact on the environment.

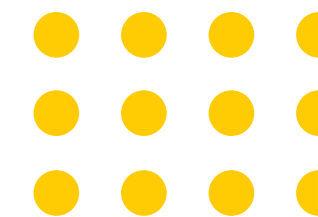
<https://www.gov.scot/publications/nhs-scotland-climate-emergency-sustainability-strategy-2022-2026/>



- We procured and appointed a strategic delivery partner for a new Strategic Asset Management System, which will help NHS Scotland boards record and report mandatory property and asset management information. We are rolling out this national digital system to all NHS Scotland boards in 2023/24.
- Our teams are trialling the use of alternative hydrotreated vegetable oil (HVO) fuel across our screening services fleet and have completed a procurement exercise to replace our fleet of mechanical handling vehicles, reducing carbon dioxide emissions across our sites.
- NSS is working with 38 of our national procurement suppliers on climate change plans, covering over £900m of spend. We have engaged with clinical leads to remove Desflurane, an anaesthetic gas with a high environmental impact (it is 2,540 times more impactful than Carbon Dioxide), from use. We have also commissioned a decarbonisation pilot survey of East Ayrshire Community Hospital to inform options for achieving Net Zero for the site.
- We launched a Sustainable Design and Construction Guide to provide guidance for NHS Scotland boards undertaking new and refurbishment construction projects and to meet new requirements to address the climate emergency and sustainable development.
- Our teams created a conference and collaboration space at Gyle Square which supports our sustainability agenda of using existing resources more efficiently.
- We reformed our internal governance structure to support delivery of the NSS Environmental and Sustainability Strategy. This included the appointment of two Sustainability Managers and a Sustainability and Resilience Lead within NSS.



Highlights of the year



April

National Procurement sourced and delivered all consumables required for the Vaccine Consumables Programme across NHS Scotland, including the delivery to point of use for all boards and vaccine centres. This ensured a seamless delivery of service throughout the year to support the high vaccine uptake.

The National Contact Centre stood up and continues to operate the Warm Welcome to Scotland helpline for Ukrainian refugees coming to Scotland.

May

NHS Scotland Assure teams entered a partnership with Edinburgh Napier University to administer the £1m NHS Scotland Assure Research Fund. The fund seeks to progress research which reduces healthcare-built environment risk and prioritises research which impacts on the advice and guidance produced by NHS Scotland Assure. This is an exciting opportunity to advance research and innovation in the healthcare-built environment and healthcare services in Scotland.

June

Our procurement teams supported the management of critical supplies to the acute sector by revalidating the entire service catalogue to register country of origin detail, providing a highly effective global heating mapping for all products. This allowed for the application of early intervention and contingency measures, crucial in ensuring the safety and timely delivery of supplies to our healthcare sector.

We introduced our second National Procurement warehouse in the Eurocentral campus. This has significantly increased our storage capacity by over 20,000 pallet spaces, enabling us to support the issuance of over 600m units of personal protective equipment (PPE). In addition, these facilities have also supported the issuance of 550,000 COVID-19 testing kits and 11.5m units to the national vaccination programme.

July

We introduced new blood donor information leaflets that provide a comprehensive explanation of all potential risks associated with giving blood. This is an important step in improving donor consent and shared decision making which supports improvements in the safety and effectiveness of our blood donation program.

August

We launched the NHS Scotland Climate Emergency and Sustainability Strategy 2022-2026. Developed jointly by Scottish Government and NHS Scotland Assure, it sets out actions for NHS Scotland to reduce its greenhouse gas emissions and impact on the environment.

The Sustainable Design and Construction Guide (SDaC) became mandatory for boards to deliver quality and improvement in the healthcare-built environment.

September

NSS published the first national report on Food in Hospitals, which assessed all NHS board catering services against the NHS Scotland Food in Hospitals Specification. The report highlighted areas of innovation and best practice and identified areas for improvement. Our focus on providing healthy, nutritious meals for patients is an essential part of our commitment to delivering the highest quality of care possible.

We played a critical role in supporting the Scottish COVID-19 and Flu Vaccination Programmes by ensuring digital solutions, such as the booking portal, COVID-19 status app, and mobile devices used by vaccination clinics, were available to NHS Scotland. This kept vulnerable patients safe and reduced the pressure on other parts of the NHS, particularly during winter.

In this month, we hit the milestone of providing over 2bn pieces of personal protective equipment (PPE) to the acute, health and social care sectors through the National Distribution Service. This milestone shows our commitment to maintaining and managing PPE stockpiles to ensure we continue to provide these essential supplies and services.

October

Publication of our Assist Annual Report outlining our strategic engagements, partnerships and collaborations with integration authorities, local authorities, emergency services and the wider Scottish Public, Third and Independent sectors organisations.

NSS National Procurement and Scotland Excel formally agreed a strategic collaboration framework. This is to support health and wellbeing outcomes through their placement to deliver services, buy goods, and interact with local organisations and the community.



November

We successfully implemented a single procurement ordering and management system across all 22 NHS Scotland boards, enabling a streamlined and efficient 'single way of working'. This system improves collaboration between boards and has led to process efficiencies. The platform also supports commercial activity, allowing for enhanced capacity and greater opportunities for collaboration.

We hosted the first NHS Scotland Assure Conference which focused on the theme of "Excellence in the Healthcare Environment." We brought together a diverse range of speakers and delegates from all over the country, providing them with the opportunity to collaborate and educate.

NSS awarded a contract to Capture All Ltd, a supported business whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their work involves supporting NHS Scotland's efforts to digitise GP records, a project that not only reduces our carbon emissions but also directly supports employees who are all paid the Real Living Wage, aiding a more inclusive and sustainable society.

December

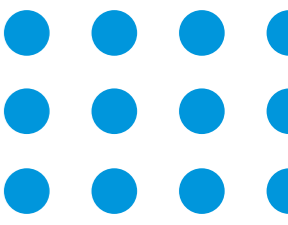
We delivered high-quality payment and payment verification services and have successfully completed ongoing ISO accreditation to ensure our processes are of the highest quality and our staff are well-trained to provide professional services. We undergo audits every six months, and we maintain a healthy status.

Scottish Government confirmed that the National Contact Centre (NCC) would continue to play an important role for NHS Scotland by providing a non-digital channel for vaccination support for 2023/24 and beyond.

January

We implemented an Executive Management Team Budget Summit to review the financial sustainability of services across NSS. This provided Directors the opportunity to come together to understand and constructively challenge the plans of their respective peers.





Our performance

Our performance against key non-financial targets

February

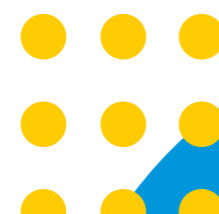
NSS successfully completed Phase 1 of the Genesis Inventory Management rollout, now implemented across 15 boards, 40 hospital sites, and 2,035 departments. This milestone allows for both local and national visibility of ward top-up stock valuation across NHS Scotland.

Our next focus is the rollout of Point of Care scanning, which will enable NHS Scotland to electronically trace approximately 75% of Class III and IIb implantable medical devices in acute settings to patients by March 2026.

March

Our teams across NHS Scotland Assure supported the design, build, equipping and assurance of NHS Fife's National Treatment Centre. The £33m centre opened at The Victoria Hospital. The state-of-the-art facility has capacity for more than 700 orthopaedic procedures a year including hip and knee surgery.

We established the Scottish Cancer Network (SCN) to facilitate a 'Once for Scotland' approach to cancer services and enabling equitable cancer care across Scotland. It included developing a system for reviewing pathways and improving cancer networks, with three new pathways and two new networks formed. The programme will become an ongoing national network from April 2023, continuing to drive excellence in cancer services for the people of Scotland.



- Delivered **£4.5m** of savings through counter fraud measures.

- Achieved **£43m** of secured savings and **£20m** of cost avoidance savings in procurement.

- Delivered the NHS Scotland Climate Emergency and Sustainability Strategy 2022-2026.

- Recovered nationally commissioned specialist services to more than 80% of pre-COVID-19 service agreement activity levels.

High priority services – 87%
Diagnostic services – 100%

- Recovered nationally commissioned screening programmes to more than 80% of pre-COVID-19 activity levels.

Breast Screening – 98%
Bowel Screening – 106%

- Deployed the Radiology Artificial Intelligence Evaluation Toolkit for radiographers along with a supporting playbook.

- Opened the new Cyber Centre of Excellence.

- Completed the Autumn/Winter 2022/23 vaccination programme with an uptake of more than **72%** across all cohorts and over **80%+** for over 75s and **90%** for care home residents.

- Introduced a new model for eyecare services and improved payment for primary care practitioners, processing to **99.5%**.

NSS achieved 94% of the milestones in its Annual Delivery Plan for 2022/23, a 4% improvement on last year.

Here are some of our performance highlights:

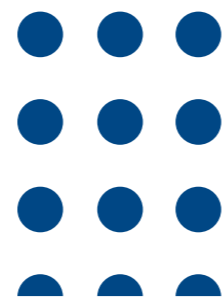
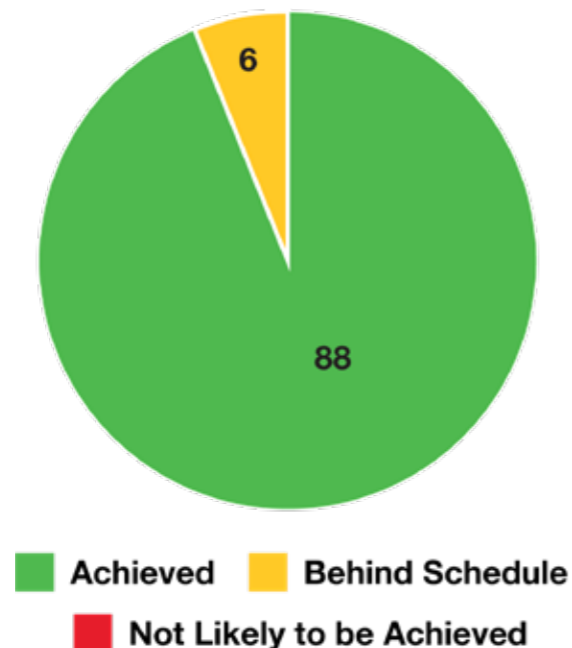


Our Annual Delivery Plan (ADP) Performance 2022/23

Our ADP for 2022/23 was primarily focused on helping NHS Scotland to stabilise and recover after the emergency footing was stood down in April 2022. It was built on the success of our previous remobilisation plans and was designed to follow our strategic aims of enabling health and care transformation, underpinning NHS Scotland services and assisting more widely in health and care.

Our performance was measured against the 94 milestones within the ADP. Originally there were 88, however, changes were agreed with Scottish Government to amend several milestones which increased the overall total to 94.

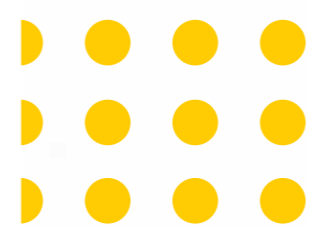
NSS Annual Delivery Plan Performance FY23



Milestones that were achieved or on track (green)

NSS performed well against targets. In 2022/23, we reported 88 milestones as being complete or on track. This represented 94% of milestones and was an increase of 4% on 2021/22. Highlights included:

- Developing a procurement net zero transformation T-Map.
- Delivering a social value element in all procurement contracts worth more than £1m.
- Delivering agreed work plans for each of the 6 ARHAI priority programmes.
 - Clinical Assurance, Community Infection Prevention and Control, Data and Intelligence, Infection and Control in the Built Environment & Decontamination, National Policies Guidance & Evidence, Scottish One Health National Antimicrobial & Antimicrobial Resistance
- Delivering National Strategic Networks for neonatal and maternity care, including agreed governance and accountability arrangements.
- Delivering a minimum viable product for Scotland Innovates to provide oversight and guidance on pan public sector, supplier led innovations across Scotland.
- Establishing and providing Innovation Services and resources to improve the pace of delivery and adoption of health and care innovations across Scotland.
- Designing and implementing a new Scottish Cancer Network (SCN).
- Commissioning international and cross border Mesh removal services.
- Delivering year 2 of the Digital Prescribing and Dispensing Pathways workplan.
- Delivering year 1 of the Scan for Safety workplan to improve patient safety.
- Completing the outline business case for the 10-year National Board Property and Asset Management Strategy.
- Remaining on track with the General Practitioner Information Technology (GPIT), Picture Archiving and Communication System (PACS) and Business Systems national digital programmes.
- Mapping and costing new cancer pathways for genomic testing.



Milestones that were behind schedule (amber)

Six measures are reporting as amber. This is the same number of amber measures as the end of year position in 2021/22.

- Delivery of the first iteration of a Diagnostic Imaging Workforce Plan for radiology was delayed by a month to enable a more comprehensive review.
- The eRoosting, Seer 2.0, Child Health and NSS SharePoint migration digital programmes experienced delays, primarily due to resource, budgetary and supplier pressures, and revised plans have been agreed.
- Nationally commissioned specialist elective services marginally missed their 80% target and updated remobilisation plans are in place for each board.

Milestones that were not likely to be achieved (red)

There were no milestones with red indicators. This is unchanged from the position at year end in 2022.

Milestones we are carrying forward

The following milestones are being carried forward due to their continuous nature or because agreement on funding has only recently been agreed.

- Improving the security of supply of immunoglobulin.
- Implementing the NHS Scotland Capital Delivery Strategy over the next 5 years.
- Implementing the Community Health Index (CHI) system.
- Implementing new cancer pathways for genomic testing.

Milestones that were stopped or paused

Two National Central Intravenous Additive Service (nCIVAS) Programme milestones were paused following recommendations to the NHS Scotland Board Chief Executives by the Programme Board to align our programme with the nCIVAS work in NHS England, which is about to restart following its pause due to COVID-19, and to account for costs and technology considerations.



Financial performance

Scottish Government sets three financial targets for NSS on an annual basis. These are:

Revenue Resource Limit (RRL) – a resource budget for ongoing operations.

Capital Resource Limit (CRL) – a resource budget for new capital investment

Cash Requirement – a financing requirement to fund the cash consequences of ongoing operations and new capital investment.

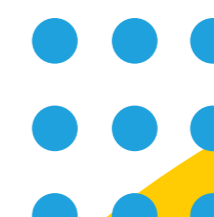
NSS is expected to stay within these limits and the performance against these limits in the current year is set out below.

	Limit as set by SGHSC £000	Actual Outturn £000	Variance (over)/under £000
Core Revenue Resource Limit (RRL)	702,237	701,748	489
Non-core Revenue Resource Limit (RRL)	17,006	17,005	1
Total Revenue Resource Limit (RRL)	719,243	718,753	490
Capital Resource Limit (CRL)	10,709	10,630	79
Cash Requirement	762,939	762,939	0

Memorandum for in-year outturn	£000
Core Revenue Resource Surplus in 2022/23	490
Financial flexibility funding banked with /(provided by) Scottish Government	0
Underlying/Surplus against Core Revenue Resource Limit	490
Percentage	100%

A one-year financial plan was submitted to Scottish Government by NSS on 31 March 2022. Due to the impact of the COVID-19 pandemic, Scottish Government paused the formal three year Annual Operating and financial planning process. However NHS boards have taken steps to return to medium term financial planning by preparing draft 3 year plans in 2022-23 that were shared with Scottish Government prior to return of formal 3 year financial planning from 2023-24.

Excluding the provision of financial flexibility provided by Scottish Government, the outturn would have been an underspend on RRL of £0.5m (equivalent to 0.07%). As this is within the one per cent flexibility afforded by the three-year financial planning, this will be managed within an overall breakeven position in the period to 2024-25.



Revenue

A total revenue resource of £718.7m (2021/22 £833.3m) was provided by SGHSC. Operating income of £385.8m (2021/22 £551.2m) has been credited to the Statement of Comprehensive Net Expenditure for the year ended 31 March 2023.

Total revenue expenditure in the year was £1,104.5m (2021/22 £1,384.2m), giving rise to a saving against the RRL set by SGHSC in the year of £0.489m as shown on the Summary of Resource Outturn (note 2a pg. 112).

Total revenue expenditure decreased by £279.9m in 2022/23 and is attributable to the reduction in COVID-19 expenditure (£410.4m) as we exit the pandemic. The main areas of reduction were PPE (£138.3m) and Test and Protect (£226.0m) in-line with SG policy decisions and the prevalence of the virus.

Excluding COVID-19, NSS' expenditure has increased by £110.5m across various Directorates.

The main area of increase is within Practitioner & Counter Fraud Services (P&CFS) where expenditure has increased by £51.8m – this is principally (£51.6m) in relation to Scottish Infected Blood Support Scheme (SIBSS) where NSS make payments on behalf of SG.

The other main increase is within National Services Division where costs have increased by £18.7m in-line with commissioned services remobilising following the pandemic.

Personal Protective Equipment (PPE) and Testing kits

This financial year NSS procured and delivered PPE and testing kits to organisations across the public sector in Scotland and testing kits to the Scottish public. Below is a breakdown of the costs. This reduction in expenditure mirrors the movement in NSS' Accounts and results from changes in policy in-line with prevalence of the virus.

	2022/23	2021/22
PPE	£000	£000
NHS boards	16,743	59,534
Social Care	1,647	18,997
Total	18,390	78,531
Testing Kits	2022/23	2021/22
NHS boards	4,300	5,900
Social Care & The Public	10,800	201,800
Total	15,100	207,700

The income and expenditure for PPE and testing kits provided to NHS boards is included in note 3 pg. 115 and note 4 pg.117 under Non-Clinical Services for Procurement, Commissioning and Facilities.

During this time, we continued to deliver our services as set out earlier in our purpose and activities to support NHS Scotland.

Services provided by NSS to NHS Scotland

NSS provide services to NHSScotland for which the income and expenditure for 2022/23 of £3,185.2m (2021/22 £3075.5m) is recognised in the accounts of the NHS boards. These are:

1. Payments to Primary Care Contractors

Payments made during the year to Primary Care contractors on behalf of NHS boards in Scotland were £3,034m (2021/22 £2,838.2m) from funds drawn from the SGHSC totalling £3,034m (2021/22 £2,838.2m). NSS administers the payments to primary care practitioners on behalf of NHSScotland.

2. Pharmacy Rebates

NSS administers the receipt of rebates from pharmaceutical suppliers on behalf of NHSScotland. The total income received from suppliers is £147.2m (2021/22 £133.1m).

3. NHS Board Maintenance payments

NSS administers the procurement and central payment of maintenance invoices for high value imaging and associated equipment. This year the total income received of £4.0m (2021/22 £4.2m). This service has been classified as an agency arrangement during this financial year.

Non-Current Assets - Sale of Land

During the financial year NSS sold the land at Ellen's Glen Road in Edinburgh, the former location of the Scottish Blood Transfusion Service head office to the City of Edinburgh Council. The sales proceeds of £7.3m will be reinvested in our future capital programme.

Non-Current Assets - Capital Expenditure

During the year NSS invested £17.7m (2021/22 £22.2m) in capital projects.

NSS expanded our estate in 2022/23 with additional warehousing in the Eurocentral campus and the new clinical waste facility of £8.0m. We also invested in our digital infrastructure, developing the Seer platform and the Community Health Index programme, and upgrading our IT systems £7.7m.

Further investment of £2.5m includes plant and equipment to support the blood transfusion service, purchase of breast screening equipment and mobile units and property maintenance.





Cash and Cash Equivalents

The cash and cash equivalents balance at the 31 March 2023 was £4.7m, this is a decrease of £0.7m compared with 2021/22.

Pensions and Pension Liabilities

Sums charged to the revenue account during the year in respect of deferred pensions, and the balance of the remaining liability for such costs, is shown in Note 18 (see pg. 138). During this accounting period, the charge to the Statement of Comprehensive Net Expenditure for pensions is based on the actual contributions level set by the Government Actuary. The costs associated with pension liabilities are shown in Note 18 (see pg. 138) and the Remuneration Report (see pg. 64). The accounting policy note for pensions is provided in Note 1 (see pg. 93).

Provisions

During the year, the value of provisions held in the accounts have decreased by £1.6m to £21.2m (2021/22 £22.8m). The decrease is a result of the reduction in future costs of backlog maintenance by £1.5m. There is a further net reduction relating to legal claims and organisational restructure of £0.1m.

Contingent liabilities

Contingent liabilities not provided for in the accounts total £0.9m (£0.9m in 2021/22). These are clinical and medical compensation payments and employer liability and are disclosed in Note 13 (see page 132).

PFI/PPP Scheme

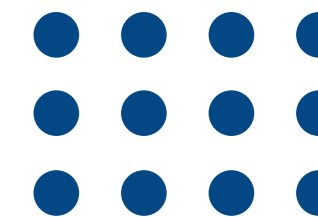
The value of the contract for the Jack Copland Centre on the Statement of Financial Position is £33.7m. The contract commenced in August 2017 and will complete in November 2041.

Payment Policy

Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

- In 2022/23 the average period of credit taken from all suppliers was 8.0 days (2021/22 10.0 days).
- In 2022/23 NSS paid 79.3% (2021/22 67.8%) of all invoices by value and 82.0% (2021/22 83.1%) of all invoices by volume, within 10 days.
- In 2022/23 NSS paid 93.3% (2021/22 86.0%) of all invoices by value and 93.1% (2021/22 93.7%) of all invoices by volume, within 30 days.

Key risks and issues



Infected Blood Inquiry

The Infected Blood Inquiry could lead to additional costs and an adverse reputational impact for NSS and, more specifically, for SNBTS. Oral submissions to the inquiry are now complete and the risk to NSS remains low. The Inquiry is scheduled to report in late summer 2023.

Public Inquiries

We are currently responding to a number of other public inquiries, including the UK and Scottish COVID-19 Public Inquiries and a risk was raised regarding the resource needed to respond to the inquiries. This is being managed through the central programme, individual Directorates and our legal representatives with positive relationships developed with the external Inquiry teams.

Unstructured and unclassified data

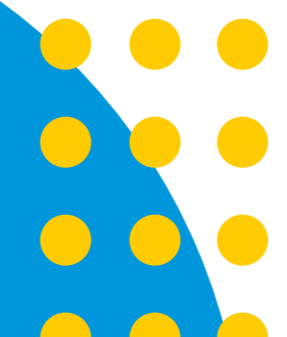
NSS may become non-compliant with governance and security legislation due to the amount of unstructured and unclassified data held on corporate storage areas. Data cleansing continues to reduce the risk and we are planning to move our data onto the SharePoint platform and report on unstructured data through dashboards. This risk will continue into 2023/24.

Financial Sustainability

NSS may be unable to deliver financially sustainable services in the longer term due to an increased cost base, reduced funding in line with the economic position and cessation of COVID-19 funding post 2021/22. A Financial Sustainability Action Plan has been implemented and a revised approach to financial planning undertaken. As we remained in financial balance, this risk is closed.

Improvements in our Risk Management Approach

We have made improvements to our risk management process, including engaging with stakeholders, and aligning our approach with best practice. A key development has been identifying levels of assurance for corporate risks with the highest levels of impact and likelihood. We will continue work on mapping assurance as we agree our strategic risks for 2023/24.



Recognising NSS' work

We celebrate our colleagues' outstanding achievements and are proud when the efforts of NSS are recognised by others. Here are some of our highlights from 2022/23.

Government Opportunities (GO) Awards

The Government Opportunity Awards are the UK's leading public procurement excellence awards, celebrating the very best procurement achievements from across UK's public, private and third sector organisations.

Individual Of The Year

Dave Taggart - National Procurement

Contracts & Supplier Mgmt Award

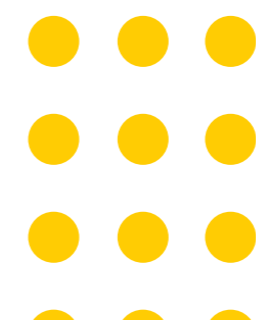
NHS Scotland National Procurement COVID Testing Team

Collaborative Procurement Initiative Awards

NHS National Procurement Scotland, Scottish Microbiology Virology Network, Public Health Scotland, Scottish Government COVID Testing Policy, COVID Regional Hubs, NSS Clinical Directorate & NHS Scotland Assure for the supply, delivery, and implementation of COVID-19 Testing for Scotland

Sustainable Procurement Initiative of the Year

NHS Scotland Community Benefit Gateway – highly commended



Scottish Government's Chief Healthcare Science Officer Awards 2022

Healthcare Scientists are at the forefront of healthcare within Scotland and never more so than over the last three years during the COVID-19 pandemic. We have seen our workforce demonstrate significant scientific and leadership skills enabling them to deliver their services in new and innovative ways whilst still maintaining high quality.

These new awards celebrate those skills and expertise and recognise innovation and transformation within our services, leadership within our workforce, and high-quality education and service delivery. It also provides a platform to share best practice throughout the profession.

Scottish Government's Chief Healthcare Science Officer Innovator Award

The Scottish Microbiology and Virology Network (SMVN) SARS-CoV-2 Technical Group

Scottish Health Awards

The Scottish Health Awards are the most prestigious and recognised awards for those working across NHS Scotland and its partners to deliver high quality health and social care services to the people of Scotland.

Healthcare Science Leader of the Year

Dr Fiona McKenzie – SMVN Scientific Manager

Top Team

NSS Covid Flu Vaccination Programme Team

Queen's Birthday Honours

MBE Janis Heaney

NSS Associate Director, National Strategic Networks, for her role as Associate Director of Customer Solutions and Experience in supporting effective coordination of COVID-19 testing activities in Scotland.

CBE Professor Jacqui Reilly

NSS Director of Nursing. The award recognises a career-long commitment to improving healthcare and public health

NSS Recognising Excellence Awards

The NSS recognising excellence awards have five categories.

- Great place to work
- Unsung hero(s)
- Collaboration
- Lead of the year
- Innovation/Service improvement

This year, we received 87 nominations for the NSS Recognising Excellence Awards.

Collaboration category - The Scottish Infected Blood Support Scheme Team; Unsung Hero category - Loraine Hartley; Innovation and Service Improvement category - SNBTS Implementation of anti-Hepatitis B core testing for blood donors' team; Leader of the Year award - Iain Houston; Great Place to Work category- NCC TraceSpace.

Appreciation and Feedback

Feedback about our services is important to us. Here are some examples of the positive feedback we have received.

Central Legal Office

Staff are responsive and knowledgeable within their field. They approach all matters professionally and diligently and provide a "safe pair of hands" in all aspects of what they do.

NHS Dumfries & Galloway

Scottish National Blood Transfusion Service

The local service in Ninewells is hugely accessible and the staff are always friendly even in pressurised situations. We include staff in our adverse event review processes with their regular input into staff education. I see the team as extended members of our maternity team and find them a really easy service to work with.

NHS Tayside

We use Histocompatibility and Immunogenetics (H&I) services weekly and sometimes ask daily advice. The service we receive is wonderful. They are always available, reliable, approachable and answer our questions quickly. We feel very lucky to have them in our service.

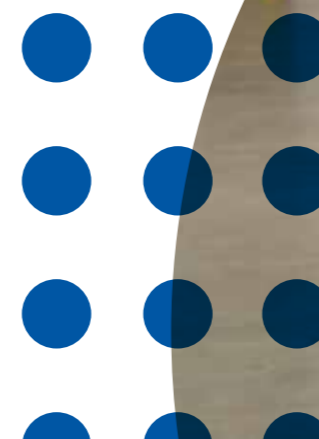
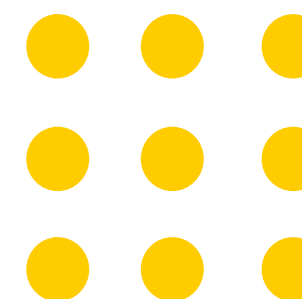
NHS Lothian

Scotland Innovates Portal

The level of service the Diagnostics team experienced via the NHS National Services Scotland portal has been nothing short of tremendous. Just as soon as we had completed our innovation submission, we were immediately invited to discuss our entry. Furthermore, we learned more in that initial 45-minute session regarding avenues to explore, and organisations to approach with our product, than any amount of desk research would provide.

Their great counsel and assistance left us feeling confident the service will afford us the best opportunity possible to get our innovation in front of the key decision makers in Scotland most likely to find value in our offering.

Innovation Programme Team, Diagnostics



Living our values

Public participation

NSS has an agreed approach and process in place for public participation which ensures we follow the legal requirements and national standards as set out by Scottish Government and Healthcare Improvement Scotland. NSS has adopted the Planning with People Guidance published by Scottish Government and COSLA.

The guidance sets out the responsibilities NHS boards, local authorities and Integration Joint Boards have to community engagement when health and social care services are being planned, or when changes to services are being considered and supports them to involve people meaningfully.

The work of the National Contact Centre increased our direct relationship with the public by handling a substantial number of enquiries relating to vaccinations. We continue to manage the helpline to support Ukrainian nationals displaced by the conflict with Russia.

In response to these increased responsibilities, the modernisation of our complaints handling system has enabled the public to provide feedback to help improve our services and the user experience.

Equality, inclusion, and diversity

Equality, inclusion, and diversity are a key consideration for all our new services or service improvements. We have embedded the equality and fairer Scotland duty impact assessment process across all our directorates and services. We continue to work collaboratively with our stakeholders engaging them in this process and we published our equal pay gap report and our mainstreaming equality report demonstrating our commitment to equality.

Volunteering

We continue to work within national guidance and standards for volunteering in the NHS in Scotland. Our volunteer numbers have decreased which is due in part to the impact of the pandemic.

Whistleblowing

NSS has a Whistleblowing Policy to reassure anyone raising a concern it is safe and acceptable to speak up, and to enable them to raise any concern at an early stage and in the right way. Encouraging people to raise concerns early helps drive improvement and having redesigned our processes to align with the National Whistleblowing Standards, introduced on 1 April 2021, with our staff across NSS completing mandatory whistleblowing training.

Confidential Contact Service

In line with our Values, we encourage issues to be dealt with at the earliest opportunity and want colleagues to feel empowered and supported to take the step to speak-up and raise a concern.

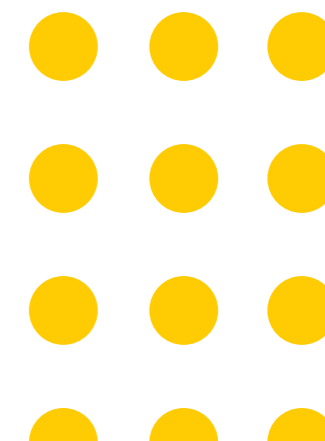
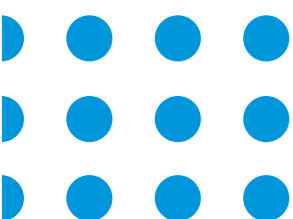
Staff can access our new Confidential Contacts service as an additional source of support and safe space where they can talk about any workplace concerns or issues they may have. Some examples might include issues around bullying and harassment, grievance, whistleblowing, equality, or wellbeing concerns.

Fraud prevention

NSS is committed to running the organisation in the best way possible and we have zero tolerance on bribery or any kind of fraud. All NSS employees have a personal responsibility to deter and detect fraud in the NHS. We provide a range of learning activities to promote fraud awareness across the organisation with these responsibilities set out in the Standing Financial Instructions. This year, we introduced the NHS Scotland Counter Fraud Standard and our progress in achieving the standard is discussed further in the Financial Sustainability section.

Mary C Morgan

Mary Morgan
Chief Executive 30 June 2023



Accountability report

Corporate governance report

Directors report

Date of issue

The Accountable Officer authorised these financial statements for issue on 30 June 2023.
 Appointment of Auditors

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Carole Grant, Audit Director, Audit Scotland to undertake the audit of NSS. The general duties of 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.

Board Membership

Under the terms of the Scottish Health Plan, the NSS Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of the NSS Board are selected based on their position or the expertise which enables them to contribute to the decision-making process at a strategic level.

The NSS Board has collective responsibility for the performance of NSS as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The Board Members who held office during the year are as follows:

Non-Executive Directors	Title	Appointed	Term Ended	Unexpired Term as at 31 March 2023
Mr Keith Redpath	Chair	01/08/19		0 yr 4 mths
Ms Julie Burgess	Vice Chair	01/12/15		0 yr 8 mths
Mr Ian Cant		01/08/13		2 yrs 4 mths
Mr Mark McDavid	Employee Director		31/08/22	
Mr John Deffenbaugh		01/02/16		0 yr 10 mths
Ms Alison Rooney		26/06/17		2 yrs 3 mths
Ms Lisa Blackett		19/10/20		1 yrs 7mths
Mr Gordon Greenhill		19/10/20		1 yrs 7mths
Prof Arturo Langa		19/10/20		1 yrs 7mths
Ms Beth Lawton		01/09/22		3yrs 5mths



Executive Directors	Title	Appointed	Term Ended	Unexpired Term as at 31 March 2023
Ms Mary Morgan	Chief Executive	01/04/21		
Ms Carolyn Low	Director of Finance	01/09/14		
Dr Lorna Ramsay	Medical Director	31/10/18		

The Board Members' responsibilities in relation to the Accounts are set out in the following statement.

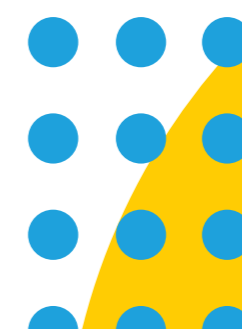
Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, NHS National Services Scotland (NSS) 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 NSS as at 31 March 2023 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

The NSS Board members are responsible for ensuring proper accounting records are maintained which disclose, with reasonable accuracy, at any time the financial position of NSS 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 NSS and hence taking reasonable steps for the prevention of fraud and other irregularities.

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



Board Members' and Senior Managers' Interests

Details of any interests of Board Members, Senior Managers and other senior staff in contracts or potential contractors with NSS, as required by IAS 24, are disclosed in note 21 (see page 81). The Register of Interests for all Board Members can be found on the NSS website at <https://www.nss.nhs.scot/publications/register-of-interests/>

Directors third party indemnity provisions

There have been no third-party indemnity provisions in place during the financial year.
Remuneration for Non Audit Work

Remuneration for Non-Audit Work

Audit Scotland did not undertake any non-audit work during 2022/23 and received no additional remuneration from NSS.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose duties on Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year.

In accordance with the Public Services Reform (Scotland) Act 2010, NSS publish the full information as required by the act on the NSS website following the approval of the Directors Report and Accounts. The report for 2022/23 will be available from August 2023 at <https://www.nss.nhs.scot/>

Personal data related incidents reported to the Information Commissioner

There were no NSS data related incidents reported to the Information Commissioner's Office (ICO) in 2022/23.

Disclosure of Information to Auditors

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.

Statement of Accountable Officer's Responsibilities

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

This designation carries with it responsibility for:

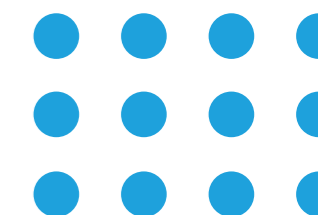
- the propriety and regularity of financial transactions under my control;
- the economical, efficient and effective use of resources placed at NSS disposal; and
- safeguarding the assets of the Board.

In preparing the accounts I am required to comply with the requirements of the government's Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the government Financial Reporting Manual 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 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 Officers letter to me on the 1 April 2021.



Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with NHS National Services Scotland’s (NSS) policies and promotes achievement of the organisation’s aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to NSS.

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

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

- A Board which meets regularly to consider the plans and strategic direction of the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive members of the organisation and Non-Executive members. The Board minutes are publicly available at <https://www.nss.nhs.scot/>
- A single system of governance and risk management arrangements with clear supporting lines of accountability and agreed Scheme of Delegation, Standing Financial Instructions and Standing Orders;
- The consideration by the Board of periodic reports from the Chairs of the Finance, Procurement and Performance, Staff Governance, Clinical Governance, Information Governance, Remuneration and Succession Planning and Audit and Risk Committees, concerning any significant matters on governance, risk and internal controls;
- Prioritisation of risks and allocation of responsibility for mitigating action to named senior officers; and
- A focus on Best Value and a commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements.

Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks facing NSS. 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.

This process within NSS accords with the guidance from Scottish Ministers in the SPFM

and supplementary NHS guidance and has been in place for the year up to the date of approval of the Annual Report and Accounts.

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

Governance Framework

NSS Board

The Board met formally five times during the year to progress the business of NSS and was supported in its work by the Committees listed below. It also met informally with Directors and other Senior Members of the Management Team to develop the NSS strategy and priorities, whilst also considering our strategic, finance and workforce plans and other emerging issues.

The following includes the standing Committees that exist in NSS and the number of times the Committees have met during the year:

Committee	Number of meetings 2022/23	Number of meetings 2021/22
Audit and Risk Committee	7	6
Finance Procurement and Performance Committee	4	4
Clinical Governance and Quality Improvement Committee	4	4
Staff Governance Committee	5	4
Remuneration and Succession Planning Committee	4	3
Total	24	21



Audit and Risk Committee

The Audit and Risk Committee was chaired by Ms. Julie Burgess. During the year its membership comprised Mr. Mark McDavid (to 31 August 2022), Ms. Alison Rooney, Mr. John Deffenbaugh, Mr. Gordon Greenhill, Professor Arturo Langa and Ms. Beth Lawton (from 1 September 2022). The Chief Executive, Director of Finance, Director of Strategy Performance and Service Transformation, Chief Internal Auditor, External Auditors and Service Auditors are also usually in attendance at the meetings along with other members of NSS staff as required. The Committee met seven times during the year.

The Committee assists the Board in delivering its responsibilities by providing assurance that an appropriate system of internal control has been implemented and is operating effectively to address areas of risk for the organisation. It is the role of the Committee to review the Annual Report and Accounts and the Annual Audit Report on behalf of the NSS Board.

The Committee also considers and scrutinises NSS' compliance with relevant legislation, duties under Common Law and performance against national standards with regards to information governance. This covers Caldicott Guardianship and Confidentiality; Data Protection; Information Security; Freedom of Information and Records Management.

Finance, Procurement and Performance Committee

The Finance, Procurement and Performance Committee was chaired by Mr. Mark McDavid (to 28 July 2022) and Mr. Gordon Greenhill (from 29 July 2022). During the year, its membership comprised Ms. Julie Burgess, Mr. Ian Cant, Mr. Keith Redpath, Ms. Lisa Blackett, Mr. Gordon Greenhill (to 28 July 2022), Mr. Mark McDavid (from 29 July 2022 to 31 August 2022) and Ms. Beth Lawton (from 1 September 2022). The Chief Executive, Director of Finance and Director of Strategy Performance and Service Transformation are usually in attendance along with other members of NSS staff as required. The Committee met four times during the year.

The Committee regularly reviews the financial position of NSS to ensure that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of all resources.

Clinical Governance and Quality Improvement Committee

The Clinical Governance Committee was chaired by Ms. Alison Rooney and comprised Mr. Mark McDavid (to 31 August 2022), Mr. Keith Redpath, Ms. Lisa Blackett, Professor Arturo Langa, Mr Gordon Greenhill and Ms Beth Lawton (from 1 September 2022). The Chief Executive, Medical Director and the Nurse Director are usually in attendance along with other members of NSS staff as required. The Committee met four times during the year.

The Committee's remit is to provide an overarching governance of all clinical matters within NSS including complaints, clinical risk, and quality of clinical service. It must also satisfy itself that each NSS Directorate has processes in place to monitor and report clinical governance issues, and to link clinical governance with risk management as prescribed by NHS Healthcare Improvement Scotland (HIS).



Staff Governance Committee

The Staff Governance Committee was chaired by Mr John Deffenbaugh (to 8 September 2022) and Ms Lisa Blackett (from 9 September 2022). During the year its membership comprised Mr Ian Cant, Mr Mark McDavid (to 31 August 2022), Mr Keith Redpath, Professor Arturo Langa (from 21 December 2022) and Ms Beth Lawton (from 1 September 2022), with Mr Gerry McAteer, Mr Tam Hiddleston, Ms Susan Cook (to 31 August 2022) and Ms Suzanne Milliken as Trade Union representatives. The Chief Executive and Director of HR and Workforce Development are usually in attendance, along with other members of NSS staff as required. The Committee met five times during the year.

The Committee supports and maintains a culture within NSS where the delivery of the highest possible standard of staff management is understood to be the responsibility of every employee and is built upon partnership working and collaboration.

Remuneration and Succession Planning Committee

The Remuneration and Succession Planning Committee was chaired by Mr Ian Cant. During the year the membership comprised Ms Alison Rooney, Ms Julie Burgess, Mr John Deffenbaugh and Mr Keith Redpath. The Chief Executive and the Director of HR and Workforce Development are usually in attendance at the meetings. The committee met four times during the year.

Further detail on the Remuneration and Succession Planning Committee is provided in the Remuneration Report (pg 64).

Ethics Committee

NSS does not have a standalone ethics committee. Ethics are considered at each governance committee.



Operation of the Board

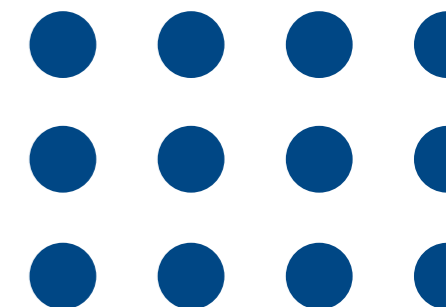
NSS governance and management structures support the Scottish Public Finance Manual (SPFM) by embedding it in their strategic reviews and day to day activities as follows:

- NSS governance and management structures support the Scottish Public Finance Manual (SPFM) by embedding it in their strategic reviews and day to day activities as follows:
- NSS' vision for the future is to support Scotland, through providing shared services that improve the quality, efficiency and resilience of services provided to people in Scotland. Supporting Scotland's health will continue to be at the core of what we do. However, the Public Sector Reform Order and subsequent Joint Working Bill have allowed NSS to broaden its service as we support our Health and Local Authority partners in the delivery of effective Health and Social Care Integration and look to provide services more widely to the Public Sector.
- As discussed in the Performance Report (see pg. 5), the NSS Annual Delivery Plan (ADP) for the financial year was agreed with Scottish Government at the beginning of 2022-23. The ADP required NSS to deliver on 94 milestones. Progress against these commitments is monitored and reported to the NSS Board at mid-year and the end of the financial year.
- The Blueprint for Good Governance in NHS Scotland, Second Edition provides NHS boards with guidance on how to deliver and sustain good governance. In response to this publication, a full review of NSS' key corporate governance documentation has been carried out and has been brought together under a Corporate Governance Framework.



- The NSS Board review, on an annual basis, the NSS Corporate Governance Framework which includes; the Standing Orders and Committee Terms of Reference; the Code of Conduct that the Board Members must comply with; the Standing Financial Instructions, and the Scheme of Delegation. These documents are the focus of the Board's annual review of governance arrangements.
- The Board has a Board Assurance Framework in place to support the Board to determine if the right controls are in place to achieve NSS' Strategic Objectives. Further information can be found on our website at: <https://www.nss.nhs.scot/media/3054/nss-board-papers-24321-combined-read-aloud-activated.pdf>
- The NSS Committees: Audit and Risk, Finance, Procurement and Performance, Clinical Governance and Quality Improvement, Remuneration and Succession Planning and Staff Governance met at least three times formally during the year to review and challenge activities and practices across NSS. All committees hold informal development sessions. The committees provide minutes of their meetings to the NSS Board on a quarterly basis.

- NSS holds Board Seminar and Committee Seminar meetings. These are formative business discussions or learning opportunities about a specialist topic. NSS also supports Board development session(s) where the development needs of the Board are addressed.
- The Board receives monitoring reports from the Director of Finance at each meeting on budgetary control and performance measured against the Board's approved Financial Plan. The robust processes which we have in place for setting budgets and monitoring performance ensure that our resources are used efficiently and effectively. The budget also includes a Cash Releasing Efficiency Savings target which was achieved during the year.
- The Board receives regular reports from the Director of Human Resources and Workforce Development relating to staffing matters, and other directors on matters relevant to their areas of responsibility.
- NSS exercises governance over its IT and Information Security matters in a coordinated and effective manner. The Director of Digital and Security (DaS), who is also the Senior Information Risk Owner (SIRO) reports to the Chief Executive. DaS publishes a monthly electronic update on all its activities to a wide range of NSS staff; submits an update report to each Executive Management Team meeting highlighting achievements, challenges and upcoming activity; and conducts regular reviews with its key external suppliers on their service delivery and development performance.



- Digital and Security is also fully integrated into NSS Business Continuity Planning, Digital and Security Business Partners are aligned to each of the other Directorates to ensure effective and transparent relationships and service delivery.
- There is a clear process in place for the review of NSS Board performance for both Executive and Non-Executive Directors. In line with NHS Chairs group and Scottish Government guidance “Corporate Governance: Being effective – what NHS Non-Executive Directors need to know” the Non-Executive Directors have an annual performance review with the Chair of the NSS Board. A full induction programme is available for Non-Executive Directors. A leadership development framework is in place to offer a range of development activities to meet identified needs. Access to external and national programmes in line with the development plan and career objectives are also in place.
- NSS is committed to partnership working with staff and the wider public sector. There are monthly partnership meetings which review the policies and processes of NSS. We also engage with staff through a number of methods of communication including Stay Connected, our staff newsletter, management briefs, team and directorate updates and staff surveys.
- In addition to the Once for Scotland Code of Conduct Policy for members, NSS has in place a code of conduct for staff. This contains information for staff on how to deal with the disclosure, either internally or externally, of malpractice, as well as illegal acts or omissions at work – commonly known as “whistleblowing”. Employees are encouraged to raise concerns regarding the organisation’s activities. The Freedom of Speech policy and the Fraud Management Policy are highlighted as part of the induction programme. These documents are also available on the NSS intranet.



- NSS also has a well-established complaints system, whereby members of the public can make a formal complaint to the Board. Information on our complaints procedures is available on the NSS website.
- Performance against Scottish Government’s Best Value Guidance for Accountable Officers is reviewed biennially and will next be reviewed and reported on by the NSS Finance, Procurement and Performance Committee in 2023/24.
- The Change Oversight Group (COG) supports compliance with the NSS Organisational Change Polices and provides oversight of NSS ongoing modernisation and growth enablement to support the Scottish Government Public Sector Reform legislation. The Portfolio Management Group (PMG) provides oversight and support for national programmes. Both groups membership consists of EMT members and senior professionals from across the organisation. The groups provide regular progress reports to the NSS Board.

Internal Audit

NSS’ Internal Auditors submit regular reports to the Audit and Risk Committee. Each year the Head of Internal Audit also submits an independent opinion on the adequacy and effectiveness of NSS’ system of internal control, together with recommendations for any improvements. In accordance with the Internal Audit Plan for 2022-23, agreed by the Audit and Risk Committee, the Internal Auditors carried out a review of the systems in place to provide assurances about the internal controls operating within NSS.

Internal Audit Opinion:

“Significant assurance with minor improvements assurance can be given on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control”.

Overall, the review found that the assurance framework is founded on a systematic risk management process and does provide appropriate assurance to the Board.

The assurance framework does reflect the organisation’s key objectives and risks and is reviewed by the NSS board on a regular basis.

There were four high risk recommendations identified by the Internal Auditors as part of their overall review.

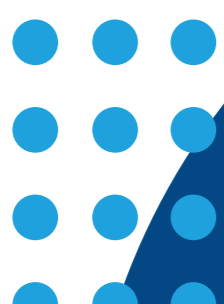
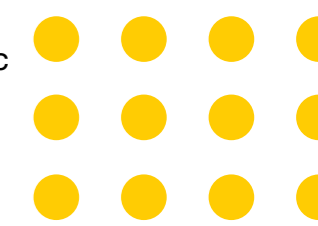
Recommendation 1 – Improve resilience of teams across the four contractor payment streams in Practitioner and Counter Fraud Services. The team structures will be review by June 2023.

Recommendation 2 – NSS to develop a systematic plan and approach which set out the Clinical Governance and Quality Improvement Framework should be deployed across the organisation by June 2023

Recommendation 3 – NSS to formalise the plans to tackle ageing IT Infrastructure, underpinned by a robust risk assessment and funding requirements by July 2023.

Recommendation 4 – NSS to develop an IT infrastructure accountability framework which defines the roles and responsibilities for system and business owners of IT applications. Plans to be finalised and approved by July 2023 and implemented by March 2024.

Similarly, the medium and low risk findings reported also have actions plans in place. Management actions in response to the recommendations are reported to the Audit and Risk Committee at each meeting.



Service Audits

Service Audits were undertaken for the year to 31 March 2023 in accordance with the International Standard on Assurance Engagements (ISAE) 3402 – Assurance Reports on Controls at a Service Organisation – issued by the International Auditing and Assurance Standards Board.

ISAE 3402 allows us to disclose our control activities and processes in a uniform reporting format which describes the control objectives, the key controls and processes implemented by NSS, and the results of the testing undertaken by the Service Auditor. It also provides positive assurance over the controls in place and clearly identifies areas of control weakness.

The areas covered by Service Audit are:

- Payment of Primary Care Contractors;
- National IT Services; and
- Payroll Services.

The Service Auditors have provided clean audit opinions for the Payment of Primary Care Contractors, National IT and Payroll Services. Full reports have been made available to all relevant NHS boards. Audit Scotland, in its letters to external auditors of other NHS Scotland boards, concluded that it was able to place reliance on the work in respect of Payments to Primary Care Contractors.

NSS receive a service audit report for the national finance system. The service auditors are appointed by NHS Ayrshire and Arran who provide this service to all NHS Scotland boards. The service audit for 2022/23 reported a clean audit opinion with three exceptions noted and management actions in place to address them.

In January 2023, NHS Ayrshire and Arran carried out a planned upgrade to the national finance system. Following the upgrade, all NHS Scotland boards experienced performance issues with the system which resulted in the loss of electronic invoice and statement images for a period of three weeks and a delay to the internal financial reporting cycle for January 2023. To ensure suppliers continued to be paid timeously, in line with our Business Continuity Plan, we implemented alternative ways of working until performance improved and the electronic images were available in the system. Audit Scotland have extended their substantive testing of supplier invoices over the period to satisfy assurance that there was no impact on financial controls during this time.

External Audit

Audit Scotland submitted regular reports to the Audit and Risk Committee. I have received these reports and have ensured that we have acted on any matters raised.

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:

- the Executive Directors within NSS who have responsibility for the development and maintenance of the internal control framework. To this end I have requested and received a positive certificate of assurance from all Directors on the standard of internal control within NSS;

- the work of the Internal Auditors who submit reports to the NSS Audit and Risk Committee which include their independent and objective opinion on the adequacy and effectiveness of the NSS systems of internal control together with recommendations for improvement;
- comments made by the External Auditors in their management letters and other reports; and
- the work of our Service Auditors who submit reports to the NSS Audit and Risk Committee which includes their independent opinion on the controls in place around the services we provide to customer NHS boards.

I have been advised on the implications of my review of the system of internal control by the Board and the Audit and Risk Committee and plan to ensure continuous improvement by

addressing areas where controls can be improved.

As a public body, NHS National Services Scotland is committed to achieving Best Value in the delivery of our services.

Cyber Security Incident

On 4 August 2022, Advanced Computer Software Group Limited, and its group of companies, was the victim of a cyber-attack, subsequently confirmed to be a ransomware attack (the “**Cyber Attack**”). Amongst these group companies is Advanced Health and Care Limited (“**Advanced**”), which is a key supplier to NHS Scotland.

Scottish Government commissioned NSS to set up a National Incident Management Team to oversee the Reinstatement of the Adastra application in Scotland led by the NSS Deputy Medical Director. Adastra is the hosted application used by Primary Care Out of Hours (“**OOH**”) services across NHS Scotland and in police custody settings.

The Adastra application was reinstated in 3 phases.

- Phase 1 - Adastra application became available for OOHs use again in September 2022.
- Phase 2 - NHS 24 came back online in October 22. This enabled territorial boards to use the Adastra application to consult with, record patient information and communicate with GP Practices.
- Phase 3 - Additional functionality, remote use of Adastra and data reporting, was brought online over a period of time, and full functionality was restored for all boards in January 2023.

There is still ongoing work with Public Health Scotland to retrieve all data from the Primary Care OOHs services that was lost due to the Cyber Attack. A review of the management of the Cyber Attack is underway, and a lessons learned report will be produced by the Core Reinstatement Group in July 2023.

Disclosures

As set out above, a comprehensive programme of work has been undertaken by Internal Audit, External Audit and Service Audit.

During the financial year, 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.

Remuneration Report and Staff Report

Determination of Senior Employees Remuneration

The remuneration of the members of the NSS Executive and Senior Management Cohort is determined by the Scottish Government Health and Social Care Directorates (SGHSC) under Ministerial Direction and in accordance with HDL(2006)23, HDL (2006)59, CEL(2007)4, CEL(2007)22 CEL(2008)52, CEL(2010)6, CEL(2011)7 and subsequent circulars PCS(ESM)2012/1 and PCS(ESM)2013/1. All Director and Senior Management posts are subject to evaluation by the National Evaluation Committee, an independent panel that reports to the SGHSC. Salary on appointment is authorised by the NSS Remuneration and Succession Planning Committee. Performance appraisal for managers in the Executive Cohort is monitored by the National Performance Management Committee (NPMC). The performance management of staff within the Senior Management Cohort is the responsibility of the Directors and NSS Remuneration and Succession Planning Committee in line with HDL (2007)15. Assessment of performance must be systematic, evidence based and properly recorded.

Business Interests

NSS Executive and Non-Executive Directors are required to declare any business interests on a Register of Interests, and this is amended when any new interests are declared. This is published on the NSS website <https://www.nss.nhs.scot/> and in the Annual Report. All Executive Directors and Senior Managers are also governed by the NSS Code of Conduct as part of the Standing Orders and Standing Financial Instructions.

Remuneration and Succession Planning Committee

The Remuneration and Succession Planning Committee was chaired Mr I Cant. Its membership shall consist of no less than three Non-Executive members of the Board and the Chair. The Committee met three times during the year.

The remit of the committee is to:

- Conduct a regular review of the NSS policy for the remuneration and performance management for the members of the Executive and Senior Management Cohorts;
- Agree all terms and conditions of employment of the Executive Cohort;
- Agree objectives for members of the Executive Cohort in line with guidance from the SGHSC and NPMC;
- Ensure effective measures are in place for the performance management of the Senior Management Cohort; and
- Review and approve annually the discretionary points awarded by the NSS Committee on Consultants' discretionary points.

Remuneration of Senior Managers

Remuneration for NSS Executive Management for current and future financial years is subject to Ministerial Direction and circulars published by the SGHSC. NSS Remuneration and Succession Planning Committee will approve all appointment salaries where the lower half of the salary scale would not secure the appointment. The Committee will also approve all performance ratings for end of year payments for staff within the Executive and Senior Management Cohorts.

Assessment of Performance Conditions

Annual performance objective setting and appraisal is conducted as part of a normal appraisal cycle. Appraisals for members of the NSS Executive and Senior Management cohorts are in line with the recommendation set out in HDL (2006)54, HDL (2007)15, subsequent circulars and Good Practice Guide. Performance management and appraisal arrangements follow the nationally prescribed format and are directly linked to the improved performance of NSS in the delivery of its objectives and Annual Delivery Plan.

Performance ratings are based on a scoring matrix as set out in the defining Scottish Government Health and Social Care circulars. All ratings must be fully evidenced.

The Remuneration and Succession Planning Committee has oversight of the performance management outcomes for Senior Management Cohort and approves the performance rating for the Chief Executive. The Chair and Chief Executive approve the performance ratings for staff within the Senior Management Cohort. Performance ratings for staff in the Executive Cohort are considered by the National Performance Management Committee to provide assurances to Ministers.



Performance Appraisal and Connections to the Remuneration Package

Executive and Senior Managers' progression through the pay range is subject to the fully acceptable performance of the individual. Performance Related Pay is subject to Ministerial Direction and any payments will be made in accordance with Scottish Government Health and Social Care circulars. All payments to Executive and Senior Managers are approved by the Remuneration and Succession Planning Committee and the Scottish Government Health and Social Care Directorate (where appropriate).

Contractual Arrangements for Senior Management

Senior Managers contracts are determined by the Scottish Government Health and Social Care Directorate as laid out in HDL (2006)23, HDL (2006)59 and subsequent publications. These govern the terms and conditions and remunerations of Senior Managers. These terms and conditions and contracts came into effect from 1st October 2005 and supersede contracts prior to that date.

The duration of contracts must be approved by the NSS Remuneration and Succession Planning Committee and, in line with legislation and best practice, the use of fixed term appointments is restricted. If the contract of employment is terminated by NSS for any reason other than gross misconduct, such termination shall be with notice or payment in lieu of notice if appropriate, typically three months for Senior Managers. In the event of termination of contract by reason of redundancy, the termination shall be in accordance with PCS(RED)2006/1 and PCS(DD)2007/1 and associated Addendums which state that redundancy will be based on one month's salary for each year of reckonable service up to twenty-four years' service. All Senior Managers have a notice period of three months, except for the Chief Executive who has a notice period of 6 months.

Amounts Payable to Third Parties for Services of a Senior Manager

There have been no payments to third parties for the services of an Executive or Senior Management staff. This excludes arrangements with other NHS boards and the Scottish Government Health and Social Care Directorate for staff secondments.

Significant Awards made to Senior Managers

There is no provision for non-consolidated performance payments. This is in line with the guidance contained in the Scottish Government Health and Social Care circulars PCS(ESM)2012/1 and PCS(ESM)2013/2.

Board Members and Senior Employees Remuneration

for the Year Ended 31 March 2023 (Audited)

Remuneration Table	Gross Salary (Bands of £5,000)	Total Earnings in Year (bands of £5,000)	Pension Benefits	Benefits in Kind	Total Remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£'000	£'000
Executive Members					
Chief Executive Ms M Morgan	145 – 150	145 – 150	96	0	240 – 245
Director of Finance Ms C Low	115 – 120	115 – 120	16	0	130 – 135
Medical Director Dr L Ramsay	180 – 185	180 – 185	93	0	275 – 280
Non-Executive Members					
Mr K Redpath	25 – 30	25 – 30	0	0	25 – 30
Ms J Burgess	5 – 10	5 – 10	0	0	5 – 10
Mr M McDavid (to 31 August 2022)	0 – 5	0 – 5	0	0	0 – 5
Mr J Deffenbaugh	5 – 10	5 – 10	0	0	5 – 10
Ms A Rooney	5 – 10	5 – 10	0	0	5 – 10
Ms L Blackett	5 – 10	5 – 10	0	0	5 – 10
Mr G Greenhill	5 – 10	5 – 10	0	0	5 – 10
Prof A Langa	5 – 10	5 – 10	0	0	5 – 10
Ms B Lawton (from 1 September 2022)	5 – 10	5 – 10	0	0	5 – 10
Employee Director; Mr I Cant	55 – 60	55 – 60	21	0	75 – 80
Senior Employees					
Director of Central Legal Office (to 30 June 2022) Ms N Shippin	30 – 35	30 – 35	0	0	30 – 35
Director of Digital and Security Mr S Flockhart (from 1 May 2022)	115 – 120	115 – 120	31	0	150 – 155



Remuneration Table	Gross Salary (Bands of £5,000)	Total Earnings in Year (bands of £5,000)	Pension Benefits	Benefits in Kind	Total Remuneration (bands of £5,000)
Director of Primary Care & Counter Fraud Services Mr M Bell	95 – 100	95 – 100	17	0	110 – 115
Director of National Procurement Mr G Beattie	100 – 105	100 – 105	13	0	110 – 115
Director of National Specialist Services & Screening Ms S Buchanan	100 – 105	100 – 105	0	0	100 – 105
Director of NHS Scotland Assure Ms J Critchley	100 – 105	100 – 105	0	0	100 – 105
Director of Scottish Blood Transfusion Service Prof M Turner	160 – 165	160 – 165	53	0	215 – 220
Director of HR and Workforce Development Ms J Jones	110 – 115	110 – 115	10	0	120 – 125
Director of Strategy, Performance and Service Transformation Mr L Neary	110 – 115	110 – 115	32	0	145 – 150
Nurse Director Prof J Reilly	110 – 115	110 – 115	0	0	110 – 115
Total			382	0	

Note

1. Remuneration excludes Employer Pension and Employer NI contributions.
2. Proportion of Employee Director total remuneration for non-Board duties for Mr I Cant is Band 45-50.
3. The gross salary for the Chief Executive and Medical Director includes an element of arrears of pay relating to prior years.
4. The annualised remuneration (in bands of £5,000) for members who have joined or left during the year is as follows: Mr S Flockhart 130 – 135 and Ms N Shippin 120- 125.
5. Ms C Low has also held the positions of Interim Director of Digital and Security to 30 April 2022 and Interim Director of Central Legal Office from 1 July 2022.
6. The calculation of the pension benefits 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.

7. The total earnings in year column show the remuneration relating to actual earnings payable in 2022-23.

8. Benefits in kind relate to the leased car scheme.

Board Members and Senior Employees Remuneration

for the Year Ended 31 March 2023 (Audited)

Pension Values Table	Total accrued pension at 31 March 2023 (Bands of £5,000)	Real increase in pension (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2022	Cash Equivalent Transfer value (CETV) at 31 March 2023	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000
Executive Members					
Chief Executive Mrs M Morgan	75 - 80 175-180 Lump sum	2.5 – 5.0 10 – 12.5 Lump sum	1,518	1,652	134
Director of Finance: Mrs C Low	30 – 35	0 – 2.5	434	462	28
Medical Director: Dr L Ramsay	45 – 50 80 – 85 Lump sum	5.0 – 7.5 5.0 – 7.5 Lump sum	742	847	105
Non-Executive Members					
Employee Director; Mr I Cant	20 – 25 50 – 55 Lump sum	0 – 2.5 0 – 2.5 Lump sum	370	399	29
Senior Employees					
Director of Strategy, Performance and Service Transformation Mr L Neary	0 – 5	0 – 2.5	22	49	27
Director of Digital and Security: (from 1 May 22) Mr S Flockhart	5 – 10	0 – 2.5	55	83	28

Pension Values Table	Total accrued pension at 31 March 2023 (Bands of £5,000)	Real increase in pension (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2022	Cash Equivalent Transfer value (CETV) at 31 March 2023	Real increase in CETV in year
Director of Primary Care & Counter Fraud Services Mr M Bell	25 – 30	0 – 2.5	367	394	27
Director of National Procurement Mr G Beattie	30 – 35 50 – 55 Lump sum	0 – 2.5 (5.0) – (2.5) Lump sum	602	628	26
Director of NHS Scotland Assure Ms J Critchley	50 – 55	0 – 2.5	685	700	15
Director of Scottish National Blood Transfusion Service Prof M Turner	35 – 40	2.5 – 5.0	587	665	78
Director of HR and Workforce Development Ms J Jones	35 – 40	0 – 2.5	611	645	34
Nurse Director Prof J Reilly	55 – 60 110 – 115 Lump sum	(2.5) – 0 (10.0) – (7.5) Lump sum	1048	1044	(4)
Total			7,041	7,568	527

Note

- The CETV calculator is obtained from the Civil Service Pensions and is updated for the NHS Pension Scheme factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed the "CETV at start of the period" can be different from the "CETV at end of the period reported in 2021/22.
- The table excludes Non- Executive and Senior Employees who are not members of the pension scheme.
- Ms J Critchley pension calculation includes pension transferred in from NHS previous employer.

Board Members and Senior Employees Remuneration

for the Year Ended 31 March 2022 (Audited)

Remuneration Table	Gross Salary (Bands of £5,000)	Total Earnings in Year (bands of £5,000)	Pension Benefits	Benefits in Kind	Total Remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£'000	£'000
Executive Members					
Chief Executive Ms M Morgan (from 1 April 2021)	125 – 130	125 – 130	23	0	145 – 150
Director of Finance & Interim Director of Digital and Security: (from 1 February 2022) Ms C Low	110 – 115	110 – 115	33	0	145 – 150
Medical Director: Dr L Ramsay	135 – 140	135 – 140	40	0	175 – 180
Non-Executive Members					
Mr K Redpath	25 – 30	25 – 30	0	0	25 – 30
Mr M McDavid	5 – 10	5 – 10	0	0	5 – 10
Ms J Burgess	5 – 10	5 – 10	0	0	5 – 10
Mr J Deffenbaugh	5 – 10	5 – 10	0	0	5 – 10
Ms A Rooney	5 – 10	5 – 10	0	0	5 – 10
Ms L Blackett	5 – 10	5 – 10	0	0	5 – 10
Mr G Greenhill	5 – 10	5 – 10	0	0	5 – 10
Prof A Langa	5 – 10	5 – 10	0	0	5 – 10
Employee Director; Mr I Cant	50 – 55	50 – 55	18	0	65 – 70
Senior Employees					
Director of Central Legal Office Ms N Shippin	110 – 115	110 – 115	26	5.80	145 – 150
Director of Digital and Security Mr D Mitchelson	120 – 125	120 – 125	31	0	150 – 155

Remuneration Table	Gross Salary (Bands of £5,000)	Total Earnings in Year (bands of £5,000)	Pension Benefits	Benefits in Kind	Total Remuneration (bands of £5,000)
Director of Primary Care & Counter Fraud Services Mr M Bell	90 – 95	90 – 95	28	0	120 – 125
Director of Procurement, Commissioning and Facilities Mr G James (from 1 April 2021 to 17 January 2022)	85 – 90	85 – 90	59	0	145 – 150
Director of National Procurement Mr G Beattie (from 18 January 2022)	20 – 25	20 – 25	35	0	55 – 60
Director of National Specialist Services & Screening Ms S Buchanan (from 18 January 2022)	20 – 25	20 – 25	0	0	20 – 25
Director of NHS Scotland Assure Ms J Critchley (from 18 January 2022)	25 - 30	25 - 30	14	0	40 - 45
Director of Scottish National Blood Transfusion Service Mr C Spalding (to 23 January 2022)	90- 95	90 – 95	25	3.42	120 - 125
Director of Scottish Blood Transfusion Service Prof M Turner (from 1 February 2022)	35 – 40	35 - 40	27	0	60 - 65
Director of HR and Workforce Development Ms J Jones	105 – 110	105 – 110	36	0	140 – 145
Director of Strategy, Performance and Service Transformation Mr L Neary (from 1 June 2021)	90 – 95	90 - 95	23	0	115 - 120

Remuneration Table	Gross Salary (Bands of £5,000)	Total Earnings in Year (bands of £5,000)	Pension Benefits	Benefits in Kind	Total Remuneration (bands of £5,000)
Director of Nursing Prof J Reilly	110 – 115	110 – 115	35	0	145 - 150
Total			453	9.22	

Note

8. Remuneration excludes Employer Pension and Employer NI contributions.
9. Proportion of Employee Director total remuneration for non Board duties for Mr I Cant is Band 40-45.
10. The annualised remuneration (in bands of £5,000) for members who have joined or left during the year is as follows:
Mr L Neary 110 - 115, Mr D Mitchelson 145-150, Mr G James 115 – 120, Mr G Beattie 95-100, Mrs S Buchanan 90 -95, Ms J Critchley 95-100, Mr C Spalding 105 - 110 and Prof M Turner 195 - 200.
11. The calculation of the pension benefits 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.
12. The total earnings in year column show the remuneration relating to actual earnings payable in 2021-22.
13. Benefits in kind relate to the leased car scheme.



Board Members and Senior Employees Remuneration

for the Year Ended 31 March 2022 (Audited)

Pension Values Table	Total accrued pension at 31 March 2022 (Bands of £5,000)	Real increase in pension (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2021	Cash Equivalent Transfer value (CETV) at 31 March 2022	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000
Executive Members					
Chief Executive Ms M Morgan (from 1 April 2021)	20 – 25	0 – 2.5	384	416	32
Director of Finance: & Interim Director of Digital and Security (from 1 February 2022) Mrs C Low	15 – 20	0 – 2.5	168	202	34
Medical Director: Dr L Ramsay	35 – 40	2.5 – 5.0	621	178	17
Non-Executive Members					
Employee Director; Mr I Cant	10 – 15	0 – 2.5	161	178	17
Senior Employees					
Director of Strategy, Performance and Service Transformation Mr L Neary (from 1 June 2021)	0 – 5	0 – 2.5	0	20	20
Director of Central Legal Office Ms N Shippin	50 – 55	0 – 2.5	1,235	1,279	44
Director of Digital and Security Mr D Mitchelson (to 31 January 2022)	5 – 10	0 – 2.5	74	105	31

Pension Values Table	Total accrued pension at 31 March 2022 (Bands of £5,000)	Real increase in pension (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2021	Cash Equivalent Transfer value (CETV) at 31 March 2022	Real increase in CETV in year
Director of Primary Care & Counter Fraud Services Mr M Bell	10 – 15	0 – 2.5	158	188	30
Director of National Procurement Mr G Beattie (from 18 January 2022)	25 – 30	0 – 2.5	498	546	48
Director of NHS Scotland Assure Ms J Critchley (from 18 January 2022)	0 – 5	0 – 2.5	0	13	13
Director of Scottish National Blood Transfusion Service Mr C Spalding (to 23 January 2022)	5 – 10	0 – 2.5	35	54	19
Director of Scottish National Blood Transfusion Service Prof M Turner (from 1 February 2022)	30 – 35	0 – 2.5	482	533	51
Director of HR and Workforce Development Ms J Jones	20 – 25	2.5 – 5.0	322	370	48
Director of Nursing Ms J Reilly	50 – 55	2.5 – 5.0	899	952	53
Total			5,037	5,529	492

Note

- The CETV calculator is obtained from the Civil Service Pensions and is updated for the NHS Pension Scheme factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed the "CETV at start of the period" can be different from the "CETV at end of the period reported in 2020/21.
- The table excludes Non- Executive and Senior Employees who are not members of the pension scheme.

Fair pay disclosure (Audited)

	2023	2022	% change
Range of Staff remuneration (£'000's)	0 - 210	0 - 260	-19%
Band of Highest Paid Director's Total Remuneration (£'000s)	180 -185	135-140	18%
Median Total Remuneration (£)	40,054	34,538	16%
Median Salary only	40,054	32,915	22%
Ratio	4.56	4.0	0%
25th Percentile (total pay & benefits)	30,527	27,515	11%
25th Percentile (salary only)	30,310	23,603	19%
Ratio	6.02	5.05	5%
75th Percentile (total pay & benefits)	52,448	48,421	7%
75th Percentile (salary only)	51,685	47,846	6%
Ratio	3.53	2.84	9%

Commentary

Total remuneration includes salary and benefits in kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

This highest paid director in 2022/23 is the Medical Director. The pay award and arrears of pay for 2022/23 has resulted in an increase to both the highest paid director and the median salary this financial year.

Staff Report

Staff numbers and costs (Audited)

	Executive Team Members	Non Executive Members	Permanent staff	Inward/ (Outward) secondees	Other staff	Total 2022 /23	Total 2021 /22
Staff costs	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	424	102	139,505	(3,207)	0	136,824	131,047
Social security costs	57	3	15,168	0	0	15,228	14,165
NHS pension scheme employer's costs*	66	0	26,948	0	0	27,014	25,739
Inward secondees	0	0	0	3,310	0	3,310	3,010
Agency staff	0	0	0	0	13,514	13,514	16,713
Total	547	105	181,621	103	13,514	195,890	190,674
Staff Numbers (WTE's)	3	10	3,259	21	276	3,569	3,097
The number of disabled staff included in the total staff numbers above are:						149	153

* Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in Note 18 (pg. 138).

Reconciliation of Staff costs to Note 3 employee expenditure

	£'000
Total employee expenditure 2022/23 as above	195,890
Add employee income (outward secondees above) included in note 4	3,207
Total employee expenditure disclosed in note 3	199,097

Higher Paid Employees Remuneration (Unaudited)

Employees whose remuneration fell within the following ranges:

	2022/23		2021/22	
	Number Clinicians	Number Other	Number Clinicians	Number Other
£70,001 to £80,000	21	57	15	74
£80,001 to £90,000	14	41	17	21
£90,001 to £100,000	7	30	7	24
£100,001 to £110,000	7	6	3	2
£110,001 to £120,000	5	6	4	5
£120,001 to £130,000	2	1	5	3
£130,001 to £140,000	4	0	4	1
£140,001 to £150,000	2	1	2	0
£150,001 to £160,000	1	0	0	1
£160,001 to £170,000	4	0	2	0
£170,001 to £180,000	2	1	1	0
£180,001 to £190,000	0	0	0	0
£190,001 to £200,000	0	0	2	0
£200,000+	0	0	1	0
Total	69	143	63	131

The number of higher paid employees has increased significantly this year. This is mainly due to the agenda for change pay award for 2022/23. Details of the pay award can be found here [NHS Scotland Agenda for Change: pay award 2022-2023](#)

Staff Composition (Unaudited)

	2022/23			2021/22		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors and Employee Director	6	4	10	6	3	9
Executive Director	0	3	3	0	3	3
Senior Employees	114	98	212	107	87	194
Other	1,206	2,026	3,232	1,737	3,230	4,967
Total Headcount	1,326	2,131	3,457	1,850	3,323	5,173

For this section of the report the definition of senior employee is anyone earning over £70k in 2022/23.

Sickness absence data (Unaudited)

	2022/23	2021/22
Sickness absence rate	5.1%	4.5%

The HEAT standard for sickness absence for NHSScotland is 4.0%

Workforce Policies (Unaudited)

NSS ensures that NHS Once for Scotland Workforce Policies and PIN Policies are in place to support our requirement in accordance with the Staff Governance Standard, this includes the Recruitment and Selection Policy.

In addition, the organisational goals and strategy has been developed with specific reference to a positive staff experience, within a sustainable workforce via the NSS Great Place to Work plan.

The plan has specific targets for the organisation to deliver relating to the NSS Corporate Responsibility, which includes increase in (i) youth employment and (ii) increased employment of people with disabilities.

Progress against these targets is monitored by the NSS Board, the NSS Staff Governance Committee and the Executive Management Team (EMT) and is reported through the NSS Partnership Forum.

The NSS Workforce Strategy includes our Organisational Learning and Development Strategy with an operation plan of delivery in place. The Learning and Development Plan is available to all NSS staff and ensures equity of access.

The NSS (dis)Ability Group continues to support all staff with a disability and the LGBTi Group also support staff as appropriate across the wider organisation to share best practice, influence outcomes and provide support. These Groups are both self-organised and have an EMT member as a sponsor to promote our approach to inclusion throughout NSS.



Exit packages (Audited)

Exit package cost band	2022/23	
	Number of compulsory redundancies	Number of other departures agreed
<£10,000	0	97
£10,000 - £25,000	0	3
£25,000 - £50,000	0	2
£50,000 - £100,000	0	3
£150,000 - £200,000	0	1
Total number of exit packages	0	106
Total cost of exit packages (£000)		956

The increase in the number and cost of exit packages in this financial year reflect the changes in the service provided by the National Contact Centre team as we emerge from the COVID 19 pandemic.

Exit package cost band	2021/22	
	Number of compulsory redundancies	Number of other departures agreed
£10,000 - £25,000	0	2
£25,000 - £50,000	0	2
Total number of exit packages	0	4
Total cost of exit packages (£000)		117

Trade Union Facility Time (Unaudited)

Number of employees who were relevant during the period 1 April 2022 to 31 March 2023	Full-time equivalent employee number
34	32.92
Percentage of time spent on facility time	
Percentage of time	Number of Representatives
0%	4
1 – 50%	26
51 – 99%	0
100%	2
Percentage of pay bill spent on facility time	£000
Total cost of facility time	184
Total pay bill	199,097
Percentage of the total pay bill spent on facility time	0.09%
Paid trade union activities	
Time spend on paid trade union activities as a percentage of total paid facility time hours	100%

A reasonable estimate of hours has been made where the information was not available.



Parliamentary Accountability Report

Losses and Special Payments

	2022/23		2021/22	
	Number of cases	£'000	Number of cases	£'000
Losses	11	15,183	18	11,005

In the year to 31 March 2023 NSS had the following balances more than £300,000 which were written off.

Description	2022/23 £'000
Flu and COVID vaccines - expired stock	6,427
PPE and Test Kits - expired/damaged stock	5,754
PPE donated to KidsOR for Africa	2,373
National Distribution Centre stock	406

The expired stock for Flu/COVID vaccines, PPE and testing kits and the charitable donations were approved and fully funded by Scottish Government during the financial year.

The stock loss for the National Distribution Centre has reduced by £100k compared to the last financial year and is 0.2% of the total shipments during the financial year. We are continuously reviewing our stock levels and demand for products to reduce the level of write offs in the future.

Fees and Charges

NSS provides a variety of services as detailed under Purpose and Key Facts of NSS (see pg.9). These services include the provision of legal services, the supply of blood and blood products, management of national IT infrastructure, procurement, healthcare commissioning, facilities management and provision of data and analytics. Services are provided to NHS Scotland, the wider public sector and third-party suppliers. The expenditure and income relating to these services can be found in note 3 operating expenses (see pg. 115) and note 4 operating income (see pg. 117) of the accounts.

Remote Contingent Liabilities

NSS has reported all contingent liabilities known to the organisation in Note 13 (see pg. 132).

Mary C Morgan

Mary Morgan
Chief Executive 30 June 2023

Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS National Services Scotland for the year ended 31 March 2023 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the accounts, including accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

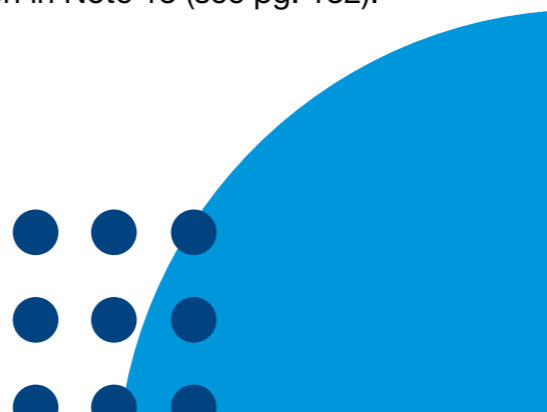
- give a true and fair view of the state of the board's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 16 May 2023. My period of appointment is five years, covering 2022/23 to 2026/27. Including a previous appointment, the period of total uninterrupted appointment will be seven years. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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



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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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



Carole Grant, CPFA
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

30 June 2023

PART B

Statement of Comprehensive Net Expenditure (SoCNE)

For the year ended 31 March 2023

2021/22				2022/23
£'000		Note	£'000	£'000
193,055	Employee Expenditure	3a	199,097	
	Other Operating Expenditure	3b		
215,091	Drugs and Medical Supplies		17,692	
277,346	Clinical Services		293,257	
698,530	Non-Clinical Services		594,228	
195	Other Healthcare Expenditure		235	
1,384,217	Gross Expenditure for the year			1,104,509
(551,168)	Less: Other operating income	4		(385,756)
833,049	Net expenditure for the year			718,753

The primary statements and notes to the accounts, numbered 1 to 21 on the following pages, form an integral part of these accounts.



Statement of Financial Position (SoFP)

As at 31 March 2023

2021/22				2022/23
£'000		Note	£'000	£'000
Non-current assets				
92,450	Property, plant and equipment	7a	98,939	
17,625	Intangible assets	6	18,327	
0	Right of Use assets	16a	40,409	
110,075	Total non-current assets			157,675
Current assets				
99,940	Inventories	8	96,604	
Financial assets:				
60,930	Trade and other receivables	9	59,221	
5,361	Cash and cash equivalents	10	4,704	
7,250	Assets classified as held for sale	7b	0	
173,481	Total current assets			160,529
283,556	Total assets			318,204
Current liabilities				
(5,679)	Provisions	12	(8,796)	
Financial liabilities:				
(146,066)	Trade and other payables	11	(108,432)	
(151,745)	Total current liabilities			(117,228)
131,811	Non-current assets +/- net current assets/liabilities			200,976
Non-current liabilities				
(17,166)	Provisions	12	(12,408)	
Financial liabilities:				
(32,743)	Trade and other payables	11	(64,129)	
(49,909)	Total non-current liabilities			(76,537)
81,902	Total assets less liabilities			124,439
Taxpayers' equity				
68,980	General fund	SOCTE		117,194
12,922	Revaluation Reserve	SOCTE		7,245
81,902	Total taxpayers' equity			124,439

Authorised and approved by the Board on 30 June 2023

Carol W

Ms C Low
Director of Finance, Governance and Legal Services
30 June 2023

Mary C Morgan

Ms M Morgan
Chief Executive
30 June 2023

The primary statements and notes to the accounts, numbered 1 to 21 on the following pages, form an integral part of these accounts.

Statement of Cash Flows (SoCF)

For the year ended 31 March 2023

2021/22				2022/23
£'000	Cash flows from operating activities	Note	£'000	£'000
(833,049)	Net operating cost	SOCNE	(718,753)	
13,130	Adjustments for non-cash transactions	2	18,246	
1,985	Add back: Interest payable recognised in net operating expenditure		2,384	
(4,879)	Movements in working capital	2	(38,753)	
(822,813)	Net cash outflow from operating activities			(736,876)
	Cash flows from investing activities			
(17,010)	Purchase of property, plant & equipment (PP&E)	7	(12,899)	
(7,029)	Purchase of intangible assets	6	(2,762)	
2,390	Transfer of assets from NHS Scotland bodies		(424)	
74	Proceeds from disposal of PP&E		14	
(21,575)	Net cash outflow from investing activities			(16,071)
	Cash flows from financing activities			
847,135	Funding		763,596	
(1,210)	Movement in general fund working capital	SOCTE	(657)	
845,925	Cash drawn down	SOCTE	762,939	
(762)	Capital element of payments in respect of on-balance sheet PFI	2b	(811)	
0	IFRS 16 – 2022-23 cash lease payment		(7,454)	
(1,985)	Interest element of leases and on-balance sheet PFI		(2,384)	
843,178	Net financing			752,290
(1,210)	Net decrease in cash/cash equivalents in period		(657)	
6,571	Cash and cash equivalents at beginning of period		5,361	
5,361	Cash and cash equivalents at end of period			4,704
	Reconciliation of net cash flow to movement in net (debt)/cash			
(1,210)	Decrease in cash in year		(657)	
6,571	Net cash at 1 April	10	5,361	
5,361	Net cash at 31 March	10		4,704

The primary statements and notes to the accounts, numbered 1 to 21 on the following pages, form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity (SoCTE)

For the year ended 31 March 2023

		General Fund	Revaluation Reserve	Total Reserves
		£'000	£'000	£'000
Balance at 1 April 2022		68,980	12,922	81,902
Changes in taxpayers' equity for 2022/23		0	1,007	1,007
Net gain on revaluation of PPE		0	(673)	(673)
Impairment of PP&E		0	673	673
Revaluation and impairments taken to operating costs		(2,889)	0	(2,889)
Release of reserves to the statement of comprehensive net expenditure		6,684	(6,684)	0
Transfer between reserves				
Transfer of assets		(424)	0	(424)
Net operating cost for the year		(718,753)	0	(718,753)
Total recognised income and expense for 2022/23		(715,382)	(5,677)	(721,059)
Funding:				
Drawn down	SOCF	762,939	0	762,939
Movement in general fund	SOCF	657	0	657
Balance at 31 March 2023	SOFP	117,194	7,245	124,439

		General Fund	Revaluation Reserve	Total Reserves
		£'000	£'000	£'000
Balance at 31 March 2021		51,656	12,320	63,976
Retrospective restatements for changes in accounting policy and material errors		34	0	34
At 1 April 2021		51,690	12,320	64,010
Changes in taxpayers' equity for 2021/22		0	1,411	1,411
Net gain on revaluation of PP&E		0	300	300
Impairment of PP&E		0	(2,032)	(2,032)
Impairment of Intangible Assets		0	1,732	1,732
Revaluation and impairments taken to operating costs		809	(809)	0
Transfers between reserves		2,395	0	2,395
Transfer of assets				
Net operating cost for the year		(833,049)	0	(833,049)
Total recognised income and expense for 2021/22		(829,845)	602	(829,243)
Funding:				
Drawn down	SOCF	845,925	0	845,925
Movement in general fund	SOCF	1,210	0	1,210
Balance at 31 March 2022	SOFP	68,980	12,922	81,902

The primary statements and notes to the accounts, numbered 1 to 21 on the following pages, form an integral part of these accounts.

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 Financial Reporting Manual (FRoM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

(a) Standards, amendments and interpretations effective in the current year

IFRS16 is the new standard which has been issued and adopted for the year 2022/23. This is set out in the leases section of the accounting policies (pg. 101)

(b) Standards, amendments and interpretation early adopted this year

There are no new standards, amendments or interpretations early adopted in 2022/23.

(c) Standards, amendments and interpretation issued but not adopted this year

At the date of authorisation of these financial statements, NSS has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 14: Regulatory Deferral Accounts. Effective for accounting periods starting on or after 1 January 2016. This is not applicable to NHS Scotland bodies.
- IFRS17: Insurance Contracts. Effective for accounting periods beginning on or after 1 January 2021. However, this Standard is not yet adopted by the FRoM. Expected adoption by the FRoM from April 2025.

NSS does not expect that the adoption of the IFRS17 standard listed above will have a material impact on the financial statements in future periods.



2. Basis of Consolidation

In accordance with IAS 27 – Consolidated and Separate Financial Statements, NSS have considered the requirement to consolidate the financial statements of the Trinity Park Foundation. It has been agreed that the value of income and expenditure of the Trinity Park Foundation is not sufficiently material to require consolidation.

NHS Endowment funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NSS. The Board members (who are also Trustees) are appointed by Scottish Ministers.

The Trinity Park Foundation is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

Transactions between NSS and the Trinity Park Foundation are disclosed as related party transactions, where appropriate, in note 21 (pg. 143) to the financial statements.

3. Retrospective Adjustments

There are no retrospective restatements in the financial statements for 2022/23.

4. Going Concern

The accounts are prepared on the going concern basis, which provides that NSS will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

5. Accounting Convention

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

6. Funding

Most of the expenditure of NSS is met from funds advanced from 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 NSS that is not classified 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.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale contract.

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

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

7. Property, plant and equipment

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

The title to properties included in the accounts is held by Scottish Ministers.

7.1 Recognition

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

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to or greater than £5,000.
2. In cases where a new facility would face an exceptional write off of items of equipment costing individually less than £5,000, NSS has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
3. Assets of a lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

7.2 Measurement

Valuation

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

Thereafter, valuations of all land and building assets are reassessed by valuers under a five-year programme of professional valuations and are adjusted in the intervening years to take account of movements and process since the last valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (Red Book) insofar as these terms are consistent with the agreed requirements of Scottish Government.

In general, operational assets which are in use for delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.
- Non-specialised equipment, installations and fittings are valued at fair value, using the most appropriate valuation methodology available. A depreciated historical cost basis is considered an appropriate proxy for fair value in respect of assets which have short useful lives or low values (or both).

All assets that are not held for their service potential (i.e., investment properties and 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 subsequently at fair value as follows:

- Specialised NHS land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as proxy fair value as agreed by the District Valuer.
- Non-specialised land and buildings, such as officers, are stated at fair value.

Surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset.

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

Susequent Expenditure

Subsequent expenditure is capitalised into an asset carrying value when it is probable the future economic benefits associated with the item will flow to NSS and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is derecognised, 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 impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together. Gains or losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments arising from a change in market price 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 Statement of Comprehensive Net Expenditure.

7.3 Depreciation

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

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

1. Freehold land is considered to have an infinite life and is not depreciated.
2. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to NSS, respectively.
3. Property, Plant and Equipment which has been reclassified as "Held for Sale" ceases to be depreciated upon the reclassification.
4. Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
5. Equipment is depreciated over the estimated life of the asset.
6. Leased Property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty NSS will obtain ownership of the asset by the end of the lease term, in which case it is depreciated over its useful life.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Component	Useful Life
Buildings	Structure	Up to 93 years based on valuations
	Engineering	Up to 49 years based on valuations
	External Plant	Up to 49 years based on valuations
Transport Equipment		From 3 to 15 years
Machinery & Equipment		From 2 to 25 years
Furniture and Fittings		From 2 to 25 years
IT Equipment		From 3 to 10 years

8. Intangible Assets

8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of NSS 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 NSS, 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 NSS activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists, and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

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;
- NSS intends to complete the asset and sell or use it;
- NSS 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 NSS to complete the development and sell or use the asset; and
- NSS can measure reliably the expenses attributable to the asset during development

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

Software

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

Software licences

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

Carbon Emissions (Intangible Assets)

Participation in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme gives rise to an asset for allowances held and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as CRC emission allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value

When allowances are issued for less than their fair value, the difference between the amount paid and fair value is revaluation and charged to the general fund. The general fund account is charged with the same proportion of the amount of the revaluation, which the amount of the grant bears to the acquisition cost of the asset.

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. This will usually be the present market price of the number of allowances required to cover emissions made up to the Statement of Financial Position date.

Websites

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

8.2 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 an active (homogeneous) market exists, the intangible assets are carried at market value in existing use. 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.

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 impairments previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in operating income.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. 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 Statement of Comprehensive Net Expenditure.

Intangible assets held for sale are reclassified to “non-current assets held for sale” measured at the lower of their carrying amount or “fair value less costs to sell.”

Operational assets which are in use delivering front line services or back-office functions, and surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus; where there is no clear plan to bring the asset back into future use as an operational asset.

8.3 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 Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

- 1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software. Amortised over their expected useful life.
- 3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.
- 5) Intangible assets which have been reclassified as “Held for Sale” cease to be amortised upon reclassification.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Useful Life
Software Licences	From 3 - 15 years
Software	From 2 - 11 years

9. Non-current assets held for sale

Non-current assets intended for disposal and reclassified as “Held for Sale” once all of the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales; and
- The sale must be highly probable i.e.:
 - Management is committed to a plan to sell the asset;
 - An active programme has begun to find a buyer and complete the sale;
 - The asset is being actively marketed at a reasonable price;
 - The sale is expected to be completed within 12 months of the date of classification as “Held for Sale”; and
 - The actions needed to complete the plan indicate it is unlikely that the plan will be dropped, or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their “fair value less costs to sell.” Depreciation ceases to be charged and the assets are not revalued, except where the “fair value less costs to sell” falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as “Held for Sale” and instead is retained as an operational asset and the assets useful economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. Donated assets are revalued, depreciated/amortised and subject to impairment in the same way as other non-current assets in accordance with the NHS Capital Accounting Manual.

11. Sale of property, plant and equipment, intangible assets and non-current assets held for sale

Disposal of non-current assets is accounted for as a reduction in 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 Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leasing

Leases

Scope and classification

Leases are contracts, or parts of a contract that convey the right to use an asset in exchange for consideration. The FReM expands the scope of IFRS 16 to include arrangements with nil

consideration. The standard is also applied to accommodation sharing arrangements with other government departments.

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

The following are excluded:

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

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed, or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

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

Lease expenditure

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

Lessor arrangements

NSS leases assets to other health bodies, these leases were previously recognised as operating leases. The rental income for operating leases is recognised on a systematic basis (on a straight-line basis over the lease term).

Transitional arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of financial Position for 2021/22 reflect the requirements of IAS 17;
- Contracts previously classified as leases or services contracts under IAS 17 and IFRC 4 have not been reassessed. New contracts entered into from 1 April 2022 have been classified using the IFRS 16 criteria;
- For leases previously treated as operating leases:
 - To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
 - To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for the lease;
 - To exclude leases whose term ends within twelve months of first adoption;
 - To use hindsight in assessing remaining lease terms;
 - For leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision.
- The 2023-24 FReM has been amended to require reporting entities to record indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023-24. The 2022-23 FReM has not been amended to clarify that this specific aspect of IFRS 16 has been deferred until 2023-24 and therefore does not apply in 2022-23. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g., CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023

Estimates and judgements

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

Accounting for leases under IAS 17 (2021/22)

Finance leases

NSS did not hold any finance leases in 2021/22.

Operating leases

Other leases are regarded as operating leases and 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 charged to the operating expenditure 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 the title to the land is expected to transfer.

13. 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 for 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. Impairments losses charged to the Statement of Comprehensive Net Expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

14. General Fund Receivables and Payables

Where NSS has 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 Scottish Government Health and Social Care Directorate (SGHSCD).

Where NSS 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.

15. Inventories

Inventories are valued at current cost. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion

16. 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.

17. 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

NSS participates in the NHS Superannuation Scheme (Scotland). This scheme is 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 high marginal rates based on pensionable pay as specified in the regulations. NSS 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 Statement of Comprehensive Net Expenditure represents NSS 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 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 costs is charged to the Statement of Comprehensive Net Expenditure at the time NSS commits itself to the retirement, regardless of the method of payment.

18. 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 employing authorities from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by Scottish Government.

NSS provides 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 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 will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in the respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

19. Related Party Transactions

Material related party transactions are disclosed in Note 21 (pg. 143) in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3 (pg. 116).

20. Value Added Tax

Most of the activities of NSS are outside the scope of VAT and in general, input tax is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. However, the business activities of NSS are subject to output tax and input tax relating to these activities is recoverable. In addition, VAT charged to NHS organisations on the purchase of contracted-out services is refundable at the direction of HM Treasury under section 41(3) of the Value Added Tax Act 1994. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21. PFI/HUB/NPD Schemes

Transactions financed as revenue transactions through the Private Finance Initiative or alternative initiatives such as HUB or Non-Profit Distributing Model (NPD) are accounted for in accordance with the HM Treasury application of IFRIC 12, Service Concession Arrangements, outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-Statement of Financial Position. Where NSS has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to NSS, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the Statement of Financial Position over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as "on-Statement of Financial Position" by NSS. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 17. Where it is not possible to separate the finance element from the service element of the unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

22. Provisions

NSS 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.

23. 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 NSS' control) are not recognised as assets but are disclosed in note 13 (pg. 132) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised but are disclosed in note 13 (pg. 132), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

24. 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.

25. Financial Instruments

Financial Assets

Business Model

NSS' business model refers to how it manages its 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 NSS first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. NSS 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

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

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. NSS 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 NSS where there has been a significant increase credit risk since the assets initial recognition. Where NSS does not hold reasonable and supportable information to measure the 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 NSS 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 NSS 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 expensed in the Statement of Comprehensive Net Expenditure.

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains and 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.

(c) Financial assets held at fair value through other comprehensive income

Financial Liabilities

Classification

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

- i. These are measured at fair value on a portfolio basis in accordance documented risk management or investment strategy;
- ii. They contain embedded derivatives; and/or

- iii. 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. NSS does not trade in derivatives and does not apply hedge accounting.

(b) Financial liabilities held at amortised cost

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

Recognition and measurement

Financial liabilities are recognised when NSS 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 Statement of Comprehensive Net Expenditure.

(b) Amortised cost

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

26. Segment reporting

Operating segments are reported in Note 5 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 Executive Management Team of NSS.

Operating segments are not directly related to the analysis of expenditure shown in Note 3 (pg. 116).

27. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts should be not classed as commercial bank balances.

28. Foreign Exchange

The functional and presentational currency of NSS is 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.

Where NSS has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- Monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March;
- Non-monetary assets and liabilities measured at historic cost are translated using the spot exchange rate at the date of the transaction; and
- Non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on the settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

29. Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since NSS has no beneficial interest in them.

30. Key sources of judgement and estimation uncertainty

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

The key judgements exercised in the application of NSS’ accounting policies which have the most significant effect on the carrying amounts of assets and liabilities within the financial statements

within the next financial year are summarised below.

Judgements

PFI – when considering the application of IFRIC 12 for the Jack Copland Centre judgements were made regards the Interpretation of IFRIC 12 that gives guidance on the accounting by operators for public-to-private service concession arrangements. It is the Board’s view that they control and regulate what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and hence the application of IFRIC 12 is appropriate.

Clinical and Medical Negligence - Scottish Government provides Risk Levels via Central Legal Office returns on a quarterly basis for all clinical and medical negligence claims lodged against NSS. All Risk Level 3 and 50% of Risk Level 2 claims are provided for within Note 12 of the accounts, and all Level 1 and the remaining 50% of Level 2 claims are presented as Contingent Liabilities within Note 13 of the accounts.

The key estimates and assumptions that are deemed to present a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are summarised below:

Estimates

Pensions: Future Pension payments are estimated using a discount rate provided by HM Treasury and life tables provided by the Office for National Statistics (ONS). Any future significant changes to the discount rate or the life tables could have a material impact on the level of provision required.

Revaluation of Land and Buildings: The Board commissioned a full revaluation of the NSS estate as at 31st March 2023. Judgements are made about the status of property which affects the valuation methodology based on Royal Institute of Chartered Surveyors (RICS) guidance, International Financial Reporting Standards (IFRS) as interpreted, and also guidance contained within the HM Treasury Financial Reporting Manual (FREM). The carrying value of Land and Buildings at 31st March 2023 as per Note 7(a) to the accounts was £59.7m.

Useful Life of Property, Plant & Equipment (PPE): as shown in note 7(a), property plant and equipment (PPE) is material to these consolidated accounts. At section 7.3 of this note we disclose, for each category of PPE, the lowest minimum and the highest maximum in the ranges of useful lives used by NSS. Useful lives are the period over which assets are depreciated.



Note to the Accounts

2. Notes to the cash flow statement

2a. Summary of core revenue resource outturn

		2022/23
		£'000
Net Expenditure	SOCNE	718,753
Total non-core expenditure (see below)		(17,005)
Total Core Expenditure		701,748
Core Revenue Resource Limit		702,237
Savings against Core Revenue Resource Limit		489
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN		
Depreciation / Amortisation		10,392
Annually Managed Expenditure - Impairments		552
Annually Managed Expenditure – Provisions		(1,663)
Right of Use (RoU) Asset Depreciation		7,724
Total Non-Core Expenditure		17,005
Non-core Revenue Resource Limit		17,006
Savings against Non-Core Revenue Resource Limit		1

Summary resource outturn	Resource	Expenditure	Savings
	£'000	£'000	£'000
Core	702,237	701,748	489
Non-Core	17,006	17,005	1
Total	719,243	718,753	490

2. Notes to the cash flow statement (cont)

2b. Adjustments for non-cash transactions

2021/22		Note	2022/23
£'000			£'000
Expenditure not paid in cash			
7,196	Depreciation	7a	8,534
1,846	Amortisation	6	1,858
0	Depreciation of Right of Use (RoU) Assets	16b	7,724
1,542	Impairments of PPE charged to SoCNE		760
(1,842)	Reversal of impairments on PPE charged to SoCNE		(87)
2,302	Impairments of intangible assets charged to SoCNE		0
(39)	Profit on disposal of PPE		(119)
2,395	Transfer of assets		(424)
13,130	Total expenditure not paid in cash	SOCF	18,246

2021/22		Note	2022/23
£'000			£'000
Interest Payable			
1,985	PFI finance lease charges allocated in year	17	1,936
0	Lease Interest	16b	448
1,985	Net interest payable	SOCF	2,384



2c. Movement on working capital balances

2021/22					2022/23
Net movement		Note	Opening balances	Closing balances	Net movement
£'000			£'000	£'000	£'000
	INVENTORIES				
39,326	Balance Sheet	8	99,940	96,604	
39,326	Net decrease/ (increase)				3,336
	TRADE AND OTHER RECEIVABLES				
(4,689)	Due within one year	9	60,930	59,221	
	Less: PPE included above		0	(7,355)	
(4,689)	Net decrease / (increase)				9,064
	TRADE AND OTHER PAYABLES				
(25,878)	Due within one year	11	146,066	108,432	
(619)	Due after more than one year	11	32,743	64,129	
1,157	Less: PPE (capital) included above		(1,724)	(3,562)	
0	Less: intangible assets (capital) included above		0	(174)	
1,210	Less: general fund creditor included in above	11	(5,361)	(4,704)	
762	Less: lease and PFI creditors included in above		(30,145)	(72,054)	
(23,368)	Net (increase)				(49,512)
	PROVISIONS				
(16,148)	Statement of Financial Position	12	22,845	21,204	
(16,148)	Net (increase)				(1,641)
(4,879)	NET MOVEMENT (decrease)	SOCF			(38,753)

Note to the Accounts

3. Expenditure

3a. Employee expenditure

2021/22		2022/23
£'000		£'000
7,029	Medical, Dental and Pharmacy	7,640
12,828	Nursing and Health Promotion	13,670
21,923	Life Sciences	23,657
2,467	Board Members and Senior Managers	2,297
12,726	Support Services	13,594
136,082	Administrative Services	138,239
193,055	Total	199,097
	SOCNE	

Further detail and analysis of employee expenditure can be found in the Remuneration and Staff report, forming part of the Accountability Report (see pages 50-82).



3b. Other operating expenditure

2021/22			2022/23
£'000		Note	£'000
Drugs and medical supplies:			
215,091	PPE and testing kits		17,692
215,091	Total drugs and medical supplies		17,692
Clinical Services			
261,268	Procurement, Commissioning and Facilities		279,857
16,078	Scottish National Blood Transfusion Service		13,400
277,346	Total Clinical Services		293,257
Non-Clinical Services			
8,813	Central Legal Office		9,412
119,487	Digital and Security		108,147
36,084	Practitioner and Counter Fraud Services		87,851
399,608	Procurement, Commissioning and Facilities		290,742
115,484	Corporate Services		77,780
19,054	Property Services		20,296
698,530	Total Non-Clinical Services		594,228
Other Healthcare Expenditure			
0	Loss on disposal of assets		0
195	External auditor's remuneration and expenses		235
1,191,162	Total Other Operating Expenditure	SOCNE	905,412

4. Operating income

2021/22			2022/23
£'000		Note	£'000
Clinical Services			
277	Procurement, Commissioning and Facilities		825
8,355	Scottish National Blood Transfusion Service		9,630
8,632	Total Clinical Services Income		10,455
Non-Clinical Services			
17,145	Central Legal Office		17,602
66,842	Digital and Security		70,787
325	Practitioner and Counter Fraud Services		464
271,990	Procurement, Commissioning and Facilities		247,445
180,827	Corporate Services		33,657
5,407	Property Services		5,346
542,536	Total Non-Clinical Services Income		375,301
551,168	Total Income		385,756

	Income source summary	
5036	Income from Scottish Government	6,330
382,607	Income from other NHS Scotland bodies	357,822
2,229	Income from NHS non-Scottish bodies	3,018
153,518	Income from UK Government	10,800
7,778	Income from Non-NHS customers	7,786
551,168	Total Income	385,756

Note to the Accounts

5. Segmented reporting

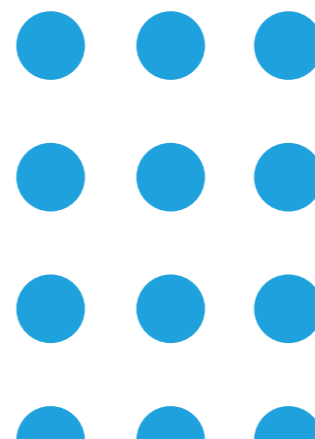
Segmental information as required under IFRS has been reported by Directorate.

2021/22			2022/23
£'000			£'000
6	Central Legal Office		691
83,976	Digital and Security		69,892
54,380	Practitioner and Counter Fraud Services		108,040
634,886	Procurement, Commissioning and Facilities		384,489
50,246	Scottish Blood Transfusion Service		51,973
9,555	Corporate Services	SOCNE	103,668
833,049	Total		718,753

6. Intangible assets

		Software Licence	IT Software	Assets under Development	Total
		£'000	£'000	£'000	£'000
CURRENT YEAR					
Cost or valuation:					
At 1 April 2022		98,642	52,854	10,851	162,347
Additions		8	0	2,928	2,936
Completions		219	0	(219)	0
Asset Transfers to other SG consolidated Entities		0	0	(360)	(360)
Transfer between asset categories		0	0	47	47
At 31 March 2023		98,869	52,854	13,247	164,970
Amortisation					
At 1 April 2022		92,351	52,371	0	144,722
Provided during the year		1,720	138	0	1,858
Transfer between asset categories		63	0	0	63
At 31 March 2023		94,134	52,509	0	146,643
Net book value at 1 April 2022		6,291	483	10,851	17,625
Net book value at 31 March 2023	SOFP	4,735	345	13,247	18,327

		Software Licence	IT Software	Assets under Development	Total
		£'000	£'000	£'000	£'000
PREVIOUS YEAR					
Cost or valuation:					
At 1 April 2021		94,164	53,022	10,432	157,618
Additions		0	0	7,029	7,029
Completions		4,578	0	(4,578)	0
Impairment charges		0	0	(2,032)	(2,032)
Disposals		(100)	(168)	0	(268)
At 31 March 2022		98,642	52,854	10,851	162,347
Amortisation					
At 1 April 2021		90,744	52,400	0	143,144
Provided during the year		1,707	139	0	1,846
Disposals		(100)	(168)	0	(268)
At 31 March 2022		92,351	52,371	0	144,722
Net book value at 1 April 2021		3,420	622	10,432	14,474
Net book value at 31 March 2022	SOFP	6,291	483	10,851	17,625



Note to the Accounts

7a. Property, plant and equipment - current year

Cost or valuation	Land	Buildings	Transport Equipment	Plant & Machinery	IT	Fixtures & Fittings	Assets Under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	2,100	52,977	4,752	36,188	14,738	28,609	9,820	149,192
Additions	773	4,149	0	2,452	1,933	0	5,430	14,737
Completions	0	0	277	6,983	319	0	(7,579)	0
Asset transfers to other SG entities	0	0	0	0	0	0	(64)	(64)
Transfer between asset categories	0	0	0	0	0	0	(47)	(47)
Revaluations	0	456	0	0	0	0	0	456
Impairment charges	0	(745)	0	0	0	0	(121)	(866)
Impairment reversals	0	33	0	0	0	0	0	33
Disposals	0	0	(151)	(90)	(23)	0	0	(264)
At 31 March 2023	2,873	56,870	4,878	45,533	16,967	28,609	7,447	163,177
Depreciation								
At 1 April 2022	0	0	3,668	17,437	12,632	23,005	0	56,742
Provided during the year	0	711	435	4,734	1,207	1,447	0	8,534
Transfer between asset categories	0	0	0	0	(63)	0	0	(63)
Revaluations	0	(551)	0	0	0	0	0	(551)
Impairment charges	0	(106)	0	0	0	0	0	(106)
Impairment reversals	0	(54)	0	0	0	0	0	(54)
Disposals	0	0	(151)	(90)	(23)	0	0	(264)

Cost or valuation	Land	Buildings	Transport Equipment	Plant & Machinery	IT	Fixtures & Fittings	Assets Under Construction	Total
At 31 March 2023	0	0	3,952	22,081	13,753	24,452	0	64,238
Net book value at 1 April 2022	2,100	52,977	1,084	18,751	2,106	5,604	9,828	92,450
Net book value at 31 March 2023	2,873	56,870	926	23,452	3,214	4,157	7,447	98,939
Asset Financing								
Owned	2,873	23,137	926	23,452	3,214	4,157	7,447	65,206
On-balance sheet PFI contracts	0	33,733	0	0	0	0	0	33,733
Net book value 31 March 2023	2,873	56,870	926	23,452	3,138	4,157	7,447	98,939



7a. Property, plant and equipment - prior year

	Land	Buildings	Transport Equipment	Plant & Machinery	IT	Fixtures & Fittings	Assets Under Construction	Total
Cost or valuation		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2021	2,100	51,300	5,261	29,205	19,151	30,213	4,516	141,746
Additions	0	1,237	152	2,155	0	0	12,309	15,853
Completions	0	0	138	5,001	442	131	(5,712)	0
Asset transfers to other SG entities	0	(1,114)	0	0	0	0	(1,285)	(2,399)
Revaluations	0	1,246	0	0	0	0	0	1,246
Impairment charges	0	(1,157)	0	0	0	0	0	(1,157)
Impairment reversals	0	1,465	0	0	0	0	0	1,465
Disposals	0	0	(799)	(173)	(4,855)	(1,735)	0	(7,562)
At 31 March 2022	2,100	52,977	4,752	36,188	14,738	28,609	9,828	149,192
Depreciation								
At 1 April 2021	0	0	4,011	13,574	16,416	23,238	0	57,239
Provided during the year	0	651	456	3,551	1,039	1,499	0	7,196
Asset transfers to other SG entities	0	(9)	0	0	0	0	0	(9)
Revaluations	0	(165)	0	0	0	0	0	(165)
Impairment charges	0	(100)	0	485	0	0	0	385
Impairment reversals	0	(377)	0	0	0	0	0	(377)
Disposals	0	0	(799)	(173)	(4,823)	(1,732)	0	(7,527)
At 31 March 2022	0	0	3,668	17,437	12,632	23,005	0	56,742

	Land	Buildings	Transport Equipment	Plant & Machinery	IT	Fixtures & Fittings	Assets Under Construction	Total
Net book value at 1 April 2021	2,100	51,300	1,250	15,631	2,735	6,975	4,516	84,507
Net book value at 31 March 2022	2,100	52,977	1,084	18,751	2,106	5,604	9,828	92,450
Asset Financing								
Owned	2,100	19,887	1,084	18,751	2,106	5,604	9,828	59,360
On-balance sheet PFI contracts	0	33,090	0	0	0	0	0	33,090
Net book value 31 March 2022	2,100	52,977	1,084	18,751	2,106	5,604	9,828	92,450

7b. Assets held for sale

	Property Plant & Equipment
	£'000
At 1 April 2022	7,250
Disposal of non-current assets held for sale	(7,250)
As at 31 March 2023	0
At 1 April 2021	7,250
Transfers from property, plant and equipment	0
As at 31 March 2022	7,250

7c. Property, plant and equipment disclosures

2021/22	Expenditure		2022/23
£000		Note	£'000
92,450	Purchased		98,939
92,450	Total	SOFP	98,939
Total value of assets held under:			
34,835	PFI Contracts		33,733
34,835	Total		33,733
Total depreciation charged in respect of assets held under:			
366	PFI Contracts		387
366	Total		387

All land and 100% of buildings were revalued by an independent valuer, the Valuation Office Agency, as at 31/03/2023 on the basis of fair value (market value of depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

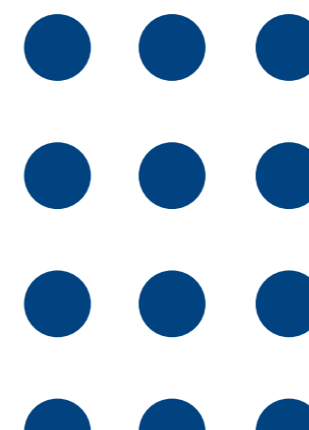
The net impact was an increase of £0.455m (2021/22 an increase of £2.196m), £1.007m (2021/22 £1,411m) was credited to the revaluation reserve. Impairment of £0.552m (2021/22 £(0.785)m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

7d. Analysis of capital expenditure

2021/22			2022/23
£'000		Note	£'000
EXPENDITURE			
7,029	Acquisition of intangible assets	6	2,936
15,853	Acquisition of property, plant and equipment	7a	14,737
0	Right of Use (RoU) Additions	16a	207
22,882	Gross Capital Expenditure		17,880
Income			
35	Net book value of disposal property, plant and equipment		0
0	Value of disposal of non-current assets held for sale		7,250
22,847	Net Capital Expenditure		10,630
SUMMARY OF CAPITAL RESOURCE OUTTURN			
22,847	Core capital expenditure		10,423
23,110	Core Capital Resource Limit		10,502
263	Savings against Core Capital Resource Limit		79
0	Non-core capital expenditure		207
0	Non-core Capital Resource Limit		207
0	Savings against Non-core Capital Resource Limit		0

8. Inventories

2021/22			2022/23
£'000		Note	£'000
99,940	Raw materials and consumables		96,604
99,940	Total Inventories	SOFP	96,604



9. Trade and other receivables

2021/22			2022/23
£'000			£'000
Receivables due within one year			
	NHS Scotland		
4,015	SGHSCD	3,541	
15,214	Boards	21,658	
19,229	Total NHS Scotland receivables		25,199
489	NHS non-Scottish bodies	709	
4,114	VAT recoverable	3,955	
31,409	Prepayments	15,296	
3,889	Accrued Income	2,721	
957	Other receivables	2,520	
843	Other Public Sector Bodies	8,821	
60,930	Total receivables due within one year		59,221
60,930	Total receivables	SOFP	59,221
Whole of Government Accounts classification			
15,214	NHS Scotland		21,658
8,129	Central Government Bodies		7,496
844	Whole of Government bodies		8,821
5,289	Balances with NHS bodies in England and Wales		709
31,454	Balances with bodies external to Government		20,537
60,930	Total		59,221

Receivables that are less than three months past due are not considered impaired. As at 31 March 2023, receivables with a carrying value of £2.4m were past their due date but not impaired. The aging of receivables past their due date but not impaired is as follows:

2021/22		2022/23
£'000		£'000
1,131	Up to 3 months past due	1,598
2,484	3 to 6 months past due	91
0	Over 6 months past due	675
3,615	Total	2,364

Concentration of credit risk, is limited due to customer bases being large unrelated / government bodies. Due to this management believe that there is no future credit risk provision required

The credit quality of 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.

2021/22		2022/23
£'000		£'000
9,640	Existing customers with no defaults in the past	24,903
9,640	Total	24,903

The carrying amount of receivables are denominated in the following currencies:

2021/22		2022/23
£'000		£'000
60,930	Pounds	59,221
60,930	Total	59,221

The carrying value of short-term receivables approximates their fair value.

10. Cash and cash equivalents

	Note	2023 £'000	2022 £'000
Balance 1 April		5,361	6,571
Net change in cash and cash equivalent balances		(657)	(1,210)
Balance at 31 March	SOF, SOCF	4,704	5,361

The following balances at 31 March were held at

		Cash flow £'000	At 31/3/22 £'000
Previous year			
Government Banking Service account		4,663	5,198
Cash at bank and in hand		41	163
Total cash and cash equivalents	SOF, SOCF	4,704	5,361

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.

11. Trade and other payables

2021/22			2022/23 £'000
			£'000
Payables due within one year			
7,269	Boards		8,351
7,269	Total NHS Scotland payables		8,351
17,624	NHS non-Scottish bodies		3,492
5,361	General fund payable		4,704
13,083	Trade payables		1,690
79,647	Accruals		44,591
2,504	Deferred Income		1,726
0	Net obligations under leases		7,087
811	Net obligations under PFI contracts		863
3,714	Income tax and social security		3,862
3,140	Superannuation		3,298

2021/22			2022/23
1,514	Holiday pay accrual		1,154
13	Other public sector bodies		1,610
11,386	Other payables		26,004
146,066	Total payables due within one year		108,432
Payables due after more than one year			
0	Net obligations under leases due within 2 years		6,496
0	Net obligations under leases due after 2 years but within 5 years		17,533
0	Net obligations under leases due after 5 years		11,604
863	Net obligations under PFI contracts due within 2 years		918
2,935	Net obligations under PFI contracts due after 2 years but within 5 years		3,124
25,536	Net obligations under PFI contracts due after 5 years		24,429
3,409	Deferred Income		25
32,743	Total Payables due after more than one year		64,129
178,809	Total payables	SOF	172,561

Whole of Government Accounts classification

7,269	NHS Scotland		8,351
3,839	Central Government bodies		3,862
3,153	Whole Government bodies		4,908
22,868	Balances with NHS bodies in England and Wales		3,492
141,680	Balances with bodies external to Government		151,948
178,809	Total		172,561
Borrowings included above comprise:			
0	Leases		42,720
30,145	PFI Contracts		29,334
30,145	Total		72,054

2021/22			2022/23
	The carrying amount and fair value of the non-current borrowings are as follows:		
0	Leases		35,643
29,334	PFI Contracts		28,471
29,334	Total		64,114
	The carrying amount of payables are denominated in the following currencies:		
178,809	Pounds		172,561
178,809	Total		172,561

The carrying amount of short-term payables approximates their fair value.

12a. Provisions

	Pensions and similar obligations	Participation in CNORIS	Other	2022/23
	£'000	£'000	£'000	£'000
At 1 April 2022	2,435	132	20,278	22,845
Arising during the year	(184)	201	288	305
Utilised during the year	(150)	(88)	(36)	(274)
Reversed Unutilised	0	0	(1,672)	(1,672)
At 31 March 2023	2,101	245	18,858	21,204
Payable in one year	169	61	8,566	8,796
Payable between 2-5 years	635	148	10,292	11,075
Payable between 6-10 years	631	13	0	644
Thereafter	666	23	0	689
At 31 March 2023	2,101	245	18,858	21,204
At 1 April 2021	2,501	116	36,376	38,993
Arising during the year	120	44	137	301
Utilised during the year	(149)	(28)	(15,976)	(16,153)
Reversed Unutilised	(37)	0	(259)	(296)
At 31 March 2022	2,435	132	20,278	22,845

	Pensions and similar obligations	Participation in CNORIS	Other	2022/23
Payable in one year	145	33	5,501	5,679
Payable between 2-5 years	607	80	14,777	15,464
Payable between 6-10 years	696	7	0	703
Thereafter	987	12	0	999
At 31 March 2022	2,435	132	20,278	22,845

Pensions and similar obligations

NHS NSS meets the cost of compensation for the loss of earnings made to employees as a result of injury sustained in the course of their employment by paying the required amounts annually to the Scottish Public Pensions Agency. NHS NSS provides for this when the award is made by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.1% in real terms. NHS NSS expects expenditure to be charged to this provision for the period of up to 38 years.

Participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

NHS NSS have a provision relating to the participation in the CNORIS scheme. Note 12b provides further information on the scheme.

Other (non-endowment)

NHS NSS have provisions relating to backlog maintenance for owned and leased properties, organisational restructure and for injury claims.

Note 12b. Clinical Negligence and Other Risk Indemnity Scheme (CNORIS)

2021/22		2022/23
£'000	Note	£'000
	Provision recognising the NHS boards liability from participating in the scheme 31 March	12a 245
132	Net Total Provision relating to CNORIS at 31 March	245

The Clinical Negligence and Other Risks Scheme (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 board's own budgets. Participants, e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be 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 NSS, the board will assess whether a provision or contingent liability for that legal claim is required. There are no provisions recognised for individual claims this year.

As a result of participation in the scheme, boards should also recognise that they will be required 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 third line above.

The provision required as a result of participation in the scheme is shown in the note above to aid the reader's understanding of CNORIS. Further information on the scheme can be found at www.clo.scot.nhs.uk/our-services/cnoris.aspx

Note 13. Contingent liabilities

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

2021/22		2022/23
£'000		£'000
	Nature	
800	Clinical and medical compensation payments	837
95	Employer's liability	32
895	Total Contingent Liabilities	869

NSS has not entered into any unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

14. Events after the end of the reporting year

There have been no events after the end of the reporting period, which have a material effect on these accounts.

15. Capital commitments

The Board has the following capital commitments, which have not been provided for in the accounts.

2021/22	Contracted	Property, Plant and Equipment	2022/23
£'000		£'000	£'000
3,344	IT Equipment	3,117	3,117
127	IT Infrastructure	20	20
765	Medical Equipment	577	577
1,806	Property	54	54
87	Software Development	0	0
105	Transport	0	0
6,233	Total	3,768	3,768

2021/22	Authorised but not contracted	Property, Plant and Equipment	2022/23
£'000		£'000	£'000
1,250	Medical Equipment	3,296	3,296
200	IT Infrastructure	0	0
0	Property	323	323
1,450	Total	3,619	3,619

NSS has not entered into non-cancellable contracts (which are not leases of PFI contracts).

16a. Right of use assets (RoU)

		Land	Buildings	Plant & Machinery	2022/23
		£'000	£'000	£'000	£'000
CURRENT YEAR					
Cost or valuation					
At 1 April 2022		572	46,727	627	47,926
Additions		0	207	0	207
At 31 March 2023		572	46,934	627	48,133
Depreciation					
At 1 April 2022		0	0	0	0
Provided during the year		15	7,408	301	7,724
At 31 March 2023		15	7,408	301	7,724
Net book value at 1 April 2022		572	46,727	627	47,926
Net book value at 31 March 2023	SOFP	557	39,526	326	40,409

16b. Lease liabilities

	Land	Buildings	Plant & Machinery	2022/23
	£'000	£'000	£'000	£'000
Amounts falling due:				
Not later than one year	13	6,762	302	6,775
Later than one year, not later than two years	13	6,467	26	6,480
Later than two years, not later than five years	40	17,493	0	17,533
Later than five years	482	11,122	0	11,604
Balance at 31 March 2023	548	41,844	328	42,392
Current	13	6,762	302	6,775
Non-Current	535	35,082	26	35,617
	548	41,844	328	42,720

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2022/23
	£'000
Depreciation	7,724
Interest expense	448
Non recoverable VAT on lease payments	1,795
Total	9,967

Amounts recognised in the Statement of Cash Flows

	2022/23
	£'000
Interest expense	448
Repayment of principal leases	7,454
Non recoverable VAT on lease payments	7,902



16c. Commitments under leases

Operating leases		
Total future minimum lease payments under operating leases are given in the table below for each of the following periods.		
2020/21		2021/22
£'000		£'000
Obligations under operating leases comprise:		
Land		
109	Not later than one year	186
100	Later than one year, not later than two years	183
147	Later than two years, not later than five years	223
501	Later than five years	485
Buildings		
9,038	Not later than one year	9,717
9,021	Later than one year, not later than two years	8,591
Operating leases		
21,175	Later than two years, not later than five years	21,726
25,281	Later than five years	20,767
Other		
436	Not later than one year	298
265	Later than one year, not later than two years	64
48	Later than two years, not later than five years	12
0	Later than five years	2
Amounts charged to Operating Costs in the year were:		
913	Hire of equipment (including vehicles)	1,024
7,208	Other operating leases	9,234
8,121	Total	10,258

Note 17. Commitments under pfi contracts – on Balance Sheet

NSS has entered into the following on-balance sheet PFI projects.

Jack Copland Centre, 52 Research Park North, Heriot Watt University Research Park, Edinburgh, EH14 4BE.

Under IFRIC 12 the asset is treated as an asset of the Board and included in the Board's accounts as a non-current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements; imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

Total obligations under on-balance sheet PFI contracts for the following periods comprises:

2021/22	Gross Minimum Lease Payments	Note	2022/23
£'000			£'000
2,747	Rentals due within one year		2,747
2,747	Due within one to two years		2,747
8,241	Due within two to five years		8,241
40,136	Due after 5 years		37,389
53,871	Total		51,124
Less Interest Element			
(1,936)	Rentals due within one year		(1,884)
(1,884)	Due within one to two years		(1,829)
(5,306)	Due within two to five years		(5,117)
(14,600)	Due after 5 years		(12,960)
(23,726)	Total		(21,790)
Present value of minimum lease payments			
811	Rentals due within one year	11	863
863	Due within one to two years	11	918
2,935	Due within two to five years	11	3,124
25,536	Due after 5 years	11	24,429
30,145	Total		29,334
Service elements due in future periods			
1,141	Rentals due within one year		1,210
1,141	Due within one to two years		1,210
3,423	Due within two to five years		3,631
17,116	Due after 5 years		16,947
22,821	Total		22,998
52,966	Total Commitments		52,332

2021/22	Gross Minimum Lease Payments	Note	2022/23
1,985	Interest charges	2	1,936
1,141	Service charges		1,210
762	Principal repayment		811
3,888	Total		3,957

Note 18. Pension costs

NSS participates in the NHS Superannuation Scheme Scotland (NHSSS). 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 of 20.9% of pensionable pay from 1 April 2019 and an anticipated yield of 9.6% employees contributions.

NSS 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.

- (i) The scheme is an unfunded multi-employer defined benefit scheme.
- (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NSS is unable to identify its share of the underlying assets and liabilities of the scheme.
- (iii) The employer contribution rate for the period from 1 April 2022 will be 20.9% of pensionable pay. The employee rate applied is a variable and is anticipated to provide a yield of 9.6% of pensionable pay.
- (iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme) / Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, 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.

- (v) NSS' level of participation in the scheme is 2.03% based on the proportion of employer contributions paid in 2021-22.

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), the Board 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 Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270 in the tax year 2021/22 but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set out by government.

Date	Employee Contribution	Employer Contribution	Total Contribution
1st October 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 the Board 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 government and is accountable to Parliament through the Department for Work and Pensions.

	2022/23	2021/22
	£'000	£'000
Pension cost charge for the year	27,007	25,739
Additional costs arising from early retirement	(184)	111
Provisions/liabilities/prepayments included in the Statement of Financial Position	2,101	2,435

19. Transition to IFRS 16 leases

On 1 April 2022 all public sector organisations including NSS transitioned from International Accounting Standard 17 (IAS 17) to International Financial Reporting Standard 16 (IFRS16) for leases. The transitional arrangements as set out in the HM Treasury Financial Reporting Manual (FRM) require public bodies to present the total cost of all qualifying leases as right of use asset in the current year from 1 April 2022 along with the depreciation and interest charges incurred during the financial year. The transition does not require a retrospective adjustment to the closing balances for 2021/22. Further detail for the disclosures under IFRS16 in 2022/23 and IAS17 for the 2021/22 can be found in Note 16 (pg. 134).

20. Financial instruments

(a) Financial instruments by category

Financial assets		Financial Assets at fair value through OCI	Total
AT 31 MARCH 2023	Note	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions, VAT recoverable and amounts due from other boards	9	14,771	14,771
Cash and cash equivalents	10	4,704	4,704
Total		19,475	19,475
AT 31 MARCH 2022	Note	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions, VAT recoverable and amounts due from other boards	9	6,178	6,178
Cash and cash equivalents	10	5,361	5,361
Total		11,539	11,539
Financial liabilities			
AT 31 MARCH 2023	Note	£'000	£'000
Liabilities per Statement of Financial Position			
Lease Liabilities	11	42,720	42,720
PFI Liabilities	11	29,334	29,334
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income, superannuation and amounts due to other boards	11	83,245	83,245
Total		155,229	155,229

Financial assets		Financial Assets at fair value through OCI	Total
AT 31 MARCH 2023	Note	£'000	£'000
Liabilities per Statement of Financial Position			
PFI Liabilities	11	30,145	30,145
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income, superannuation and amounts due to other boards	11	128,628	128,628
Total		158,773	158,773

(b) Financial risk factors

Exposure to risk

The activities of NSS 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 the Board 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, the Board is not exposed to the degree of financial risk faced by business entities.

Credit risk

Credit risk arises from cash and cash equivalents and 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 and parameters set by the Board.

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.

Liquidity risk

The Scottish Parliament makes provision for the use of resources by NSS 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. NSS is not therefore exposed to significant liquidity risks.

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

	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years
AT 31 MARCH 2023	£'000	£'000	£'000	£'000
PFI Liabilities	863	918	3,124	24,429
Lease Liabilities	6,775	6,480	17,533	11,604
Trade and other payables excluding statutory liabilities	83,220	25	0	0
Total	90,858	7,423	20,657	36,033
	Less than 1 year	Between 1 & 2 Years	Between 2 & 5 years	Over 5 years
AT 31 MARCH 2022	£'000	£'000	£'000	£'000
PFI Liabilities	811	863	2,935	25,536
Trade and other payables excluding statutory liabilities	143,882	191	1,108	2,110
Total	144,693	1,054	4,043	27,646

Market risk

NSS 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 the Board in undertaking its activities.

- **Cash flow and fair value interest rate risk**
NSS 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.
- **Foreign currency risk**
NSS is not exposed to foreign exchange rates.
- **Price risk**
NSS is not exposed to equity security price risk.

c) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques.

The carrying value less impairment provision of trade receivables and payables is 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.

21. Related party transactions

NSS had various material transactions with other Scottish Government departments and other UK Central Government bodies.

NSS Board members have cross directorships with Queen Margaret University, Potential in me and Puzzle Fit consulting. There are no material balances with these bodies in this financial year.



Direction by the scottish ministers

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

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

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

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

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

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

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

“The Common Services Agency” is the body established under s.10 of the National Health Service (Scotland) Act 1978 (operating as NHS National Services Scotland),

“The Common Services Agency Annual Accounts template” means the Excel spreadsheet issued to The Common Services Agency by the Scottish Ministers as a template for their statement of accounts, and

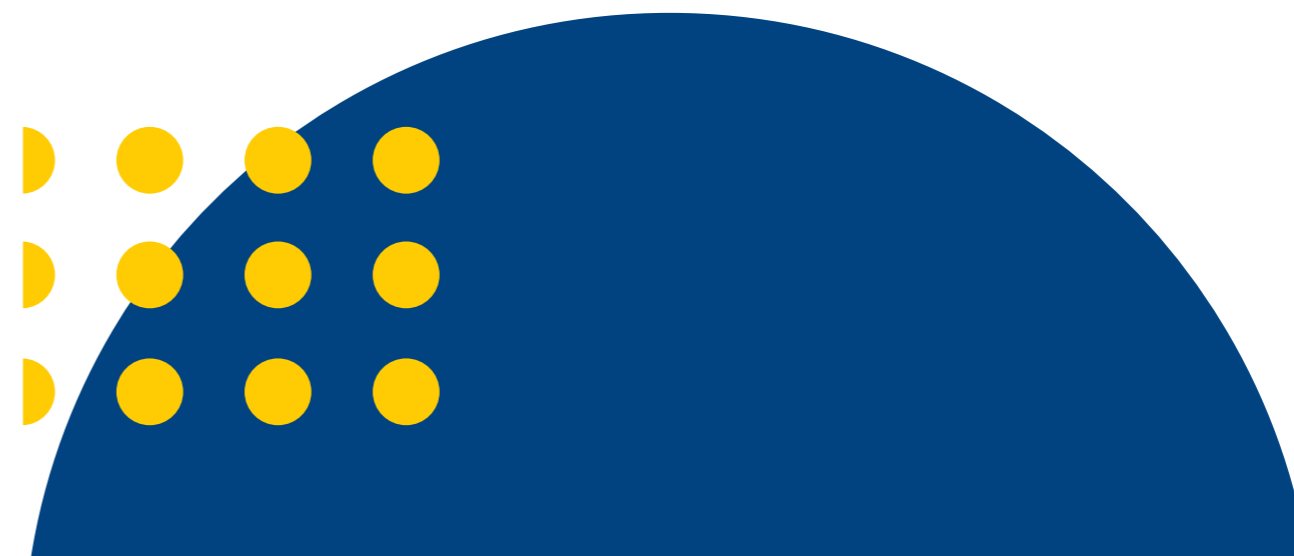
“Scottish Public Finance Manual” means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

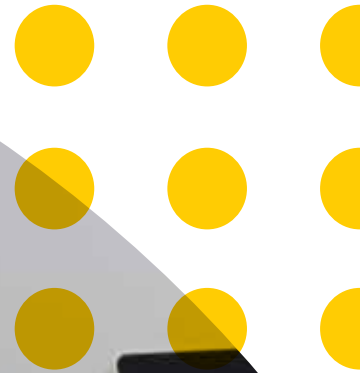
7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it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



Signed by the authority of the Scottish Ministers

Dated 22 March 2022





Find out more
about NSS at:

nss.nhs.scot
 [@NHSNSS](https://twitter.com/NHSNSS)