

**Ayrshire and Arran Health Board  
Annual Report and Accounts for the year ended 31 March 2024**

Contents	
PERFORMANCE REPORT .....	3
Performance Analysis .....	9
Financial performance and position .....	9
Performance against Key Non-Financial Targets .....	12
Sustainability and Environmental reporting .....	35
ACCOUNTABILITY REPORT .....	46
Corporate Governance Report .....	46
a) The Directors' Report .....	46
b) The Statement of Accountable Officers' responsibilities .....	49
c) The Governance Statement .....	50
Remuneration and Staff Report .....	58
Staff Report (Audited) .....	64
Parliamentary Accountability Report .....	70
Independent auditor's report to the members of Ayrshire and Arran NHS Board, the Auditor General for Scotland and the Scottish Parliament .....	71
Consolidated Statement of Comprehensive Net Expenditure .....	76
Consolidated Statement of Financial Position .....	77
Consolidated Statement of Cash Flows .....	78
Consolidated Statement of changes in Taxpayers' Equity .....	79
Notes to the accounts .....	80
Directions by the Scottish Ministers .....	129

## **A PERFORMANCE REPORT**

The performance report has been prepared in accordance with the government Financial Reporting Manual.

### **1. Overview**

The purpose of this Overview & Performance Report is to give the user a short summary that provides sufficient information to understand the NHS Board, its purpose and objectives, the outcomes it is aiming to achieve, its performance against delivering those objectives and both the impact of and management of key risks.

Further more detailed information is provided in the Accountability Report and the financial statements. NHS AA regularly publishes information on its services and activities on its website (<https://www.nhsaaa.net>) and on social media.

### **Principal Activities**

The Board is responsible for planning and delivering healthcare services for the residents of Ayrshire and Arran, a total population of 368,000, and employs around 12,000 staff.

Health Boards are single governing boards responsible for improving the health of their local populations and delivering the healthcare services they require. The overall purpose of the unified Board is to ensure the efficient, effective and accountable governance of the local NHS system and to provide strategic leadership and direction for the system as a whole.

### **Values and Objectives for Board**

Our Board work together to achieve the healthiest life possible for everyone in Ayrshire and our values are to be Caring, Safe and Respectful.

During 2023/2024, the organisation's five corporate objectives were working together to:

- deliver transformational change in the provision of health and social care through dramatic improvement and use of innovative approaches;
- protect and improve the health and wellbeing of the population and reduce inequalities, including through advocacy, prevention and anticipatory care;
- create compassionate partnerships between patients, their families and those delivering health and care services which respect individual needs and values; and result in the people using our services having a positive experience of care to get the outcome they expect;
- attract, develop, support and retain skilled, committed, adaptable and healthy staff and ensure our workforce is affordable and sustainable; and
- deliver better value through efficient and effective use of resources.

Aligned to these, our Annual Delivery Plan for 2023/2024 reflected 3 key priorities -

- 1) re-defining bed based care,
- 2) the delivery of a sustainable financial future and
- 3) digital reform.

## **Services**

The Health Board is structured into five main operational divisions supported by corporate directorates:

- Acute and maternity Hospital Services – University Hospital Crosshouse and University Hospital Ayr
- East Ayrshire Health and Social Care Partnership
- North Ayrshire Health and Social Care Partnership
- South Ayrshire Health and Social Care Partnership
- Public Health
- Support Directorates – Human Resources, Finance, Digital, Estates, Cleaning etc.

## **Acute Hospital Services**

Acute health services are delivered predominantly through the University Hospital Ayr (UHA) and University Hospital Crosshouse (UHC). Some specialties are duplicated on both sites while some specialty services are provided for the whole of Ayrshire from one hospital e.g. orthopaedic trauma services are centralised at UHC with most elective orthopaedic procedures at UHA and the majority of Urology services are provided from the University Hospital Ayr.

## **Regional and national service provision**

Not all health services can be provided within the geographical boundaries of Ayrshire. Notably, neurosurgery, radiotherapy, specialist children's services and some specialist services are delivered in Glasgow, cardiac and lung surgery is delivered at Golden Jubilee National Hospital and inpatient vascular care for Ayrshire patients is at Hairmyres Hospital.

## **Health and Social Care Partnerships**

Since 2015, three Integration Joint Boards, formally constituted as separate legal entities and a 50:50 joint venture between Councils and Health Board, have made decisions and developed strategic plans in response to population need. These plans inform how health and social care services are planned and delivered for the communities by Health & Social Care Partnerships in each council area- East, North and South Ayrshire. Services include Primary Care, inpatient mental health, Dental. There are community hospitals in each area and multiple GP premises and health clinics.

Integration Joint Board accounts have been consolidated in the Board accounts since April 2015 and in 2023/2024 almost half of the health board revenue allocation is delegated to them. A review was carried out in 2023/2024 of all three Integration Schemes and recommendations made to update them.

## **Public Health**

The main functions of public health are health protection, health improvement, civil contingency planning, operational services such as covid vaccination programme and supporting service planning through needs assessment and patient flow reviews.

## **Digital**

Digital services have been prioritised by the Board and invested in over the last two years injecting circa £10 million of capital and over £3 million recurring revenue into this important reform programme of work. A shared system ambition is to move to a shared electronic patient record that is available to all health and care service providers in Ayrshire.

## **Governance**

A robust governance structure is in place across the Board to enable performance to be evaluated, monitored and reported in line with requirements of Scottish Government and other governing bodies.

Board Committees in place are:-

- Audit and Risk
- Healthcare Governance
- Information Governance
- Integrated Governance
- Performance Governance
- Staff Governance

Further information can be found in the Accountability section of this report.

## **Chief Executive Summary**

This has been another very challenging year with, as evidenced in the detailed Performance Report, post pandemic pressures continue to impact and influence our workforce, our community and subsequently our ability to deliver the targets and standards we want for the population of NHS Ayrshire & Arran. I am grateful to all those involved in our service delivery and for their commitment and continued efforts which have ensured that the safety and quality of our services are maintained amidst the issues faced.

Our key priorities outlined in our Annual Delivery Plan 2023/2024 were and will remain as redefining bed-based care, the delivery of a sustainable financial future and digital reform. Our Caring for Ayrshire strategy aims to deliver quality services to the patient as close to home as possible.

As a Board it is acknowledged that our key risks to service delivery lie in our financial position, emergency department overcrowding, planned care waiting times, staffing gaps and digital/systems capability. However, despite these challenges that are felt throughout our health and social care landscape, there has been positive progress made by services and teams from across Ayrshire and Arran. We have continued to develop local plans with local teams that have improved performance and patient experience. Innovation, new initiatives and new ways of working have been introduced and each have contributed to improved outcomes for patients.

Positive progress has been made across our Safety and Quality measures including that of the prevention agenda of Falls, Falls with Harm, Pressure Ulcers and Infection Prevention and Control. There have been improvements in our management of complaints and information and learning outcomes are continuously monitored with reviews completed where trends emerge. Regular reporting in these areas is presented to the Healthcare Governance Committee for monitoring/action as necessary.

Waiting times for elective care continue to be longer than we want. Workforce constraints and some limitations in our clinical estate, post the pandemic, continue to influence the rate of our recovery. We have been unable to recover to all of our pre-pandemic capacity levels in all areas which, along with increasing demand, has contributed to some of our longer waits for patients.

As a health system, patients in our hospitals can experience a longer length of stay than that of the Scottish average. This longer length of stay impacts the number of beds we need as a system on a daily basis. When there are insufficient beds in our system two high profile pressure points experienced by patients and staff are the long waits for patients in our Emergency Departments and longer waits for care and assessments in the community. Bed based care is resource intensive and when a system has too many or too few beds in any part of the system clinical and support resources become less efficient. It is a continuous balance of the right beds, in the right care setting, with the appropriate length of stay that enables the best access to care at our hospitals and in the community. Our performance in unscheduled and urgent care access in the community has been maintained; however, performance has deteriorated this year against the national target to be seen within four hours in our Emergency Departments.

During 2023/2024, a public consultation was undertaken on making permanent some changes to chemotherapy services for cancer patients within Ayrshire which had been tested during the pandemic. These were categorised as major service change by Healthcare Improvement Scotland. The changes were widely supported and were approved by the Cabinet Secretary.

During 2023/2024 we have consistently met the Child and Adolescent Mental Health 90% target for assessment within 18 weeks, while other Psychological services have met their respective targets intermittently. Drug and Alcohol treatment targets were consistently met above 90% of times through the year.

The financial deficit for 2023/2024 was £38 million for which the Board received brokerage funding from Scottish Government. The Board had set a deficit budget for the year of £56.4 million, and additional funding received during the year reduced the year end deficit. A going concern basis has been adopted within the accounts as the services provided to the public are essential and the Government Financial Reporting Manual presumes the continuation of services and requires a going concern basis unless the body is being wound up.

As previously indicated, the requirement for unfunded beds continues, albeit the count has been reduced by 40 beds this year, leaving the current count at circa 140 additional beds. Additional beds are required in the system whilst the average length of stay of our patients is longer than the Scottish average. These additional beds, and the workforce to support them, have been key contributors to the deficit position. The use of agency staff for these beds was at a cost of £9.7 million for nursing and £5.9 million for medical staff.

Over the past few months revisions to whole system plans have been made to enable the phased reduction of unfunded beds from both our Acute and Community hospitals.

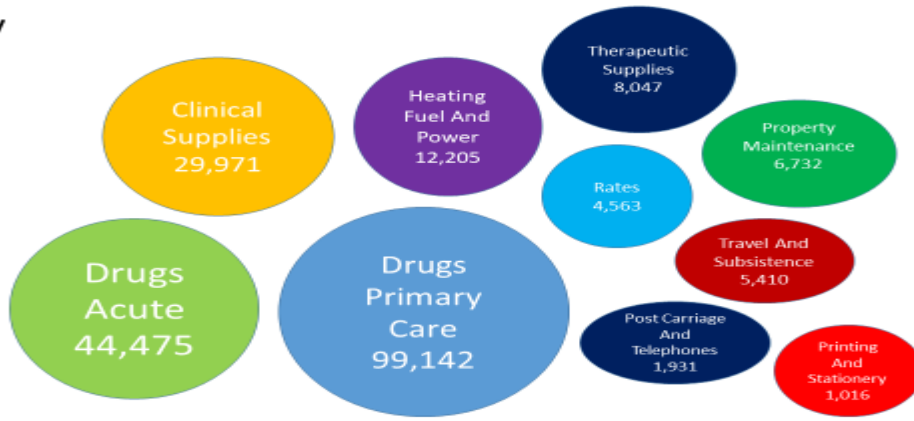
The health board employs over 12,000 staff which accounts for over half of spend for the year (£637 million). The diagram below shows in £ thousands the 2023/2024 spend by clinical staff group with the bigger the bubble indicating the more spend.

PAY



We also spent about £150 million on medicines (two thirds being prescribed by general practitioners) as well as £30 million on clinical supplies and £30 million on property costs.

**Non-Pay**



**Risk Management**

The Governance Statement outlines the high risks within the strategic risk register. A robust risk management system is in place within all areas to identify, manage and mitigate risks at operational and strategic level. During 2023/2024 the Risk and Resilience Scrutiny and Assurance Group, chaired by the Chief Executive, met regularly to review risks and in addition Governance Committees of the Board consider the strategic risks aligned to their Committee on a quarterly basis. This robust process has ensured ongoing focus on identification and mitigation of key risks in these challenging times.

In light of the pressures across health care in line with most areas our current key risks include:-

- planned care waiting times;
- financial outturn;
- emergency department crowding;
- electro-medical equipment budget reduction.

**Climate Emergency & Sustainability**

The Board has a strategy and plan in place for implementing the Scottish Government requirements in this area. A set of operational groups have responsibility for key components of green prescribing, waste management, greening the estate and green theatres. These in turn are overseen by Climate Emergency and Sustainability Working and Management Groups, the latter of which provides regular reporting to the Integrated Governance Committee.

Signed *Clair Burden*  
.....  
Chief Executive

25 June 2024  
Date .....



## 2. Performance Analysis

### Financial performance and position

	2023/24 Resource Limit £000	2023/24 Actual Outturn £000	2023/24 Variance (Over)/Under £000
Core Revenue Resource Limit	1,089,465	1,089,087	378
Non-core Revenue Resource Limit	26,724	26,724	0
<b>Total</b>	<b>1,116,189</b>	<b>1,115,811</b>	<b>378</b>
Core Capital Resource Limit	20,856	20,855	1
Non-core Capital Resource Limit	341	341	0
<b>Total</b>	<b>21,197</b>	<b>21,196</b>	<b>1</b>
Cash Requirement	1,197,921	1,197,921	0
<b>Memorandum for in-year outturn</b>			<b>2023/24 £000</b>
Core Revenue Resource Variance (Deficit)/Surplus in 2023/24			378
Financial flexibility: funding banked with/(provided by) Scottish Government			-38,400
<b>Underlying (Deficit)/Surplus against Core Revenue Resource Limit</b>			<b>-38,022</b>
Percentage			<b>-3.49%</b>

A three-year financial plan was submitted to Scottish Government by NHS Ayrshire & Arran on 22 March 2024 and a letter was issued in response to the NHS Board's financial plan on 4 April 2024. During the year, Scottish Government undertook a review of the NHS Board's current escalation status. Upon review, NHS Ayrshire & Arran remained at escalation stage three on the NHS Board Performance Escalation Framework.

The accounts have been prepared under an accounts direction and on a going concern basis as there is an assumed continuation of business. A deficit budget of £56.4 million was set for 2023/2024, however, due to additional funding from Scottish Government received late in the financial year, the need for brokerage reduced to £38.4 million.

NHS Ayrshire & Arran required £38.4 million from Scottish Government in order to achieve financial balance in 2023/2024. Without this additional support, the Board's final outturn would have been an overspend of £38 million (equivalent to 3.49% of the Revenue Resource Limit). This brokerage is repayable once the Board is in financial balance along with £14.7 million brokerage from 2019/2020, and £25.4 million from 2022/2023. A Whole System Plan will be developed in 2024/2025 setting out how the Board plans to get to sustainable financial balance over the longer term.

For 2024/2025, the revenue plan identifies more efficiency savings than cost pressures therefore the planned deficit for 2024/2025 is £53.5 million which is less than the £56.4 million deficit planned for 2023/2024.

The annual budget for Acute Services is £427.6 million. The directorate has overspent by £36.1 million this year. £9.9 million was spent on unfunded beds which is higher than the planned £6 million however other pay and supplies overspends as well as unachieved savings also contribute to the overspend.

<b>Table 1a</b>	<b>Annual Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>All Acute</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Pay	309,771	333,276	(23,504)
Supplies	69,596	82,372	(12,777)
Purchase of Healthcare	85,096	83,180	1,915
Provision of Healthcare	(33,006)	(32,655)	(352)
Operating Income	(1,576)	(2,444)	868
Unallocated Savings	(2,292)	0	(2,292)
<b>Total</b>	<b>427,589</b>	<b>463,729</b>	<b>(36,141)</b>

Pay is £23.5 million overspent. Nursing pay was £13.4 million overspent whilst medical pay was £9.1 million over. Cumulative nursing agency spend within acute was £8.85 million with £2.6 million being in accident and emergency and combined assessment units but most nurse agency spend being to staff unfunded beds. Cumulative medical agency spend was £5.64 million.

### Capital Schemes

The biggest capital spend in the year was on a national secure adolescent unit at Ayrshire Central Hospital in Irvine. Significant inadequacies in the Board digital infrastructure were highlighted by an external review in early 2022. This has required capital investment of £5.3 million in 2022/2023 and a further £3.2 million capital spend in 2023/2024.

<b>Capital Spend for the 12 months to 31st March 2024</b>	<b>Spend to Date</b>
	<b>£000's</b>
National Secure Adolescent Unit (Foxgrove)	7,726
Digital Reform	3,190
Electromedical equipment	1,872
Crosshouse Ward 4A Refurbishment	1,161
Fleet Decarbonisation	708
Pharmacy Robot	671
Undergraduate medical student houses	617
Washer Disinfectors	655
Distributed Working pilot	571
National Treatment Centre	424
Renal Plant	290
Robot Instrument Steriliser	245
Aggregate schemes under £200k	1,337
Income from Asset Sales	(263)
<b>Total</b>	<b>19,204</b>

### **Payment policy**

The Scottish Government is committed to supporting businesses 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 2023/2024 average credit taken was 10 days (2022/2023 = 9 days)
- In 2023/2024, the Health Board paid 92.5% by volume and 94% by value of non-NHS suppliers within 30 days of the invoice being received, (compared to 94% and 95% in 2022/2023).
- Based on the date of invoices being received, 82% by volume and 85% by value were paid within 10 days in 2023/2024 (compared to 84% and 89% in 2022/2023).

### **Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report. The NHS pension scheme is an unfunded multi-employer defined benefit scheme therefore future liabilities are not on the balance sheet. In 2023/2024, the Board employer contribution was 20.9% of relevant pay costs and amounted to £82.5 million (previous year £75.7 million). This reflects an increase in workforce whole time equivalent staff as extra staff were employed over the last four years as well as pay increases.

## Performance against Key Non-Financial Targets

### Annual Accounts – Performance Report

#### Background

Our Annual Delivery Plan (ADP) for 2023/2024 was submitted to Scottish Government (SG) in July 2023. Routine updates on the key data aspects relating to the ADP; and our wider performance against the National Waiting Times Standards have been provided to NHS Ayrshire & Arran Board and our internal Performance Governance Committee.

This Annual Report focuses on the following areas:

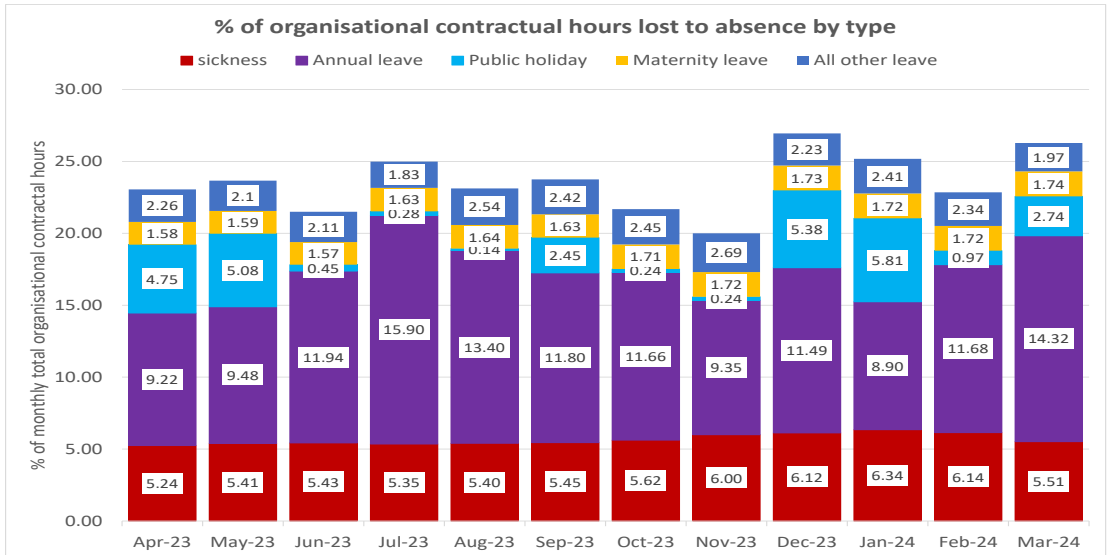
- Workforce;
- Urgent Care Pathways;
- Unscheduled Care;
- Delayed Transfers of Care;
- Planned Care;
- Diagnostics;
- Cancer;
- Mental Health Waiting Times.

#### 1. Workforce

##### Workforce availability

Workforce availability remained challenging throughout 2023/2024 with fluctuations in all absence (planned and unplanned) (Figure 1). The impact of absence, coupled with latent vacancies, supply issues, and ongoing provision of additional beds beyond our funded base bed complement on our Acute sites stimulates the requirement for supplemental staffing solutions (bank, agency, overtime, and excess part time hours) throughout the year to ensure service sustainability and safety.

**Figure 1 – % of contractual hours lost monthly for all absence types**

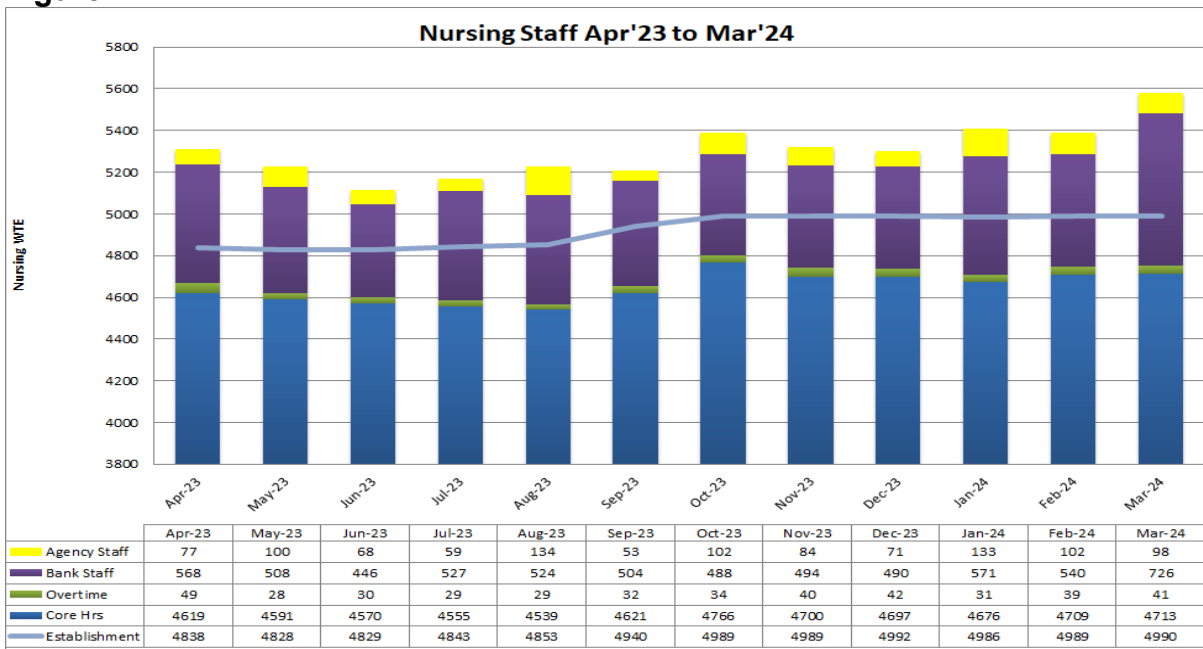


Source: NHS Ayrshire & Arran HR services

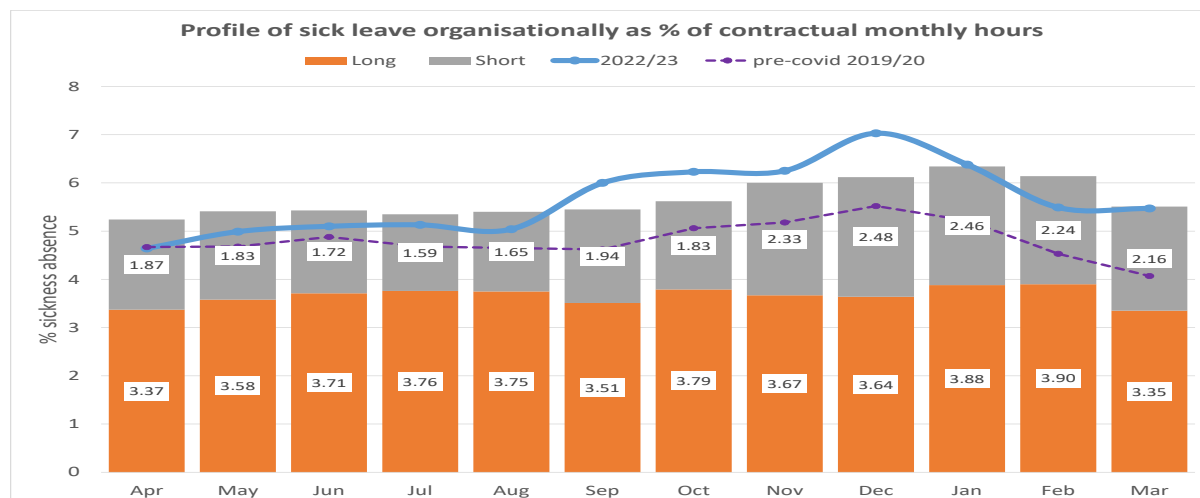
As part of our approach to staff wellbeing, staff are encouraged to utilise their annual leave to ensure rest and recuperation. The profile of annual leave, as illustrated in Figure 1 above, has normalised to the pattern of usage pre-pandemic. Fluctuations in unplanned absence and overall activity in the system necessitates the need for staff to sometimes delay planned annual leave, thus potentially resulting in the need for carry forward of leave at year end into the next leave year.

NHS Ayrshire & Arran has a funded establishment of 10,490 WTE (whole time equivalent) staff. Since the covid-19 pandemic the numbers of hours worked by substantive staff, bank staff and agency workers) has exceeded the funded establishment and at March 2024 this was 11,036 WTE. Nursing account for around half of the funded establishment and most months were between 300 and 400 WTE above funded establishment because of additional unfunded beds being open in our hospitals. The graph below shows nursing staff used each month.

Figure 2



**Figure 3 - Sickness absence on monthly basis**



Source: NHS Ayrshire & Arran HR services

ASDOM (anxiety, stress, depression and other mental illness) remains the most prevalent reason for absence regardless of duration of absence, accounting for 29.17% of all organisational sickness absence. The second most prevalent reason for absence is gastro-intestinal problems at 8.61%.

## Turnover

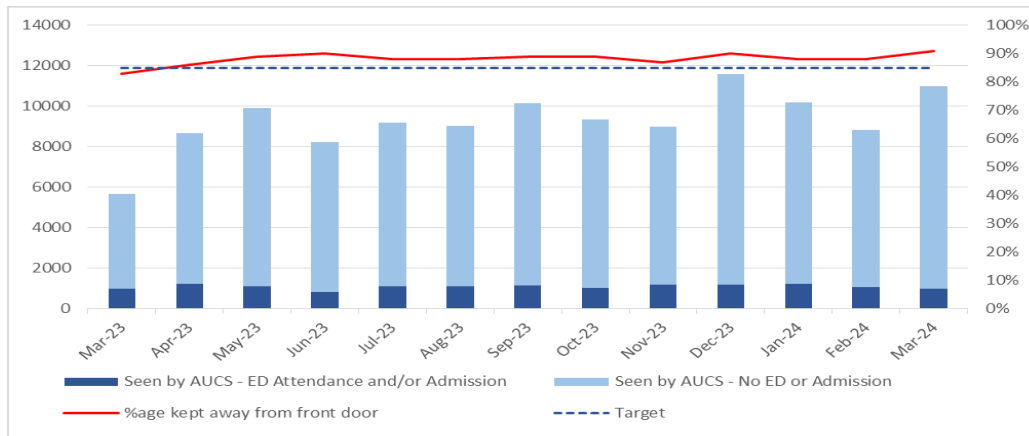
The organisational turnover rate in 2023/2024 was approximately 8.20%, this was lower than the previous financial year, where 2022/2023 turnover was approximately 9.31%. Turnover remains significantly higher than the pre-pandemic turnover rate of 6.97% (from local data). From the most current available comparative national data, for financial year ending 31 March 2023, NHS Ayrshire & Arran had the second lowest turnover rate of all eleven mainland territorial Boards. The challenge we face with elevated turnover levels relates to demand outstripping supply particularly within the clinical registrant workforce with latent vacancies within a number of our clinical staff groups. The Board has a corporate risk in relation to clinical registrant supply and capacity.

## 2. Urgent Care

The Ayrshire Urgent Care Service (AUCS) operates as a 24/7 GP led Flow Navigation Centre (FNC). The service focus is to support an improved patient journey with new innovative pathways in place which benefit patients as well as the wider system. In 2023/2024 there were around 115,000 contacts to the Ayrshire Urgent Care Service including to the various pathways that now exist (Figure 4). A small proportion of these contacts (11%) result in patients going onwards to hospital, demonstrating the effectiveness of the service in avoiding hospital attendance or avoidable and unnecessary admission for the majority of these patients. The success of the new pathways and ways of working outlined below is a result of good working relationships across Ayrshire and Arran and wider system partners including NHS 24, Scottish Ambulance Service (SAS), Police Scotland, as well as strengthened connections with GP practices and Community Pharmacy. All new

service developments are created in partnership across clinical and managerial leadership teams from relevant stakeholders. The effectiveness of the additional pathways included within the service is evident below.

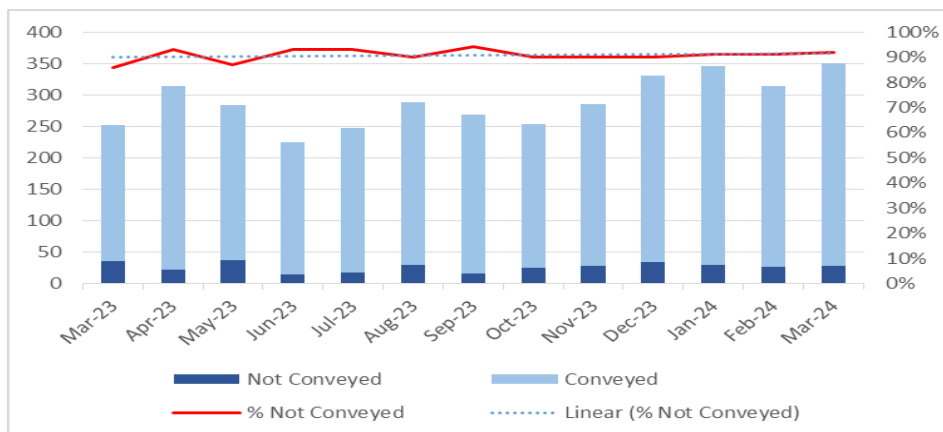
**Figure 4 – AUCS Contacts**



Source: NHS Ayrshire & Arran Urgent Care Team

The Scottish Ambulance Service (SAS) Call before Convey Pathway ensures that SAS crews attending calls or reviewing calls on their dispatch screens are able to consider what input and support the FNC could provide to support the patient. In 2023/2024, there were 3,509 referrals to AUCS from SAS (Figure 5), of which only 9% went on to be referred to hospital as final outcome. Approximately 91% of referrals didn't require a SAS crew to convey to the hospital front door of the acute sites.

**Figure 5 – Call before Convey Referrals**



Source: NHS Ayrshire & Arran Urgent Care Team

The Care and Nursing Home Pathway provides direct access to AUCS/FNC during the out of hours period as an alternative to the NHS 24 process. This reduces delays for the Care and Nursing Home residents that would be experienced when using the NHS24 route. This also replicates the in hours service which each Care and Nursing Home is able to access through the resident's assigned GP practice. In 2023/2024, this pathway received 7,571 Care Home calls. This local model has seen 8% of calls through this pathway attending hospital with only 3% going on to be admitted. This

compares to admittance rates via SAS 999 of 22% and NHS 24 16%. The pathway through AUCS allows access to all community pathways under the 24/7 FNC and has contributed to and maintains around a 30% reduction in SAS attended calls for care home residents since the 2019 baseline.

Emergency Services Mental Health (ESMH) pathway - was fully launched on 30 May 2022 following a successful pilot in early 2022. SAS and Police Scotland refer mental health related calls which do not require emergency medical intervention to the FNC. This 24/7 service is a whole life pathway with no upper or lower age limits. In 2023/2024, a total of 1,951 calls were received into this pathway. Demand continues to increase into this pathway with an average of 160 calls per month during the past year compared to 110 per month in the first year. These patients would otherwise have formerly been conveyed to the Emergency Departments by Police Scotland or SAS.

There is also a dedicated Community Pharmacy professional to professional pathway into AUCS in the out of hours period when an AUCS/FNC senior clinical decision maker support community pharmacists to avoid the necessity to refer patients into hospital. Prior to this pathway, patients would normally be directed to NHS 24 if community pharmacy were unable to help therefore reducing the amount of services the patient has to navigate through. This pathway is still in development with learning gathered routinely. In 2023/2024, a total of 843 patient referrals have been received into FNC from Community Pharmacy.

The COVID-19 Therapeutic pathway continues to also successfully support the most vulnerable people with COVID-19. Whilst the frequency of COVID outbreaks has reduced throughout the past 12 months, the criteria of people identified as potentially eligible has increased with those newly eligible having been notified by letter with information on how to access this treatment locally as part of their care. Between January 2023 and December 2023, there had been 625 patient referrals with 423 of these patients being suitable to be treated within the service. Within this cohort of patients only 6 went on to be admitted to secondary care for further care specifically for COVID-19.

### **3. Unscheduled Care**

Services across the whole health and care system remained under extreme pressure in 2023/2024. Patients continued to present at our Emergency Departments and Combined Assessment Units with complex acute needs which resulted in high occupancy rates and extended lengths of stay.

Early in 2023/2024, an urgent and unscheduled care improvement plan was developed and included a number of workstreams such as the continued roll out of Hospital at Home service, an Outpatient parenteral anti-microbial therapy (OPAT) service, Whole System Interventions focussing on expediting safe patient discharge, and a continuous patient flow model – based on the 'Bristol Model'.

In November 2023, a 30/60/90 Day Unscheduled Care Plan was developed as an Acute Care focused remedial action plan to support and improve patient flow during the winter months.



## Emergency Department (ED) Attendances

Overall, there were 92,405 unscheduled ED attendances across UHA and UHC in 2023/2024, an increase of 2,382 (+2.6%) from the previous year (Figure 6 and Table 1). This increase was experienced evenly across both sites, with University Hospital Ayr (UHA) receiving 1,145 (+3.8%) additional attendances in 2023/2024 than in 2022/2023, and University Hospital Crosshouse (UHC) receiving an additional 1,237 (+2.1%).

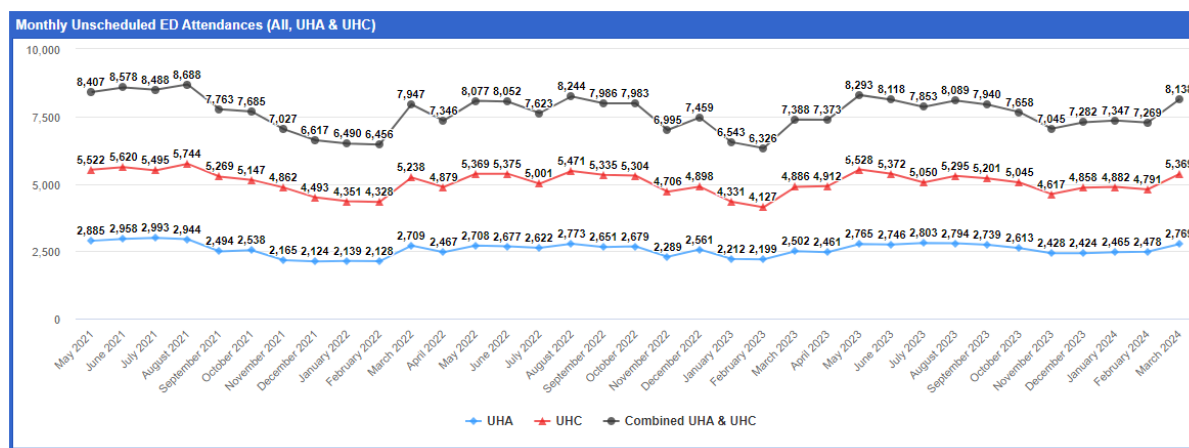
Most recently there has been a significant increase in attendances during the January to March 2024 quarter with an additional 2,497 attendances across both Emergency Departments (+12.3%) when compared to the same period last year.

**Table 1 - Annual number of Unscheduled ED Attendances (April to March)**

Unscheduled ED Attendances	2019/20	2020/21	2021/22	2022/23	2023/24
NHS Ayrshire & Arran	111,008	79,808	91,422	90,023	92,405
UHA	38,366	27,221	30,499	30,340	31,485
UHC	72,642	52,587	60,923	59,683	60,920

Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

**Figure 6 – Monthly unscheduled ED attendances – NHS Ayrshire & Arran, UHA and UHC**



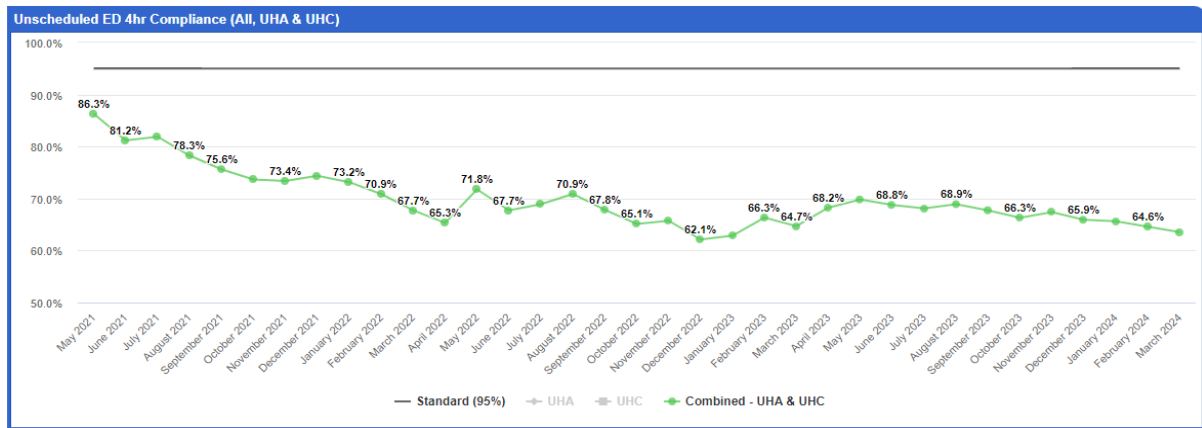
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

## Emergency Department (ED) 4-Hour Wait

Figure shows deteriorating performance since May 2021 against the ED 4-Hour standard which was reversed between December 2022 and May 2023, however has remained on a steady downtrend thereafter. Performance for 2023/2024 peaked at 69.8% in May 2023, reducing to 63.6% by March 2024.

The latest available national benchmarking data for February 2024 shows compliance for NHS Ayrshire & Arran (64.5%) was higher than the national average (63.8%) (Table 2).

**Figure 7 – Monthly Unscheduled ED 4 Hour Compliance - NHS Ayrshire & Arran**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

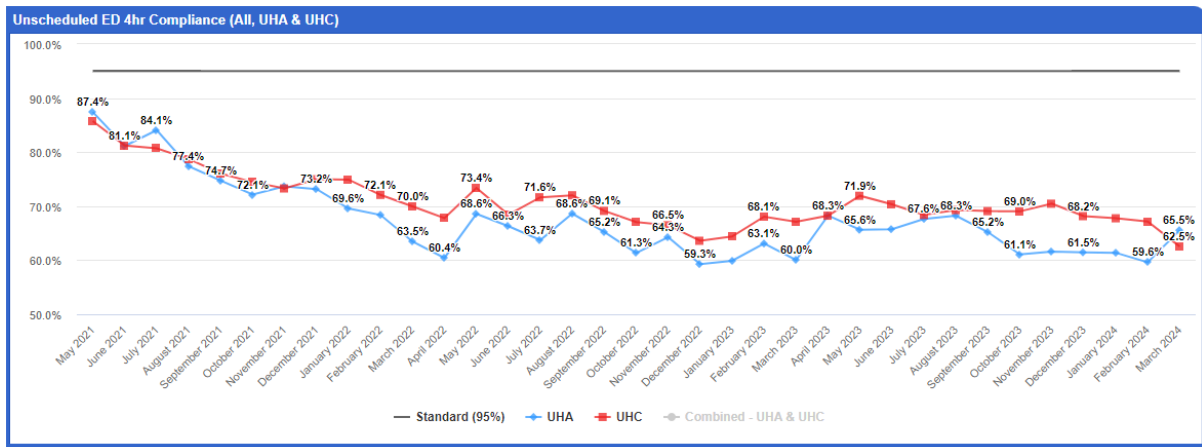
**Table 2 - ED 4-Hour Wait Compliance - Benchmarking**

	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23
<b>NHS A&amp;A</b>	66.4%	64.7%	68.1%	69.5%	68.8%	68.1%	68.9%	67.7%
<b>Scotland</b>	66.3%	64.5%	65.7%	67.2%	69.0%	69.5%	67.9%	66.5%
	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24			
<b>NHS A&amp;A</b>	66.3%	67.5%	65.8%	65.7%	64.5%			
<b>Scotland</b>	64.8%	63.6%	62.5%	62.0%	63.8%			

Source: Public Health Scotland

ED 4 hour compliance had consistently been higher at UHC than at UHA over the past two years, however the latest figures for March 2024 show significant improvement at UHA, with performance now exceeding that at UHC (Figure 8).

**Figure 8 – Monthly Unscheduled ED 4 Hour Compliance – UHA and UHC**

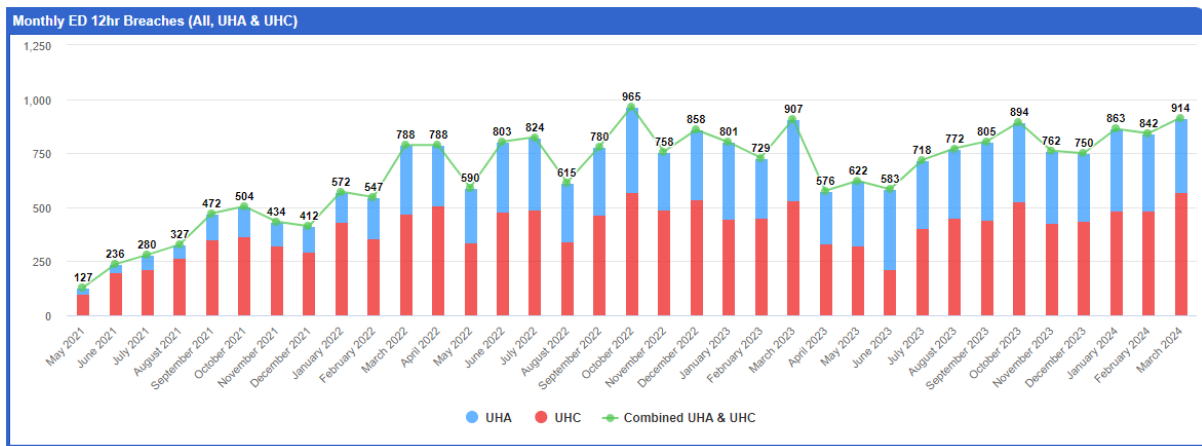


Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

### Emergency Department (ED) 12 Hour Breaches

Through the Annual Delivery Plan a target was set to reduce the numbers of patients waiting 12 hours or more at our Emergency Departments to zero. Whilst 12 hour breach numbers had experienced a significant decrease between March and April 2023, they have since been consistently increasing. In March 2024, there were 914 waits at ED over 12 hours, slightly higher than at the same point last year (March 2023: 907), and the second highest monthly figure recorded within the Health Board (October 2022: 965) (Figure 9).

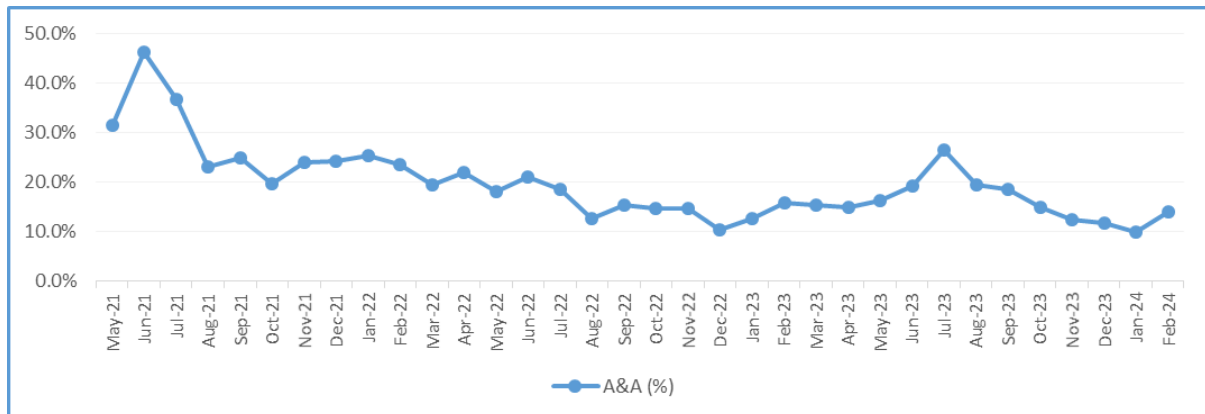
Figure 9 – Monthly ED Waits Over 12 Hrs - NHS Ayrshire & Arran, UHA, UHC



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

National published data indicates that ED 12hr breaches for NHS Ayrshire & Arran expressed as a proportion of the total 12hr breaches across the whole of Scotland rose to a high of 46.2% in June 2021 and has noticeably decreased since, down to 13.9% as at March 2024 (Figure 10). Despite reducing, this proportion remains higher than expected given that the NHS Ayrshire & Arran population is around 6.9% of the total population in Scotland.

**Figure 10 – % Monthly ED waits over 12 Hours across NHS Ayrshire & Arran as a proportion of Scotland 12 Hour waits**



Source: Public Health Scotland

### Combined Assessment Unit (CAU) Presentations

There were a total of 17,857 presentations to CAU in 2023/2024 financial year (Table 3 and Figure 12), a decrease of 1,501 (-7.8%) from the previous year, and a decrease of 797 (-4.3%) when compared to pre-COVID-19 activity in 2019/20.

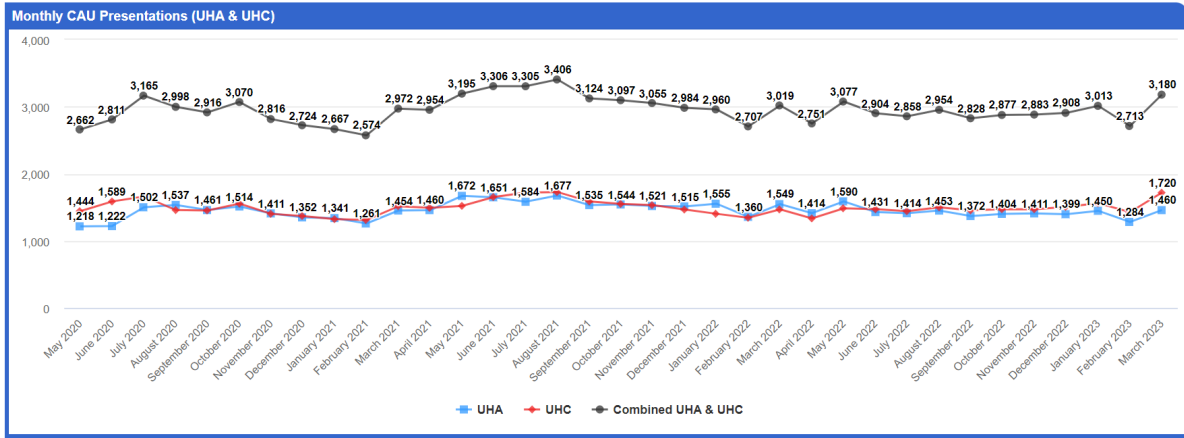
This decrease has been entirely at UHC, which has seen 1,617 (-16.3%) fewer presentations in 2023/2024 when compared to 2022/23, with an additional 116 presentations (+1.2%) at UHA. Similar to ED attendances, in March 2024 there has been a significant increase in CAU presentations.

**Table 3 - Annual number of CAU Presentations (April to March)**

	2019/20	2020/21	2021/22	2022/23	2023/24
NHS Ayrshire & Arran	18,654	15,300	19,145	19,358	17,857
UHA	8,902	7,291	9,238	9,443	9,559
UHC	9,752	8,009	9,907	9,915	8,298

Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

**Figure 11 – Monthly CAU Presentations - NHS Ayrshire & Arran, UHA, and UHC**

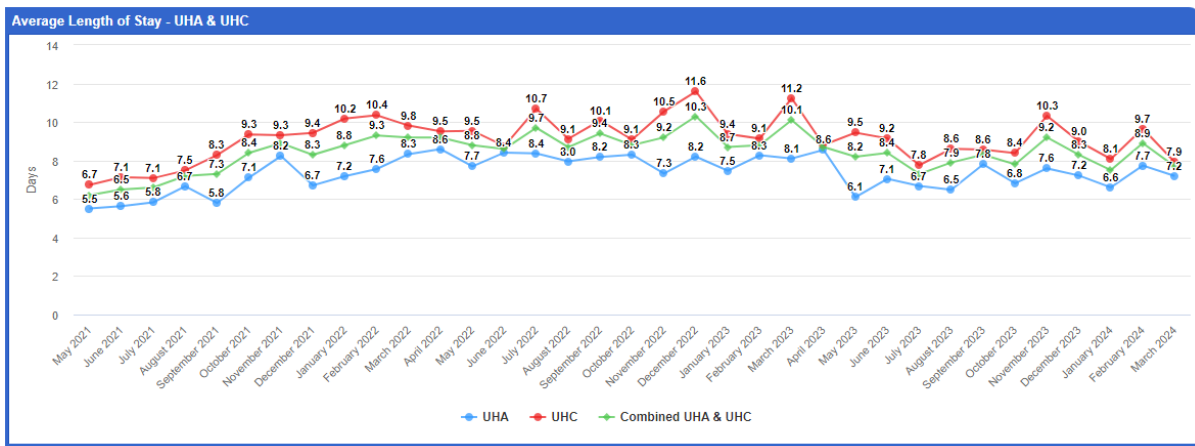


Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

### Average Length of Stay

The average length of stay (ALOS) for core wards at UHA reduced to a low of 6.1 days in May 2023, steadily rising thereafter to reach 7.2 days by March 2024. Meanwhile at UHC, ALoS rose to a high of 10.3 days in November 2023, reducing to 7.9 days by March 2024 (Figure 12).

Figure 12 - Average Length of stay in core wards at UHC and UHA



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Definition: Total average length of stay for all patients discharged in month from core wards only.

NHS Ayrshire & Arran has a significantly higher length of stay in hospital compared to the Scottish average and improving to the Scottish average would allow the closure of all unfunded beds in our hospitals.

### 4. Delayed Discharges/Transfers of Care

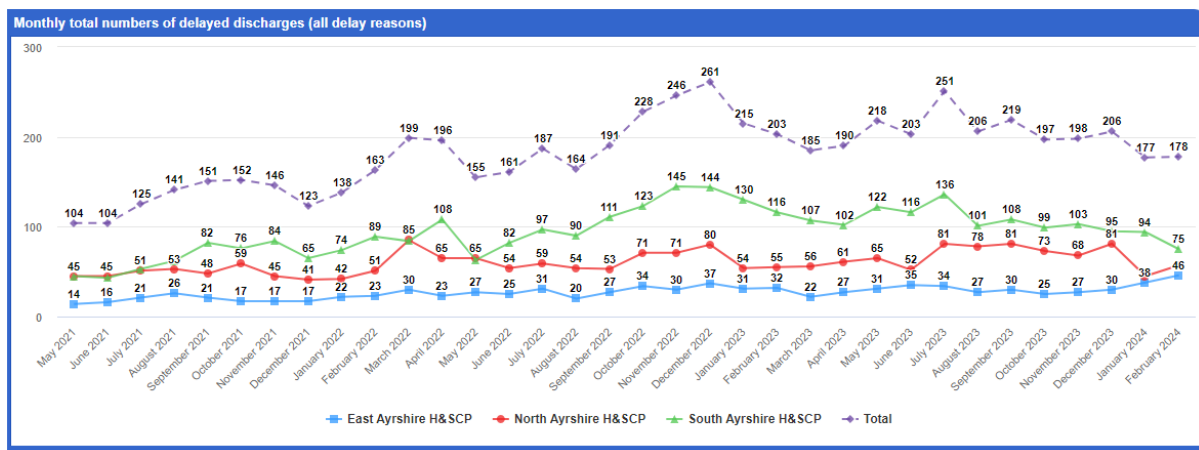
#### Delayed Discharges/Transfers of Care – All Delays

Numbers of delayed discharges for all reasons had previously been increasing to an all-time high of 261 by December 2022 before reducing until March 2023. There was

a further rise in delay numbers to 251 by July 2023, however since then there has been a consistent reduction in delays, down to 178 in total at the February 2024 census point (Figure 13).

Whilst the majority of delays continue to be in South Ayrshire HSCP (Feb 2024: 75, 42.1%), there has been significant reduction over the past 12 months, down from 116 (57.1%) delays in February 2023. In North Ayrshire HSCP, delay numbers had been gradually increasing throughout 2023/2024 however reduced significantly between December 2023 and January 2024, with delay numbers in February 2024 (57) only marginally higher than at the same point last year (February 2023: 55). In East Ayrshire HSCP, numbers have steadily increased throughout the year, rising from 32 in February 2023 to 46 in February 2024.

**Figure 13 – Monthly Delayed Discharges (all delay reasons and lengths) by HSCP**



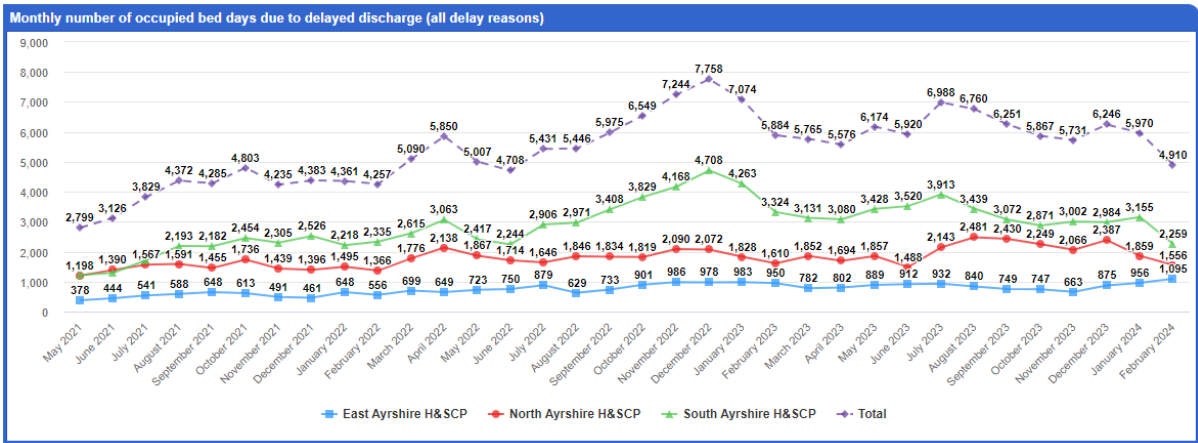
Source: Public Health Scotland

### Delayed Discharges/Transfers of Care – Occupied bed days

The total number of bed days occupied in each month by patients whose discharge from hospital has been delayed for non-clinical reasons is also a key measure in assessing performance.

Delayed Discharge Occupied Bed Days (OBDs) for all delay reasons (Figure 14) have followed a similar pattern to numbers of delayed discharges, reducing from a 2023/2024 high of 6,988 in July 2023 down to 4,910 in February 2024, the lowest monthly figure recorded since June 2022. Throughout the year South had most, however the gap has been narrowing.

**Figure 14 – Monthly bed days occupied due to delayed discharge (all reasons) by HSCP**



Source: Public Health Scotland

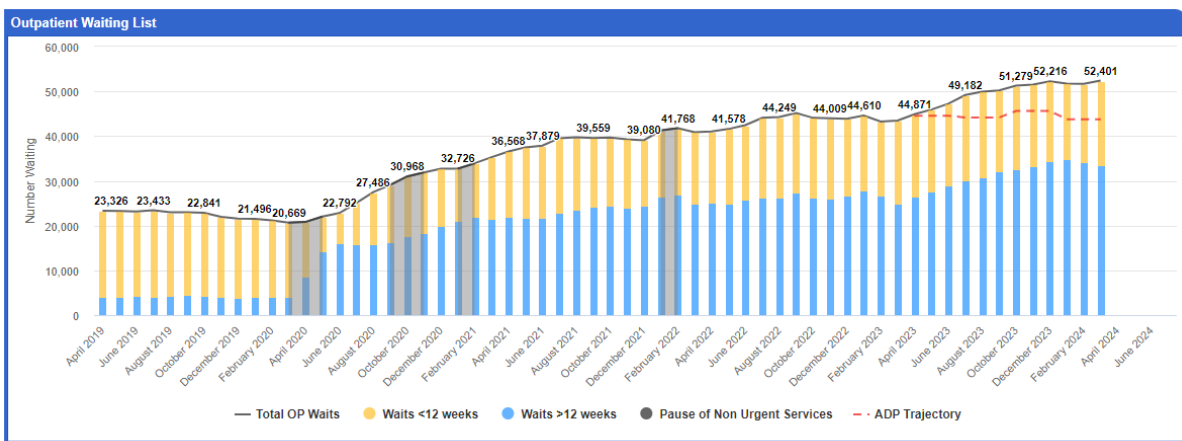
Following the withdrawal of several private home care providers, South Ayrshire Health and Social Care Partnership (HSCP) have continued to undertake a recruitment drive with investment to support an additional 100 in-house care at home posts. There is now a Multi-Disciplinary Team (MDT) approach utilising a Discharge Hub within Acute, with senior management and Head of Service meeting twice weekly to review all individuals delayed in hospital over 8 weeks. Clear review process have been implemented for anyone waiting over 30 days for a care package to support discharge. In addition, beds have been commissioned within a care home with a clear focus for rehab and step-down beds created within a local authority residential unit to support discharge and avoid admission to hospital.

## 5. Planned Care

### New Outpatients

The total number of New Outpatients waiting has continued to rise during 2023/2024, from 44,871 at April 2023 to 52,401 at March 2024 (Figure 15) whereas our annual delivery plan was to plateau.

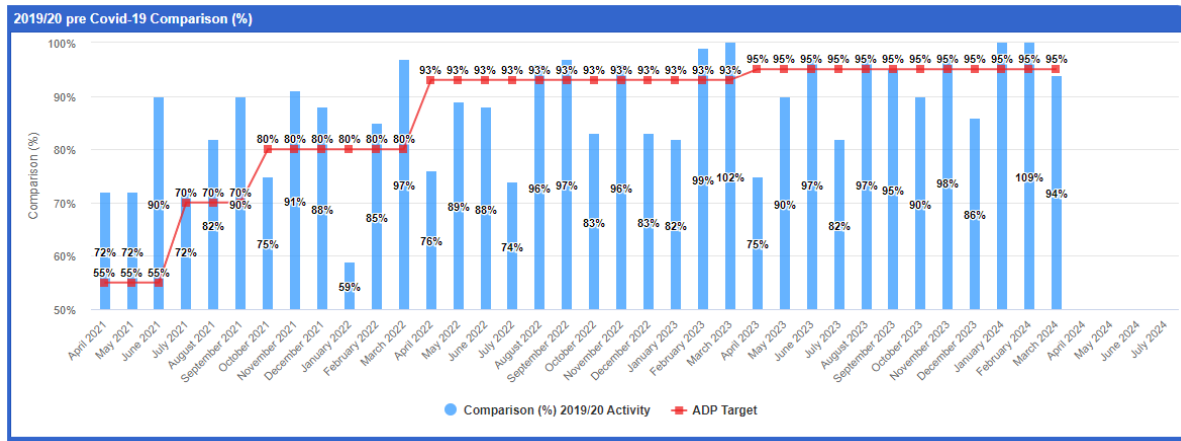
Figure 15 – New Outpatient Waiting List



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The plan had been to remobilise 95% of the 2019 outpatient activity in 2023/2024 and figure 16 shows actual monthly performance with the average for the year being 93%.

**Figure 16 – New Outpatient Activity Comparison (% pre-COVID-19) – (All Specialties and urgencies)**



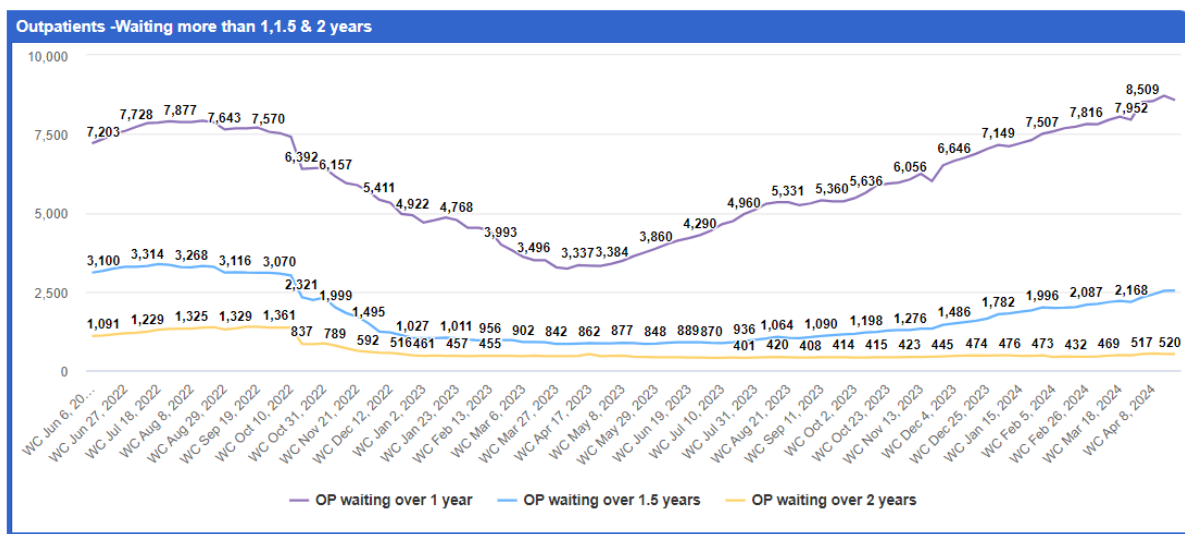
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

In July 2022, the Scottish Government announced new targets to reduce long waits across Inpatients/Daycases and New Outpatients. The targets were to eliminate:

- two year waits for outpatients in most specialities by 31 August 2022;
- 18 month waits for outpatients in most specialities by 31 December 2022;
- one year waits for outpatients in most specialities by 31 March 2023;

No further targets were set by Scottish Government to eliminate long waits for Outpatients after March 2023, however performance against the long waits continues to be monitored and reported (Figure 17a).

**Figure 17a – New outpatient waits for 1 year, 18 months and 2 years**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports



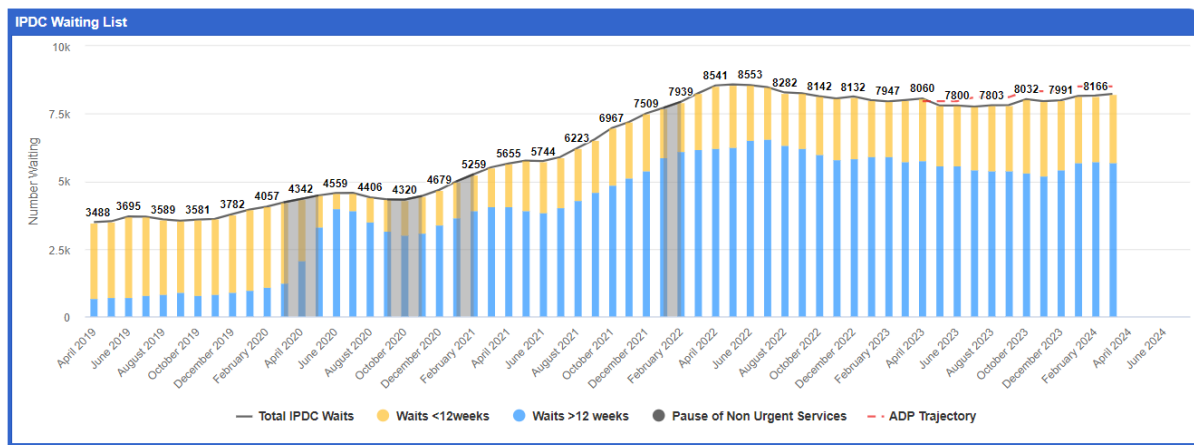
The number of New Outpatients waiting longer than 12 months continues to show an increasing trend from 3,271 at the end of March 2023 to 7,952 at end of March 2024. The number waiting over 18 months also increased from 842 at end of March 2023 to 2,168 at end of March 2024, the highest number waiting since October 2022. The number of patients waiting longer than 2 years has gradually increased from 401 at start of August 2023 to 479 at end of March 2024.

Capacity issues continue to have a negative impact on delivery of outpatient services. Service redesign initiatives, expansion of ACRT pathways as well as mutual aid, and an outpatient deep dive analysis are being undertaken to address this in 2024/2025.

### Inpatients and Daycases

Figure 18 shows that the overall total waiting list for Inpatient/Day Case treatment fell in the first 6 months of 2023/2024 but has shown a gradual increasing trend in the last 6 months, from 7,759 at July 2023 to an 18 month high of 8,227 in March 2024.

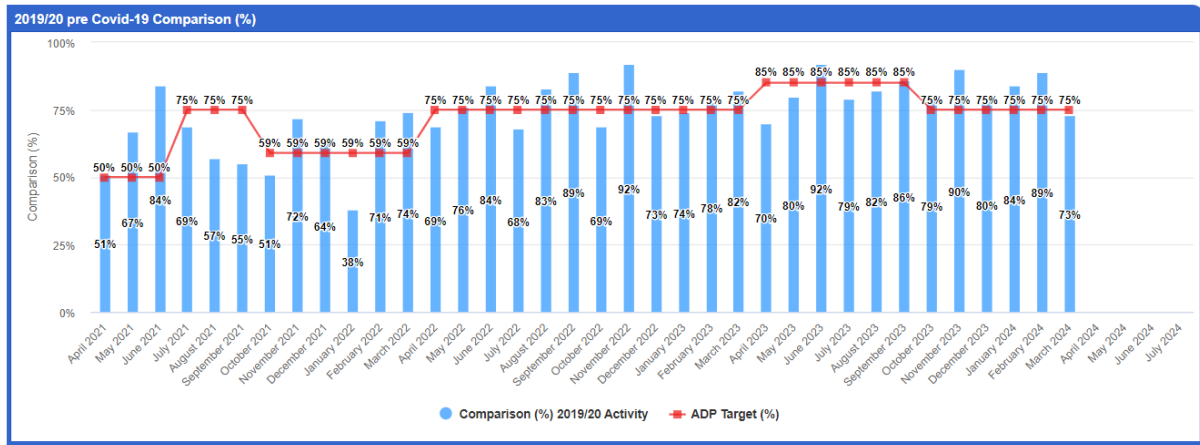
**Figure 18 – Inpatients/Daycases Waiting List**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

During 2023/2024, NHS Ayrshire & Arran remobilised 82% of all Inpatient/Day Cases activity compared to 2019/2020.

**Figure 19 – Inpatients/Daycases Activity Comparison (% pre-COVID-19) – (All Specialties and urgencies)**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The target set nationally was to eliminate 18 month waits for Inpatient/Day Cases in most specialties by September 2023 which was met in nine out of 16 specialties across NHS Ayrshire & Arran, with General Surgery, Trauma and Orthopaedics, and ENT reporting the highest recorded waits.

The next waiting times target to eliminate long waits, is for no Inpatient/Day Case patients to be waiting longer than 12 months in the majority of specialties by September 2024. The number waiting longer than 12 months continues to show a reducing trend from 2,025 at end of March 2023 to 1,456 at end of March 2024.

At the end of March 2024, 12 month waits have been eliminated in seven specialties, with a further three showing <5 patients waiting. Trauma and Orthopaedics, ENT and General Surgery continue to report the highest recorded waits over one year and eighteen months.

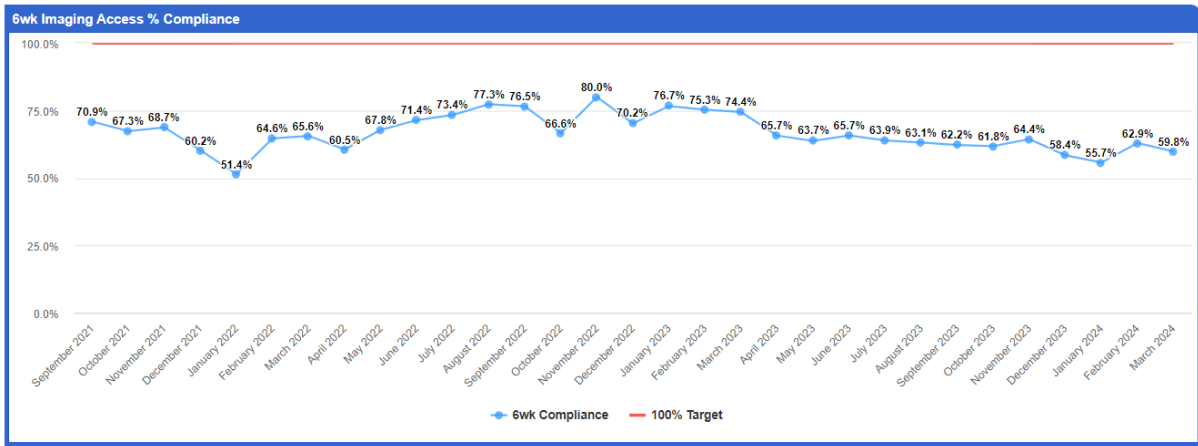
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

## 6. Diagnostics

### Imaging

Performance against the 6 week national target of 100% for Imaging has gradually fallen during 2023/2024, decreasing from 74.4% in March 2023 to 59.8% in March 2024. (Figure 20).

**Figure 20 – Imaging compliance Performance**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The latest available benchmarking shows compliance for NHS Ayrshire & Arran has been consistently higher than the Scottish average over the last year (Table 4).

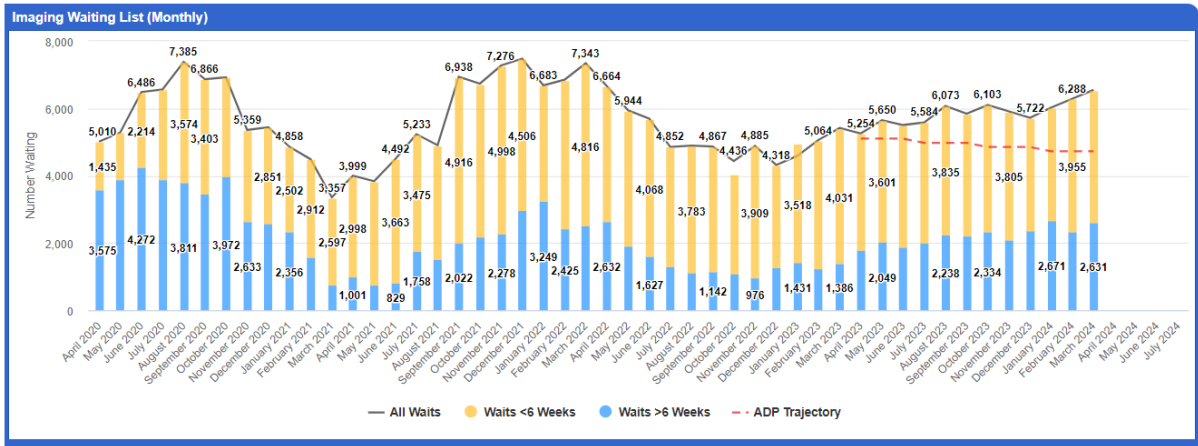
**Table 4 - National Benchmarking – 6 Week Imaging Target (100%)**

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>NHS A&amp;A</b>	70.2%	76.7%	75.3%	74.4%	65.7%	63.7%	65.7%	63.9%	63.1%
<b>Scotland</b>	48.5%	48.2%	56.3%	55.0%	51.5%	52.7%	53.0%	50.6%	51.3%
	Sep-23	Oct-23	Nov-23	Dec-23					
<b>NHS A&amp;A</b>	62.2%	61.8%	64.4%	58.4%					
<b>Scotland</b>	52.6%	52.7%	55.0%	51.5%					

Source: Public Health Scotland

The overall waiting list for Imaging continues to show an increase to an almost two year high of 6,551 at March 2024, failing to meet our ADP activity target by almost 2,000 patients. This increase has been mainly driven by a rise in MRI waits which is in part due to repeated breakdown and unavailability of equipment over the past year. There has also been a capacity shortfall in Non-Obstetric Ultrasound which has contributed to lower levels of performance. An additional mobile MRI scanner has been contracted for 2024/2025 which should have a positive impact on MRI and Non-obstetric waits in 2024/2025.

**Figure 21 – Imaging Waiting List**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

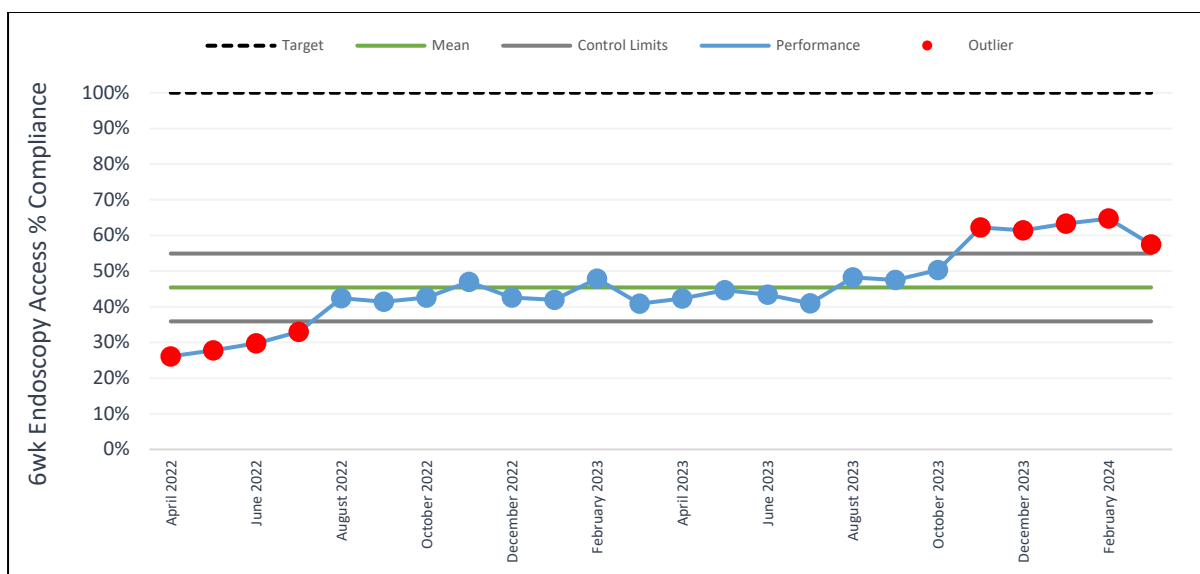
Performance varies across services, with compliance levels of 91.7% in March 2024 for Computerised Tomography (CT) scans; 52.5% for Magnetic Resonance Imaging (MRI) scans; 95.7% for Barium Studies; and 56.7% in Non-Obstetrics Ultrasound.

### Endoscopy

During 2022/2023 there was capital investment at UHA in a fourth endoscopy room and endoscopy decontamination. This opened in August 2023 which resulted in increased capacity. Investment was also secured to develop a Trans-nasal Endoscopy Service, with training on track for go-live at UHA in May 2024

Compliance against the 6 week national target for Endoscopy remains on a long term increasing trajectory, rising from 40.9% at March 2023 to 57.5% at March 2024. Plotting this on an XmR chart highlights that performance is above the upper control chart for the fifth month in a row, indicating special cause variation and a continued positive change (Figure 22.)

**Figure 22 – Monthly Endoscopy Performance XmR Control Chart**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The latest benchmarking data for December 2023 shows compliance for NHS Ayrshire & Arran (61.4%) was higher than the national average (39.4%), and with the exception of March 2023, has been consistently above the Scotland level (Table 5).

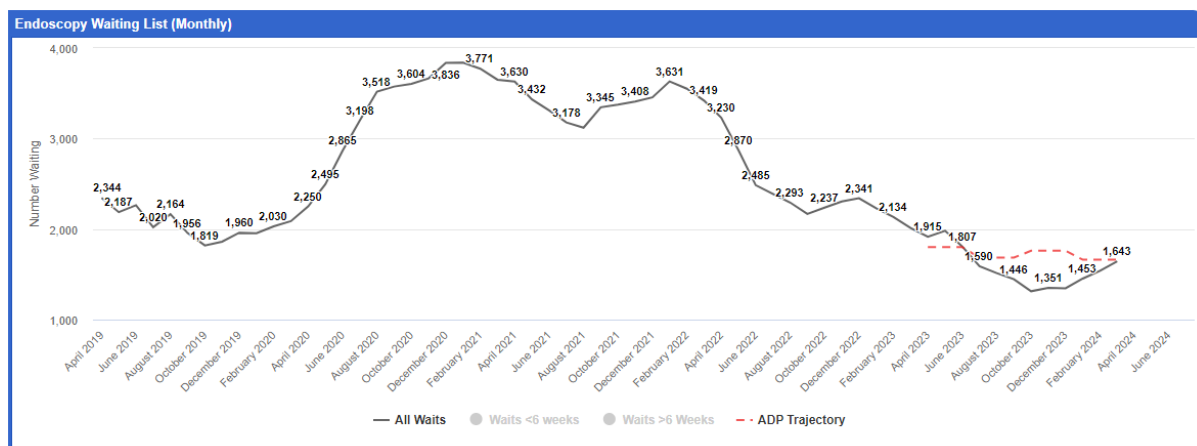
**Table 5 - National Benchmarking – 6 Week Endoscopy Target (100%)**

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
<b>NHS A&amp;A</b>	42.6%	41.9%	47.9%	40.9%	42.3%	44.6%	43.4%	41.0%	48.2%
<b>Scotland</b>	37.2%	36.1%	41.5%	42.3%	40.7%	40.8%	40.0%	37.9%	38.9%
	<b>Sep-23</b>	<b>Oct-23</b>	<b>Nov-23</b>	<b>Dec-23</b>					
<b>NHS A&amp;A</b>	47.5%	50.3%	62.2%	61.4%					
<b>Scotland</b>	40.3%	41.2%	42.7%	39.4%					

Source: Public Health Scotland

The overall waiting list for Endoscopy continued to fall in the early part of 2023/2024 to a low of 1,313 in October 2023. Since then, the waiting list has increased to 1,642 at March 2024; meeting the ADP trajectory of 1,662 (Figure 24). In March 2024, 63% of Endoscopy activity was remobilised compared to March 2019; lower than local ADP target of 100%. The ADP Target has not been met following a change from 80% to 100% at April 2023 (Figure 24).

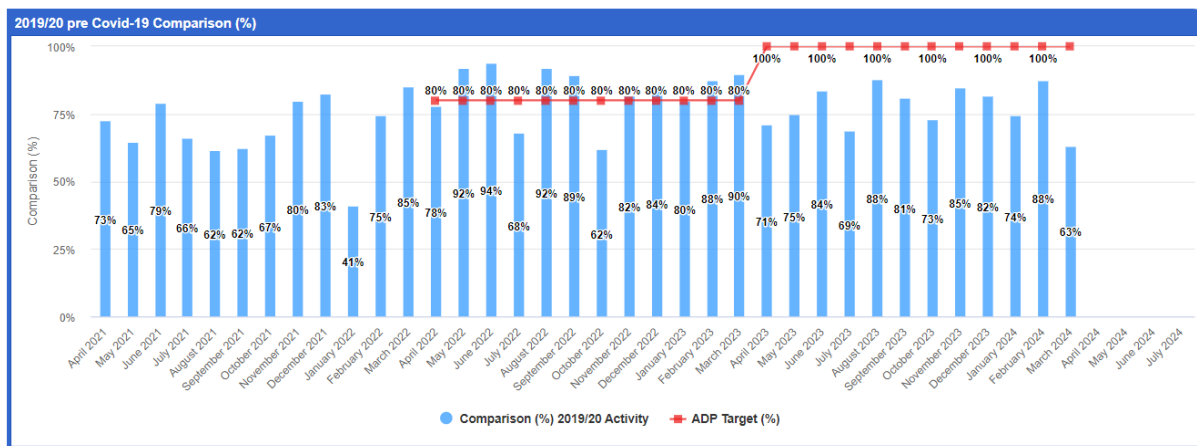
**Figure 23 – Endoscopy Waiting List at month end**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

Figure 24 shows the monthly % of 2019/2020 endoscopy activity that has been remobilised. The average for 2023/2024 was 77% which was lower than that achieved in 2022/2023 due to equipment failures and space restrictions due to building works.

**Figure 24 – 2019-2020 pre Covid-19 Comparison (%)**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

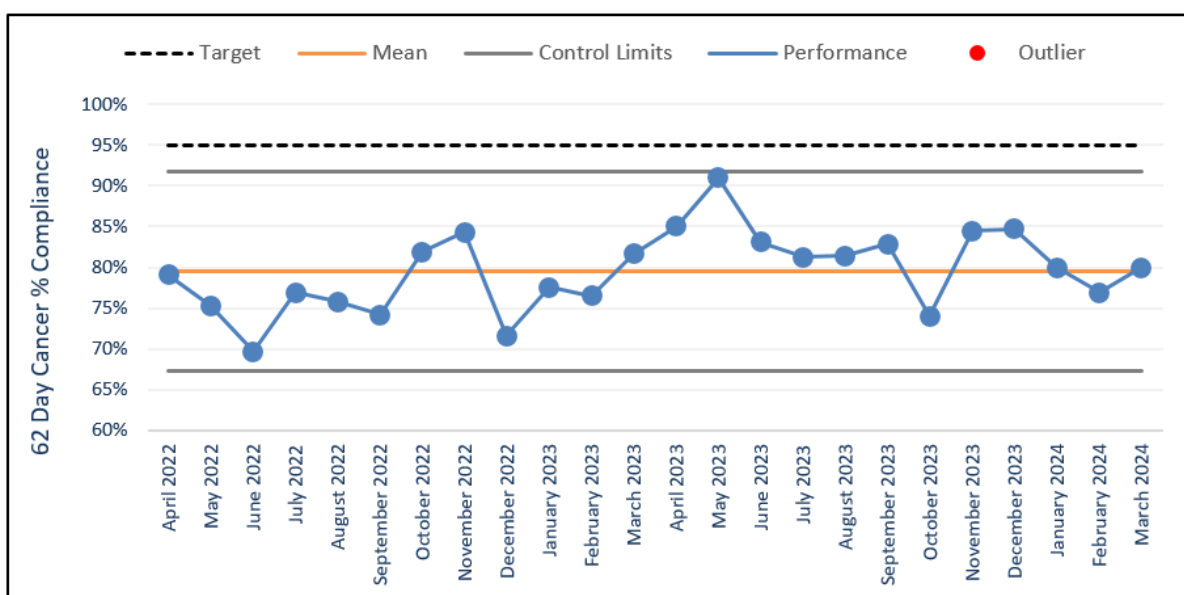
## 7. Cancer

### 62 Day Urgent Suspicion of Cancer

Performance against the 62-day Cancer target of 95% of those referred urgently with a suspicion of cancer should begin treatment, has fluctuated throughout 2023/24. Performance reached 91.0% at May 2023, falling to 76.9% at February 2024 and then increasing to 80% in March 2024. This fails to meet the local ADP trajectory of 90%. Performance remains within the control limits of the control chart highlighting the increase is within normal variation limits (Figure 25).

The latest available benchmarking data for December 2023 shows compliance for NHS Ayrshire & Arran (84.7%) was higher than the national average (70.2%), and has been consistently above the Scotland average over the last year (Table 6).

**Figure 25 – Monthly Cancer 62 day Performance Control Chart**



Source: Public Health Scotland

The latest available benchmarking data for December 2023 shows compliance for NHS Ayrshire & Arran (84.7%) was higher than the national average (70.2%), and has been consistently above the Scotland average over the last year (Table 6).

**Table 6 - National Benchmarking – 62 Day Cancer Target (95%)**

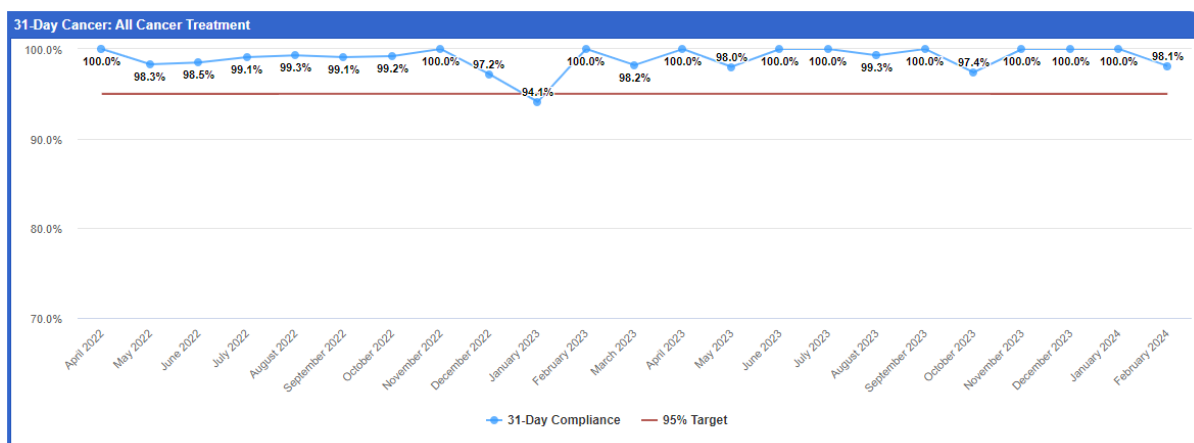
	Dec -22	Jan -23	Feb -23	Mar -23	Apr -23	May-23	Jun -23	Jul-23	Aug -23
<b>NHS A&amp;A</b>	71.6%	77.6%	76.5%	81.7%	85.0%	91.0%	83.1%	81.3%	81.4%
<b>Scotl and</b>	72.5%	67.6%	67.4%	72.6%	74.8%	73.2%	70.9%	72.3%	69.4%
	Sep -23	Oct -23	Nov -23	Dec -23					
<b>NHS A&amp;A</b>	82.9%	74.0%	84.5%	84.7%					
<b>Scotl and</b>	71.2%	70.5%	69.0%	70.2%					

Source: Public Health Scotland

### 31 Day Cancer Treatment – Compliance

The target is that 95% of all patients diagnosed with cancer should begin treatment within 31 days of decision to treat. Local management information indicates that performance against the 31 day Cancer target has generally been consistently met and maintained (Figure 26).

**Figure 26 – Monthly Cancer 31 day Performance**



Source: Public Health Scotland

The deterioration in performance is largely being influenced by changes in recording (previous waiting time adjustments have been removed) and whilst the performance is of concern, local clinical data indicates that despite this, the actual patient

experience of waiting is improving. Pathology capacity and associated delays remains the most significant challenge affecting all cancer pathways.

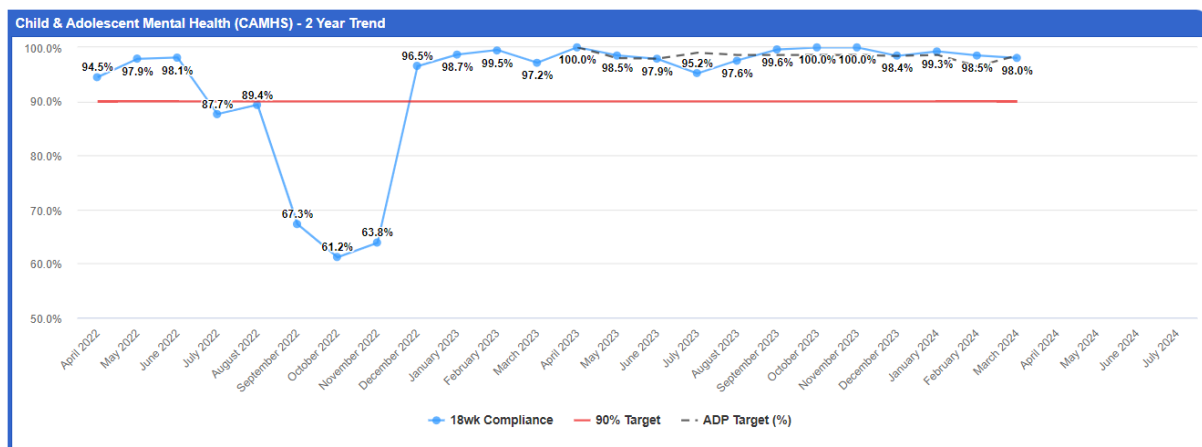
## 8. Mental Health

### CAMHS

The key performance standard that CAMHS is measured against is Referral to Treatment (RTT) for all referrals. Scottish Government expects 90% of children and young people referred to CAMHS are assessed and receive a form of treatment and intervention within 18 weeks of that referral.

Throughout 2023/2024, the target was achieved, reaching 100% on several occasions. In March 2024, compliance in relation to Child and Adolescent Mental Health Services (CAMHS) was 98.0%; which was marginally below the local ADP trajectory of 98.5% (Figure 27).

**Figure 27 – Monthly CAMHS Performance**



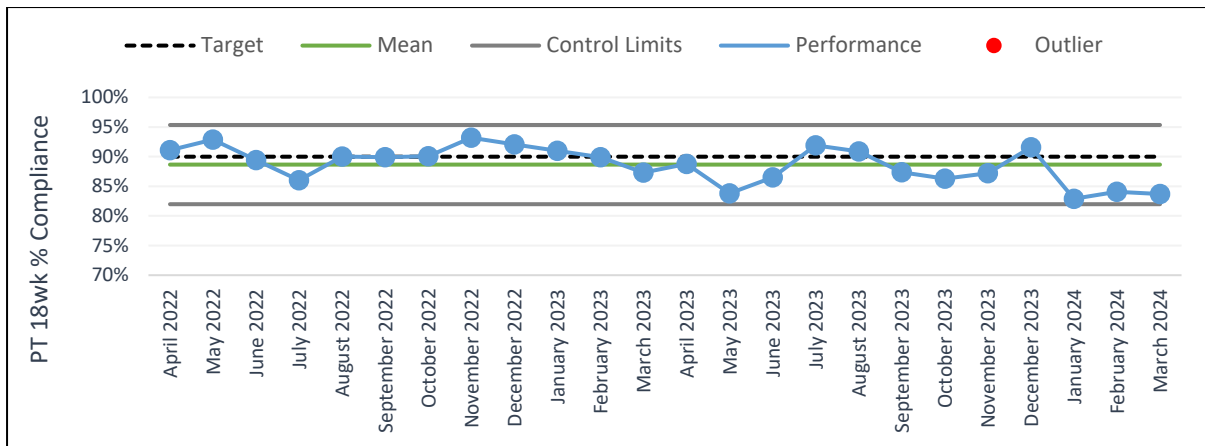
Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

### Psychological therapies

Waiting-times compliance for Psychological Therapies fluctuated during 2023/2024 and achieved or exceeded the target of 90% on three occasions. Performance fell in the last quarter, decreasing to 83.7% in March 2024. Despite this, Performance remains within the control limits of the control chart highlighting the fall is within normal variation (Figure 28).

**Figure 28– Monthly Psychological Therapies Performance Control Chart**





Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

The latest available benchmarking data for December 2023 shows compliance for NHS Ayrshire & Arran (91.6%) was higher than the national average (82.9%), and has been consistently above the Scotland average over the last year (Table 7).

**Table 7 - National Benchmarking –18wks Psychological Therapy Target (95%)**

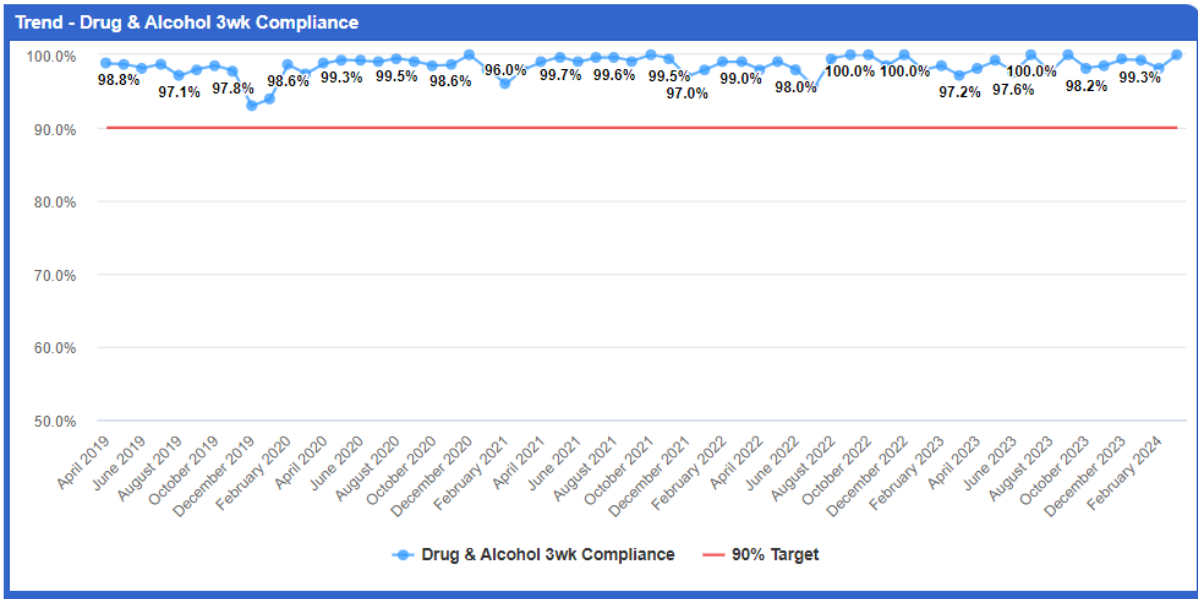
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
<b>NHS A&amp;A</b>	90.3%	88.9%	87.0%	83.1%	88.8%	83.8%	86.5%	91.9%
<b>Scotland</b>	82.4%	80.6%	79.4%	79.3%	79.4%	78.5%	78.5%	79.7%
	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23			
<b>NHS A&amp;A</b>	90.9%	87.4%	86.3%	87.2%	91.6%			
<b>Scotland</b>	78.8%	79.7%	80.4%	79.3%	82.9%			

Source: Public Health Scotland

### Drug or Alcohol treatment

Compliance levels throughout 2023/2024 for Drug or Alcohol treatment continue to exceed the target of 90% with performance of 100% (Figure 29).

**Figure 29 – Monthly Drug and Alcohol Performance**



Source: NHS Ayrshire & Arran Local Information and Performance Team Reports

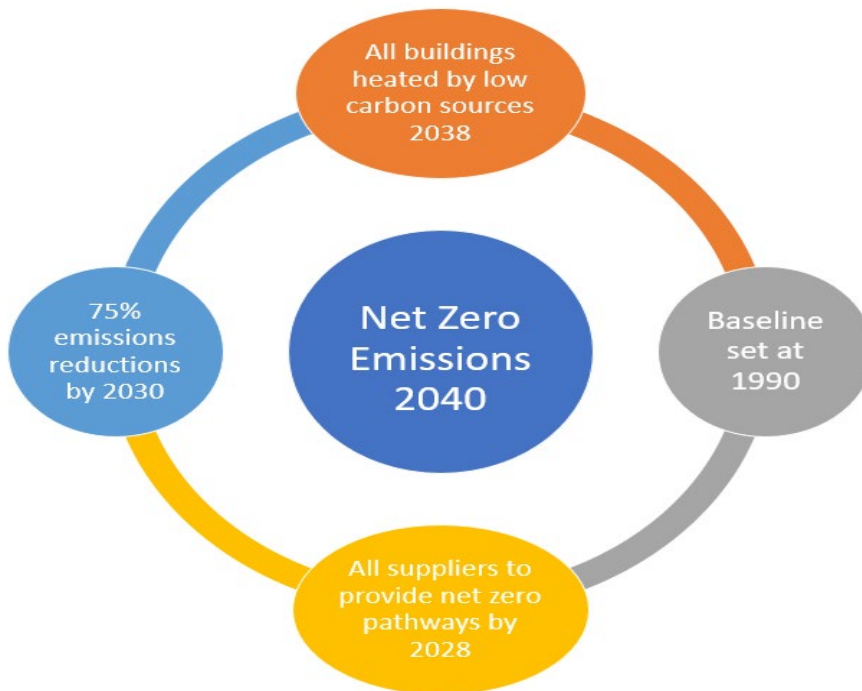
**Social matters**

There are policies in place to safeguard the rights of employees and respect for human rights. The Board works with the NHS Scotland Counter Fraud Services to minimise fraud and corruption and has a zero-tolerance approach to bribery and corruption.

## Sustainability and Environmental reporting

### 1. Defining the commitment

This section sets out the various targets and actions designed to deliver net zero in line with Climate Change Act 2019, limiting global warming to 1.5 degree Celsius. The Scottish Government has stated Scope 1 and 2 emissions require to achieve Net Zero without any offsetting, and offsetting would only be considered and permissible where all other means of reduction have been exhausted.



Our net zero emissions targets are based on all greenhouse gasses including our medical gasses which are used every day to enable theatre operations to take place. We report on our emissions in terms of CO<sub>2</sub>e converting the emissions source to carbon dioxide equivalent tonnes. We are engaged in the GGHH (Global Green and Healthy Hospitals) Race to Zero project where we take part in the sharing of data and projects in the goal to achieve net zero emissions within a hospital environment.

Net zero is defined by the IPCC (Intergovernmental Panel on Climate Change) as the point when “anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.” The NHS (National Health Service) will reduce its GHG gas emissions to as little as possible with all left-over emissions to be offset through balanced carbon removals through ecological tree planting, carbon sequestration including carbon capture and storage.

Short, medium and long-term targets have been developed to ensure we continue to make progress towards Net Zero.

## Our Net Zero Targets

### - Short term targets are outlined

Year	Reduction since 1990
2024/25	60%
2025/26	62.5%
2026/27	65%

All fleet vehicles small to medium will transition to zero (tail pipe) emissions by 2025.

### - Medium Term Targets – Interim Target

These are set out to 2030 where we must achieve a 75% reduction in emissions on a 1990 baseline.

Our complete fleet vehicles will be all zero emissions vehicles.

### - Long terms Targets

2035 we must achieve an 87.5% reduction

2038 all buildings to be heated from low carbon emissions technologies

2040 net zero achieve (our own NHS Estate)

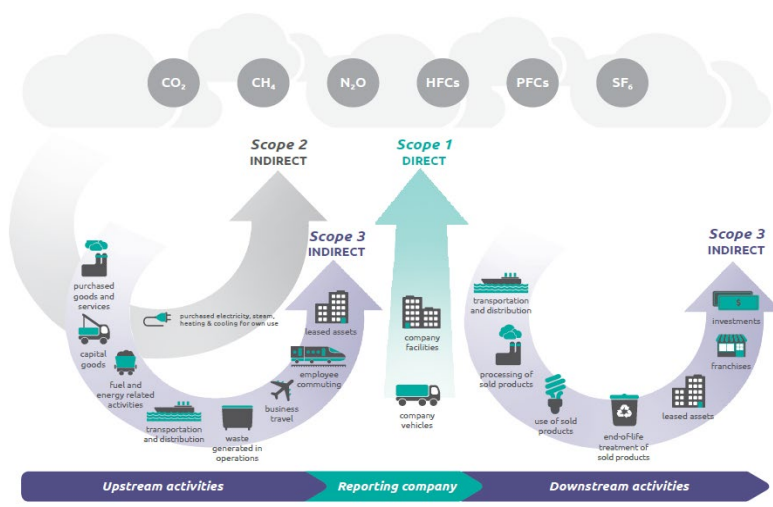
2045 net zero achieve (full scope 3 emissions including our value chain emissions)

We will be aiming to use GHG protocol Corporate Value Chain accounting and reporting scope 3 standard. However, we have data gaps, and are reporting using the Corporate Standard GHG protocol.

Our Value chain targets will be set in line with NHS England:

- All suppliers to the NHS will provide a net zero route map by 2028
- All suppliers to the NHS will half their emissions by 2032

Our scope 3 emissions will be targeted as detailed in the scope 3 reporting diagram.



Science Based Targets initiative reassurances will be sought in the coming years ahead. Currently our targets are verified and tracked by NHS Assure – Health

Facilities Scotland – National Services Scotland on behalf of the boards along with Scottish Government.

In Scope Reporting	Now	Future
<b>Scope 1</b>		
Fuels (liquid and solid)	Green	Green
Fleet	Green	Green
F-Gasses	Green	Green
Medical Gasses	Green	Green
<b>Scope 2</b>		
Grid Electricity	Green	Green
<b>Scope 3 – upstream</b>		
Electricity Losses	Green	Green
Water	Green	Green
Business Travel	Green	Green
Waste	Green	Green
Inhalers	Green	Green
Working from Home	Green	Green
Leased Assets	Green	Green
Purchased Goods and Services	Red	Amber
Capital Goods	Red	Amber
Transport and Distribution	Red	Amber
Employee Commuting	Red	Amber
<b>Scope 3 – downstream</b>		
Transportation and distribution	Red	Amber
Processing of sold products	Red	Amber
Use of sold products	Red	Amber
End of life treatment	Red	Amber
Leased Assets	Red	Amber
Franchises	Red	Amber
Investments	Red	Amber

<b>RAG Description Key (Time Status)</b>	
<b>White</b>	Activity has yet to commence
<b>Red</b>	Key milestones will be or have been delivered outside tolerance to agreed baseline with no mitigating action to reduce risk
<b>Amber</b>	Forecasting that there is a significant risk that key milestones will be delivered outside tolerance but mitigating action is being taken
<b>Green</b>	All milestones forecast to be on time or early
<b>Blue</b>	Task Complete

Our Net Zero plan is based on conformance with the GHG Protocol Corporate Standard where we report our scope 1 and 2 emissions along with some scope 3 emissions. We have set out our targets for the short, medium, and long term in achieving these targets and the table above shows the emissions which are covered.

Our emissions are based on absolute emissions and are converted using factors to show a tonnes of carbon equivalent for each of the various emissions sources. Our boundary includes all the owned estate, PFI (private finance initiatives) sites, and leased accommodation and service premises. We are looking to ensure we collect leased inward data from our GP (General Practitioner) buildings since we pay their rent or mortgage through a payment mechanism which brings them into scope 3 emissions reporting. Our other services such as optometry, dentistry and pharmaceutical services fall under contracted services to the board which we can class within our leased emissions reporting though further clarity is being sought.

## **2. Impacts**

### **Pathway to Net Zero**

Our Climate Change and Sustainability Strategy 2021-2032 sets out the ambition and challenges that are facing us over the coming years and provides a framework for the actions needed. Published here [Climate-Change-and-Sustainability-Strategy-2021-2032-1.pdf \(nhsaaa.net\)](#)

Material impacts on our business model – Net Zero will impact our methods of carrying out our core functions as an organisation across all aspects of healthcare. How we heat our buildings, keeping patients safe in a controlled environment, how we move people and staff around the organisation will change as we transition to zero emissions vehicles, staff and patient transport will also decarbonise over the years and more joined up services provision will assist a smooth transition across our sites. Patient pathways through the organisation will be addressed looking at how the service can decarbonise these looking at triple bottom line when carrying out pathway assessments. We have already started to map out carbon impacts of patient movements and look at ways to decarbonise a patient's journey through the NHS system. Cost and carbon data is addressed including pharmacy treatments, surgical costs, instrumentation, building / theatre energy, carbon associated with patient laundry / sterilisation services, all the aspects that make up care on that day of treatment, and subsequent care visits, addressing the lowest carbon options and pathways across the organisation. Our sustainability strategy gives us this framework to ensure the organisation moves towards a net zero way of operating which will affect every aspect of our function.

What resources will be needed?

In order to meet the short-term targets resources will be needed as we strive to meet the targets. The Scottish Governments spending for decarbonisation has now increased to £2.5 million. We need an energy team to address projects and carbon reduction, project managers to take forward large projects in house, we need resources in procurement to take forward challenges in our scope 3 emissions reporting and supplier sustainability requirements, and estates staff to enable the scheme of works can take place at the challenging pace that is required as we work towards our 2030 interim target. Retraining of our workforce as we transition away from gas and move over to zero direct emissions heating sources. Renewable equipment skills will be required with understanding of how these systems integrate into complex building.

Transportation decarbonisation funding from Switched on Fleets, has now ceased, however in 2023/24 the Board spent £708,000 on electric car charging points and is carrying forward £995,000 into 2024/25 for further fleet decarbonisation. Joint working is being undertaken addressing the use of 3<sup>rd</sup> party investors and organisations to progress this work. We are currently addressing a regional approach pan Ayrshire, energy master planning exercise with our three local council partners addressing decarbonisation including transport. This will assist future pathways and collaborative funding opportunities.

What gaps?

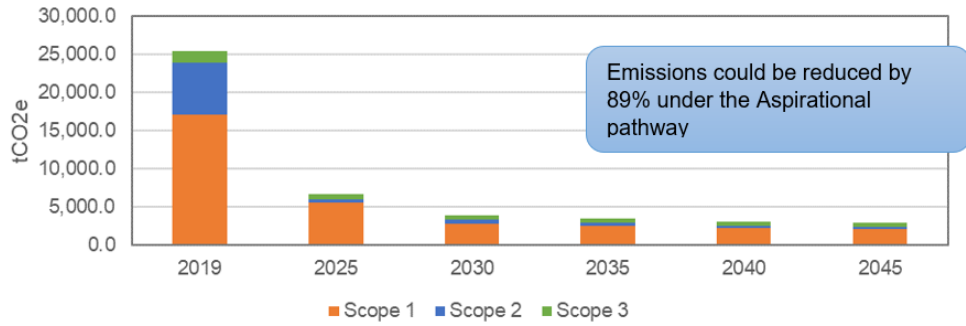
Medical gasses will require funding for technologies to capture, storage, destruction or reuse of agents which would otherwise pollute the atmosphere and contribute to GHG emissions. Theatre anaesthetics along with Nitrogen Oxide and Entonox gasses may require technology interventions to address their usage, along with reducing waste from the systems that we inherently have at present. Staff and patient travel will need addressed with policies on how staff travel using low carbon transportation, along with our greenspace and biodiversity plans which will increase our natural capital, improving health and climate outcomes.

Policies

A realistic medicine policy is also to be approved, along with our electric vehicle car management policy as we migrate from ICE (Internal Combustion Engine) engines to electric. Business travel is an area in which we need to address to reduce our emissions. We are currently updating our master overarching active travel plan and subsequent site based green travel plans.

Our commitment to Net Zero and Sustainable practices will embed into the organisation through changes in our corporate strategies, plans, and vision statement. We are required by Scottish Government each year to produce a board wide annual delivery plan for Climate Change setting out our short- and medium-term ambition for the current and next 2 to 3 years ahead. Within the delivery plan we put forward our actions that we are undertaking to make progress in this area of climate change mitigation and adaptation. It covers 17 main topic areas for decarbonisation ranging from medical gasses, theatres, waste, buildings, and transport. We have a group set up internally called the Infrastructure Program Board which oversees all capital spend. As part of the process for capital funding sustainability and climate change are areas within the application process to ensure all capital applications consider these areas and capture any information around how they will impact the board.

An initial Net Zero pathway report has been completed setting out the scope and scale of the key challenges we face and the target timescales required to complete.

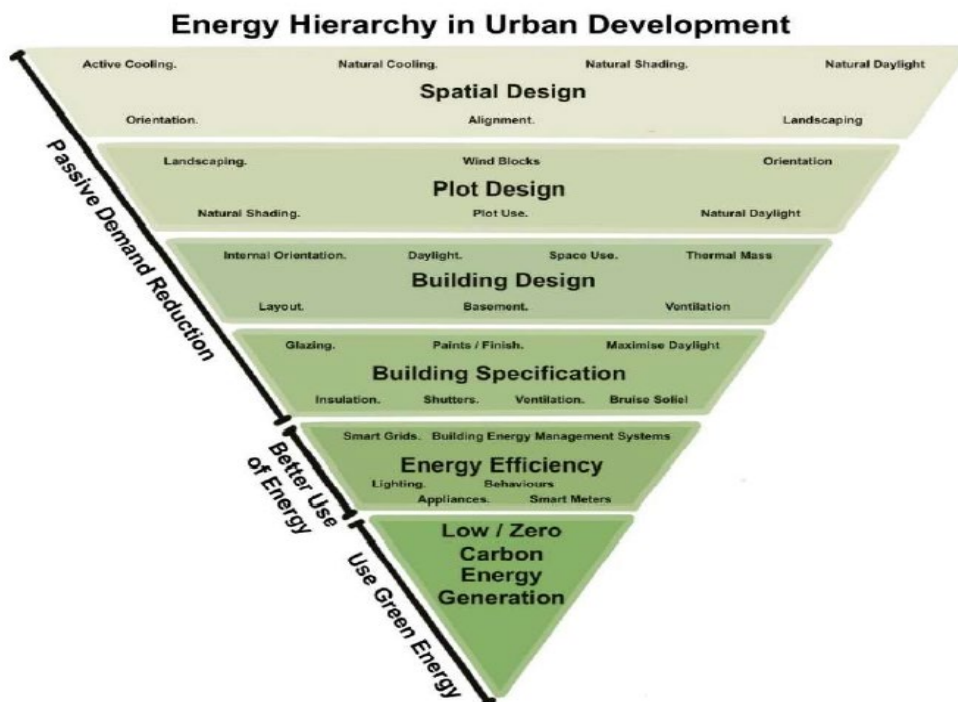


Scope (tCO <sub>2</sub> e)	2019	2025	2030	2035	2040	2045
Scope 1	17,106.7	5,478.4	2,770.2	2,488.8	2,223.9	2,050.8
Scope 2	6,776.8	485.4	488.8	384.9	273.8	271.5
Scope 3	1,503.9	749.5	674.5	586.9	513.1	516.1
<b>Total</b>	<b>25,387.3</b>	<b>6,713.3</b>	<b>3,933.5</b>	<b>3,460.7</b>	<b>3,010.8</b>	<b>2,838.4</b>
<b>% change</b>	<b>0.0%</b>	<b>73.6%</b>	<b>84.5%</b>	<b>86.4%</b>	<b>88.1%</b>	<b>88.8%</b>

Quick uptake and investment in market technologies is the best outcome for the board to become net zero the report finds. Spend for achieving this is still very uncertain given today’s current market costs, inflation and increases of goods and materials, combined with availability. An estimated range of capital investment of £80-120 million is required from this initial pathway report. However much more in-depth work is required per building to understand the cost implications.

Our pathway for investment currently sits with Scottish Government and we can apply for grant funding via the Green Public Sector Estates Decarbonisation Scheme (GPSED).

### Estates and Facilities





## **Waste**

Driving forward the circular economy will be key in us achieving an overhaul and paradigm shift in how we treat waste. Turning our waste into a resource to in fact illuminate waste. We use a huge amount of single use items, plastic PPE (Personal Protective Equipment) that gets thrown away and burned with every patient encounter. This waste can be stopped by using goods and materials that can be recycled and reused. Remanufacturing and recycling of goods and products will be key in how we procure items, realising circular economy principles. We will continue to review product packaging, and surgical instruments to start making an impact. Although NHSAA currently has the lowest food waste across Scotland, we will continue to review how this can be further improved upon, through adoption of regional and national best practices.

## **Procurement of Goods and services**

Moving forward will be addressing the carbon impacts from the procurement of goods and services. We will consider the LCC (Life Cycle Carbon) and LCA (Life Cycle Assessment) of each of our goods and equipment we purchase. Where it is appropriate to do so we will look to reuse or recycle the products at their end of life. Capital development works will aim to align with current and future design standards to support the route map towards Net Zero.

## **Active Travel**

How staff travel around has a significant impact on our carbon emissions including how our staff commute to work (scope 3 emissions). Estates and facilities teams are responsible for the upkeep of the infrastructure to assist active travel across all our buildings. Cycle storage, lockers, staff showers, etc... all investments made to support the aims of promoting active travel. Our active travel plans are aligned with our net zero strategy promoting low carbon transportation. Estates staff can implement improvements which can lead to considerable carbon reduction.

## **Health inequalities**

Air pollution effects disproportionately people in our communities many of which are vulnerable to such pollution and live in areas of lower incomes. As climate change impacts are felt, more power will be needed in communities making it difficult for those on lower incomes to maintain good health particularly those who have large energy bills due to poor building fabric.

## **Medicines**

Anaesthetic gases and inhalers make up a large share of our scope 1 & 3 greenhouse gas emissions and will need to be addressed to meet net zero emissions. These emissions occur at point of use, and the rest of the emissions are found in manufacturing and transportation within the supply chain.

We will be:

- Reducing anaesthetic gas emissions in theatres
- Low flow rates for gases
- Address changes in the way we use anaesthetic gases

- Capture, store, re-use these gases creating a circular economy and destroying those being released into the atmosphere
- Moving over to lower carbon MDI (Metered Dose Inhaler) devices
- Creating green disposal routes for inhalers
- Shift to low carbon inhalers

Nitrous Oxide is used widely across the various clinical areas, and we plan to be net zero emissions from 2038. We are identifying areas of wastage, decommissioning our current manifolds, capturing, and destroying the gases where we use them, and focussing on areas of highest consumption first.

### **Sustainable models of care**

We plan to set out a net zero carbon service delivery model fit for the next decade ahead focusing on sustainability in healthcare, reducing our waste and carbon emissions in all aspects of how we treat the community at large.

Caring for Ayrshire program aligns with our organisational need to move care into the community, delivering care at the right place, at the right time, considering the requirements of the patient. Digital mobilisation will help us achieve this and reducing the number of patient journeys into hospital also reduces our carbon footprint. Reducing the trips to A&E will be addressed ensuring care in the community can be sought, rather than attending the front door. Our Technology Enabled Care (TEC) team are progressing digital care devices which are being used for early treatments and detection of disease, providing monitoring, and reporting so patients can be at home whilst being monitored for symptoms in real time.

Health prevention is key to our strategy as preventing health issues not only benefits the patients, but reduces the impact on the NHS and reduces our emissions overall for treatments, waste, medicines.

### **Digital Transformation to net zero**

ICT can emit substantial amounts of CO<sub>2</sub> as we start to collect more data per patient and in real time, which increases our emissions from digital, increasing our infrastructure. Whilst efficiencies are improving in the digital technologies a rapid growth in data is being seen. We will ensure that a net zero trajectory is planned into our ICT plans. Enabling digital care models, reducing the need to travel, develop a low carbon model of care for digital systems across the estate, ensuring that our data centres private or public are net zero emissions, digitisation of clinical records and creating digital hospitals.

## **3. Performance**

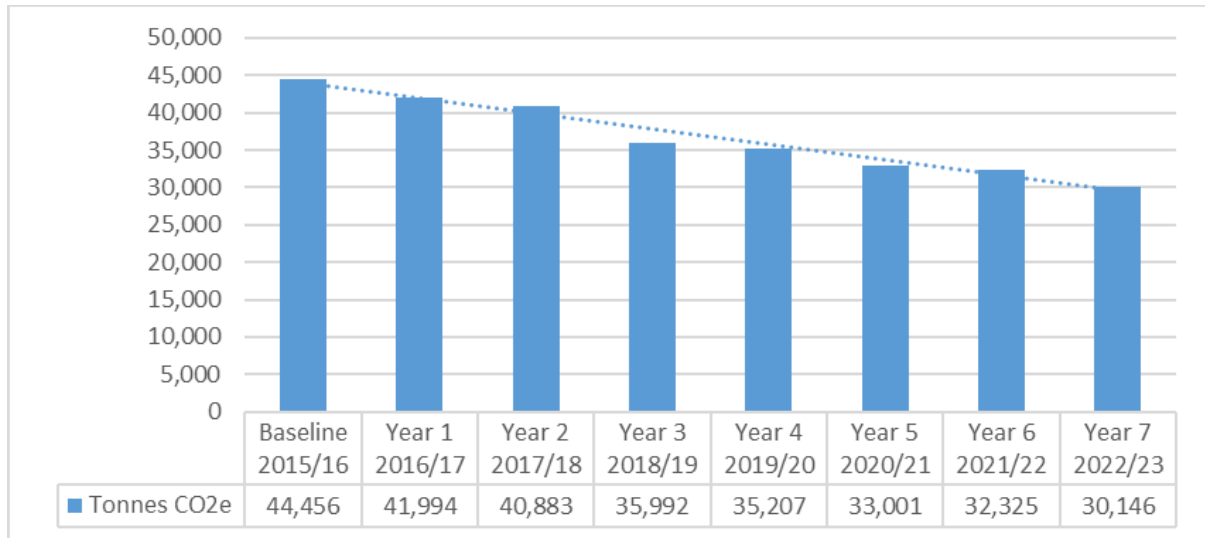
### **Methodology for setting targets and measuring progress**

Our targets and methodology are in line with the Scottish Governments DL (2021)38 policy for the NHS Scotland. We have aligned ourselves as an organisation to limit global warming by 1.5 degrees as part of our CoP21 commitments (2015) Paris Agreement, and we are using the GHG (greenhouse gas) protocol standard as a means of reporting our emissions. Granted we are using the Corporate Standard at

present but are looking to widen our reporting out to include all our scope 3 emissions including our value chain.

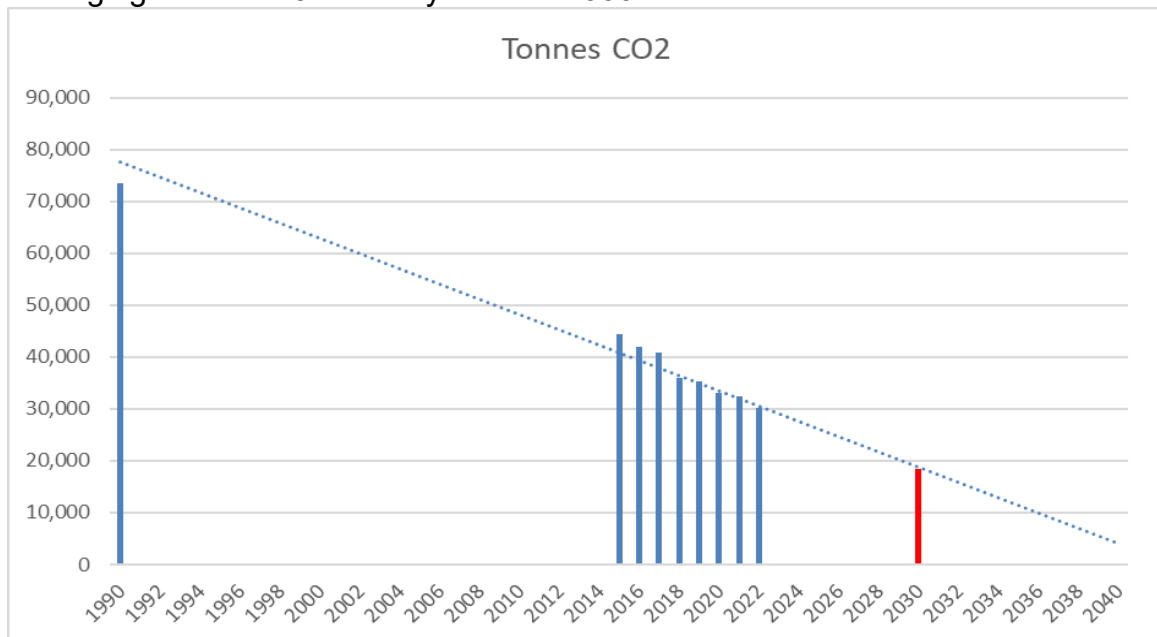
### Measuring Progress

Current progress shows that we are on track to meet our net zero emissions target. Granted we still have a lot of low hanging fruit to be picked off which will keep us busy for next decade or so, before things becoming increasingly concentrated, as our infrastructure investment increases to larger and larger pieces of plant equipment and investment in power supplies to support these.



As of 2022/23 we have reduced our emissions by 60% based over 1990 baseline. Achieving a 32% reduction since 2015/16.

Over the next 6 years we must reduce our carbon emissions by a further 15% averaging around 2.5% each year until 2030.

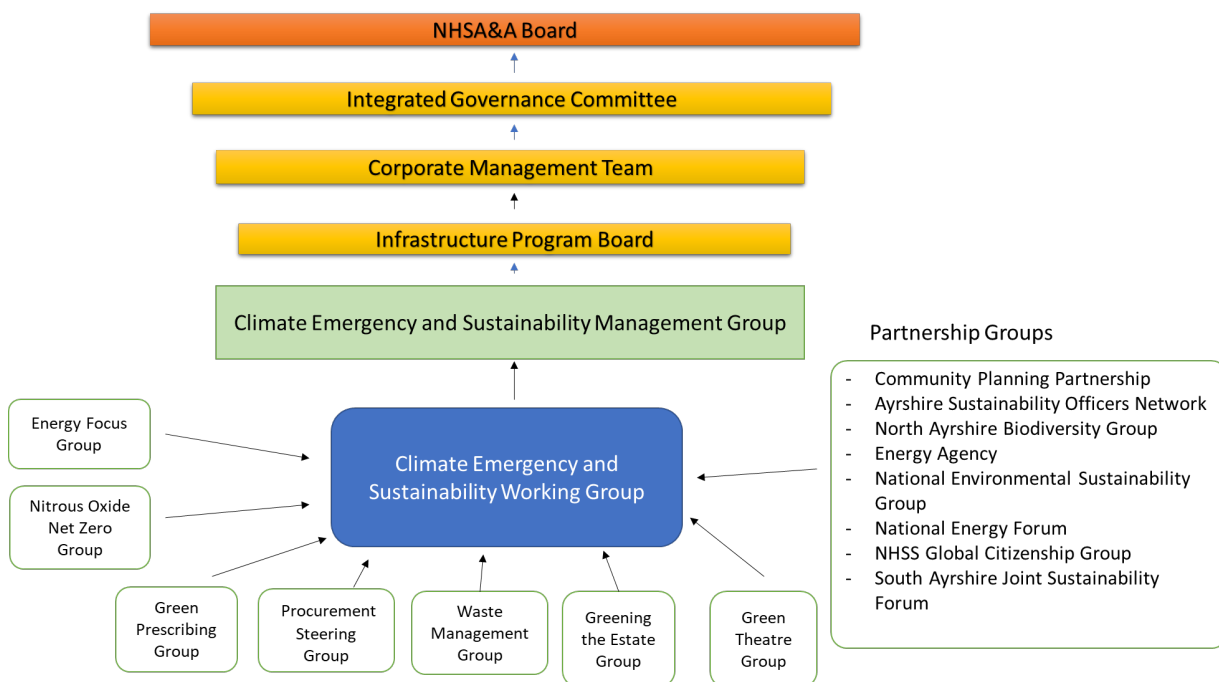


Year	Emissions (CO2e tonnes)	Target	Actual Achieved
1990	73,491	100%	100%
2019	35,207	47.5%	52%
2020	33,001	50%	55%
2021	32,325	52.5%	56%
2022	30,146	55%	59%
2025		62.5%	
2030 (interim target)		75%	

### Management, governance, and monitoring

The board has well-established governance on our carbon emissions and reporting aspects of Net Zero, climate change and sustainability. We have a non-executive appointed champion for sustainability, along with a professional director appointment as the organisations lead role.

We have established operational groups which each address specific areas of net zero carbon, building decarbonisation group, green prescribing group, green theatre group, waste management groups, all set up to feed into the boards “Climate Emergency and Sustainability Operational Group.” This is the main group which sets the activities, polices, and strategies, develops the work plans, and gets actions underway. This group is supported by the “Climate Emergency and Sustainability Strategic Group” which is made up of the board's directors. They track progress and report into the corporate management team, upwards to the board. Below shows the governance arrangements in place.



Each year we must produce a Public Sector Duties Climate Change Report, which highlights our emissions for that particular year, along with the actions we have taken to meet the required public sector asks contained with the climate change act. We must demonstrate how we are meeting the net zero targets, show our mitigation measures that have been undertaken, show how we are meeting climate change adaptation commitments, evaluating our risks, and what procurement actions we are undertaking. This report is peer reviewed by NHS Assure / Health Facilities Scotland. Annual in-house checks are carried out on the management systems in place for the monitoring and reporting of our emissions, and these are stored within our management systems.

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

*Claire Burden*  
Signed .....  
Chief Executive

25 June 2024  
Date .....

## **B. ACCOUNTABILITY REPORT**

### **Corporate Governance Report**

#### **a) The Directors' Report**

##### **Naming convention**

NHS Ayrshire & Arran is the common name for Ayrshire and Arran Health Board.

##### **Date of Issue**

The audited Financial statements were approved and authorised for issue by the Health Board on 25 June 2024.

##### **Appointment of auditors**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Audit Scotland to undertake the audit of Ayrshire and Arran Health Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

##### **Board membership**

The Health Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision-making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system and improving health and health care.

Mrs L Bowie, Chair

Ms C Burden, Chief Executive

Mrs M Anderson, Non-Executive Director (until 31 May 2023)

Cllr M Burns, Non-Executive Director

Mr A Carragher, Non-Executive Director (until 18 August 2023)

Ms S Cowan, Non-Executive Director

Dr S Das, Non-Executive Director

Ms C Fisher, Non-Executive Director (until 29 February 2024)

Mrs J Ford Non-Executive Director

Mr E Hope, Employee Director

Mr T Hopkins, Non-Executive Director (from 18 August 2023)

Cllr L Lyons, Non-Executive Director

Mr D Lindsay, Director of Finance

Mr M Mazzucco, Non-Executive Director

Dr C McGuffie, Medical Director

Mrs L McNiven, Director of Public Health

Councillor D Reid, Non-Executive Director

Ms L Semple, Non-Executive Director

Mr W Gallacher, Non-Executive Director (from 1 January 2024)

Mr N McAleese, Non-Executive Director (from 1 May 2023)

Ms J White, Non-Executive Director (from 1 April 2023)

Mrs J Wilson, Nurse Director

## **The Statement of Board Members' responsibilities**

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2024 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 judgements and estimates that are reasonable and prudent;
- State where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

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

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

## **Board Members' and Senior Managers' Interests**

Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in note 24. A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting Ayrshire & Arran Health Board, Eglinton House, Ailsa Hospital, Dalmellington Road, Ayr KA6 6AB, or can be accessed on the Board's website at: <https://www.nhsaaa.net/wp-content/uploads/01.-Register-of-interests-Board-Members-2023-2024.pdf>

All Directors appointed by the Cabinet Secretary (shown in the remuneration report) are also Trustees of the Ayrshire and Arran Endowments, which are consolidated into these accounts. Most of the Non-Executive board members also sit on one of the three Integration Joint Boards whose accounts are also consolidated.

## **Directors' third-party indemnity provisions**

Directors have no third-party indemnity provisions.

**Remuneration for non-audit work**

No remuneration was paid to external auditors in respect of any non-audit work carried out on behalf of Ayrshire and Arran Health Board.

**Value of Land**

Land is shown in the balance sheet at market value.

**Remote Contingent Liabilities**

Note 14 to the accounts disclose the value of contingent liabilities with the significant one related to CNORIS which is explained in note 13b.

**Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the 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.

This information is available on our website at the following link [Policies, Procedures and Strategies - NHS Ayrshire & Arran \(nhsaaa.net\)](https://www.nhs.uk/policies-procedures-and-strategies-nhs-ayrshire-arran)

**Personal data related incidents reported to the Information Commissioner**

The Data Protection Officer (DPO) for the Board reported two confidentiality breaches to the Information Commissioner's Office (ICO); both were the result of human error whereby personal data was shared with the wrong data subject/s. In addition the ICO received one complaint from a member of the public expressing dissatisfaction on how the Board had processed their subject access request. The complaint from the member of the public was closed in April 2024 with no further action taken. One of the two other notifications to the ICO has also been closed with no further action taken.

**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.



## **b) The Statement of Accountable Officers' responsibilities**

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

This designation carries with it, responsibility for:

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

In preparing the Accounts I am required to comply with the requirements of the Government's 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's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- Prepare the accounts on a going concern basis
- I have taken reasonable steps to gain assurance from Directors
- As far as I am aware, there is no relevant audit information of which our auditors are unaware.

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 of 17 December 2021.

## **c) The 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 the organisation's policies and promotes achievement of the organisation's aims and objectives including those set by Scottish Ministers. In addition, I am responsible for safeguarding the public funds and assets assigned to the organisation.

DL (Directors Letter) (2024) 08 sets out the Framework Document for how NHS Boards operate with the Scottish Government including governance and accountabilities.

### **Purpose of Internal Control**

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

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

The processes within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year up to the date of approval of the Annual Report and Accounts. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy and promotes good practice and high standards of propriety. The Board has complied with the SPFM during 2023/2024.

### **Governance Framework of the Board**

The Scottish Government published the second edition of The Blueprint for Good Governance in NHS Scotland on 23 December 2022 (through DL (2022) 38). The *Blueprint* sets out what good governance is and how it operates in the NHS in Scotland; including the respective roles of Boards, Board members, the Executive Leadership Team, and the Scottish Government.

## The Planning and Delivery Cycle

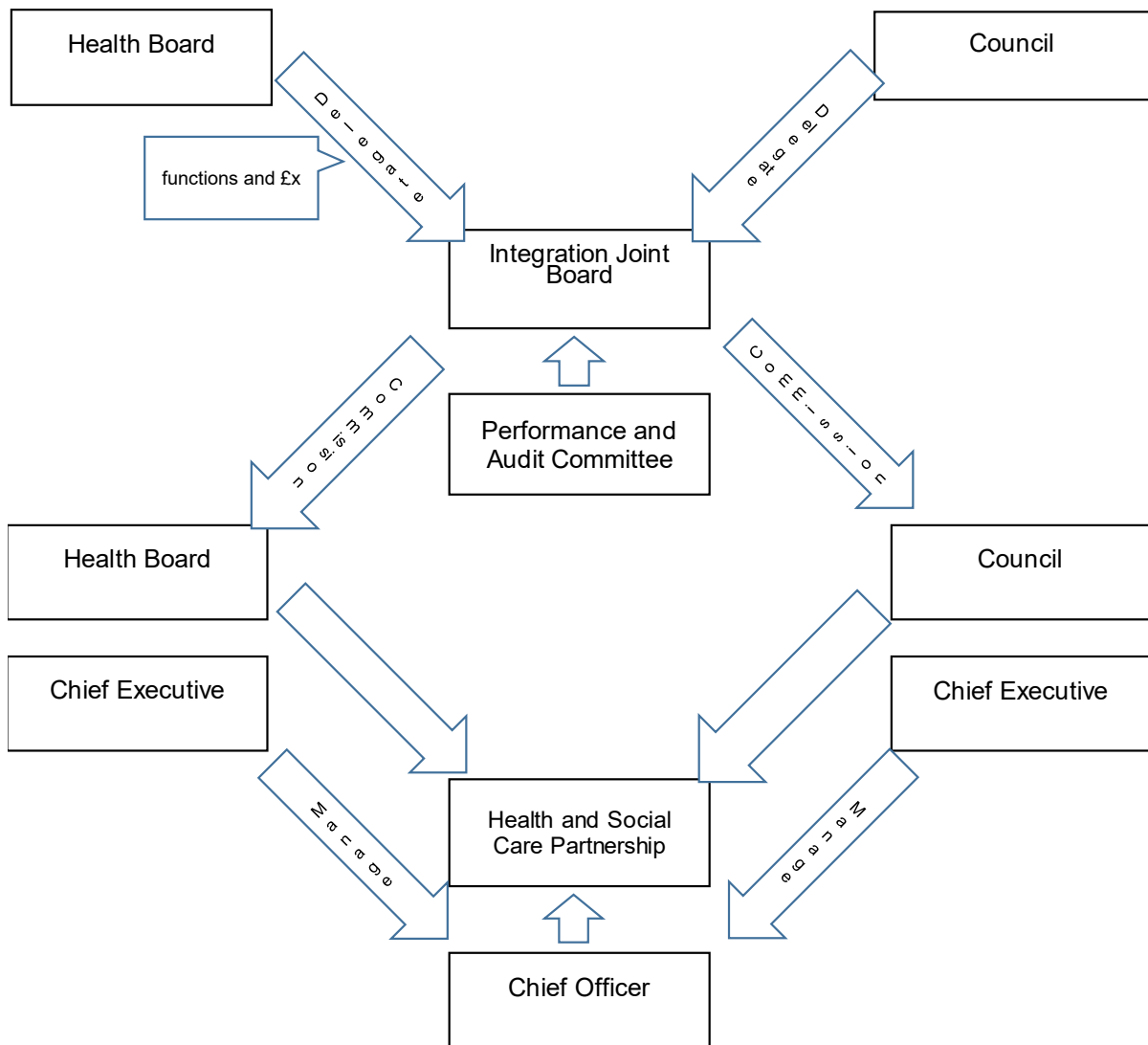


The Governance Framework comprises the following committees:

- Audit and Risk Committee;
- Healthcare Governance Committee;
- Information Governance Committee;
- Performance Governance Committee;
- Staff Governance Committee; and,
- Integrated Governance Committee.

The Board receives approved minutes from each Governance Committee to confirm that their remit has been fulfilled. Where necessary a committee can escalate issues for Board scrutiny. The Board has considered their minutes and has received their annual reports. The Board is satisfied that the Governance Committees have fulfilled their remit.

There are also three Integration Joint Boards in Ayrshire who are separate legal entities, who have delegated functions and budgets from the three Ayrshire Councils and Health Board, and who commission services from the Health Board. The Integration Scheme for these was reviewed during 2023/2024. The diagram below sets out the relationships between the parties.



The Integration Joint Boards have the responsibility for commissioning social care and defined health care for the residents of Ayrshire and Arran. Governance arrangements have been established to ensure that they are aligned with the Board’s governance arrangements.

The Board meets every two months and receives timely, comprehensive and relevant information for discussion and approval. The Board has strong and positive relationships with stakeholders and the Board is a key participant within community planning, community wealth building and public protection meetings with each of the three councils and other partners.

The Board carries out its scrutiny role by receiving the following core reports at every meeting:

- Healthcare associated infection;
- Scottish Patient Safety Programme updates;
- Patient experience story;
- Performance report: and,
- Financial management report.

The function of the Board and its committees during the year was considered effective due to it having an appropriate balance of skills, experience, independent rigour and knowledge, to challenge and scrutinise the work of the executive leadership team within NHS Ayrshire & Arran. New Board members received induction training and support and during the year there were Board Workshops for all Board members to discuss, in more detail, particular topics in greater detail.

The NHS Ayrshire & Arran Board self-assessment survey on the Blueprint for Good Governance was undertaken through November 2023 and was completed by 92% of Board members including the executive team and directors/senior managers who normally attend Board meetings.

As part of the evaluation process, all Boards were asked to arrange an in-person workshop to develop an improvement plan using the template provided by Scottish Government. This happened on 11 January 2024 and resulted in an improvement plan being approved by the Board on 24 March 2024 and subsequently by Scottish Government.

The Board reviews its Code of Corporate Governance regularly, which brings all aspects of Corporate Governance (including Standing Orders, Standing Financial instructions and Scheme of Delegation) into a single code. The revisions to the Code were agreed by the Health Board at its meeting in May 2022 having been reviewed by the Integrated Governance Committee and Audit and Risk Committee. A further review is planned to come to Board in October 2024.

A process is in place to assign government circulars and directives to a lead director and follow up actions taken.

## **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:

- Discussions with and letters of assurance from Directors who are responsible for developing, implementing and maintaining internal controls across their areas;
- minutes and annual reports from Governance Committees;
- the work of the internal auditors who submit to the Audit and Risk Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes together with recommendations for improvement;
- national reports such as Healthcare Improvement Scotland reviews; and
- the work of the service auditors in relation to the control frameworks operated by the following which are reported through the Annual Service Audit Reports:
  - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards;
  - ATOS and NSS (National Services Scotland) Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards; and

- NHS Ayrshire & Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

In accordance with the principles of best value, the Board aims to foster a culture of continuous improvement. As part of this, Directorates are encouraged to review, identify and improve the efficient and effective use of resources. Business cases and Board papers are assessed and considered for their Best Value characteristics, as published in the 2011 Best Value Guidance to Accountable Officers. I can confirm that a self-assessment against best value principles was done by Corporate Management Team in 2023/2024 and arrangements have been made to secure best value as set out in the SPFM.

Each year the Board's internal auditors design their audit programme to review the highest risk areas within the Board strategic risk register. The Board internal auditor changed to Azets in April 2023. The 2023/2024 internal audit programme was recommended by the Audit and Risk Committee and approved at the March 2023 Board meeting. Each report produced by internal audit is considered by the Audit and Risk Committee, but in addition is referred to the most relevant governance committee (Staff, Healthcare, Information, Performance, and Integrated) for detailed scrutiny.

The internal audit programme gives assurance on a broad range of internal controls and in addition a focused review of key financial controls. The overall internal audit opinion for the period 1 April 2023 to 31 March 2024 is that reasonable assurance can be given regarding the effective and efficient achievement of objectives.

The NHS Board receives a Financial Management Report at every Board meeting. In addition, the Performance Governance Committee receives a range of finance and performance reports to ensure effective scrutiny. In March 2023, the Board approved the Revenue Plan for 2023/2024 which was a £56.4 million deficit. The financial position at the end of the year was better than the forecast (£38 million deficit) as the Board received additional funding from Scottish Government during the year. In recognition of the Boards financial challenges, the Board has remained at level 3 of the Scottish Government escalation ladder throughout the year.

## **Risk Assessment**

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

NHS Ayrshire & Arran is committed to continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice. The Risk and Resilience Scrutiny and Assurance Group chaired by the Chief Executive ensure that these matters are kept under review.

As at March 2024, there are five strategic risks which are rated as "very high risk":

- Planned care waiting times;

- Financial outturn;
- Emergency Department crowding;
- Electro-medical equipment budget reduction;
- Covid-19 enquiry – retention of mailboxes.

The number of outpatients waiting over a year has risen, increasing the likelihood of an emergency admission to hospital. Engagement with the Centre for Sustainable Development has been helpful to some areas and £8 million access funding in 2024/2025 supports capacity.

The financial outturn for 2023/2024 is a deficit of £38 million and the budget set for 2024/2025 is a £53.5 million deficit. Financial sustainability requires extensive clinically led service redesign which will require policy and service change, all of which will take time to implement in full.

Emergency department crowding for NHS Ayrshire and Arran is a result of a lack of patient flow into acute hospital wards and the main influencer in this congestion is the average length of stay of all patients. As patients remain in hospital, on average, for more days than in other parts of Scotland, patients wait longer in the emergency department and all patients in the emergency department wait longer to be seen. A whole system urgent and unscheduled care recovery plan is in place and monitored by Acute Service senior leaders as well as the Scottish Government.

Due to restricted capital allocation, the funding available for electromedical equipment replacement was restricted to £0.75 million in the capital plan approved by Board in May 2023. During the year a further £1.12 million was received from Scottish Government for electro medical equipment. Equipment replacement is risk assessed and prioritised constantly. The Acute Service senior leadership team have medical device oversight as a service priority.

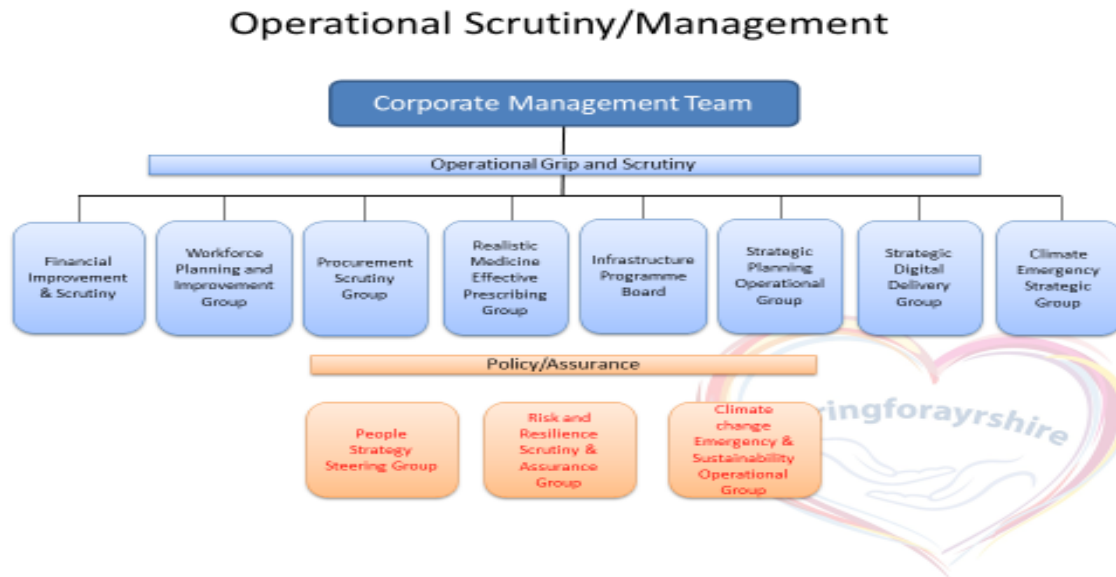
A Scottish and separate UK public enquiry into the covid-19 pandemic are underway, as well as Operation Koper led by the Crown Office and Procurator Fiscal service into deaths in nursing homes during the pandemic. Employees have been reminded to retain evidence which may have been received into electronic mailboxes.

The strategic risk register also contains thirteen other high risks in the following areas:

- general practice sustainability;
- transformational change programme (2);
- promoting attendance and staff wellbeing;
- personal development review process;
- mandatory and statutory training;
- cyber security;
- statutory management of the estate;
- infection prevention and control;
- information governance;
- failure of digital services;
- registrant supply and capacity; and,
- provision of data and intelligence for the purposes of planning.

All of these are being actively managed by the relevant risk owner and monitored at the quarterly Risk and Resilience Scrutiny and Assurance Group. A quarterly report on relevant risks is taken to each governance committee of the Board.

The following operational scrutiny arrangements were put in place and have remained in place from 20023/2024 as shown in the diagram below.



## Disclosures

Between 3–5 July 2023, Healthcare Improvement Scotland (HIS) carried out an unannounced follow-up inspection of University Hospital Crosshouse. Nine of the thirteen requirements from the May 2022 inspection had been completed and progress made on the other four. An unannounced safe delivery and care inspection of University Hospital Ayr at the same time and the report was published in October 2023 and resulted in one recommendation and seven requirements to be addressed.

An announced inspection of Ionising Radiation (Medical Exposure) on 8 and 10 August 2023 resulted in three requirements and two recommendations.

The Data Protection Officer (DPO) for the Board reported two confidentiality breaches to the Information Commissioner’s Office (ICO); both were the result of human error whereby personal data was shared with the wrong data subject/s. In addition the ICO received one complaint from a member of the public expressing dissatisfaction on how the Board had processed their subject access request. The complaint from the member of the public was closed in April 2024 with no further action taken. One of the two other notifications to the ICO has also been closed with no further action taken.

A new system for pricing primary care prescribed items (Data Capture, Validation & Pricing Software) went live in May 2023 and led to a number of failures around contractor payments resulting a need to make estimated payments for all contractors from June 2023 until January 2024. An Incident Management Team was established by National Services Scotland (NSS), and twice weekly meetings were held with board representatives and Community Pharmacy Scotland to ensure progress and robust



procedures were in place. All estimated payments were reconciled and corrected before 31 March 2024 with the exception of very specific items which were notified to boards for accruals. A financial assurance audit of the payment process and reconciliation process was carried out by KMPG and was deemed to be an effective and satisfactory process.

Subject to the above, during the 2023/2024 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 and Staff Report**

### **Board members' and senior employees' remuneration**

The Health Board has a Remuneration Committee, which is a sub-committee of the Staff Governance Committee. Membership of the sub-committee consists of Non-Executive Board members, including the Employee Director. The Chair of the Board is the Chair of the Remuneration Committee.

The Remuneration Committee membership is as follows:

Mrs Leslie Bowie, Chair

Mrs Margaret Anderson (until May 2023)

Councillor Douglas Reid

Mr Ewing Hope

Mr Liam Gallacher (from January 2024)

The committee met three times during 2023/2024 – 16 May 2023, 21 July 2023 and 01 February 2024. The meeting held in May 2023 had been rescheduled from February 2023 due to unforeseen circumstances. Mrs Margaret Anderson stepped down from the Committee on 31 May 2023 and Mr Liam Gallacher joined the Board from 01 January 2024 and was in attendance at the meeting on 01 February. The committee is responsible for providing assurance to the Board regarding the probity and corporate governance aspects of the appointment, appraisal and remuneration of those covered by Executive Pay Arrangements and to monitor terms and conditions of employment in accordance with central direction.

### **Directors - Remuneration**

Remuneration of the Chief Executive, Executive Directors, Directors and Senior Managers is determined in line with directions issued by the Scottish Government Health and Social Care Directorates (SGHSCD). All posts at this level are subject to rigorous job evaluation arrangements by the National Evaluation Committee and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued by the SGHSCD has been appropriately applied and agreed by the Remuneration Committee.

### **Performance Appraisal**

Performance appraisals, for those covered by Executive Pay Arrangements, are carried out in line with the guidance from the National Performance Management Committee and overseen by the Remuneration Committee. The Committee agrees the individual in-year objectives of the Board's Executive Directors and Directors and approves their annual performance assessments each year. Annual pay rises, for those covered by Executive Pay arrangements, are dependent on achieving specified levels of performance, in line with national agreement, and are implemented in line with the national Pay and Conditions circular.

### **Staff Turnover**

The most recent published staff turnover rate for the Board was 9.9% (2022/23) which was the second lowest rate for all mainland territorial Boards.

**Staff Engagement**

The most recent staff survey was carried out in 2023, and the employee engagement index from the survey was 78, on a scale of 0 - 100. The previous survey was in 2022, when the employee engagement index was 77.

## Payments to Non-Executive Directors and Executive Directors' (Audited)

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2023/24.

Remuneration (salary, benefits in kind and pensions) 2023/24

Single total figure of remuneration					
Board Members	Directors' Gross Salary (Bands of £5,000)	Benefits in kind (£'000)	Total Earnings in Year (Bands of £5,000)	(i) Pension Benefits (£'000)	Total Remuneration (Bands of £5,000)
	2023/24	2023/24	2023/24	2023/24	2023/24
<b>Executive</b>					
Claire Burden, Chief Executive	140-145	0.0	140-145	37	175-180
Derek Lindsay, Director of Finance	115-120	0.0	115-120	0	115-120
(ii) Dr Crawford McGuffie, Medical Director	235-240	0.0	235-240	0	235-240
Jennifer Wilson Nurse Director	105-110	0.0	105-110	40	145-150
Lynne McNiven, Director of Public Health	125-130	0.0	125-130	1	125-130
<b>Non-executive</b>					
Lesley Bowie, Chair	30-35	0.0	30-35	0	30-35
Margaret Anderson (to 31/05/23)	0-5	0.0	0-5	0	0-5
Councillor Marie Burns	5-10	0.0	5-10	0	5-10
(iii) Adrian Carragher (to 17/08/23)	30-35	0.0	30-35	5	35-40
Sheila Cowan	10-15	0.0	10-15	0	10-15
Sukhomoy Das	5-10	0.0	5-10	0	5-10
Christie Fisher (to 29/02/24)	5-10	0.0	5-10	0	5-10
Jean Ford	10-15	0.0	10-15	0	10-15
William Gallacher (from 01/01/24)	0-5	0.0	0-5	0	0-5
(iv) Ewing Hope	105-110	0.0	105-110	76	185-190
Tom Hopkins (from 18/08/24) (v)	110-115	0.0	110-115	26	135-140
Councillor Lee Lyons	5-10	0.0	5-10	0	5-10
Robert Martin (to 30/04/23)	0-5	0.0	0-5	0	0-5
Marc Mazzucco	10-15	0.0	10-15	0	10-15
Neil McAleese (from 01/05/23)	5-10	0.0	5-10	0	5-10
Councillor Douglas Reid	5-10	0.0	5-10	0	5-10
Linda Semple	10-15	0.0	10-15	0	10-15
Joyce White (from 01/04/23)	5-10	0.0	5-10	0	5-10

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions. Where there has been a decrease in the pension benefit due to the high inflation rate, the benefit has been shown as zero.

(ii) Dr Crawford McGuffie is the Medical Director, and £40,000 - £45,000 of his salary is in respect of non-Board duties.

(iii) Adrian Carragher was a stakeholder director for the Area Clinical Forum, and £25,000 - £30,000 of his salary and all pension benefits are in respect of non-Board duties.

(iv) Ewing Hope is the employee director, and £100,000 - £105,000 of his salary and all pension benefits are in respect of non-Board duties.

(v) Tom Hopkins is a stakeholder director for the Area Clinical Forum, and £105,000-£110,000 of his salary and all pension benefits are in respect of non-Board duties.

(vi) There were no bonus payments in 2023/24

Pension Benefits							
Board Members	Accrued pension at pension age as at 31/03/2024 (Bands of £5,000)	Accrued lump sum at pension age as at 31/03/2024 (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	(vii) Restated Cash Equivalent Transfer Value (CETV) at 31/03/2023 (£'000)	(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2024 (£'000)	Real increase in CETV (£'000)
Claire Burden, Chief Executive	5-10	0	2.5-5.0	0	49	95	43
Derek Lindsay, Director of Finance	45-50	130-135	0-2.5	(2.5)-(5.0)	1,078	1,172	21
Dr Crawford McGuffie, Medical Director	75-80	205-210	0-(2.5)	(12.5)-(15.0)	1,721	1,810	(27)
Jennifer Wilson, Nurse Director	35-40	34	2.5-5.0	0-2.5	479	556	45
Lynne McNiven, Director of Public Health	55-60	150-155	0-2.5	(2.5)-(5.0)	1,273	1,364	5
Adrian Carragher, Non-executive Director (to 17/08/24)	20-25	60-65	0-2.5	0-(2.5)	470	525	24
Tom Hopkins, Non-executive Director (from 18/08/24)	25-30	65-70	2.5-5.0	0-2.5	437	510	44
Ewing Hope, Non-executive Director	15-20	40-45	2.5-5.0	7.5-10	298	409	91

(vii) The CETV transfer value at 31/03/2023 has been restated using the value without inflation.

(viii) The real discount rate used to evaluate CETV has been as advised by the UK Government Actuaries Department.

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2022/23.

Remuneration (salary, benefits in kind and pensions) 2022/23

Single total figure of remuneration					
Board Members	Directors' Gross Salary (Bands of £5,000)	Benefits in kind (£'000)	Total Earnings in Year (Bands of £5,000)	(i) Pension Benefits (£'000)	Total Remuneration (Bands of £5,000)
	2022/23	2022/23	2022/23	2022/23	2022/23
<b>Executive</b>					
Claire Burden, Chief Executive	130-135	0.0	130-135	36	170-175
Derek Lindsay, Director of Finance	115-120	0.0	115-120	0	115-120
(ii) Dr Crawford McGuffie, Medical Director	215-220	0.0	215-220	0	215-220
Jennifer Wilson Nurse Director (from 01/04/22)	100-105	0.0	100-105	1	100-105
Lynne McNiven, Director of Public Health	125-130	0.0	125-130	0	125-130
<b>Non-executive</b>					
Lesley Bowie, Chair	30-35	0.0	30-35	0	30-35
Margaret Anderson	5-10	0.0	5-10	0	5-10
Michael Breen (to 30/10/22)	5-10	0.0	5-10	0	5-10
Councillor Laura Brennan-Whitefield (to 30/04/22)	0-5	0.0	0-5	0	0-5
Councillor Marie Burns (from 30/05/22)	5-10	0.0	5-10	0	5-10
(iii) Adrian Carragher	75-80	0.0	75-80	0	75-80
Sheila Cowan	5-10	0.0	5-10	0	5-10
Councillor Joseph Cullinane (to 30/04/22)	0-5	0.0	0-5	0	0-5
Sukhomoy Das	5-10	0.0	5-10	0	5-10
Christie Fisher (from 01/08/22)	5-10	0.0	5-10	0	5-10
Jean Ford	10-15	0.0	10-15	0	10-15
(iv) Ewing Hope	50-55	0.0	50-55	0	50-55
Councillor Lee Lyons (from 01/08/22)	5-10	0.0	5-10	0	5-10
Robert Martin	10-15	0.0	10-15	0	10-15
Marc Mazzucco	5-10	0.0	5-10	0	5-10
Councillor Douglas Reid	5-10	0.0	5-10	0	5-10
Linda Semple	10-15	0.0	10-15	0	10-15

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions. Where there has been a decrease in the pension benefit due to the high inflation rate, the benefit has been shown as zero.

(ii) Dr Crawford McGuffie is the Medical Director, and £35,000 - £40,000 of his salary is in respect of non-Board duties.

(iii) Adrian Carragher is a stakeholder director for the Area Clinical Forum, and £65,000 - £70,000 of his salary and all pension benefits are in respect of non-Board duties.

(iv) Ewing Hope is the employee director, and £40,000 - £45,000 of his salary and all pension benefits are in respect of non-Board duties.

(v) There were no bonus payments in 2022/23

Pension Benefits							
Board Members	Accrued pension at pension age as at 31/03/2022 (Bands of £5,000)	Accrued lump sum at pension age as at 31/03/2022 (Bands of £5,000)	Real increase in pension at pension age (Bands of £2,500)	Real increase in lump sum at pension age (Bands of £2,500)	(vi) Restated Cash Equivalent Transfer Value (CETV) at 31/03/2022 (£'000)	(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2023 (£'000)	Real increase in CETV (£'000)
Claire Burden, Chief Executive	0-5	0	2.5-5.0	0	7	43	35
Derek Lindsay, Director of Finance	50-55	95-100	0-(2.5)	(12.5)-(15)	960	1,014	(43)
Dr Crawford McGuffie, Medical Director	75-80	170-175	0-2.5	(10)-(12.5)	1,399	1,552	12
Jennifer Wilson, Nurse Director	30-35	0	0-2.5	0	340	388	14
Lynne McNiven, Director of Public Health	50-55	105-110	0-(2.5)	(7.5)-(10)	1,066	1,142	(30)
Adrian Carragher, Non-executive Director	25-30	40-45	0-2.5	(2.5)-(5.0)	406	453	6
Ewing Hope, Non-executive Director	10-15	30-35	0-(2.5)	(5)-(7.5)	286	281	(34)

(vi) The CETV transfer value at 31/03/202 has been restated using the value without inflation.

(vii) The real discount rate used to evaluate CETV has been as advised by the UK Government Actuaries Department.

The UK Government have consulted on a remedy for the impact of the McCloud judgement in relation to members moved into the 2015 scheme. This will mean that members who joined the pension scheme before April 2012 will be given the choice at retirement whether accrual from April 2015 to March 2022 will be under the 2015 scheme or the legacy scheme. The benefits and related CETVs disclosed are based on accrual in the 2015 scheme and are subject to potential future adjustments that may arise from this remedy.

All executive Board members have permanent UK employment contracts. Non-executive Board members are appointed for a fixed term.

## Senior Managers

All contracts of employments are in accordance with the Executive and Senior Managers terms and conditions. Staff are normally appointed on a permanent basis unless there is a genuine occupational reason for the appointment to be temporary or fixed term. All current staff hold substantive contracts.

Executive and Senior Managers are required to provide six month's notice of their intention to resign and likewise the Board is required to serve six month's notice should the Board terminate the contract. Either party can waive the right to notice. The Board may elect to immediately terminate the contract and make a payment in lieu of notice. Senior managers are the members of the Corporate Management Team.

Alistair Reid	Director of Allied Health Professionals
Kirstin Dickson	Director for Transformation and Sustainability
Nicola Graham	Director for Information and Support Services
Roisin Kavanagh	Director of Pharmacy
Sarah Leslie	Director of Human Resources
Vicki Campbell	Head of Primary Care and Urgent Care Services
*Tim Eltringham	Director of South Ayrshire Health and Social Care Partnership
*Craig McArthur	Director of East Ayrshire Health and Social Care Partnership
*Caroline Cameron	Director of North Ayrshire Health and Social Care Partnership

\*not employed by NHS Ayrshire & Arran

## Fair Pay Disclosures (Audited)

	2024	2023	% Change
Range of staff remuneration	23,364 – 366,239	21,831 - 311,230	18
Highest earning Director's total remuneration (£000s)	235,000- 240,000	215,000- 220,000	4
Median (total pay & benefits)	38,178	35,495	8
Median (salary only)	38,164	35,470	8
Ratio	6	6	0
25th Percentile (total pay & benefits)	30,386	27,993	9
25th Percentile (salary only)	30,358	27,954	9
Ratio	8	8	-1
75th Percentile Pay (total pay & benefits)	48,297	45,077	7
75th Percentile Pay (salary only)	48,095	44,855	7
Ratio	5	5	1

### Commentary

Boards are required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the Board's workforce. The banded total remuneration of the highest-paid director in NHS Ayrshire & Arran in the financial year 2023/24 was the Medical Director at £235,000 - £240,000 (2022/23 was the Medical Director at £215,000-£220,000), an increase of 8.8%. In 2023/24 this was 6.25 times the median remuneration (salary only) of the workforce, which was £38,164 while in 2022/2023 this was 6.18 times the median remuneration (salary only), which was £35,470.

In 2023/2024, the 25<sup>th</sup> Percentile Pay (salary only) was £30,386 and the 75<sup>th</sup> Percentile Pay (salary only) was £48,095. The remuneration of the highest paid director was 6.25 times the 25<sup>th</sup> Percentile Pay, and 4.96 times the 75<sup>th</sup> Percentile Pay.

There was an increase of 8% year on year in the median remuneration of the workforce. During 2023/2024, there were 8 clinical members of staff whose remuneration was higher than the highest earning director. During 2022/2023, there were 11 clinical members of staff whose remuneration was higher than the highest paid director.

The average salary (including inward secondees) increased from £41,926 in 2022/2023 to £43,902 in 2023/2024, an increase of 4.7%.

Total remuneration for this purpose includes salary, non-consolidated performance related pay, as well as severance payments. It does not include employer pension contributions, the cash equivalent transfer value of pensions or benefits in kind.

The pay analysis above including the median pay ratio reflects the implementation of the Scottish Government pay agreements.

## Staff Report (Audited)

### a) Higher Paid Employees' Remuneration

Employees whose remuneration fell within the following ranges:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Employees whose remuneration fell within the following ranges:		
<b>Clinicians</b>		
£ 70,001 to £ 80,000	107	63
£ 80,001 to £ 90,000	55	46
£ 90,001 to £100,000	37	41
£100,001 to £110,000	31	38
£110,001 to £120,000	39	38
£120,001 to £130,000	41	48
£130,001 to £140,000	31	30
£140,001 to £150,000	41	31
£150,001 to £160,000	30	24
£160,001 to £170,000	18	23
£170,001 to £180,000	24	14
£180,001 to £190,000	16	17
£190,001 to £200,000	19	8
£200,001 and above	31	23
<b>Other</b>		
£ 70,001 to £ 80,000	19	10
£ 80,001 to £ 90,000	12	9
£ 90,001 to £100,000	7	7
£100,001 to £110,000	5	5
£110,001 to £120,000	4	3
£120,001 to £130,000	2	1
£130,001 to £140,000	0	1
£140,001 to £150,000	1	0
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	1
£180,001 to £190,000	1	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

Two of the clinicians and the highest other paid employee are on secondment to other organisations.



## B Staff numbers and Costs (Audited)

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2024 TOTAL	2023 TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
<b>EMPLOYEE EXPENDITURE</b>								
Salaries and wages	694	158	455,578			(1,241)	455,189	417,900
Taxation & Social security costs	95	5	51,258			(208)	51,150	47,695
NHS scheme employers' costs	138	0	82,691			(373)	82,456	75,696
Other employers' pension costs			81				81	0
Inward secondees				29,399			29,399	26,345
Agency and other directly engaged staff					16,937		16,937	18,660
	927	163	589,608	29,399	16,937	(1,822)	635,212	586,296
Compensation for loss of office/early retirement							0	0
Pensions to former Board members							0	0
<b>Total</b>	<b>927</b>	<b>163</b>	<b>589,608</b>	<b>29,399</b>	<b>16,937</b>	<b>(1,822)</b>	<b>635,212</b>	<b>586,296</b>
Included in the total employee expenditure above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							141	273
<b>STAFF NUMBERS</b>								
Whole time equivalent (WTE)	5	4	10,623	248	173	(17)	11,036	10,698
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							2	4
Included in the total staff numbers above were disabled staff of:							112	94
Included in the total staff numbers above were Special Advisers of:							0	0

**C Staff Composition (Not audited)**

Staff composition - an analysis of the number of persons of each sex who were directors and employees

	2024				2023			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	2	3		5	2	3		5
Non-Executive Directors and Employee Director	7	6		13	7	7		14
Senior Employees	108	397		505	295	184		479
Other	1,738	9,340		11,078	1,479	9,371		10,850
Total Headcount	1,855	9,746	0	11,601	1,783	9,565	0	11,348

## **D Sickness Absence (Not audited)**

	<b>2024</b>	<b>2023</b>
Sickness absence rate	5.7%	5.6%

## **E Staff policies applied during the financial year relating to the employment of disabled persons (Not audited)**

In accordance with the Staff Governance Standards, NHS Ayrshire & Arran is committed to ensuring that all staff are treated fairly and equally regardless of their protected characteristic. Therefore, all staff, including those staff with a disability, have the same opportunities in every aspect of their employment journey beginning at the recruitment stage.

In accordance with current policy:

- All disabled applicants who meet the minimum criteria for a job vacancy will be invited to attend for interview and their suitability for the post will be based on their skills, knowledge and experience. This includes existing staff who apply for a promoted post.
- Reasonable adjustments will be made both in terms of duties and/or equipment required to retain an employee in work should they become disabled during their employment.
- Individual training needs are primarily identified and agreed at the annual PDP meeting. The subsequent development plan is created to meet the needs of the employee thus providing all staff with the same opportunity for development.

NHS Ayrshire & Arran also participates in a number of employability initiatives to support people with a disability to gain work experience and sustainable employment eg the Management Trainee Scheme for disabled graduates, which is a 2-year employment opportunity for disabled graduates providing them with a challenging and rewarding experience of employment; Project Search which is a partnership programme with NHS Ayrshire and Arran, East Ayrshire Council and Ayrshire College that provides real work experience combined with training in employability for young people with a learning disability and/or autism spectrum condition.

## F Exit packages (Audited)

### EXIT PACKAGES

Exit package cost band	2024		2023	
	Total number of exit packages by cost band	Cost of exit packages (£000)	Total number of exit packages by cost band	Cost of exit packages (£000)
<£10,000	0	0	0	0
£10,001 - £25,000	0	0	0	0
£25,001 - £50,000	0	0	1	30
£50,001 - £100,000	0	0	0	0
£100,001- £150,000	0	0	0	0
£150,001- £200,000	0	0	0	0
£200,001- £250,000	0	0	0	0
>£250,000	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>30</b>
			0	0

There were no compulsory redundancies in 2022/2023 or 2023/2024.

## G Trade Union Regulations (Not audited)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. 2023/24 information is below.

**Table 1 Relevant Union Officials**

Number of Employees who were relevant union officials during the relevant period (inclusive of full-time equivalent)	Full-time equivalent employee number
<b>6</b>	<b>4</b>

**Table 2 Percentage of time spent on facility time**

Percentage of Time spent on facility time	Number of Employees
0%	0
1 - 50%	3
51-49%	2
100%	1

**Table 3** Percentage of pay bill spent on facility time

First Column	Figures
Total cost of Facility time	£285,000
Provide the total pay bill	£634,747,000
Provide the percentage of the total paybill spent on facility time	0.04%

**Table 4**

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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## Parliamentary Accountability Report

On occasion, the Board is required to write off balances that are no longer recoverable. Individual losses and special payments over £300,000 require formal approval to regularise such transactions and their notation in the annual accounts. There were two individual losses or special payments over £300,000 totalling £4.822 million in 2023/2024. In 2022/2023 there were two individual payments or special losses over £300,000 totalling £1.595 million.

### Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Ayrshire & Arran charges for services provided on a full cost basis whenever applicable. NHS Ayrshire & Arran host, on behalf of NHS Scotland, the financial ledger and helpdesk. The staffing, software and managed technical service costs are met by the Board then recharged to the other twenty-one Boards. Income from Boards of £3.3 million (2022/2023 £3.0 million) offset the costs for the year of £3.3 million (2022/2023 £3.0 million).

*Claire Burden*  
Signed .....  
Chief Executive

Date 25 June 2024 .....

# **Independent auditor's report to the members of Ayrshire and Arran NHS Board, 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 Ayrshire and Arran NHS Board and its group for the year ended 31 March 2024 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Statement of Consolidated Cash Flows, the Statement of Consolidated Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

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

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the board and its group 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 ability of the board and its group 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 current or future financial sustainability of the board and its group. 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 separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### **Responsibilities of the Accountable Officer for the financial statements**

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the board and its group 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Reporting on other requirements**

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

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

### **Other information**

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

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

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

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

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

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

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

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

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

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my report**

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

*Fiona Mitchell-Knight*

Fiona Mitchell-Knight FCA, Audit Director  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

26 June 2024

NHS Ayrshire and Arran  
Statement of Consolidated Comprehensive Net Expenditure  
for the year ended 31st March 2024



2023 £000		Note	2024 £000
583,183	Employee expenditure	3a	636,893
138,119	Independent Primary Care Services	3b	146,152
162,204	Drugs and medical supplies	3b	183,226
<u>752,057</u>	Other health care expenditure	3b	<u>825,536</u>
<b>1,635,563</b>			<b>1,791,807</b>
(579,916)	Less: operating income	4	(614,303)
17,221	Associates and joint ventures accounted for on an equity basis		12,637
<b>1,072,868</b>	<b>Net expenditure for the year</b>		<b>1,190,141</b>
	<b>Other Comprehensive Net Expenditure</b>		
(18,867)	Net (gain) / loss on revaluation of property, plant and equipment		(23,501)
824	Net (gain) / loss on revaluation of available for sale financial assets		(116)
<b>(18,043)</b>	<b>Other Comprehensive Expenditure</b>		<b>(23,617)</b>
<b>1,054,825</b>	<b>Comprehensive Net Expenditure</b>		<b>1,166,524</b>

NHS Ayrshire and Arran  
Consolidated Statement of Financial Position  
for the year ended 31st March 2024



Consolidated 2023	Board 2023		Consolidated 2024	Board 2024
£000	£000	Note	£000	£000
468,966	468,966	Property, plant and equipment	490,647	490,647
8,309	8,309	Right of Use assets	9,582	9,582
		Financial assets:		
8,241	229	Investments	8,736	434
28,831	-	Investments in associates and joint ventures	16,195	-
<u>30,609</u>	<u>30,609</u>	Trade and other receivables	<u>20,250</u>	<u>20,250</u>
<b>544,956</b>	<b>508,113</b>	<b>Total non-current assets</b>	<b>545,410</b>	<b>520,913</b>
		Inventories	6,920	6,920
		Financial assets:		
33,826	33,826	Trade and other receivables	41,846	41,846
379	136	Cash and cash equivalents	364	134
<u>340</u>	<u>340</u>	Assets classified as held for sale	<u>175</u>	<u>175</u>
<b>40,354</b>	<b>40,111</b>	<b>Total current assets</b>	<b>49,305</b>	<b>49,075</b>
<b>585,310</b>	<b>548,224</b>	<b>Total assets</b>	<b>594,715</b>	<b>569,988</b>
		Provisions due within one year	(16,917)	(16,917)
(16,034)	(16,034)	Financial liabilities:	-	-
-	-	Trade and other payables	(94,759)	(94,573)
<u>(118,144)</u>	<u>(117,900)</u>	<b>Total current liabilities</b>	<u>(111,676)</u>	<u>(111,490)</u>
<b>(134,178)</b>	<b>(133,934)</b>			
<b>451,132</b>	<b>414,290</b>	<b>Non-current assets less net current liabilities</b>	<b>483,039</b>	<b>458,498</b>
		Provisions due outwith one year	(73,148)	(73,148)
(72,860)	(72,860)	Financial liabilities:		
(54,383)	(54,383)	Trade and other payables	(62,524)	(62,524)
<u>(127,243)</u>	<u>(127,243)</u>	<b>Total non-current liabilities</b>	<u>(135,673)</u>	<u>(135,672)</u>
<b>323,889</b>	<b>287,047</b>	<b>Assets less liabilities</b>	<b>347,366</b>	<b>322,826</b>
		<b>Taxpayers' Equity</b>		
144,373	144,373	General fund	159,866	159,866
142,674	142,674	Revaluation reserve	162,959	162,959
28,831	-	Other reserves - associates and joint ventures	16,194	-
<u>8,011</u>	-	Fund held on Trust	<u>8,347</u>	-
<b>323,889</b>	<b>287,047</b>	<b>Total taxpayers' equity</b>	<b>347,366</b>	<b>322,825</b>

The Notes to the Accounts, numbered 1 to 26, form an integral part of these Accounts.

The Accounting Officer authorised these financial statements for issue on 25th June 2024

Adopted by the Board on 25 June 2024

Director of Finance Derek Lindsay

Chief Executive Claire Burden

NHS Ayrshire and Arran  
Statement of Consolidated Cash Flows  
for the year ended 31st March 2024

2023 £000		Note	2024 £000	2024 £000
	<b>Cash flows from operating activities</b>			
(1,072,868)	Net operating cost	SoCTE	(1,190,141)	
37,087	Adjustments for non-cash transactions	2b	35,557	
4,944	Add back: interest payable recognised in net operating cost	2b	5,156	
(316)	Investment income		(377)	
<u>(75,282)</u>	Movements in working capital	2b	<u>(20,378)</u>	
<b>(1,106,435)</b>	<b>Net cash outflow from operating activities</b>	<b>26c</b>		<b>(1,170,183)</b>
	<b>Cash flows from investing activities</b>			
(30,482)	Purchase of property, plant and equipment		(19,956)	
(938)	Investment Additions	10	(12,241)	
0	Transfer of assets to / (from) other NHS Scotland bodies		0	
40	Proceeds of disposal of property, plant and equipment		261	
790	Receipts from sale of investments		11,779	
316	Interest received		<u>377</u>	
<b>(30,274)</b>	<b>Net cash outflow from investing activities</b>	<b>26c</b>		<b>(19,780)</b>
	<b>Cash flows from financing activities</b>			
1,143,189	Funding	SoCTE	1,198,166	
<u>262</u>	Movement in general fund working capital		<u>(245)</u>	
1,143,451	Cash drawn down	SoCTE	1,197,921	
(1,865)	Capital element of payments in respect of finance leases and On-balance sheet PFI contracts	2b	(2,817)	
(1,491)	IFRS 16 - 2022-23 cash lease payment	17a	0	
<u>(4,944)</u>	Interest element of finance leases and On-balance sheet PFI/PPP contracts	2b	<u>(5,156)</u>	
<b>1,135,151</b>	<b>Net Financing</b>	<b>26c</b>		<b>1,189,948</b>
(1,558)	Net decrease in cash and cash equivalents in the period	11		(15)
<u>1,937</u>	Cash and cash equivalents at the beginning of the period			<u>379</u>
<b>379</b>	<b>Cash and cash equivalents at the end of the period</b>			<b>364</b>
	Reconciliation of net cash flow to movement in net debt/cash:			
(1,558)	Increase (decrease) in cash in year			(15)
<u>1,937</u>	Net cash at 1 April			<u>379</u>
<b>379</b>	<b>Net cash at 31 March</b>			<b>364</b>

The Notes to the Accounts, numbered 1 to 26 , form an integral part of these Accounts.

	Note	General Fund £000	Revaluation Reserve £000	Associates & Joint Ventures £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2023</b>		144,373	142,674	28,831	8,011	323,889
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
<b>Balance at 1 April 2023</b>		<b>144,373</b>	<b>142,674</b>	<b>28,831</b>	<b>8,011</b>	<b>323,889</b>
<b>Changes in taxpayers' equity for 2023-24 :</b>						
Net gain on revaluation of property, plant and equipment	7a	-	23,501	-	-	23,501
Net gain on revaluation of investments	10	-	-	-	116	116
Net gain on revaluation of Right of Use Assets	17a	-	1,270	-	-	1,270
Impairment of property, plant and equipment		-	(2,716)	-	-	(2,716)
Revaluation and impairments taken to operating costs		-	2,716	-	-	2,716
Transfers between reserves		4,486	(4,486)	-	-	-
Other non cash costs -IFRS 16 Opening Balance	2b	(9,435)	-	-	-	(9,435)
Net operating cost for the year	CFS	(1,177,724)	-	(12,637)	220	(1,190,141)
<b>Total recognised income and expense for 2023-24</b>		<b>(1,182,673)</b>	<b>20,285</b>	<b>(12,637)</b>	<b>336</b>	<b>(1,174,689)</b>
Funding:						
Drawn down	SCCF	1,197,921	-	-	-	1,197,921
Movement in General Fund (creditor) / debtor	CFS	245	-	-	-	245
<b>Balance at 31 March 2024</b>	<b>SoFP</b>	<b>159,866</b>	<b>162,959</b>	<b>16,194</b>	<b>8,347</b>	<b>347,366</b>

**Changes in taxpayers' equity for 2022-23 :**

Prior Year	Note	General Fund £000	Revaluation Reserve £000	Associates & Joint Ventures £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2022</b>		46,742	128,090	46,052	10,125	231,009
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
<b>Balance at 1 April 2022</b>		<b>46,742</b>	<b>128,090</b>	<b>46,052</b>	<b>10,125</b>	<b>231,009</b>
<b>Changes in taxpayers' equity for 2020-21</b>						
Net gain on revaluation of property, plant and equipment	7a	-	18,867	-	-	18,867
Net gain / (loss) on revaluation of investments	10	-	-	-	(824)	(824)
Net gain / (loss) on revaluation of Right-of-Use assets		-	35	-	-	35
Impairment of property, plant and equipment	17a	-	(1,701)	-	-	(1,701)
Impairment of intangible assets		-	-	-	-	-
Revaluation and impairments taken to operating costs		-	1,701	-	-	1,701
Release of reserves to the statement of comprehensive net expense		-	-	-	-	-
Transfers between reserves		4,318	(4,318)	-	-	-
Pension reserve movements		-	-	-	-	-
Other non cash costs [please specify]	2b	4,481	-	-	-	4,481
Net operating cost for the year	CFS	(1,054,357)	-	(17,221)	(1,290)	(1,072,868)
<b>Total recognised income and expense for 2022-23</b>		<b>(1,045,558)</b>	<b>14,584</b>	<b>(17,221)</b>	<b>(2,114)</b>	<b>(1,050,309)</b>
Funding:						
Drawn down	SCCF	1,143,451	-	-	-	1,143,451
Movement in General Fund (creditor) / debtor	CFS	(262)	-	-	-	(262)
<b>Balance at 31 March 2023</b>	<b>SoFP</b>	<b>144,373</b>	<b>142,674</b>	<b>28,831</b>	<b>8,011</b>	<b>323,889</b>

The Notes to the Accounts, numbered 1 to 26 , form an integral part of these 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 (FReM) issued by HM Treasury, which follows International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) and the Companies Act 2006, to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

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

There are no new standard, amendments or interpretations effective in the year 2023-24. However 23/24 FReM mandates reporting indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023-24.

#### (b) Standards, amendments and interpretations effective in current year

There are no new standards, amendments or interpretations early adopted in 2023-24 financial year.

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

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

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

### 2. Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Ayrshire and Arran Health Board Endowment Fund.



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 NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

Ayrshire and Arran Health Board Endowment Fund 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.

The basis of consolidation used is Merger Accounting. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) Scotland Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint venture. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in Integration Joint Boards using the equity method of accounting.

During 2021/2022, NHS Ayrshire and Arran purchased Cumnock SPV Holdings Limited and Cumnock SPV Limited, which are not consolidated as they are not material. Further information is contained in Note 24 to the Annual Accounts.

Note 26 to the Annual Accounts provides further details on the consolidation of the Endowment Fund and IJBs within the Financial Statements.

### **3. Retrospective Restatements**

There have been no retrospective restatements made in the financial statements for this year.

### **4. Going Concern**

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

### **5. Accounting Convention**

The Accounts are prepared on an 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 are determined by the relevant accounting standards and the FReM.

## **6. Funding**

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

All other income receivable by the board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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.

Non-discretionary funding outwith the RRL is allocated to match actual expenditure incurred for the provision of specific Family Health Services (comprised of General Pharmaceutical, General Medical, General Dental and General Ophthalmic services) as designated by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

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

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure 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, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

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

All assets falling into the following categories are capitalised:

- 1) 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 hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (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 annually. 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 the Scottish Government.

In general, operational assets which are in use delivering from line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the 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 such 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 a proxy for fair value as agreed by the District Valuer.
- Non-specialised land and buildings, such as offices, 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.

#### **Subsequent expenditure:**

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

#### **Revaluations and Impairment:**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the 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 and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit 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.

### **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 on 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 the Board, 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 the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life (years)
Buildings Structure (Depreciated Replacement Cost)	3 to 72
Buildings Engineering (Depreciated Replacement Cost)	1 to 33
Buildings (Existing Use Value)	2 to 40
Moveable Engineering Plant	15
Furniture and Medium Life Equipment	10
Short/Medium Life Medical Equipment	7
Information Technology	5
Vehicles and Soft Furnishings	5
Office, Short Life Medical and Other Equipment	5

## 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 the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

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

The main classes of intangible assets recognised are:

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;
- the Board intends to complete the asset and sell or use it;
- the Board has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Board to complete the development and sell or use the asset; and
- the Board can measure reliably the expenses attributable to the asset during development.

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

#### Software:

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of 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 licenses are capitalised as intangible assets where expenditure of at least £5,000 is incurred.

#### Websites

Websites are capitalised only when it is probable that future economic benefits will flow to, or service potential be provide to, the Board; 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, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost.

### **Revaluation and impairment**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in 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 licenses. Amortised over the shorter term of the license and their useful economic lives.
- 4) Other intangible assets. Amortised over their expected useful life.

- 5) Intangible assets which has been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset live have been used:

Asset Category		Useful Life
Software Licenses		5 to 8 Years
Information Technology Software		5 to 8 Years

#### 9. Non-current assets held for sale

Non-current assets intended for disposal are 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;
- the sale must be highly probable ie:
  - management are 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 asset's 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 to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the 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. Leases**

### **Scope and classification**

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

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

The following are excluded:

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

### **Initial recognition**

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

the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

### **Subsequent measurement**

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

### **Lease expenditure**

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

### **Estimates and judgements**

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

## **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 of assessing impairment,

assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure (SOCNE) 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 the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

#### **15. Inventories**

Inventories are valued at the lower of cost and net realisable value. 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**

The Board participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefit underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of

Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to 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 the Board 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 Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS Ayrshire & Arran provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'Category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the 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 respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

#### **19. Related Party Transactions**

Material related party transactions are disclosed in note 24 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

#### **20. Value Added Tax**

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not

recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of noncurrent assets. 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 the 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-balance sheet. Where the Board 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 the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet 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-balance sheet' by the Board. 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 16. Where it is not possible to separate the finance element from the service element of 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 total unitary payment is then divided into three: the service charge element, repayment of the capital element of the contract obligation and the interest expense on it (using the interest rate implicit in the contract).

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

An IFRS 16 approach requires the liability to be remeasured if there is a change in future lease payments resulting from a change in an index/rate used to determine those payments. The liability does not include estimated future indexation linked increases. There are two elements required:

### **Initial Remeasurement**

The future PPP liability were remeasured at 1 April 2023 to include the indexation linked changes to payments for the capital/infrastructure element which have taken effect in the cash flows since the PPP arrangements commenced. FReM mandated a cumulative catch-up approach, where the

cumulative effect is recognised as an adjustment to the opening balance of General Fund. Comparative information is not restated.

### **Subsequent Remeasurement**

The timing of any subsequent remeasurement of the PPP liability for indexation linked changes will be whenever there is a change in the cash flows i.e., when the adjustment to lease payments takes effect.

## **22. Provisions**

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet 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 the Board's control) are not recognised as assets, but are disclosed in note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 14, 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

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

- a) Financial assets at fair value through profit or loss  
This is the default basis for financial assets.
- b) Financial assets held at amortised cost.  
A financial asset may be held at amortised cost where both of the following conditions are met:
  - i. 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.
- c) Financial assets at fair value through other comprehensive income.  
A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:
  - i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; 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. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

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

### Recognition and measurement

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

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

(a) Financial assets at fair value through profit or loss

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

(b) Financial assets held at amortised cost

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

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

## **Financial Liabilities**

### Classification

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

- i. these are measured at fair value on a portfolio basis in accordance with a 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 costs basis.

(a) Financial liabilities at fair value through profit or loss

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

(b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's 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 the NHS Board becomes party to the contractual provisions of the financial instrument.

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

##### (a) Financial liabilities at fair value through profit or loss

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

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

##### (b) Amortised costs

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

## **26. Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 3.

## **27. Cash and cash equivalents**

Cash and cash equivalents includes 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 not be classed as commercial bank balances.

## **28. Foreign exchange**

The functional and presentational currencies of the Board are sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. Where the Board 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 historical 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 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 the Board has no beneficial interest in them.

However, they are disclosed in note 25 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual. In addition where third party monies have been held in a public bank account, commentary is provided in Note 11.

## **30. Key sources of judgement and estimation uncertainty**

The Board makes subjective and complex judgements in applying accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key 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 the Board's accounting policies which have the most significant effect on the carrying amounts in the financial statements are summarised below:

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

#### Clinical and Medical Negligence Claims

The Board's accounting policy relating to the provision for clinical and medical negligence is described in section 18 above. The main elements of uncertainty relate to the timing of settlements which could be many years in the future, the probability of making a settlement and the value associated with these potential future settlements. The timing is based on an assessment made by the Board's litigation manager and financial controller at the end of each year. The assessment of probability is carried out by the Board's legal advisors, Central Legal Office (CLO) based on previous experience and records maintained on a national basis which is then reviewed by the litigation manager.

Estimated settlement values are based on initial claims received by the CLO and advised to the Board which are periodically updated by CLO using reports on expected Pursuer costs and cost of living indices.

The accounts contain a provision of £33,353,000 for negligence claims, with an offsetting debtor of £32,453,000 for reimbursement under CNORIS. There is also a provision of £51,207,000 in respect of the Board's liability from participating in CNORIS.

The pay ratio and other disclosures are required to be calculated including agency staff. Due to the availability of data on individuals working on an agency or bank basis, the Board needed to make assumptions and judgements in calculating the disclosures, which are not expected to have a significant impact on the values reported.

#### Valuation of Land and Buildings

The value of land and buildings is based on a valuation provided by a professional valuer. A full revaluation of land and buildings is carried out each year.

The Board considers the revaluation of its property, plant and equipment to be a material estimation made by the District Valuer, who will make a number of estimations around asset values and lives based on their professional knowledge and experience. The carrying amount of the Board's revalued property, plant and equipment is £490.6 million (2022/2023: £469.0 million) for the year ended 31 March 2023. The Board commissioned a valuation for 31 March 2024 which was performed in February to April 2024.

**Note 2a Summary of Resource Outturn (SORO)**

	Note	2024 £000
<b>Summary Of Core Revenue Resource Outturn</b>		
<b>Net Operating Costs</b>	<b>SoCNE</b>	<b>1,190,141</b>
Total Non-Core Expenditure (see below)		(26,724)
Family Health Services Non-Discretionary Allocation		(61,913)
Endowment Net Operating Costs		220
Associates and Joint Ventures accounted for on an equity basis		<u>(12,637)</u>
<b>Total Core Expenditure</b>		<b>1,089,087</b>
<b>Core Revenue Resource Limit</b>		<b>1,089,465</b>
<b>Saving against Core Revenue Resource Limit (RRL)</b>		<b>378</b>
<b>Summary Of Non-Core Revenue Resource Outturn</b>		
Capital Grants to Other Bodies		100
Depreciation / Amortisation		16,586
Annually Managed Expenditure - Impairments		3,000
Annually Managed Expenditure - Provisions		1,295
Annually Managed Expenditure - Depreciation of Donated Assets		400
Annually Managed Expenditure - Pension Valuation		-
Annually Managed Expenditure - fair value adjustments		82
Additional Scottish Government non-core funding		1,680
Donated assets income		(53)
IFRS PFI Expenditure		1,988
Right of Use (RoU) Asset Depreciation		1,483
Right of Use (RoU) Peppercorn Leases Depreciation		<u>163</u>
<b>Total Non-Core Expenditure</b>		<b>26,724</b>
Non Core Revenue Resource Limit		26,724
<b>Excess against Non Core Revenue Resource Limit (RRL)</b>		<b>-</b>

**Summary Resource Outturn**

	Resource £000	Expenditure £000	Saving £000
Core	1,089,465	1,089,087	378
Non-Core	<u>26,724</u>	<u>26,724</u>	-
<b>Total</b>	<b>1,116,189</b>	<b>1,115,811</b>	<b>378</b>

**Note 2b Notes to the Cash Flow Statement**

2023 £000		Note	2024 £000		
<b>Consolidated adjustment for non-cash transactions</b>					
15,995	Depreciation	7a	18,128		
375	Depreciation Donated Assets	7a	400		
1,643	Depreciation of Right of Use (RoU) Assets	17b	1,646		
-	Right of Use (RoU) Remeasurement (gain)/loss	17b	-		
-	Right of Use asset dilapidation	7d	-		
-	Right of Use asset peppercorn leases	7d	-		
1,701	Impairments on PPE charged to SOCNE		2,716		
-	Loss on remeasurement of non-current assets held for sale		-		
(81)	Funding Of Donated Assets	7a	(53)		
-	Profit on disposal of property, plant and equipment		-		
-	Impairment of investments charged to SoCNE		-		
43	GP Loans fair value adjustment	10	83		
17,221	Investment in IJB		12,637		
190	Realised (gain) / loss on investments		-		
<b>37,087</b>	<b>Total Expenditure Not Paid In Cash</b>	<b>CFS</b>	<b>35,557</b>		
<b>Consolidated adjustment for non-cash transactions</b>					
<b>Interest payable</b>					
4,900	PFI Finance lease charges allocated in the year	18	5,085		
44	Lease interest	17b	71		
<b>4,944</b>	<b>Total Interest Payable</b>		<b>5,156</b>		
<b>Consolidated movements in working capital</b>					
2023 £000		Note	2024 £000	2024 £000	2024 £000
<b>Inventories</b>					
(368)	Balance Sheet	8	<u>5,809</u>	<u>6,920</u>	
<b>(368)</b>	<b>Net (Decrease)</b>		5,809	6,920	<b>(1,111)</b>
<b>Trade and Other Receivables</b>					
(2,607)	Due within one year	9	33,826	41,846	
2,720	Due after more than one year	9	<u>30,609</u>	<u>20,250</u>	
			64,435	62,096	
<b>113</b>	<b>Net Increase</b>				<b>2,339</b>
<b>Trade and Other Payables</b>					
(65,122)	Due within one year	12	118,144	94,759	
(235)	Due after more than one year	12	54,383	62,524	
1,919	Less: property, plant & equipment (capital) included in above		(1,130)	(641)	
(262)	Less: General Fund creditor included in above	12	(379)	(134)	
<u>(1,025)</u>	Less: lease and PFI creditors included in above	12	<u>(56,694)</u>	<u>(64,961)</u>	
		<b>SoCCF</b>	114,324	91,547	
<b>(64,725)</b>	<b>Net (Decrease)</b>				<b>(22,777)</b>
<b>Provisions</b>					
(10,302)	Statement of Financial Position	13a	<u>88,894</u>	<u>90,065</u>	
		<b>SoCCF</b>	88,894	90,065	
<b>(10,302)</b>	<b>Net Increase (Decrease)</b>				<b>1,171</b>
<b>(75,282)</b>	<b>Net (Decrease)</b>				<b>(20,378)</b>
<b>Other non-cash costs shown on face of SoCTE</b>					
4,481	PFI IFRS 16 Opening Balance	8			(9,435.00)
<b>4,481</b>	<b>Total other non-cash costs</b>				<b>(9,435.00)</b>

**Note 3 Operating Expenses**

2023 Consolidated		2024 Board	2024 Consolidated
£000		£000	£000
<b>Note 3a Staff Costs</b>			
114,639	Medical and Dental	126,525	126,525
271,338	Nursing	291,712	291,712
<u>197,206</u>	Other Staff	<u>218,656</u>	<u>218,656</u>
<b>583,183</b>	<b>Total Staff Costs</b>	<b>636,893</b>	<b>636,893</b>
Further detail and analysis of employee costs can be found in the Remuneration and Staff Report forming part of the Accountability Report.			
<b>Note 3b Other Operating Costs</b>			
<b>Independent Primary Care Services</b>			
71,467	General Medical Services	75,291	75,291
25,655	Pharmaceutical Services	28,318	28,318
32,794	General Dental Services	33,170	33,170
<u>8,203</u>	General Ophthalmic Services	<u>9,373</u>	<u>9,373</u>
<b>138,119</b>		<b>146,152</b>	<b>146,152</b>
<b>Drugs and Medical Supplies</b>			
86,641	Prescribed drugs Primary Care	91,588	91,588
40,660	Prescribed drugs Secondary Care	53,771	53,771
924	PPE and Testing Kits	703	703
<u>33,979</u>	Medical Supplies	<u>37,164</u>	<u>37,164</u>
<b>162,204</b>		<b>183,226</b>	<b>183,226</b>
<b>Other health care expenditure</b>			
515,836	Contribution to Integration Joint Boards	582,864	582,864
81,794	Goods and services from other NHS Scotland bodies	85,675	85,675
367	Goods and services from other UK NHS bodies	688	688
6,903	Goods and services from private providers	6,066	6,066
6,994	Goods and services from voluntary organisations	7,359	7,359
30,291	Resource Transfer	30,749	30,749
-	Loss on disposal of assets	80	80
107,669	Other operating expenses (analysed in note 3c below)	110,931	110,931
209	External Auditor's remuneration - statutory audit fee	221	221
47	External Auditor's remuneration - IJB	50	50
<u>1,947</u>	Endowment Fund expenditure	<u>-</u>	<u>853</u>
<b>752,057</b>		<b>824,683</b>	<b>825,536</b>
<b>1,052,380</b>	<b>Other Operating Expenditure</b>	<b>1,154,061</b>	<b>1,154,914</b>

The total Health Board contribution provided to the IJB to commission services in 2023/24 was £613.613m. This includes £582.864m reported as the contribution of health board to Integration Joint Boards and £30.749m included as resource transfer

**Note 3c Analysis of Other Operating Expenses** reported in note 3b above

2023 Consolidated			2024 Board	2024 Consolidated
£000	Other Operating Expenses reported above includes	Note	£000	£000
15,994	Depreciation on owned assets		18,129	18,129
13,238	Utility and rates		17,002	17,002
7,283	PF1		7,735	7,735
3,940	CNORIS participation		2,453	2,453
12,051	Equipment and IT additions and maintenance		11,475	11,475
12,213	Hotel Services		13,216	13,216
<u>42,950</u>	Other		<u>40,921</u>	<u>40,921</u>
<b>107,669</b>	<b>Other operating expenses per note 3b above</b>	<b>SoCNE</b>	<b>110,931</b>	<b>110,931</b>

**Note 4 Operating Income**

<b>2023</b>		<b>2024</b>	<b>2024</b>
<b>Consolidated</b>		<b>Board</b>	<b>Consolidated</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>
0	Income from Scottish Government	687	687
32,635	Income from other NHS Scotland bodies	36,638	36,638
822	Income from NHS non-Scottish bodies	427	427
8	Income from private patients	5	5
496,843	Income for services commissioned by Integration Joint Board	539,955	539,955
4,614	Patient charges for primary care	5,046	5,046
81	Donations	53	53
228	Profit on disposal of assets	411	411
	<b>Non NHS:</b>		
37	Overseas patients (non-reciprocal)	93	93
657	Endowment Fund Income	-	1,073
<u>43,991</u>	Other	<u>29,915</u>	<u>29,915</u>
<b>579,916</b>	<b>Total Income</b>	<b>613,230</b>	<b>614,303</b>

**Note 5 Segmental Information**

	<b>Acute</b>	<b>East</b>	<b>North</b>	<b>South</b>	<b>Corporate</b>	<b>Group</b>
	<b>£000</b>	<b>HSCP</b>	<b>HSCP</b>	<b>HSCP</b>	<b>£000</b>	<b>£000</b>
<b>Net operating cost</b>	463,730	251,129	146,049	126,840	202,393	<b>1,190,141</b>
<b>Net operating cost - prior year</b>	419,897	205,340	158,736	92,602	196,293	<b>1,072,868</b>

**Note 6 Intangible Assets (Non-Current) Consolidated Board**

	<b>2023</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
<b>Software Licences</b>		
Cost or Valuation		
At 1st April	21	21
<b>At 31st March</b>	<b>21</b>	<b>21</b>
Amortisation		
At 1st April	21	21
<b>At 31st March</b>	<b>21</b>	<b>21</b>
Net Book Value		
At 1st April	0	0
<b>At 31st March</b>	<b>0</b>	<b>0</b>

**Note 7 a Property, Plant and Equipment : Consolidated and Board**

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2024 £000
<b>Cost or valuation</b>									
At 31st March 2023	16,019	390,686	1,456	207	79,537	17,850	8,819	16,049	530,623
Additions Purchased	105	2,925	499	-	2,788	3,190	1,289	8,671	19,467
Additions Donated	-	-	-	-	53	-	-	-	53
Completions	-	-	-	-	-	-	-	-	-
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	230	11,854	70	-	-	-	-	-	12,154
Impairment Charge	-	(84)	-	-	(877)	(522)	-	(2,085)	(3,568)
Disposals Purchased	(41)	-	(57)	(192)	(23,628)	(5,640)	(6,739)	-	(36,297)
Disposals Donated	-	-	-	(15)	(1,601)	(17)	(112)	-	(1,745)
<b>At 31st March 2024</b>	<b>16,313</b>	<b>405,381</b>	<b>1,968</b>	<b>-</b>	<b>56,272</b>	<b>14,861</b>	<b>3,257</b>	<b>22,635</b>	<b>520,687</b>
<b>Depreciation</b>									
At 31st March 2023	-	-	-	207	44,048	9,653	7,749	-	61,657
Additions Purchased	-	11,236	40	-	4,616	2,038	198	-	18,128
Additions Donated	-	77	-	-	323	-	-	-	400
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	-	(11,309)	(38)	-	-	-	-	-	(11,347)
Impairment Charge	-	(4)	-	-	(848)	-	-	-	(852)
Disposals Purchased	-	-	(2)	(192)	(23,628)	(5,640)	(6,739)	-	(36,201)
Disposals Donated	-	-	-	(15)	(1,601)	(17)	(112)	-	(1,745)
<b>At 31st March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,910</b>	<b>6,034</b>	<b>1,096</b>	<b>-</b>	<b>30,040</b>
<b>Net book value at March 2023 (SoFP)</b>	<b>16,019</b>	<b>390,686</b>	<b>1,456</b>	<b>-</b>	<b>35,489</b>	<b>8,197</b>	<b>1,070</b>	<b>16,049</b>	<b>468,966</b>
<b>Net book value at March 2024</b>	<b>16,313</b>	<b>405,381</b>	<b>1,968</b>	<b>-</b>	<b>33,362</b>	<b>8,827</b>	<b>2,161</b>	<b>22,635</b>	<b>490,647</b>
Open Market Value of Land in Land and Dwellings included above	5,810	-	845	-	-	-	-	-	-
<b>Asset financing:</b>									
Owned - purchased	16,313	327,643	1,968	-	32,067	8,827	2,161	22,635	411,614
Owned - donated	-	3,074	-	-	1,295	-	-	-	4,369
On-balance sheet PFI contracts	-	74,664	-	-	-	-	-	-	74,664
<b>Net book value at March 2024</b>	<b>16,313</b>	<b>405,381</b>	<b>1,968</b>	<b>-</b>	<b>33,362</b>	<b>8,827</b>	<b>2,161</b>	<b>22,635</b>	<b>490,647</b>

**Note 7 a (Prior Year)**

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2023 £000
<b>Cost or valuation</b>									
At 31st March 2022	16,168	374,489	549	207	82,523	12,103	8,678	11,110	505,827
Additions Purchased	60	3,787	178	-	7,009	5,747	141	11,641	28,563
Additions Donated	-	-	-	-	81	-	-	-	81
Completions	180	4,457	801	-	-	-	-	(5,438)	-
Transfers to non-current assets held for sale	(215)	(125)	-	-	-	-	-	-	(340)
Revaluation	1	8,267	9	-	-	-	-	-	8,277
Impairment Charge	(175)	(189)	(81)	-	-	-	-	(1,264)	(1,709)
Disposals Purchased	-	-	-	-	(10,076)	-	-	-	(10,076)
Disposals Donated	-	-	-	-	-	-	-	-	-
<b>At 31st March 2023</b>	<b>16,019</b>	<b>390,686</b>	<b>1,456</b>	<b>207</b>	<b>79,537</b>	<b>17,850</b>	<b>8,819</b>	<b>16,049</b>	<b>530,623</b>
<b>Depreciation</b>									
At 31st March 2022	-	-	-	207	49,791	8,398	7,565	-	65,961
Provided during the year Purchased	-	10,501	21	-	4,034	1,255	184	-	15,995
Provided during the year Donated	-	76	-	-	299	-	-	-	375
Revaluation	-	(10,569)	(21)	-	-	-	-	-	(10,590)
Impairment Charge	-	(8)	-	-	-	-	-	-	(8)
Disposals Purchased	-	-	-	-	(10,076)	-	-	-	(10,076)
Disposals Donated	-	-	-	-	-	-	-	-	-
<b>At 31st March 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207</b>	<b>44,048</b>	<b>9,653</b>	<b>7,749</b>	<b>-</b>	<b>61,657</b>
<b>Net book value at March 2022 (SoFP)</b>	<b>16,168</b>	<b>374,489</b>	<b>549</b>	<b>-</b>	<b>32,732</b>	<b>3,705</b>	<b>1,113</b>	<b>11,110</b>	<b>439,866</b>
<b>Net book value at March 2023</b>	<b>16,019</b>	<b>390,686</b>	<b>1,456</b>	<b>-</b>	<b>35,489</b>	<b>8,197</b>	<b>1,070</b>	<b>16,049</b>	<b>468,966</b>
Open Market Value of Land in Land and Dwellings included above	5,921	-	763	-	-	-	-	-	-
<b>Asset financing:</b>									
Owned - purchased	16,019	316,710	1,456	-	33,895	8,197	1,070	16,049	393,396
Owned - donated	-	2,944	-	-	1,594	-	-	-	4,538
On-balance sheet PFI contracts	-	71,032	-	-	-	-	-	-	71,032
<b>Net book value at 31 March 2023</b>	<b>16,019</b>	<b>390,686</b>	<b>1,456</b>	<b>-</b>	<b>35,489</b>	<b>8,197</b>	<b>1,070</b>	<b>16,049</b>	<b>468,966</b>



**Note 7 b. Assets held for Sale**

<b>Assets held for Sale - Consolidated and Board</b>		<b>2023</b>	<b>2024</b>
		<b>£000</b>	<b>£000</b>
At 1 April		40	340
Transfers (to) / from property, plant and equipment	7a	340	0
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		(40)	(165)
<b>At 31 March</b>	<b>SoFP</b>	<b>340</b>	<b>175</b>

**Note 7c. Property, Plant and Equipment Disclosures**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2023</b>	<b>2023</b>		<b>2024</b>	<b>2024</b>
<b>£000</b>	<b>£000</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
464,428	464,428	Purchased	486,278	486,278
4,538	4,538	Donated	4,369	4,369
<b>468,966</b>	<b>468,966</b>	<b>Net book value of property, plant and equipment at 31 March</b>	<b>490,647</b>	<b>490,647</b>
<b>6,684</b>	<b>6,684</b>	<b>Net book value related to land valued at open market value at 31 March</b>	<b>6,655</b>	<b>6,655</b>
<b>26,914</b>	<b>26,914</b>	<b>Net book value related to buildings valued at open market value at 31 March</b>	<b>27,996</b>	<b>27,996</b>
<b>Total value of assets held under:</b>				
0	0	Finance Leases	0	0
71,032	71,032	PFI and PPP Contracts	74,664	74,664
<b>71,032</b>	<b>71,032</b>		<b>74,664</b>	<b>74,664</b>
<b>Total depreciation charged in respect of assets held under:</b>				
0	0	Finance leases	1,543	1,543
0	0	PFI and PPP contracts	0	0
<b>0</b>	<b>0</b>		<b>1,543</b>	<b>1,543</b>

All land and 100% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2024 on the basis of fair value (market value or 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 £23.501m (2022-23: an increase of £18.867m) which was credited to the revaluation reserve. Impairment of £2.086m (2022-23 £1.701m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

**Note 7d Analysis of Capital Expenditure**

Consolidated 2023 £000	Board 2023 £000		Consolidated 2024 £000	Board 2024 £000
28,563	28,563	Acquisition of Property, plant and equipment	19,467	19,467
81	81	Donated Asset Additions	53	53
0	0	Purchase of Cumnock SPV	0	0
122	122	GP Loans advances	288	288
<u>1,652</u>	<u>1,652</u>	Right of Use (RoU) Additions	<u>1,649</u>	<u>1,649</u>
<b>30,418</b>	<b>30,418</b>	<b>Gross Capital Expenditure</b>	<b>21,457</b>	<b>21,457</b>
0	0	Net book value of disposal of property, plant and equipme	96	96
40	40	Value of disposal of Non-Current Assets held for sale	165	165
<u>0</u>	<u>0</u>	Right of Use Disposals	<u>0</u>	<u>0</u>
<b>40</b>	<b>40</b>	<b>Capital Income</b>	<b>261</b>	<b>261</b>
<b>30,378</b>	<b>30,378</b>	<b>Net Capital Expenditure</b>	<b>21,196</b>	<b>21,196</b>
<b>Summary of Capital Resource Outturn</b>				
30,175	30,177	Core capital expenditure included above	20,855	20,855
<u>30,177</u>	<u>30,177</u>	Core Capital Resource Limit	<u>20,856</u>	<u>20,856</u>
<b>2</b>	<b>2</b>	<b>Saving against Core Capital Resource Limit (CRL)</b>	<b>1</b>	<b>1</b>
203	203	Non Core capital expenditure included above	341	341
<u>203</u>	<u>203</u>	Non Core Capital Resource Limit	<u>341</u>	<u>341</u>
<b>0</b>	<b>0</b>	<b>Saving against Non Core Capital Resource Limit (CRL)</b>	<b>0</b>	<b>0</b>
30,378	30,378	Total capital expenditure	21,196	21,196
<u>30,380</u>	<u>30,380</u>	Total Capital Resource Limit	<u>21,197</u>	<u>21,197</u>
<b>2</b>	<b>2</b>	<b>Saving against Total Capital Resource Limit</b>	<b>1</b>	<b>1</b>

**Note 8 Inventories**

Consolidated 2023 £000	Board 2023 £000		Consolidated 2024 £000	Board 2024 £000
<u>5,809</u>	<u>5,809</u>	Raw Materials and Consumables	<u>6,920</u>	<u>6,920</u>
<b>5,809</b>	<b>5,809</b>		<b>6,920</b>	<b>6,920</b>

**Note 9 Trade and Other Receivables**

<b>Consolidated 2023 £000</b>	<b>Board 2023 £000</b>		<b>Consolidated 2024 £000</b>	<b>Board 2024 £000</b>
		<b>Note</b>		
<u>1,957</u>	<u>1,957</u>	Boards	<u>1,389</u>	<u>1,389</u>
<b>1,957</b>	<b>1,957</b>	<b>NHS Scotland receivables due within one year</b>	<b>1,389</b>	<b>1,389</b>
257	257	NHS Non-Scottish Bodies	181	181
347	347	VAT recoverable	372	372
1,801	1,801	Prepayments	3,654	3,654
7,808	7,808	Accrued income	2,164	2,164
19,821	19,821	Other Receivables	21,498	21,498
<u>1,835</u>	<u>1,835</u>	Reimbursement of provisions	<u>12,588</u>	<u>12,588</u>
<b>31,869</b>	<b>31,869</b>	<b>Other receivables due within one year</b>	<b>40,457</b>	<b>40,457</b>
<b>33,826</b>	<b>33,826</b>	<b>Total receivables due within one year</b>	<b>41,846</b>	<b>41,846</b>
		<b>SoFP</b>		
0	0	Prepayments	385	385
<u>30,609</u>	<u>30,609</u>	Reimbursement of Provisions	<u>19,865</u>	<u>19,865</u>
<b>30,609</b>	<b>30,609</b>	<b>Total Receivables due after more than one year</b>	<b>20,250</b>	<b>20,250</b>
		<b>SoFP</b>		
<b>64,435</b>	<b>64,435</b>	<b>Total Receivables</b>	<b>62,096</b>	<b>62,096</b>
<b>537</b>	<b>537</b>	<b>Provision for impairment included above</b>	<b>873</b>	<b>873</b>
		<b>WGA Classification</b>		
1,957	1,957	NHS Scotland	1,389	1,389
307	307	Central Government Bodies	363	363
1,798	1,798	Whole of Government Bodies	3,480	3,480
257	257	Balances with NHS Bodies in England and Wales	181	181
<u>60,116</u>	<u>60,116</u>	Balances with bodies external to Government	<u>56,683</u>	<u>56,683</u>
<b>64,435</b>	<b>64,435</b>	<b>Total Current Receivables</b>	<b>62,096</b>	<b>62,096</b>
		<b>Movement on the provision for impairment of receivables:</b>		
439	439	At 1 April	537	537
98	98	Provision for impairment	336	336
<b>537</b>	<b>537</b>	<b>As at 31st March</b>	<b>873</b>	<b>873</b>

As of 31 March 2024, receivables with a carrying value of £0.873m (2022-23: £0.537m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2023	Board 2023		Consolidated 2024	Board 2024
£000	£000	Note	£000	£000
0	0	3 to 6 months past due	0	0
<u>537</u>	<u>537</u>	Over 6 months past due	<u>873</u>	<u>873</u>
<b>537</b>	<b>537</b>	<b>As at 31st March</b>	<b>873</b>	<b>873</b>

The receivables assessed as individually impaired were mainly other Health Bodies, overseas patients, research companies and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2024, receivables with a carrying value of £2.820 million (2022-23: £1.795 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

737	737	Up to 3 months past due	367	367
142	142	3 to 6 months past due	454	454
<u>916</u>	<u>916</u>	Over 6 months past due	<u>1,999</u>	<u>1,999</u>
<b>1,795</b>	<b>1,795</b>	<b>As at 31st March</b>	<b>2,820</b>	<b>2,820</b>

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards and Local Authorities. There is no history of default from these customers recently.

Concentration of credit risk is limited due to customer base being large and unrelated / government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

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.

Receivables that are neither past due nor impaired are shown by their credit risk below:

<b>1,795</b>	<b>1,795</b>	<b>Existing customers with no defaults in the past</b>	<b>2,820</b>	<b>2,820</b>
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The maximum exposure to credit risk is the fair value of each class of receivable.  
The NHS Board does not hold any collateral as security.

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

<b>64,435</b>	<b>64,435</b>	<b>Pounds</b>	<b>62,096</b>	<b>62,096</b>
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All non-current receivables are due within 5 years. A single exceptions exists - 100% reimbursement due to NHS A&A equal to an annual payment by The Board of three Clinical Negligence settlements during the agreement period.

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

The effective interest rate on non-current other receivables is 0% (2022-23: 0%).  
Pension liabilities are discounted at 2.45% (2022-23: 1.7%).

**Note 10 Investments**

Consolidated 2023 £000	Board 2023 £000		Note	Consolidated 2024 £000	Board 2024 £000
<u>8,241</u>	<u>229</u>	Other		<u>8,736</u>	<u>434</u>
<b>8,241</b>	<b>229</b>	<b>Total</b>	SoFP	<b>8,736</b>	<b>434</b>
8,960	150	At 1 April		8,241	229
816	-	Additions	CFS	11,953	-
122	122	GP Loans advances	CFS	288	288
(790)	-	Disposals		(11,779)	-
-	-	Impairment recognised in SoCNE		-	-
(43)	(43)	GP Loans Fair Value Adjustment	2b	(83)	(83)
<u>(824)</u>	<u>-</u>	Revaluation surplus / (deficit) transferred to equity	SoCTE	<u>116</u>	<u>-</u>
<b>8,241</b>	<b>229</b>	<b>At 31 March</b>		<b>8,736</b>	<b>434</b>
<u>8,241</u>	<u>229</u>	Non-current	SoFP	<u>8,736</u>	<u>434</u>
<b>8,241</b>	<b>229</b>	<b>At 31 March</b>		<b>8,736</b>	<b>434</b>

The Board non-current assets represents the current fair value of Loans made by the Board to GP Practices.

**Note 11. Cash and Cash Equivalents**

2023 £000		2024 £000
1,937	Balance at 1 April	379
<u>(1,558)</u>	Net change in cash and cash equivalent balances	<u>(15)</u>
<b>379</b>	Balance at 31 March	<b>364</b>
<b>379</b>	<b>Total Cash - Cash Flow Statement</b>	<b>364</b>
	The following balances at 31 March were held at:	
45	Government Banking Service	10
91	Commercial banks and cash in hand	124
<u>243</u>	Endowment cash	<u>230</u>
<b>379</b>	<b>Balance at 31 March</b>	<b>364</b>

**Note 12 Trade and Other Payables**

Consolidated 2023	Board 2023		Note	Consolidated 2024	Board 2024
£000	£000			£000	£000
<b>10,534</b>	<b>10,534</b>	<b>NHS Scotland payables due within 1 year</b>	SFR 30	<b>7,037</b>	<b>7,037</b>
0	0	NHS Non-Scottish bodies		0	0
379	379	Amounts Payable to General Fund		134	134
23,007	23,007	FHS Practitioners		24,153	24,153
6,230	6,230	Trade Payables		1,274	1,274
47,029	47,029	Accruals		28,599	28,599
566	566	Deferred income		1,334	1,334
1,174	1,174	Net obligations under Finance Leases	17b	1,145	1,145
1,706	1,706	Net obligations under PPP / PFI Contracts	18	1,766	1,766
11,279	11,279	Income tax and social security		12,270	12,270
8,600	8,600	Superannuation		10,171	10,171
6,271	6,271	Holiday Pay Accrual		5,384	5,384
1,369	1,125	Other payables		1,492	1,306
<b>107,610</b>	<b>107,366</b>	<b>Other payables due within one year</b>		<b>87,722</b>	<b>87,536</b>
<b>118,144</b>	<b>117,900</b>	<b>Total payables due within one year</b>	<b>SoFP</b>	<b>94,759</b>	<b>94,573</b>
698	698	Net obligations under Finance Leases due within 2 years	17b	856	856
984	984	Net obligations under Finance Leases due after 2 years but within 5 years	17b	1,054	1,054
34	34	Net obligations under Finance Leases due after 5 years	17b	0	0
1,816	1,816	Net obligations under PPP / PFI Contracts due within 2 years	18	2,001	2,001
6,219	6,219	Net obligations under PPP / PFI Contracts due after 2 years but within 5 years	18	7,677	7,677
44,063	44,063	Net obligations under PPP / PFI Contracts due after 5 years	18	50,462	50,462
569	569	Deferred income		474	474
<b>54,383</b>	<b>54,383</b>	<b>Total payables due after more than one year</b>	<b>SoFP</b>	<b>62,524</b>	<b>62,524</b>
<b>172,527</b>	<b>172,283</b>	<b>Total payables</b>		<b>157,283</b>	<b>157,097</b>
		<b>WGA Classification</b>			
10,534	10,534	NHS Scotland		7,037	7,037
19,879	19,879	Central Government bodies		22,441	22,441
<u>142,114</u>	<u>141,870</u>	Balances with bodies external to Government		<u>127,805</u>	<u>127,619</u>
<b>172,527</b>	<b>172,283</b>			<b>157,283</b>	<b>157,097</b>
		<b>Borrowings included above comprise:</b>			
2,890	2,890	Leases		3,055	3,055
<u>53,804</u>	<u>53,804</u>	PFI contracts		<u>61,906</u>	<u>61,906</u>
<b>56,694</b>	<b>56,694</b>			<b>64,961</b>	<b>64,961</b>
		<b>Carrying amount of non-current borrowings are:</b>			
1,716	1,716	Leases		1,910	1,910
<u>52,098</u>	<u>52,098</u>	PFI contracts		<u>60,140</u>	<u>60,140</u>
<b>53,814</b>	<b>53,814</b>			<b>62,050</b>	<b>62,050</b>
		<b>The carrying amount of receivables are denominated in the following currencies:</b>			
<b>172,527</b>	<b>172,283</b>	<b>Pounds</b>		<b>157,283</b>	<b>157,097</b>

**Note 13 a. Provisions - Consolidated and Board**

	<b>Pensions &amp; similar obligations</b>	<b>Clinical &amp; Medical Legal Claims against NHS Board</b>	<b>Participation in CNORIS</b>	<b>Other (non- endowment)</b>	<b>Total 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 31st March 2023	5,859	31,947	50,077	1,011	88,894
Arising during the year	751	8,813	3,646	205	13,415
Utilised during the year	(574)	(5,686)	(2,516)	(199)	(8,975)
Unwinding of discount	(288)	-	-	-	(288)
Reversed unutilised	(243)	(2,704)	-	(34)	(2,981)
<b>At 31st March 2024</b>	<b>5,505</b>	<b>32,370</b>	<b>51,207</b>	<b>983</b>	<b>90,065</b>
The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board are stated gross. The amount of any expected reimbursements are separately disclosed as receivables in note 9.					
Payable in one year	574	2,658	12,802	883	16,917
Payable between 1 - 5 years	2,200	14,120	31,134	100	47,554
Payable between 6 - 10 years	2,400	1,991	2,663	-	7,054
Thereafter	331	13,601	4,608	-	18,540
<b>At 31st March 2024</b>	<b>5,505</b>	<b>32,370</b>	<b>51,207</b>	<b>983</b>	<b>90,065</b>

**Note 13 a. Provisions - Consolidated and Board Prior Year**

	<b>Pensions &amp; similar obligations</b>	<b>Clinical &amp; Medical Legal Claims against NHS Board</b>	<b>Participation in CNORIS</b>	<b>Other (non- endowment)</b>	<b>Total 2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 31st March 2022	7,988	45,241	45,157	810	99,196
Arising during year	489	1,683	8,782	668	11,622
Utilised during year	(554)	(3,613)	(3,862)	(391)	(8,420)
Unwinding during year	(1,692)	-	-	-	(1,692)
Reversed unutilised	(372)	(11,364)	-	(76)	(11,812)
<b>At 31st March 2023</b>	<b>5,859</b>	<b>31,947</b>	<b>50,077</b>	<b>1,011</b>	<b>88,894</b>
Payable in one year	554	1,967	12,502	1,011	16,034
Payable between 1 - 5 years	2,216	18,831	30,458	-	51,505
Payable between 6 - 10 years	2,770	3,287	2,591	-	8,648
Thereafter	319	7,862	4,526	-	12,707
<b>At 31st March 2023</b>	<b>5,859</b>	<b>31,947</b>	<b>50,077</b>	<b>1,011</b>	<b>88,894</b>

**Pensions and similar obligations**

The Board meets the additional costs of benefits beyond the normal NHS Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the NHS Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury Discount Rate of Real discount rate of 2.45% (1.70% 2023) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 28 years.

### Clinical & Medical Legal Claims against NHS Board

The Board holds a provision to meet costs of all outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who decide upon risk liability and likely outcomes of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to ten years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

### Participation in CNORIS

The Board is required to participate in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) and the above provision relates to its share of future settlements. Further details are given in Note 13(b).

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

		2023 £000	2024 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	32,958	33,352
Associated CNORIS receivable at 31 March	9	(32,444)	(32,453)
Provision recognising the NHS Board's liability from participating in the scheme	13a	50,077	51,207
<b>Net Total Provision relating to CNORIS at 31 March</b>		<b>50,591</b>	<b>52,106</b>

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 boards' 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 an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

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 third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>



**Note 14 Contingent Liabilities**

The following contingent liabilities have not been provided for in the accounts;

<b>2023</b>		<b>2024</b>
<b>£000</b>		<b>£000</b>
24,410	Clinical and medical compensation payments	23,643
726	Employer's liability	203
425	Third party liability	169
0	Other - Girvan Groundwater Monitoring	0
<b>25,561</b>	<b>Total Contingent Liabilities</b>	<b>24,015</b>
24,830	Clinical and medical compensation payments	23,210
<u>0</u>	Employer's liability	<u>233</u>
<b>24,830</b>	<b>Total Contingent Assets</b>	<b>23,443</b>

The contingent liability includes a number of claims for clinical negligence, employer's liability and third party liability against the Board, which have not been fully provided for in Note 13, and for which the Central Legal Office of the Scottish Government Health Directorates estimates that there is a medium or low risk of the Board having to make settlement.

The contingent asset reflects the corresponding entitlement to recover the costs of any claim settlement through the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) which is explained in more detail in Note 13 above.

A recent review of the Agenda for Change (AfC) system included a consistent Once for Scotland process for the delivery of a Banding review for AfC Band 5 nursing staff. The process for this review has not commenced yet therefore we are unable at this time to estimate the level of potential liability.

**Note 15 Events After the End of the Reporting Year**

There are no events after the end of the reporting period having a material effect on the accounts.

**Note 16 Capital Commitments**

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

<b>2023</b>		<b>2024</b>
<b>£000</b>		<b>£000</b>
8,419	Ayrshire Central Hospital National Forensic Service in Scotland	300
608	Boardwide PACS/RICS	-
150	ACH CDU Steriliser Replacement Programme	-
-	Endoscopy Suite / Discharge Lounge Ayr Hospital	100
-	Catering Waste Disposal	128
-	Boardwide Vocera and Viewpoint Digital Reform	347
<b>9,177</b>	<b>Total Capital Commitments</b>	<b>875</b>
	<b>Authorised but not Contracted</b>	
2,500	Board wide Whole System Estate Plan	-
935	West of Scotland Regional Vascular Programme	-
200	UHC Ward 4 Upgrade	-
4,551	Digital Reform Plan	1,945
608	ACH CDU Washer/Disinfectors	-
-	Boardwide EV Infrastructure	995
-	UHA ITU	100
-	UHC ITU	2,900
-	Boardwide EME Equipment	1,643
-	Boardwide General Equipment	1,171
-	Caring for Ayrshire	200
-	Boardwide CCTV/Access/DWR	700
<b>8,794</b>	<b>Total Authorised but not Contracted</b>	<b>9,654</b>

**Note 17 a Right of Use Assets (Board and Consolidated)**

	Buildings	Dwellings	Transport Equipment	<b>2024</b>
	£000	£000	£000	<b>£000</b>
<b>Cost or valuation</b>				
At 1 April 2023	5,964	84	3,904	9,952
Additions	4	85	1,560	1,649
Revaluations	-	-	-	-
Revaluations - Peppercorn leases	1,270	-	-	1,270
Disposals leases	-	(84)	(329)	(413)
<b>At 31 March 2024</b>	<b>7,238</b>	<b>85</b>	<b>5,135</b>	<b>12,458</b>
<b>Depreciation</b>				
At 1 April 2023	273	83	1,287	1,643
Provided during the year - (include new	46	85	1,352	1,483
Provided during the year - peppercorn leases	163	-	-	163
Disposals leases	-	(84)	(329)	(413)
<b>At 31 March 2024</b>	<b>482</b>	<b>84</b>	<b>2,310</b>	<b>2,876</b>
<b>Net book value at 1 April 2023</b>	<b>5,691</b>	<b>1</b>	<b>2,617</b>	<b>8,309</b>
<b>Net book value at 31 March 2024</b>	<b>6,756</b>	<b>1</b>	<b>2,825</b>	<b>9,582</b>

The majority of the property leases are peppercorn rents. Of the £6.8m NBV, £6.5m are peppercorn rents including £4.3m for North West Kilmarnock which is leased until 2106, £1m for Crosshouse Resource Centre which is leased until 2035 and £1.2m Dalmellington Health Centre which is leased until 2038

**Note 17 a Prior Year : Right of Use Assets (Board and Consolidated)**

	Buildings	Dwellings	Transport Equipment	<b>2023</b>
	£000	£000	£000	<b>£000</b>
<b>Cost or valuation</b>				
At 1 April 2022	5,922	84	2,259	8,265
Additions	7	-	1,645	1,652
Revaluations - Peppercorn leases	35	-	-	35
<b>At 31 March 2023</b>	<b>5,964</b>	<b>84</b>	<b>3,904</b>	<b>9,952</b>
<b>Depreciation</b>				
At 1 April 2022	-	-	-	-
Provided during the year - (include new dilapidati	121	83	1,287	1,491
Provided during the year - peppercorn leases	152	-	-	152
<b>At 31 March 2023</b>	<b>273</b>	<b>83</b>	<b>1,287</b>	<b>1,643</b>
<b>Net book value at 1 April 2022</b>	<b>5,922</b>	<b>84</b>	<b>2,259</b>	<b>8,265</b>
<b>Net book value at 31 March 2023</b>	<b>5,691</b>	<b>1</b>	<b>2,617</b>	<b>8,309</b>

**Note 17 b Lease Liabilities (Board and Consolidated)**

	Buildings £000	Dwellings £000	Transport Equipment £000	<b>2024</b> <b>£000</b>
<b>Amounts Falling Due</b>				
Not later than one year	46	1	1,098	1,145
Later than one year, not later than 2 years	46	-	810	856
Later than two year, not later than five years	122	-	932	1,054
Later than five years	-	-	-	-
Less: Unaccrued interest	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>214</b>	<b>1</b>	<b>2,840</b>	<b>3,055</b>
<b>Current</b>				
Current	46	1	1,099	1,146
Non Current	<u>168</u>	-	<u>1,741</u>	<u>1,909</u>
<b>Balance at 31 March 2024</b>	<b>214</b>	<b>1</b>	<b>2,840</b>	<b>3,055</b>

**Note 17 b Prior Year : Lease Liabilities (Board and Consolidated)**

	Buildings £000	Dwellings £000	Transport Equipment £000	<b>2023</b> <b>£000</b>
<b>Amounts falling due:</b>				
Not later than one year	53	1	1,120	1,174
Later than one year, not later than 2 years	46	-	652	698
Later than two year, not later than five years	138	-	846	984
Later than five years	<u>34</u>	-	-	<u>34</u>
Less: Unaccrued interest	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>271</b>	<b>1</b>	<b>2,618</b>	<b>2,890</b>
<b>Current</b>				
Current	53	1	1,120	1,174
Non Current	<u>218</u>	-	<u>1,498</u>	<u>1,716</u>
<b>Balance at 31 March 2023</b>	<b>271</b>	<b>1</b>	<b>2,618</b>	<b>2,890</b>

**Note 17 b**

**Low value and short term leases**

2023 Consolidated £000	2023 Board £000		2024 Consolidated £000	2024 Board £000
558	558	Within one year	855	857
-	-	Between two and five years (inclusive)	-	-
-	-	After five years	-	-
558	558	<b>Total</b>	855	857

**Amounts Recognised in the Statement of Comprehensive Net Expenditure (SoCNE)**

2023 Consolidated £000	2023 Board £000		2024 Consolidated £000	2024 Board £000
1,643	1,643	Depreciation	1,646	1,646
44	44	Interest Expense	71	71
-	-	Non Recoverable VAT on lease payments	-	-
558	558	Low value and short term leases	855	855
-	-	Remeasurement of ROU assets	-	-
<b>2,245</b>	<b>2,245</b>	<b>Total</b>	<b>2,572</b>	<b>2,572</b>

**Amounts Recognised in the Statement of Cashflows**

2023 Consolidated £000	2023 Board £000		2024 Consolidated £000	2024 Board £000
44	44	Low value and short term leases	71	71
1,491	1,491	Remeasurement of ROU assets	1,483	1,483
<b>1,535</b>	<b>1,535</b>	<b>Total</b>	<b>1,554</b>	<b>1,554</b>

**Note 18 Commitments under PFI Contracts on Balance Sheet**

Ayrshire Maternity Unit (AMU) is adjoined to University Hospital Crosshouse in Kilmarnock. The facility provides Area Midwifery services for in-patients, day patients and out-patients. The 30 year contract commenced in July 2006 and will be completed in July 2036. At the end of the contract/concession period the building is available to transfer to the NHS at no additional cost.

Woodland View shares a site in Irvine with the Ayrshire Central Hospital. The building is financed through a Non-Profit Distributing (NPD) model and reached practical completion and handover on the 1st April 2016. The building provides a Mental Health and Frail Elderly Inpatient facility for Ayrshire. The 25 year contract commenced on the 1st April 2016 and will be completed on the 31st March 2041. At the end of the contract/concession period, the building will revert back to NHS ownership.

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:

2023		Ayrshire Maternity Unit	Woodland View	2024
£000		£000	£000	£000
5,872	Rentals due within 1 year	2,886	4,106	6,992
5,862	Due within 1 to 2 years	2,959	4,109	7,068
17,741	Due within 2 to 5 years	9,328	12,351	21,679
70,652	Due after 5 years	25,603	49,779	75,382
<b>100,127</b>	<b>Gross Minimum Lease Payments</b>	<b>40,776</b>	<b>70,345</b>	<b>111,121</b>
	less			
(4,166)	Rentals due within 1 year	(2,301)	(2,925)	(5,226)
(4,046)	Due within 1 to 2 years	(2,233)	(2,834)	(5,067)
(11,522)	Due within 2 to 5 years	(6,125)	(7,877)	(14,002)
(26,589)	Due after 5 years	(7,926)	(16,994)	(24,920)
<b>(46,323)</b>	<b>Interest Element</b>	<b>(18,585)</b>	<b>(30,630)</b>	<b>(49,215)</b>
	giving			
				Note
1,706	Rentals due within 1 year	585	1,181	1,766
1,816	Due within 1 to 2 years	726	1,275	2,001
6,219	Due within 2 to 5 years	3,203	4,474	7,677
44,063	Due after 5 years	17,677	32,785	50,462
<b>53,804</b>	<b>Present value of minimum lease payments</b>	<b>22,191</b>	<b>39,715</b>	<b>61,906</b>
2,697	Rentals due within 1 year	608	1,186	1,794
2,764	Due within 1 to 2 years	623	1,216	1,839
8,499	Due within 2 to 5 years	1,964	3,833	5,797
35,504	Due after 5 years	5,394	20,319	25,713
<b>49,464</b>	<b>Service elements due in future periods</b>	<b>8,589</b>	<b>26,554</b>	<b>35,143</b>
<b>103,268</b>	<b>Total Commitments</b>	<b>30,780</b>	<b>66,269</b>	<b>97,049</b>
<b>4,900</b>	<b>Interest charges</b>			<b>5,085</b>
<b>216</b>	<b>Contingent rents (included in Other charges)</b>			<b>0</b>

## Note 19 Pension Costs

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

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

The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 October 2023 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

- (b) Ayrshire and Arran Health Board has no liability for other employers' obligations to the multi-employer scheme
- (c) 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.
- (d) (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 Ayrshire and Arran Health Board 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 2023 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.
- iv) While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age.

Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

- v) Ayrshire and Arran Health Board's level of participation in the scheme is 5.23% based on the proportion of employer contributions paid in 2022-23

	2023 £000	2024 £000
Pension cost charge for the year	75,696	82,537
Additional Costs arising from early retirement	553	574
Provisions / Liabilities / Pre-payments included in the Balance Sheet	5,859	5,506
Pension costs for the year for staff transferred from local authority	-	-

NHS Ayrshire and Arran  
Notes to the Accounts  
for the year ended 31st March 2024

**Note 20 Retrospective Restatements**  
There are no retrospective statements recognised in these accounts

**Note 21 Restated Primary Statements**  
There are no restated financial statements requiring disclosure.

**Note 22 a Financial Instruments - Financial Assets and Liabilities**

2023		Note	Financial assets at Fair		2024
£000	Financial Assets - Consolidated		through Other Comp Income £000	through Profit & Loss £000	£000
8,241	Investments	10		8,736	8,736
27,886	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	23,843		23,843
379	Cash and cash equivalents	11	364		364
<b>36,506</b>	<b>Financial Assets per Balance Sheet</b>		<b>24,207</b>	<b>8,736</b>	<b>32,943</b>
	<b>Financial Assets - Board</b>				
229	Investments	10		434	434
27,886	Trade and other receivables excluding prepayments, reimbursements	9	23,843		23,843
136	Cash and cash equivalents	11	134		134
<b>28,251</b>	<b>Financial Assets per Balance Sheet</b>		<b>23,977</b>	<b>434</b>	<b>24,411</b>

2023		Note	Financial liabilities		2024
£000	Financial Liabilities - Consolidated		at amortised cost		£000
2,890	Finance lease liabilities	12	3,055		3,055
53,804	PFI Liabilities	12	61,906		61,906
84,285	Trade and other payables excluding statutory liabilities	12	61,036		61,036
<b>140,979</b>	<b>Financial Liabilities per Balance Sheet</b>		<b>125,997</b>		<b>125,997</b>
	<b>Financial Liabilities - Board</b>				
2,890	Finance lease liabilities	12	3,055		3,055
53,804	PFI Liabilities	12	61,906		61,906
84,041	Trade and other payables excluding statutory liabilities	12	60,850		60,850
<b>140,735</b>	<b>Financial Liabilities per Balance Sheet</b>		<b>125,811</b>		<b>125,811</b>



**Note 22 b Financial Risk Factors**

The NHS Board's activities expose it to a variety of financial risks:

- Credit Risk**      The possibility that other parties might fail to pay amounts due.
- Liquidity Risk**    The possibility that the NHS 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, NHS Ayrshire and Arran is not exposed to the degree of financial risk faced by business entities.

**Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS 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 the NHS Board 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. The NHS Board 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.

Liquidity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31st March 2024</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PFI Liabilities	2,592	2,717	9,670	51,360
Finance lease liabilities	1,145	856	1,053	0
<b>Total</b>	<b>3,737</b>	<b>3,573</b>	<b>10,723</b>	<b>51,360</b>
<b>At 31st March 2023</b>				
PFI Liabilities	1,706	1,816	6,219	44,063
Finance lease liabilities	1,174	698	984	34
<b>Total</b>	<b>2,880</b>	<b>2,514</b>	<b>7,203</b>	<b>44,097</b>

**Market Risk**

The NHS Board 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 NHS Board in undertaking its activities.

**i. Cash flow and fair value interest rate risk**

The NHS Board 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.

**ii. Foreign Currency and Price Risks**

The NHS Board is not exposed to foreign currency risk or equity security price risk.

**Note 22 c Fair Value Estimation**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

**Note 23 Derivative Financial Instruments - Consolidated and Board**

There are no derivative financial instruments in 2023-24 or prior years.

## Note 24 Related Party Transactions

Cumnock SPV is not consolidated into the accounts of the Health Board as not material. Hard and soft facilities management services for EACH continue to be provided to the Board by Cumnock SPV through BAM FM. During 2023/24 payments of £1.941 million were made to Cumnock SPV Holdings for these services.

### Councils

Councils are related parties (separate legal entities from IJBs) and a Councillor from each of the three Councils in Ayrshire sit on the Health Board. Transactions between the Health Board and Councils in 2023/24 were:

Payments made to		Income received from	
East Ayrshire Council	£25.0 million	East Ayrshire Council	£1.3 million
North Ayrshire Council	£32.5 million	North Ayrshire Council	£1.0 million
South Ayrshire Council	£25.4 million	South Ayrshire Council	£2.5 million

The North, East and South Ayrshire Integration Joint Boards were each established on 1 April 2015 as partnerships

In the year 2023/2024 the following Health Board financial transactions were made with North Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to North Ayrshire IJB	£228.2 million	(2022/23	£200.9 million)
Commissioning income received from North Ayrshire IJB	£203.0 million	(2022/23	£183.2 million)
North Ayrshire IJB balance due from Health Board	£0.146 million	(2022/23	£2.9 million)

In the year 2023/2024 the following Health Board financial transactions were made with East Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to East Ayrshire IJB	£194.4 million	(2022/23	£175.2 million)
Commissioning income received from East Ayrshire IJB	£167.9 million	(2022/23	£159.4 million)
East Ayrshire IJB balance due from Health Board	£2.9 million	(2022/23	£3.7 million)

In the year 2023/2024 the following Health Board financial transactions were made with South Ayrshire Integration Joint Board relating to the integrated and health functions:

Contribution made to South Ayrshire IJB	£191.1 million	(2022/23	£169.9 million)
Commissioning income received from South Ayrshire IJB	£169.1 million	(2022/23	£154.2 million)
South Ayrshire IJB balance due from Health Board	£2.02 million	(2022/23	£3.8 million)

**Note 24      Related Party Transactions**

**Health Boards**

Scottish Government controls non-departmental public bodies and these accounts are consolidated into the Scottish Government Accounts. Because the Scottish Government controls all Health Boards, they are related parties. SFR30s detail all expenditure with other NHS Scotland Bodies to provide health care services for NHS Ayrshire and Arran patients and income received from other NHS Scotland Bodies. Income is received from NHS Education for Scotland for junior doctors and income is received NSS for the cochlear implant national service provided by NHS Ayrshire and Arran to the whole of Scotland.

Directors have control over the Health Boards financial and operating policies. The total remuneration paid to directors is shown in the Remuneration Report. Officers have the responsibility to adhere to a code of conduct which requires them to declare an interest in matters that directly, or indirectly influence, or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

The Board members' declarations of interest are publicly available on NHS Ayrshire & Arran's website, or can be viewed in person at the Board Headquarters in Ayr.

Other than Councillors on the Board where transactions with Councils are shown above, the Health Board had transactions during the year or worked in partnership with publicly funded or representative bodies in which member of the Board hold official positions as shown below:

Board Member	Position	Organisation	Sales or Purchase in Year			
Derek Lindsay	Director of Finance	Cumnock SPV Ltd			£1.941 million	expenditure
Linda Semple	Non-Executive	Golden Jubilee Hospital	£1.090 million	income	£10.234 million	expenditure
Jean Ford	Non-Executive	NHS Education Scotland	£24.700 million	income	£4.400 million	expenditure
Joyce White	Non-Executive	Centre Stage			£0.019 million	expenditure
Douglas Reid	Non-Executive	Centre Stage			£0.019 million	expenditure

Ayrshire & Arran Endowment Funds are managed by Trustees who are also Directors of the Board (as notified in the Remuneration report) and is therefore a related party. During the year the board made £0.364 million payments to Endowments (2022/2023 nil ) and received payments from Endowments of £0.448 million (2022/ 2023 £1.82 million) with a balance of £0.020 million (2022/2023 £0.084 million) due to the Board outstanding at year-end.

No other transactions about £10,000 with related parties occurred in 2023/24.

**Note 25**

**Third Party Assets**

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities. They are set out in the table immediately below.

	2023	Gross Inflows	Gross Outflows	2024
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	232	381	(362)	251

**Note 26 a Consolidated Statement of Comprehensive Net Expenditure**

2023 Group		2024 Board	2024 Endowment	2024 East Health & Social Care Partnership	2024 North Health & Social Care Partnership	2024 South Health & Social Care Partnership	2024 Group
£000	Note	£000	£000	£000	£000	£000	£000
583,183	Staff costs	3a	636,893	-	-	-	636,893
138,119	Independent Primary Care Services	3b	146,152	-	-	-	146,152
162,204	Drugs and medical supplies		183,226	-	-	-	183,226
<u>752,057</u>	Other health care expenditure		<u>824,683</u>	<u>853</u>	-	-	<u>825,536</u>
<b>1,635,563</b>	<b>Gross expenditure for the year</b>		<b>1,790,954</b>	<b>853</b>	<b>-</b>	<b>-</b>	<b>1,791,807</b>
(579,916)	Less: operating income	4	(613,230)	(1,073)	-	-	(614,303)
17,221	Associates and joint ventures accounted for on an equity basis		-	-	5,380	6,077	12,637
<b>1,072,868</b>	<b>Net expenditure for the year</b>		<b>1,177,724</b>	<b>(220)</b>	<b>5,380</b>	<b>6,077</b>	<b>1,190,141</b>

**Note 26 b Consolidated Statement of Financial Position**

2023 Group			2024 Board	2024 Endowment	2024 Intergroup Adjustment	2024 East Health & Social Care Partnership	2024 North Health & Social Care Partnership	2024 South Health & Social Care Partnership	2024 Group
£000			£000	£000	£000	£000	£000	£000	£000
468,966	Property, plant and equipment	SOFP	490,647	-	-	-	-	-	490,647
8,309	Right of Use assets	SOFP	9,582	-	-	-	-	-	9,582
	Financial assets:								
8,241	Investments	SOFP	434	8,302	-	-	-	-	8,736
28,831	Investments in associates and joint ventures		-	-	-	4,706	2,755	8,734	16,195
30,609	Trade and other receivables	SOFP	20,250	-	-	-	-	-	20,250
<b>544,956</b>	<b>Total non-current assets</b>		<b>520,913</b>	<b>8,302</b>	<b>-</b>	<b>4,706</b>	<b>2,755</b>	<b>8,734</b>	<b>545,410</b>
	<b>Current Assets</b>								
5,809	Inventories	SOFP	6,920	-	-	-	-	-	6,920
	Financial assets:								
33,826	Trade and other receivables	SOFP	41,846	-	-	-	-	-	41,846
379	Cash and cash equivalents	SOFP	134	230	-	-	-	-	364
340	Assets classified as held for sale	SOFP	175	-	-	-	-	-	175
<b>40,354</b>	<b>Total current assets</b>		<b>49,074</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,305</b>
<b>585,310</b>	<b>Total assets</b>		<b>569,987</b>	<b>8,533</b>	<b>-</b>	<b>4,706</b>	<b>2,755</b>	<b>8,734</b>	<b>594,715</b>
	<b>Current Liabilities</b>								
(16,034)	Provisions	SOFP	(16,917)	-	-	-	-	-	(16,917)
	Financial liabilities:								
(118,144)	Trade and other payables	SOFP	(94,573)	(186)	-	-	-	-	(94,759)
<b>(134,178)</b>	<b>Total current liabilities</b>		<b>(111,490)</b>	<b>(186)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111,676)</b>
<b>451,132</b>	<b>Non-current assets less net current liabilities</b>		<b>458,497</b>	<b>8,347</b>	<b>-</b>	<b>4,706</b>	<b>2,755</b>	<b>8,734</b>	<b>483,039</b>
	<b>Non-current Liabilities</b>								
(72,860)	Provisions	SOFP	(73,148)	-	-	-	-	-	(73,148)
	Financial liabilities:								
(54,383)	Trade and other payables	SOFP	(62,524)	-	-	-	-	-	(62,524)
-	Liabilities in associate and joint ventures		-	-	-	-	-	-	-
<b>(127,243)</b>	<b>Total non-current liabilities</b>		<b>(135,672)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135,672)</b>
<b>323,889</b>	<b>Assets less liabilities</b>		<b>322,825</b>	<b>8,347</b>	<b>-</b>	<b>4,706</b>	<b>2,755</b>	<b>8,734</b>	<b>347,367</b>
	<b>Taxpayers' Equity</b>								
144,373	General fund	SoFP	159,866	-	-	-	-	-	159,866
142,674	Revaluation reserve	SoFP	162,959	-	-	-	-	-	162,959
28,831	Other reserves - joint venture	SoFP	-	-	-	4,706	2,755	8,734	16,195
8,011	Funds Held on Trust	SoFP	-	8,347	-	-	-	-	8,347
<b>323,889</b>	<b>Total taxpayers' equity</b>		<b>322,825</b>	<b>8,347</b>	<b>-</b>	<b>4,706</b>	<b>2,755</b>	<b>8,734</b>	<b>347,367</b>

NHS Ayrshire and Arran  
Notes to the Accounts  
for the year ended 31st March 2024

**Note 26 b Consolidated Statement of Financial Position - Prior Year**

		2023	2023	2023	2023	2023	2023	2023
		Board	Endowment	Intergroup	East Health & Social Care Partnership	North Health & Social Care Partnership	South Health & Social Care Partnership	Group
		£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	SOFP	468,966	-	-	-	-	-	468,966
Right of Use assets	SOFP	8,309	-	-	-	-	-	8,309
Financial assets:								
Investments	SOFP	229	8,012	-	-	-	-	8,241
Investments in associates and joint ventures		-	-	-	10,085	8,832	9,914	28,831
Trade and other receivables	SOFP	30,609	-	-	-	-	-	30,609
<b>Total non-current assets</b>		<b>508,113</b>	<b>8,012</b>	<b>-</b>	<b>10,085</b>	<b>8,832</b>	<b>9,914</b>	<b>544,956</b>
<b>Current Assets</b>								
Inventories	SOFP	5,809	-	-	-	-	-	5,809
Financial assets:								
Trade and other receivables	SOFP	33,826	-	-	-	-	-	33,826
Cash and cash equivalents	SOFP	136	243	-	-	-	-	379
Assets classified as held for sale	SOFP	340	-	-	-	-	-	340
<b>Total current assets</b>		<b>40,110</b>	<b>244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,354</b>
<b>Total assets</b>		<b>548,223</b>	<b>8,256</b>	<b>-</b>	<b>10,085</b>	<b>8,832</b>	<b>9,914</b>	<b>585,310</b>
<b>Current Liabilities</b>								
Provisions	SOFP	(16,034)	-	-	-	-	-	(16,034)
Financial liabilities:								
Trade and other payables	SOFP	(117,900)	(244)	-	-	-	-	(118,144)
<b>Total current liabilities</b>		<b>(133,934)</b>	<b>(244)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(134,178)</b>
<b>Non-current assets plus net current assets</b>		<b>414,289</b>	<b>8,012</b>	<b>-</b>	<b>10,085</b>	<b>8,832</b>	<b>9,914</b>	<b>451,132</b>
<b>Non-current Liabilities</b>								
Provisions	SOFP	(72,860)	-	-	-	-	-	(72,860)
Financial liabilities:								
Trade and other payables	SOFP	(54,383)	-	-	-	-	-	(54,383)
Liabilities in associate and joint ventures		-	-	-	-	-	-	-
<b>Total non-current liabilities</b>		<b>(127,243)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(127,243)</b>
<b>Assets less liabilities</b>		<b>287,046</b>	<b>8,012</b>	<b>-</b>	<b>10,085</b>	<b>8,832</b>	<b>9,914</b>	<b>323,889</b>
<b>Taxpayers' Equity</b>								
General fund	SoFP	144,373	-	-	-	-	-	144,373
Revaluation reserve	SoFP	142,674	-	-	-	-	-	142,674
Other reserves - joint venture	SoFP	-	-	-	10,085	8,832	9,914	28,831
Funds Held on Trust	SoFP	-	8,011	-	-	-	-	8,011
<b>Total taxpayers' equity</b>		<b>287,047</b>	<b>8,011</b>	<b>-</b>	<b>10,085</b>	<b>8,832</b>	<b>9,914</b>	<b>323,889</b>

**Note 26 c Consolidated Statement of Cash Flows**

2023 Group		2024 Board	2024 Endowment	2024 East Health & Social Care Partnership	2024 North Health & Social Care Partnership	2024 South Health & Social Care Partnership	2024 Group
£000	Cash flows from operating activities	£000	£000	£000	£000	£000	£000
(1,072,868)	Net operating cost	(1,177,724)	220	(5,380)	(6,077)	(1,180)	(1,190,141)
37,087	Adjustments for non-cash transactions	22,920	-	5,380	6,077	1,180	35,557
4,944	Add back: interest payable recognised in net operating cost	5,156	-	-	-	-	5,156
(316)	Investment income	-	(377)	-	-	-	(377)
<u>(75,282)</u>	Movements in working capital	<u>(20,318)</u>	<u>(60)</u>	-	-	-	<u>(20,378)</u>
<b>(1,106,435)</b>	<b>Net cash outflow from operating activities</b>	<b>(1,169,966)</b>	<b>(217)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,170,183)</b>
	<b>Cash flows from investing activities</b>						
(30,482)	Purchase of property, plant and equipment	(19,956)	-	-	-	-	(19,956)
(938)	Investment Additions	(288)	(11,953)	-	-	-	(12,241)
-	Transfer of assets to/(from) other NHS bodies	-	-	-	-	-	-
40	Proceeds of disposal of property, plant and equipment	261	-	-	-	-	261
790	Receipts from sale of investments	-	11,779	-	-	-	11,779
<u>316</u>	Interest received	<u>-</u>	<u>377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377</u>
<b>(30,274)</b>	<b>Net cash outflow from investing activities</b>	<b>(19,983)</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,780)</b>
	<b>Cash flows from financing activities</b>						
1,143,189	Funding	1,198,166	-	-	-	-	1,198,166
262	Movement in general fund working capital	(245)	-	-	-	-	(245)
1,143,451	Cash drawn down	1,197,921	-	-	-	-	1,197,921
(1,865)	Capital element of payments in respect of leases and on-bala	(2,817)	-	-	-	-	(2,817)
(1,491)	IFRS 16 - 2022-23 cash lease payment	-	-	-	-	-	-
(4,944)	Interest element of leases and on-balance sheet PFI / PPP cc	(5,156)	-	-	-	-	(5,156)
<b>1,135,151</b>	<b>Net Financing</b>	<b>1,189,948</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,189,948</b>
(1,558)	Net Increase in cash and cash equivalents in the period	(1)	(14)	-	-	-	(15)
<u>1,937</u>	Cash and cash equivalents at the beginning of the period	<u>136</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379</u>
<b>379</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>135</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364</b>
	Reconciliation of net cash flow to movement in net debt/cash	-	-	-	-	-	-
(1,558)	Increase / (decrease) in cash in year	(1)	(14)	-	-	-	(15)
1,937	Net debt / cash at 1 April	136	243	-	-	-	379
<b>379</b>	<b>Net cash at 31 March</b>	<b>135</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364</b>



## Directions by the Scottish Ministers

### DIRECTIONS BY THE SCOTTISH MINISTERS

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

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

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

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

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

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

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

NHS Ayrshire & Arran is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Ayrshire & Arran Annual Accounts template” means the Excel spreadsheet issued to NHS Ayrshire & Arran 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