HIGHLAND HEALTH BOARD

(Known as NHS Highland)

Annual Report and Accounts

For Year Ended 31 MARCH 2025





Introduction

This report contains information that Highland Health Board (Known as NHS Highland) is required to formally report each year. It gives a financial overview of Highland Health Board for the period 1st April 2024 to 31st March 2025. It includes the consolidation of the Endowment Funds and Integration Joint Board (IJB). The report contains:

- The Performance Report
- The Accountability Report
- The Financial Statements

The Annual Accounts including the above reports were adopted and approved by the full meeting of the Highland Health Board on the 24th June 2025.

This report is available to download from our website or alternatively a copy can be obtained by contacting the Communications department.

HIGHLAND HEALTH BOARD

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ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED MARCH 2025

A - THE PERFORMANCE REPORT

Overview

This overview summarises the key issues faced by NHS Highland in 2024/25, provides a broad description of the Board and its governance, looks at performance in the year towards the achievement of operational targets and looks ahead to the priorities to be addressed in 2025/26.

1.1 Chief Executive Statement

2024-25 has been another challenging year for NHS Highland, as we continue to balance providing high quality and equitable services with meeting our financial obligations. Our Strategy, Together We Care: With You For You, set our direction and ambition, and our Annual Delivery Plan shows how we will achieve our aims. It is important that we are transparent about our objectives and performance, and to this end we followed the ministerial format for our Annual Review in Lochgilphead this year, although no minister was in attendance, to ensure everyone could ask questions and learn more.

Our financial position remains exigent. We started 2024/5 with a deficit of £112 million, reflecting increases to costs during the year, including pay, energy and prescribing. In the short-term, we were able to reduce costs by restrictions on non-pay spending, as well as focused work in specific areas. This included successfully reducing our agency and locum spend by moving to bank staff where possible and only using approved agencies. This resulted in a year end position of £49.7 million

Financial brokerage has been received from Scottish Government to cover this. However, brokerage will not be forthcoming for future years and, in common with other boards, NHS Highland is required to plan how we intend to return to financial balance, with a reducing deficit year on year. With demands and costs continuing to increase, meeting the requirements for a balanced budget will mean significant change, and an ambitious financial recovery strategy is necessary. Some changes will be improvements, modernising services and making them more sustainable. There will also be a need for substantial service redesign in the longer term to maintain core services.

This will form part of the wider national NHS renewal programme: making use of new technology; changing models to increase access to care closer to home; ensuring access to specialised services nationally; and investing in services which promote wellbeing and prevent ill health. It sits within a context of collaboration, with boards aiming to work across boundaries to provide the most appropriate care.

Our innovative Musculoskeletal Day was a recent example of this: working with partner organisations, we invited over 300 patients awaiting physio appointments to a single event, where they could not only see a physiotherapist but also access support to stay active, manage financial pressures, increase mental wellbeing and other advice. We are also working with other boards to develop pathways for patients requiring specialist vascular and oncology treatment. We know patients will have better outcomes if these are provided in centres of excellence and we need to work with communities to understand how we can best help people to access this expert care. Recruiting to posts where there is a shortage of specialists is a national challenge, but in Highland and Argyll and Bute the remote and rural nature of many of our communities can exacerbate issues such as patient travel, out of hours and emergency care, and the central provision of services such as vaccination. Following work to examine and improve our vaccination uptake, the Highland Health and Social Care Partnership presented an options appraisal to Scottish Government in November 2024. It was agreed that we could explore alternative delivery models, including working with GPs in some specified areas, to better serve our communities. A draft delivery plan has now been produced, and we will continue to engage and work with patients, primary care colleagues and partners to develop the most effective model.

We are also unique in our lead agency model, which sees NHS Highland providing adult social care in the Highland Council area. During 2024, we took the decision, alongside the Highland Council, to investigate moving to an integration model more akin to the IJBs operating elsewhere in Scotland (including between NHS Highland and Argyll and Bute Council). I welcome the close partnership working which has brought us to this point and look forward to further building on relationships with Council colleagues as we design a model best suited to supporting people in Highland. We have already seen tangible results of closer working, for example in the successful transfer of Moss Park Care Home in Lochaber from private ownership to being owned by the Council and operated by NHS Highland. Stabilising social care provision will help to prevent delayed discharges, reducing costs to the system overall and, more importantly, ensuring people are cared for in the right place, in their own homes or as close to home as possible. When we focus together on achieving the best outcomes for people, everyone wins.

The national pause on capital spending continues, meaning that projects including the Caithness health and care hubs and refurbishment of maternity facilities at Raigmore Hospital in Inverness remain on hold. However, we were delighted that the Scottish Government budget included provision to resume design work for a replacement for the Belford Hospital in Fort William. Our teams have recommenced this project, alongside the ongoing redesign of services for the area. We are working, too, to facilitate the smooth transition of ownership of New Craigs, our psychiatric hospital, from Robertsons to NHS Highland. One of the first Private Finance Initiative projects in Scotland, it will be handed back to the Board in 2025.

More broadly, we have started to develop our Programme Initial Agreement, which will set out our needs and priorities in terms of capital spending for the next 20 years. This high-level assessment will help to ensure a more strategic approach to capital funding bids, In my first year as Chief Executive of NHS Highland, I was ably supported by a stable Executive team and would like to record my thanks to them for their professionalism and enthusiasm throughout the year. I also extend congratulations to Evan Beswick, who took up the permanent position of Chief Officer for Argyll and Bute Health and Social Care Partnership, having previously held the role on an interim basis.

We have welcomed Janice Preston to the Board during the year; a new non-executive board member. We also said goodbye to long-standing board members Susan Ringwood, Gaener Rodger and our Vice Chair Ann Clark. All three have been outstanding and hardworking colleagues with an unwavering dedication and commitment to improving health and care for people in Highland and Argyll and Bute, and we thank them for their contribution.

Fiona Davies
Chief Executive NHS Highland

1.2 About NHS Highland

NHS Highland is one of 14 territorial boards in NHS Scotland and covers the Highland and Argyll and Bute council areas. We provide services across 42% of Scotland's land mass and service a population of over 320,000. We have over 10,700 people who work within NHS Highland, including those in Argyll & Bute HSCP. This does not include our important colleagues who are employed by Local Authorities and other partners. Our services are delivered across four acute sites, 17 community hospitals and numerous community settings. We have over 60 care homes in the Highland Council area, of which 25 are managed by NHS Highland; there are 16 care homes in the Argyll and Bute Council Area with 7 managed by Argyll and Bute Council.

We have seen an increase in care homes permanently closing in the past years. We are unique amongst territorial boards in having a lead agency model for health and social care in the Highland Council area, with NHS Highland having responsibility for delivering adult social care. In Argyll and Bute, we operate as part of an Integrated Joint Board. The diverse geography ranges from Inverness, one of the fastest growing cities in Western Europe to 36 populated islands (23 in Argyll & Bute and 13 in Highland), with Gaelic spoken in some areas. Our population lives with some challenges, including areas of deprivation and inequality and issues arising from fuel poverty and availability, complex transport difficulties and the rising cost of living. People living in the NHS Highland area are also older than the Scottish average and can have increasingly complex health and care needs. The economy is heavily reliant on tourism, with seasonal work being common, although an impact of COVID has seen tourism become much more of a year-round business and that has added to our staffing challenges. It is also an area often cited as having one of the best standards of living in the UK, with clean air, access to a beautiful outdoor landscape, and engaged communities. People are proud of their area, and we want to work with them to find new ways to support delivering health and care as close to people's homes as possible.

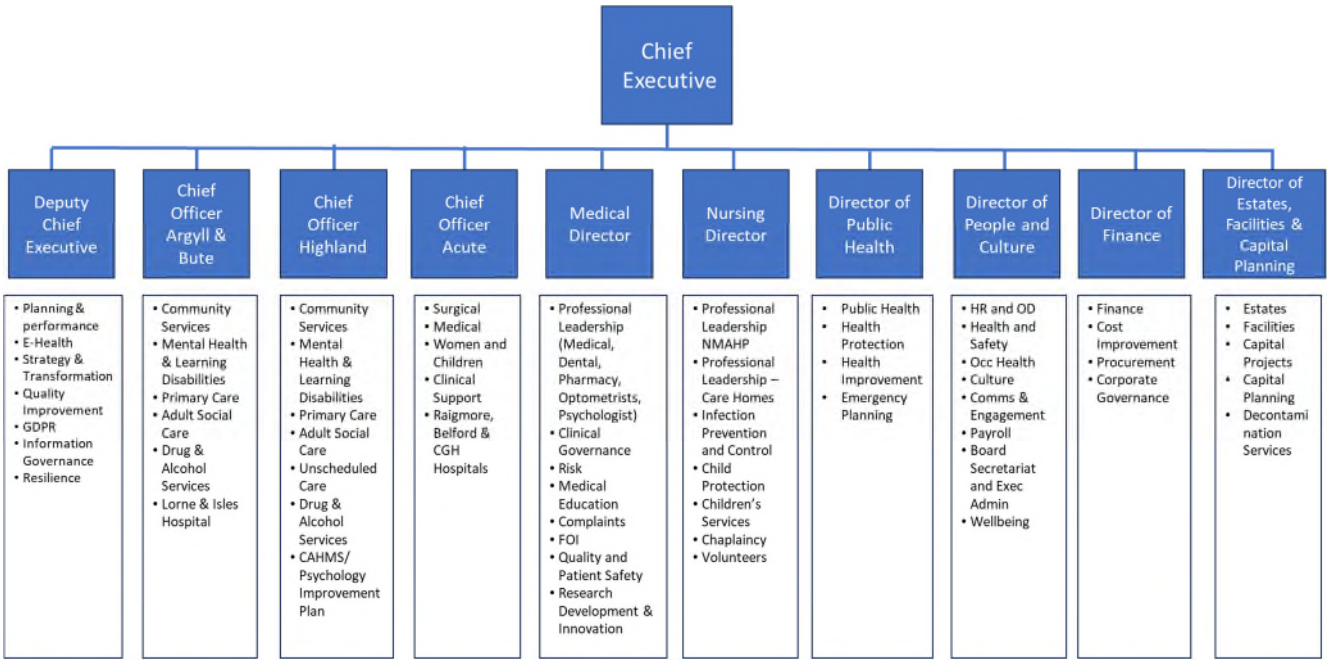
1.3 Structure and Governance Arrangements

NHS Highland is managed by a Board of 22 members, made up of 17 Non-Executive and five Executive Directors who are accountable to the Scottish Government through the Cabinet Secretary for Health and Social Care. The Executive Directors who are also board members are the Chief Executive, Board Medical Director, Director of Finance, Board Nurse Director, and Director of Public Health.

The Board is primarily responsible and accountable for setting the strategic direction, holding executives to account for delivery, managing risk, engaging with stakeholders, and influencing organisational culture. The Core Governance Committees are: Clinical Governance, Staff Governance, Finance, Resources and Performance, Highland Health and Social Care, and Audit Committees. These Committees are responsible for regularly reviewing and updating relevant policies in each of their areas of responsibility on behalf of the Board. Responsibilities for Health and Safety are reported directly to the Staff Governance Committee. The Remuneration Committee and Pharmacy Practices Committee also have a direct reporting link to the Board and perform a more focussed assurance role. The Board membership also includes representation from the Area Clinical Forum and the Area Partnership Forum. Board meetings are held every two months. Meetings continue to be held virtually, with members of the public able to attend online and a recording posted online afterwards.

The Board area extends over two Local Authority areas: Highland and Argyll & Bute. Operationally, activities are managed by the Highland Health and Social Care Partnership (coterminous with The Highland Council area) and Argyll & Bute Health and Social Care Partnership (coterminous with Argyll & Bute Council area).

The organisational structure promotes cross-service working and allows for an overview of services across the whole of the NHS Highland area, to better manage the impacts of changes across the system.



1.4 Priorities, Approach and Objectives for 2024/25

Throughout 2024/25, NHS Highland continued to deliver it's Together We Care strategy through strategic transformation programmes and operational actions captured as part of the board's Annual Delivery Plan.

The Together We Care strategy under each "Well" theme describes the high-level outcomes we wish to deliver for NHS Highland's people and population. To achieve these outcomes, there is a requirement for NHS Highland to transform services to deliver sustainable delivery and balance within the current financial and workforce context.

The establishment of the Strategic Transformation Assurance Group's (STAG) ABC Strategic Change framework categorized programmes according to their complexity, and a rescoping of the deliverables of each transformation programme was undertaken in 2024/25.

This led to 7 "A" Programmes identified which are overseen by the Executive Team of NHS Highland as follows;

PROGRAMME	STRATEGIC OBJECTIVE
A1: Highland HSCP Strategic Transformation: Community Hospitals and Adult Social Care (in partnership with The Highland Council)	Develop fully integrated front line community health and social care teams across all areas of Highland including a place-based approach to care and support, meeting the requirements of the Highland HSCP Adult Services Plan 2024-27.
A2: Development of NHS Highland's Primary Care Strategy	Primary care is largely the first point of contact for patients accessing care through NHS Highland. Primary care services are core to the care provided

	to the population to support common illness, manage chronic conditions and diseases and prevent future ill health through advice, immunisation and screening programmes. A strategy outlining future direction of primary care services is required to support sustainable provision of services, leading to increased equity of access for our patients.
A3: Mental Health and Learning Disabilities Strategic Transformation	We will work collaboratively with our workforce, partners and people with lived experience to enhance mental health services in NHS Highland through addressing systematic barriers and inequalities by developing improved, flexible models of high-quality care that meet the needs of our populations.
A4: Frailty programme – identification and management of people at risk of frailty	To provide sustainable services which will improve the experience and outcomes for people living with frailty in Highland.
A5: Person Centred Care Models – designing pathways with the person at the centre	Our system is designed to provide our communities with better information, choice and control over the development and maintenance of their own health and wellbeing particularly during their interactions with health services.
A6: Urgent Care Service – redesigning models including Flow Navigation and Hospital at Home	To develop an integrated Urgent Care Model responsive to population 24/7, supporting right care, right time, right place.
A7: Prevention and Tackling Health Inequalities.	Collate, Curate and Educate on opportunities to develop the board's response to prevention with a focus on reducing health inequalities for our population.

The A programmes report bi-monthly to STAG. Furthermore several B (sector) and C (service) programmes have been initiated with deliverables agreed. These report to Senior Leadership Teams across NHS Highland with an escalation route to STAG for any further support required.

This planning approach will support the achievement of NHS Highland's Together We Care strategy and aligned Annual Delivery Plan.

A refresh of the board's Performance Framework is planned for 2025/26 to further the alignment between strategic transformation and performance improvement. This is being done in partnership with all key stakeholders within NHS Highland, across both Health and Social Care Partnerships for Highland and Argyll & Bute.

Principal Risks to Delivery of our Strategy and Annual Delivery Plan

The Highland Board has identified and manages the principal risks to the delivery of its strategy and objectives through its risk register process. The risk management section in this document further on describes our governance arrangements relating to this.

The principal risks to the delivery of its strategy and objectives identified by the Board during 2024/25 were that:

- It would have insufficient capacity to respond to emergency demand, reduce waiting lists for planned activity and provide diagnostics results in avoidable harm to patients.

- It would not be able to provide service users with a safe, high-quality experience of care and positive patient outcomes due to this.
- It would not be able to increase the Highland workforce to meet current and planned service requirements through recruitment to vacancies and maintaining annual staff turnover below 10% and develop a longer-term workforce plan.
- It would not develop a diverse, compassionate, and inclusive workforce, providing a more positive staff experience for all staff linked to our culture programme.
- It would create inequalities due to the cost-of-living crisis with the increased cost of care associated with delivery across our rural and islands region.
- It would not create a sustainable and innovative education and development response to meet the current and future workforce needs.
- It would not implement effective models to deliver integrated and networked care, resulting in suboptimal patient experience and outcomes, increased numbers of admissions and increases in patients' length of stay.
- It would be unable to deliver a financial breakeven position and support prioritised investment as identified in the capital plan within available resources.
- It would not be able to invest despite increasing demand and all services will be required to deliver more with less and thus work in new and adaptive ways.
- It would fail to introduce and implement new technology and expand the use of existing technology to transform our delivery of care through the funding and delivery of the digital strategy including cyber-attacks.

Going Concern

The accounts are prepared on a going concern basis, which provides that the NHS Board will continue in operational existence for the foreseeable future. NHS Highland has not been informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

Performance Management

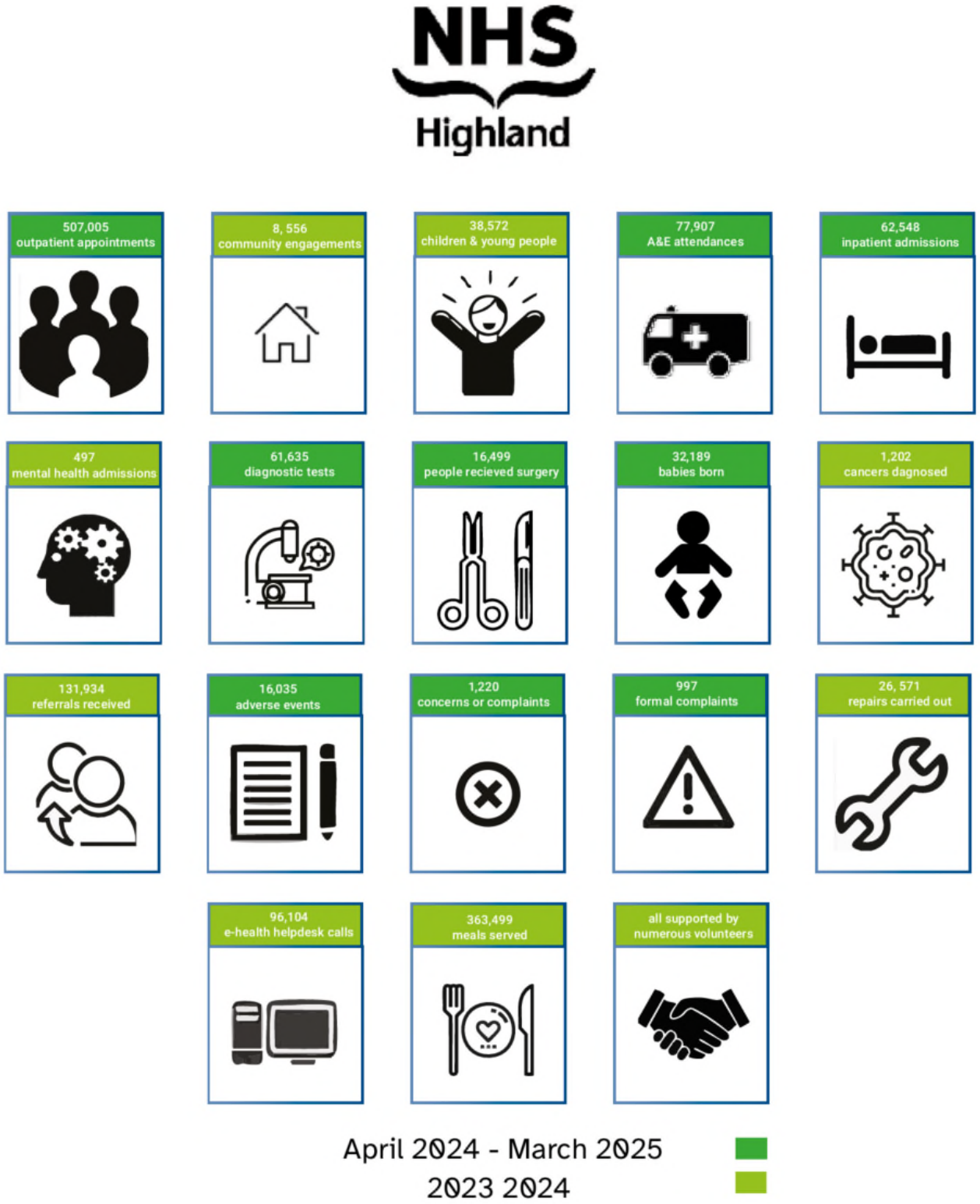
NHS Highland has continued to focus on the performance improvement of services including the collation, reporting and escalation of key performance metrics. This is primarily achieved through Integrated Performance and Quality Reporting (IPQR) through the board's committee reporting.

Furthermore in 2024/25, there was a refresh of the Service Performance Reviews established quarterly and regular performance oversight of key areas through Executive Directors Group, and a further refresh is planned into 2025/26 to align performance reviews with our Annual Delivery Plan objectives.

The following sections provide an overview of performance in key priority areas and work ongoing to increase performance in NHS Highland. All performance information is for NHS Highland and incorporates both Highland and Argyll & Bute areas, unless stated otherwise.

Overall Performance

Our teams across NHS Highland, Argyll and Bute have continued to deliver high-quality, patient-centred services despite the challenges described. The graphic below illustrates the high-level key metrics across our system that we have delivered.



Acute Care

NHS Highland continues to deliver emergency and planned care to a population of 320,860 across a landmass that represents 42% of Scotland. NHS Highland's main hospital is Raigmore in Inverness, with three Rural General Hospitals spread from Caithness on the North Coast, to Lorn & Islands Hospital in Argyll & Bute.

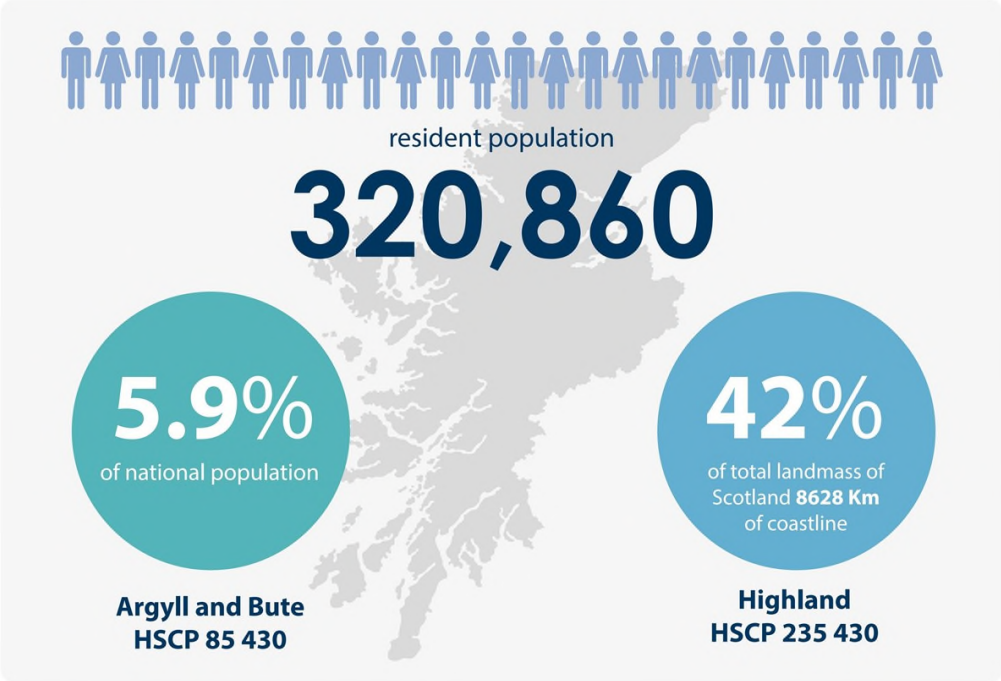
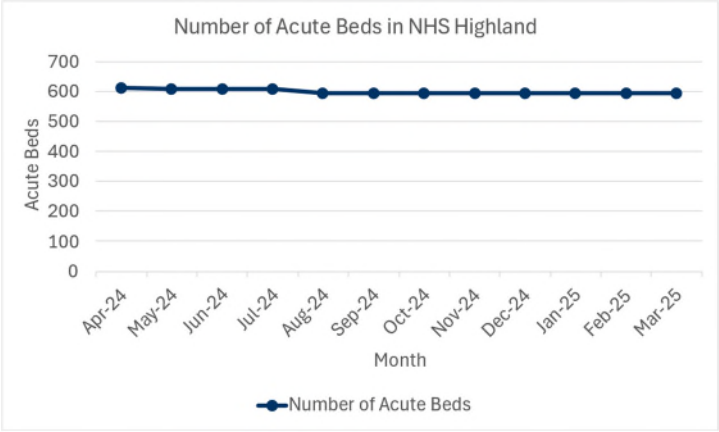


Figure 1 Number of established Acute Beds (NHS Highland)

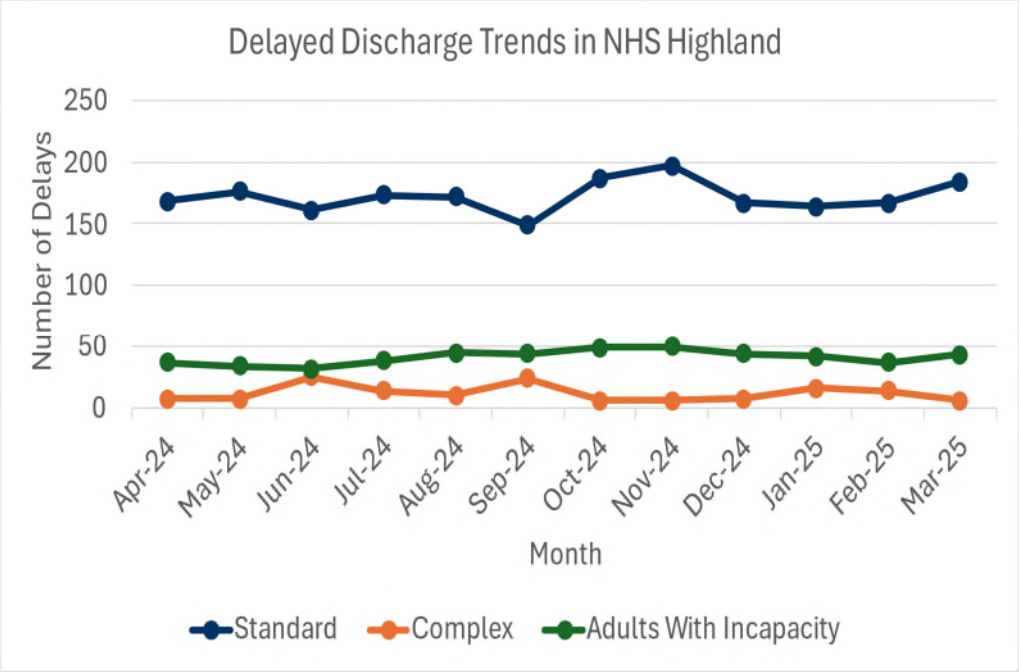


Average Number of Acute Beds in	2022/23	2023/24	2024/25
NHS Highland	617	626	598

Over the past three years, the number of Acute Beds available in NHS Highland has adjusted in line with a focus on ensuring people receive the right care in the right place. There has been a focus within 2024/25 to manage the demand for hospital-based care with the availability of beds within the Acute setting, and longer-term work to develop models of community-based care is underway in line with the aspiration to shift the balance of care from Acute to Community-based settings. This has included efforts to reduce Length of Hospital Stay, that therefore reduces the overall number of Acute Beds

required with care and support provided in the right setting.

Figure 2 Delayed Discharge Trends in NHS Highland (NHS Highland)



	Mar-23	Mar-24	Mar-25
Standard	125	143	184
Complex	6	7	6
Adults With Incapacity	26	35	43

Reducing the total number of people subject to a delayed hospital discharge was a key priority for Highland Health Board in 2024/25 and subject to a list of actions in our ADP under the “Care Well” strategic outcome.

In 2024/25, there was a seasonal rise in people in delay in Autumn 2024 and focused work to manage these additional demands. The number of people in delay began to reduce in December 2024 and has sustained at this level to March 2025.

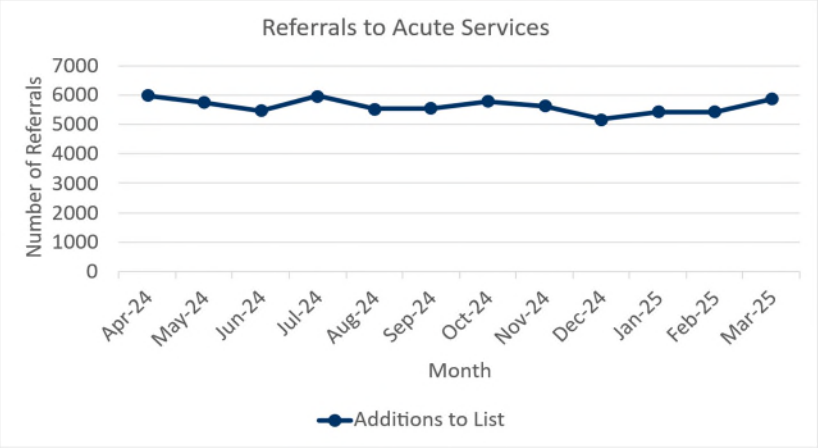
While the number of Acute Beds (figure 1) has reduced, the number of people in delay in a hospital bed has increased compared to previous years for standard delays. This is often due to the unavailability of care packages and transformation programmes are seeking to increase the sustainability of provision in community settings, to reduce the overall number of people affected by standard delays.

The ongoing high rate of people in delay is unsustainable to NHS Highland and impacts on other services due to the lack of available hospital beds, particularly for planned care such as elective surgery. Where possible, planned care activity for cancer and other life-threatening conditions is being prioritised within the available hospital bed establishment.

A related issue is patients Length of Stay in Hospitals which remains at a high level in 2024/25 and impacts on the levels of people in delay. When people stay in hospital for no clinical reason, this will extend the Length of Stay.

A number of our strategic transformation programmes are looking to develop sustainable care across both Acute and Community-based services and support an overall reduction in the number of people experiencing delayed discharge. This is subject to regular engagement with Scottish Government and oversight and escalation within NHS Highland.

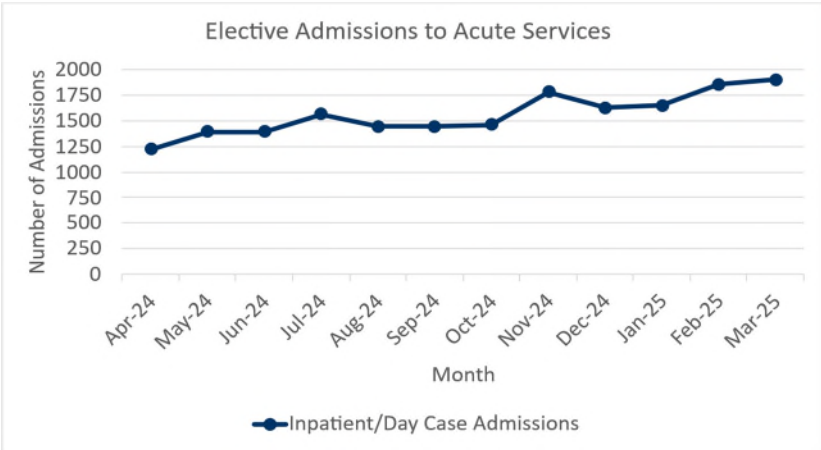
Figure 3 Referrals to Acute Services (NHS Highland)



Referrals to Acute Services	2022/23	2023/24	2024/25
	63980	67442	67698

The total number of referrals to Acute Services in NHS Highland has increased over the last three years, reflecting the additional total demand on planned care services. However, throughout 2024/25, there was a steady number of referrals with peaks in April 2024, July 2024 and March 2025.

Figure 4 Elective Admissions to Acute Services (NHS Highland)



Elective Admissions to Acute Services	2022/23	2023/24	2024/25
	11706	14412	18697

NHS Highland continues to increase the levels of planned care activity and in 2024/25 saw a total of 18,697 elective admissions – another significant year-on-year increase.

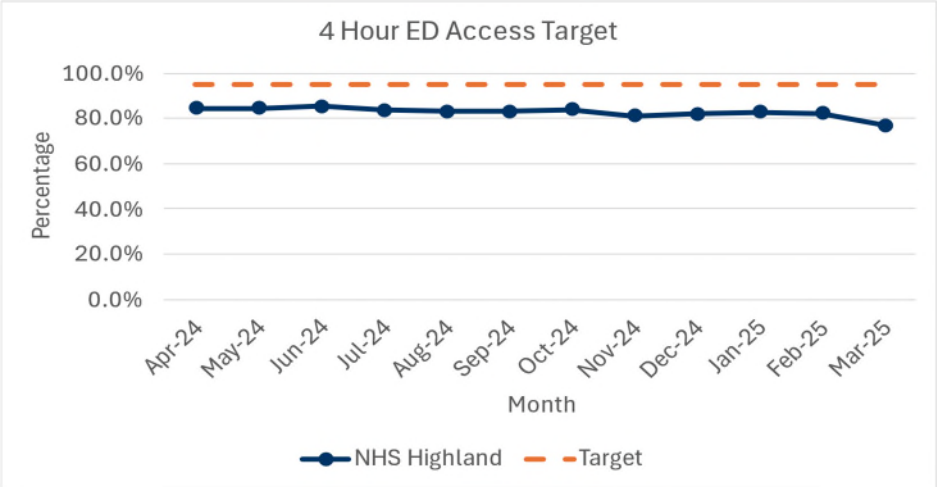
This reflects NHS Highland's continued focus on the recovery of services, and in particular the backlog of those waiting for planned care appointments, with more activity through Raigmore and the RGHs to meet the demand for acute services.

Activity in 2024/25 peaked with 1899 elective admissions in March 2025. Increasing level of planned care activity is expected to continue into 2025/26 as per our Annual Delivery Plan and trajectories for diagnostic and theatre activities; this will target the number of patients waiting over 52 weeks for treatment.

Urgent and Unscheduled (Emergency) Care

NHS Highland continues to provide emergency and unscheduled care to our 320,860 population and visitors to the area, primarily through our Accident & Emergency and Minor Injuries Units. The flow of patients through our system is also supported by the Flow Navigation Centre and Out of Hours services, while there is a focus on developing new models of care that prevent hospital admissions, primarily though the development of an integrated Urgent Care Service and the identification and management of frailty.

Figure 5 4 Hour Emergency Department Access Target (NHS Highland)

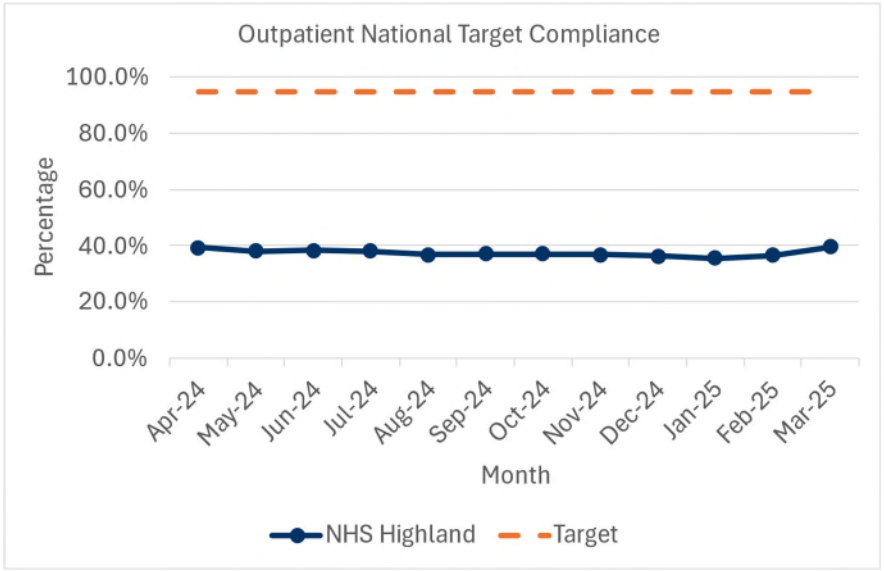


4 Hour ED Access Target	2022/23	2023/24	2024/25
	85.0%	84.3%	83.1%

4 Hour ED Access Target	Mar-23	Mar-24	Mar-25
	84.8%	82.9%	76.9%

The national target for Emergency Department (ED) performance is 95% of our population will wait no longer than 4 hours. from arrival to admission, discharge, or transfer for ED treatment. NHS Highland performance for 2024/25 was 76.9% at the end of March 2025. Comparatively, NHS Highland is above the national average of 68.6%.

Figure 6 Outpatient National Target Compliance (NHS Highland)



Outpatient National	2022/23	2023/24	2024/25
Target Compliance	48.4%	39.5%	39.6%

Outpatient National	Mar-23	Mar-24	Mar-25
Target Compliance	48.4%	39.5%	39.6%

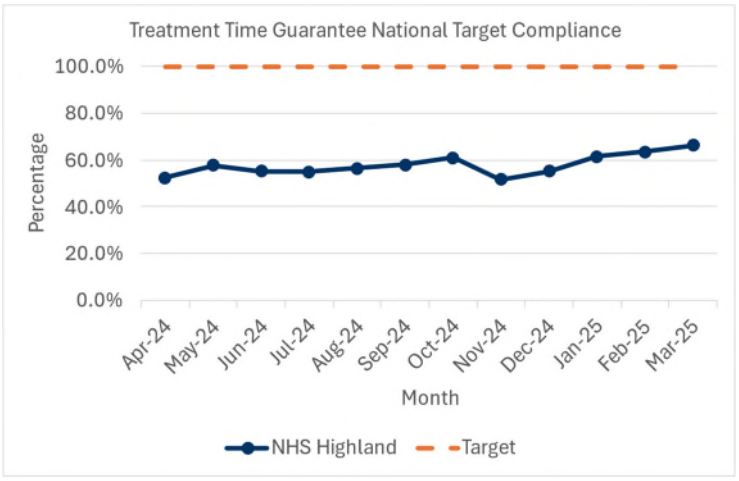
The national target for outpatients (OP) is that no patient will wait > 12 weeks from referral to appointment. NHS Highland's performance was 39.6% in 2024/25, which is below the national average of 41.4%.

However, it is important to note that in addition, there is a significant amount of non-Consultant (nurse) led planned care activity that is not counted towards the national performance metrics. NHS Highland is one of the leading boards in this area, allowing the board to meet planned care activity trajectories through the deployment of non-Consultant models of care.

Elective Surgery (Planned care)

The national target for Treatment Time Guarantee (TTG) is that no patient will wait >12 weeks from decision to treat to treatment. Elective Surgery is largely undertaken through Raigmore Hospital and the National Treatment Centre: Highland. There are some minor procedures undertaken at our Rural General Hospitals in Caithness, Lochaber and Oban.

Figure 7 Treatment Time Guarantee National Target Compliance (NHS Highland)



Treatment Time Guarantee	2022/23	2023/24	2024/25
National Target Compliance	57.6%	56.5%	58.1%

Treatment Time Guarantee	Mar-23	Mar-24	Mar-25
National Target Compliance	54.2%	60.1%	66.3%

NHS Highland continues to prioritise all patients awaiting treatment with an aspiration to eliminate waits of >52 weeks by March 2026.

In 2024/25, 58.1% of patients received treatment within the 18-week target – this is marginally below the Scotland average of 58.2%.

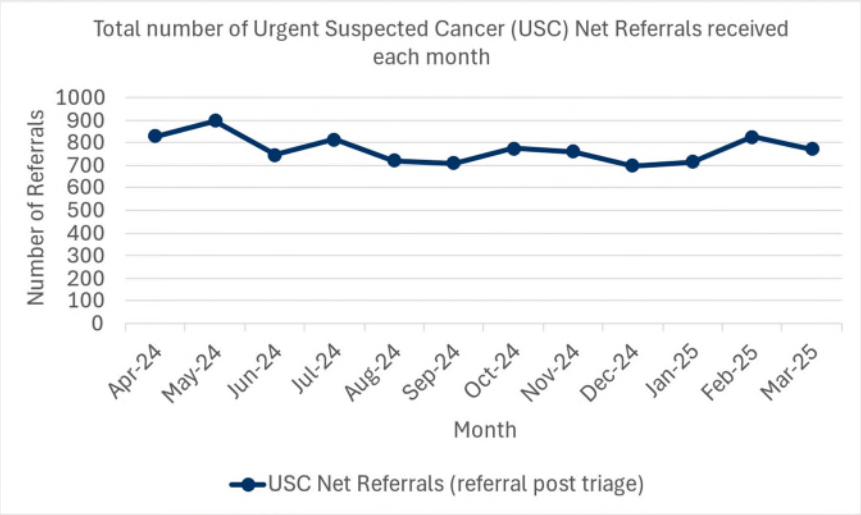
Maintaining elective surgery services is a continuing challenge for NHS Highland and is linked to workforce availability and system pressures including delayed hospital discharge, (DDs), increases in need during the winter period and emergency admissions.

The focus of patients awaiting over 52 weeks for treatment is the focus of waiting times initiatives in 2025/26 as per the Scottish Government policy. As part of this, there will be a focus on improving theatre efficiency and making the most of innovation in pathways including Robotic-Assisted Surgery (RAS).

Cancer

The national targets for cancer are a) 95% of all patients diagnosed with cancer to begin treatment within 31 days b) 95% of Urgent Suspected Cancer (USC) referrals to begin treatment within 62 days. NHS Highland performance standard is 92.2% for 31 Days and 69.4% for 62 day.

Figure 8 USC Net Referrals (NHS Highland)



USC Net Referrals	2022/23	2023/24	2024/25
(referral post triage)	9568	9647	9260

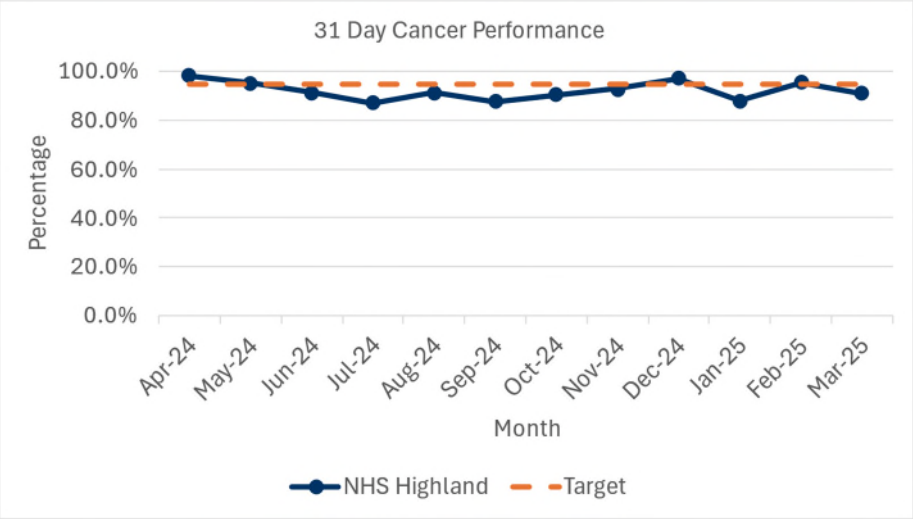
USC Net Referrals	Mar-23	Mar-24	Mar-25
(referral post triage)	821	853	771

In 2024/25, the number of USC referrals received in NHS Highland has stabilised following year-on-year increases following the COVID pandemic.

The level of USC referrals represent a significant ongoing pressure to diagnostic services within NHS Highland, and where cancer is confirmed, the number of patients requiring treatment. Other challenges to access to acute pathways include;

- delays in the onward referral of patients who need specialist investigation or treatment elsewhere
- the need to provide capacity to investigate and treat the full range of other conditions, alongside those patients with suspected cancer
- an increase in the complexity of treatment required by new and existing patients, potentially because of delays in referral or treatment during the first year of the pandemic

Figure 9 31 Day Cancer Performance (NHS Highland)

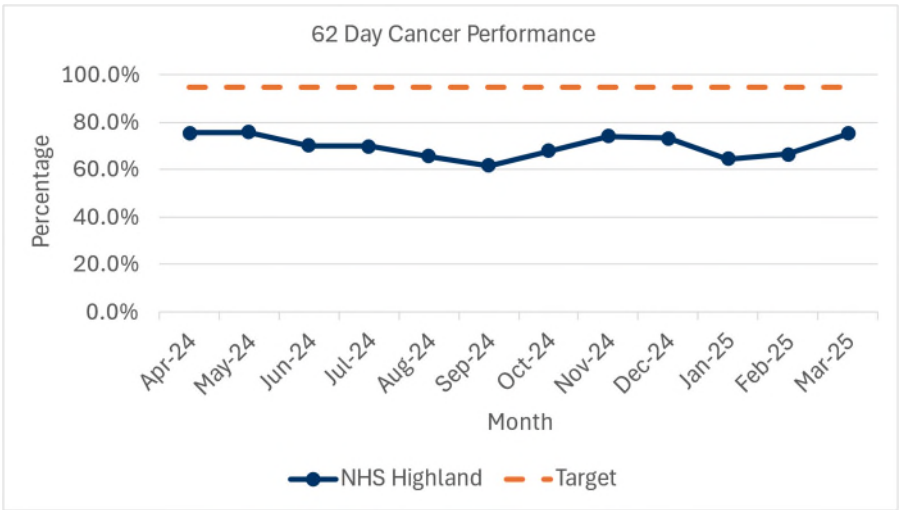


31 Day Cancer	2022/23	2023/24	2024/25
Performance	89.7%	93.6%	92.1%

31 Day Cancer	Mar-23	Mar-24	Mar-25
Performance	92.9%	94.8%	91.2%

31-day performance is measured as the time from diagnosis to treatment. To March 2025, NHS Highland achieved 92.1% which is below the Scotland average of 95.4%. Performance has remained stable throughout 2024/25 compared to the previous year, despite seasonal trends in summer and winter associated with factors on staff availability.

Figure 10 62 Day Cancer Performance (NHS Highland)



62 Day Cancer	2022/23	2023/24	2024/25
Performance	71.0%	68.8%	69.9%

62 Day Cancer	Mar-23	Mar-24	Mar-25
Performance	67.8%	79.3%	75.3%

The 62-day standard from referral for urgent suspicion of cancer to treatment represents a challenge to all health boards in Scotland. In March 2025, NHS Highland performance was 75.3% against the Scotland average of 66.9%.

NHS Highland has implemented an effective breach analysis process that identifies patients at risk of breaching the 31-day and 62-day standards and escalates them so that the right action can be taken. The pressures on the system, particularly for scope-based diagnostics, make it challenging to improve the trajectory of these waiting times.

Long-term strategic planning of cancer services has started with the work focused on Systemic Anti-Cancer Therapy services across NHS Highland, to design a sustainable model of service delivery to our population.

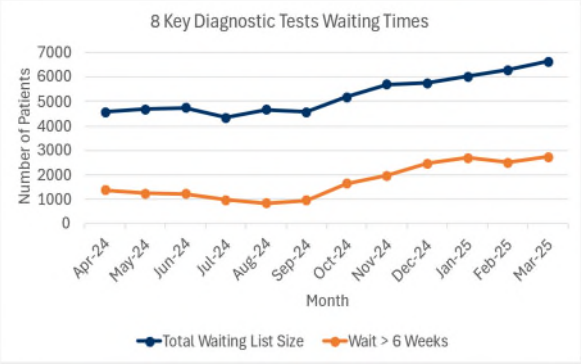
Diagnostics

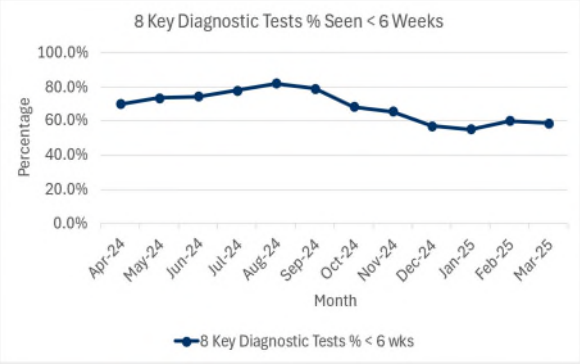
NHS Highland has a high demand for diagnostic testing through our Radiology, Pathology and Endoscopy services based across the board.

To support the transformation of diagnostics within NHS Highland, a programme has been established to understand the current demand for diagnostic investigations across NHS Highland, identifying areas of variation across both acute and primary care settings with the aim of streamlining the demand for diagnostics investigations. This will help redefine the flow of diagnostic investigations and ensure demand can be optimised.

In the longer-term, work to develop a strategy for diagnostics in NHS Highland that focusses on better management of those requiring a diagnostic investigation and ensuring this meets these performance targets is underway.

Figure 11 8 Key Diagnostic Tests (NHS Highland)





	Mar-23	Mar-24	Mar-25
Total Waiting List Size	5452	4858	6624
Wait > 6 Weeks	1708	1480	2732

8 Key Diagnostic Test % Seen < 6	Mar-23	Mar-24	Mar-25
	68.7%	69.5%	58.8%

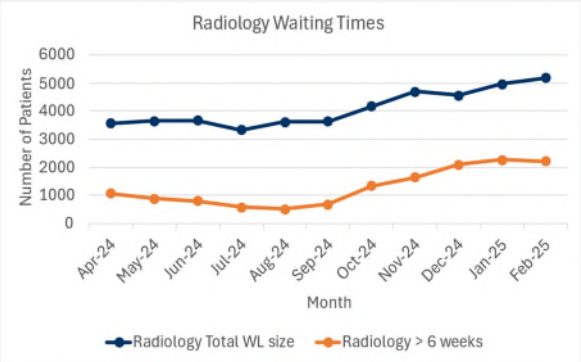
NHS Highland's performance indicators for diagnostic tests include the following 8 tests;

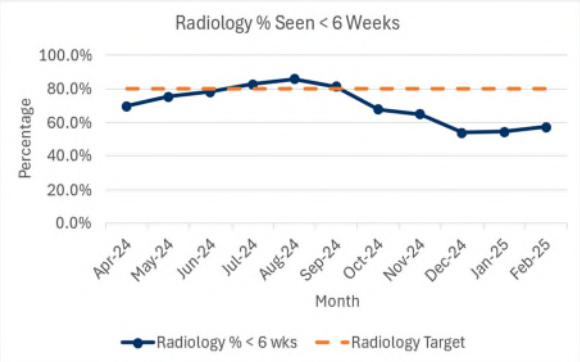
- Upper Endoscopy
- Lower Endoscopy (excl. Colonoscopy)
- Colonoscopy
- Cystoscopy
- CT Scan
- MRI Scan
- Barium Studies
- Non-Obstetric Ultrasound

NHS Highland has managed an increasing demand for these 8 key diagnostic tests with 36% rise in the total number of tests required. However, throughout 2024/25, performance to ensure waiting times remain below 6 weeks has improved from the baseline position at the start of the year.

These trends reflect a combination of persisting referrals for outpatients investigation and increasing challenges with workforce and capacity to be able to deliver the required level of diagnostic investigations to meet the overall demand for these services.

Figure 12 Radiology Waiting Times (NHS Highland)



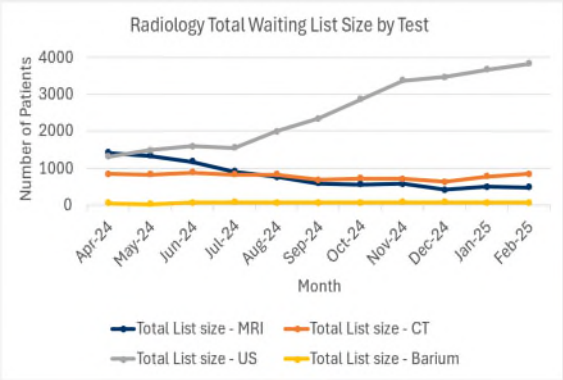


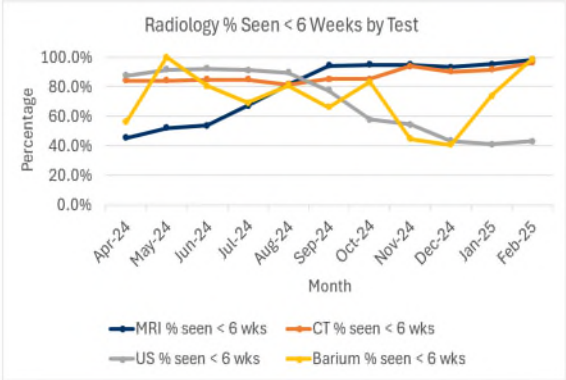
	Mar-23	Mar-24	Mar-25
Total Waiting List Size	4480	3876	5705
Wait > 6 Weeks	1513	1207	2465

Radiology % seen < 6 weeks	Mar-23	Mar-24	Mar-25
	66.2%	68.9%	56.8%

Mirroring the performance indicators for the 8 key diagnostic tests, there has been a significant increase in demand for Radiology services for the second half of 2024/25, and this has coincided with a deterioration in the percentage of patients received their investigation within 6 weeks of referral.

Figure 13 Radiology Waiting List by Test (NHS Highland)





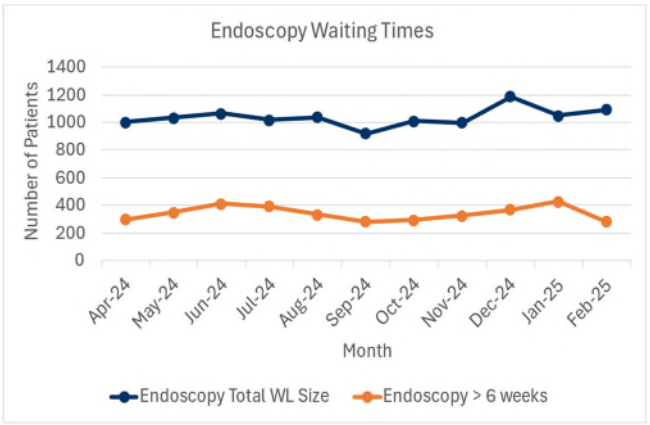
	Mar-23	Mar-24	Mar-25
Total List size - MRI	1949	1615	602
Total List size - CT	808	851	929
Total List size - US	1697	1346	4136
Total List size - Barium	26	64	38

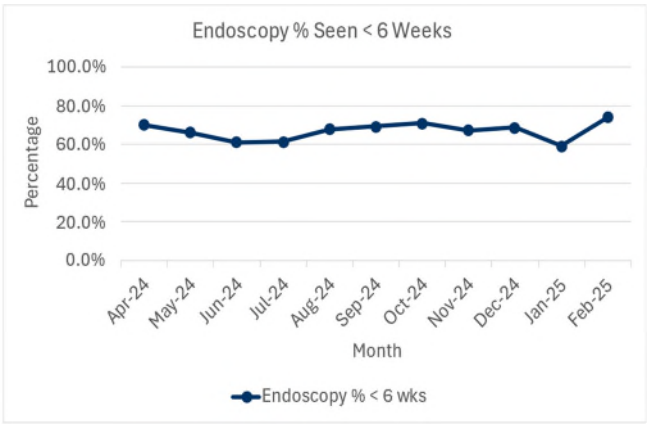
	Mar-23	Mar-24	Mar-25
MRI % seen < 6 wks	38.6%	41.1%	97.2%
CT % seen < 6 wks	87.5%	87.2%	95.7%
US % seen < 6 wks	87.3%	90.9%	41.8%
Barium % seen < 6 wks	100.0%	64.1%	100.0%

In 2024/25, there has been a significant increase in the number of patients requiring and receiving Ultrasound. This has coincided with a deterioration of the percentage of patients receiving this within 6 weeks of referral.

The number of patients having an MRI within 6 weeks has had an increase with 97.2% seen within 6 weeks in March 2025, this compares with much lower percentages in previous years, although demand has also reduced from previous years.

Figure 14 Endoscopy Waiting Times (NHS Highland)



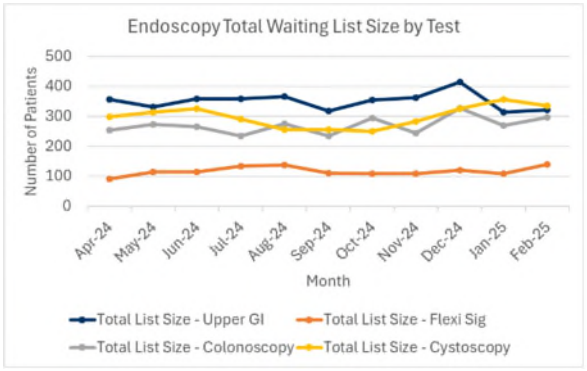


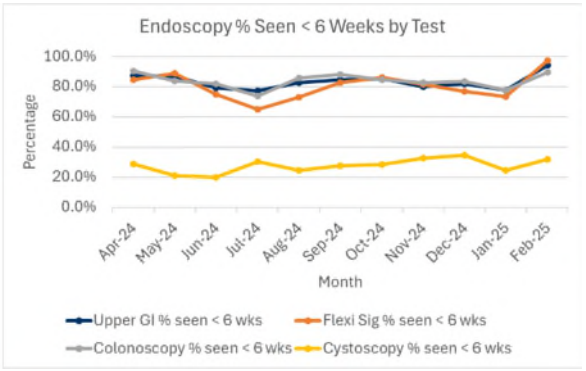
	Mar-23	Mar-24	Mar-25
Total Waiting List Size	972	982	919
Wait > 6 Weeks	195	273	267

Endoscopy % seen < 6 weeks	Mar-23	Mar-24	Mar-25
	79.9%	72.2%	70.9%

Endoscopy remains a national challenge with the demand for these services. The percentage of patients receiving endoscopy remained steady throughout 2024/25. As part of NHS reform and renewal, a regional collaboration is being scoped within the North of Scotland that will support the development of pathways for non urgent endoscopy care with partner boards. This work is at an early stage but links to the aspirations for closer national integrated working on pathways through the Centre for Sustainable Delivery (https://nhscfsd.co.uk/our-work/annual-plans-and-reports/annual-report-20232024/strategic-priorities-20232024/priority-7-national-endoscopy-programme/)

Figure 15 Endoscopy Waiting Times by Test (NHS Highland)





	Mar-23	Mar-24	Mar-25
Total List Size - Upper GI	362	371	273
Total List Size - Flexi Sig	151	107	107
Total List Size - Colonoscopy	274	243	240
Total List Size - Cystoscopy	185	261	299

	Mar-23	Mar-24	Mar-25
Upper GI % seen < 6 wks	88.1%	88.9%	88.6%
Flexi Sig % seen < 6 wks	86.1%	81.3%	87.9%
Colonoscopy % seen < 6 wks	87.6%	86.8%	86.3%
Cystoscopy % seen < 6 wks	47.6%	31.0%	36.5%

Throughout 2024/25, waiting times for endoscopy for procedures remained stable with an increase in performance in the early months of 2024/25. This was driven by a reduction in demand during these months as evidenced by the total waiting list from January 2025 onwards.

Highland Health & Social Care Partnership (Highland HSCP)

Highland HSCP have been working collaboratively across primary, community care, Highland Council and all other partners to deliver the ambition of providing a range of local services that are resilient and sustainable by working together across all parts of health and care. The goal is to deliver effective and efficient person-centred care.

This has resulted in the agreement and publication of the Joint Strategic Plan for Adult Social Care services for the Highland Council area. Work is underway to refine the performance management framework for the Highland HSCP to ensure that we have high-quality performance information available to support any future changes and improvements.

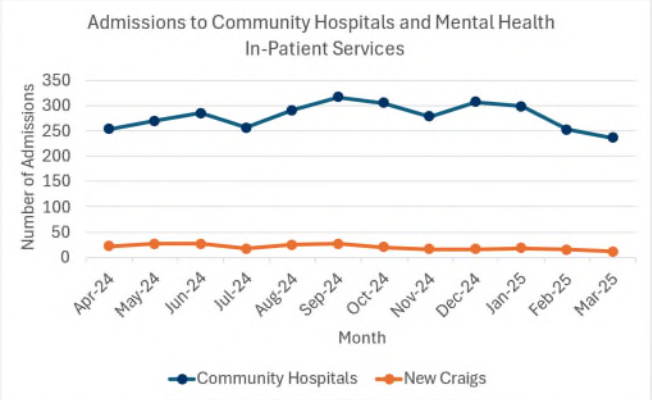
A number of strategic transformation programmes have been established within Highland HSCP seeking to improve the sustainability of services against our current risks to delivery. Programmes are being delivered in partnership with The Highland Council and other stakeholders to deliver improvements in services that bring together performance, quality, workforce and financial information together for the strategic planning of services.

The following performance information relates to services in the Highland Health and Social Care area only.

Community Hospitals and In-Patient Mental Health

Community hospitals offer a range of services across localities whilst our in-patient mental health hospital, New Craigs, offer specialist care. They are both a vital part of supporting our population with mental health support, management and recovery.

Figure 16 Admissions to Community Hospitals & Mental Health In-Patient Services (Highland HSCP)

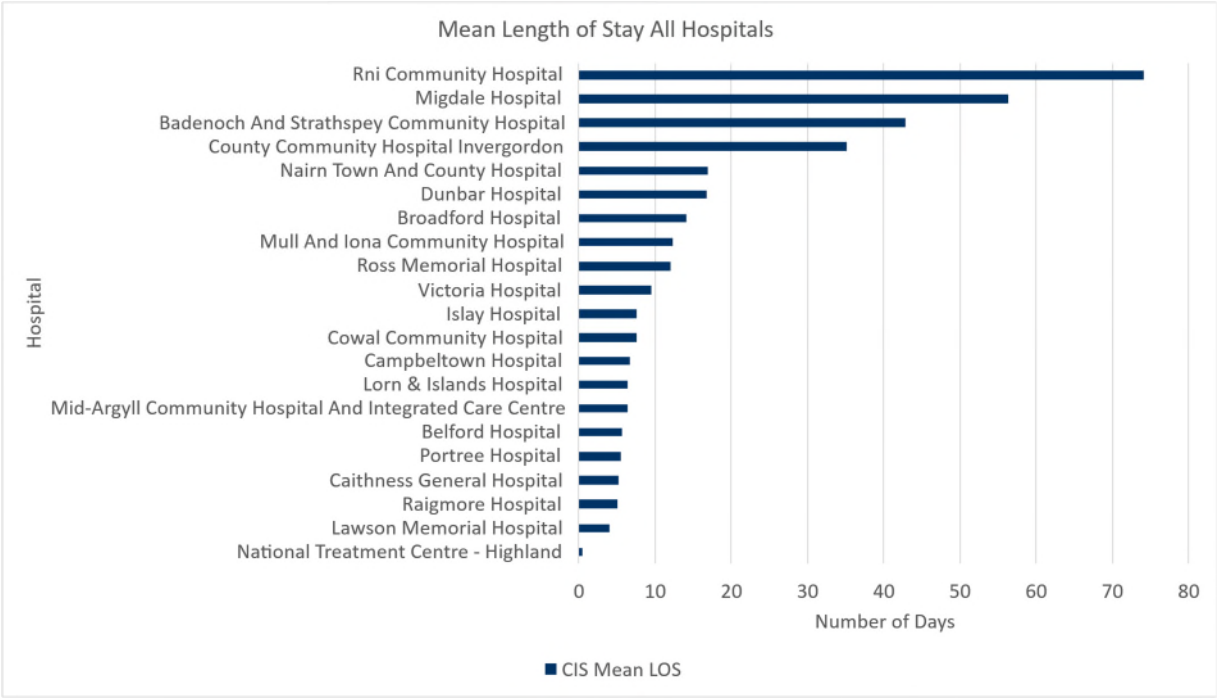


	2022/23	2023/24	2024/25
Community Hospital	3215	3326	3355
Mental Health	239	271	241

In 2024/25, the number of admissions to community hospitals increased beyond the levels seen in previous years. Within the year, there were spikes in the Autumn period and through winter, although the number of people admitted per month reduced each month.

The number of admissions to Mental Health Inpatient Services remained largely static throughout the year, and in total the number reduced compared to the previous year.

Figure 17 Mean Length of Stay all Hospitals (NHS Highland)

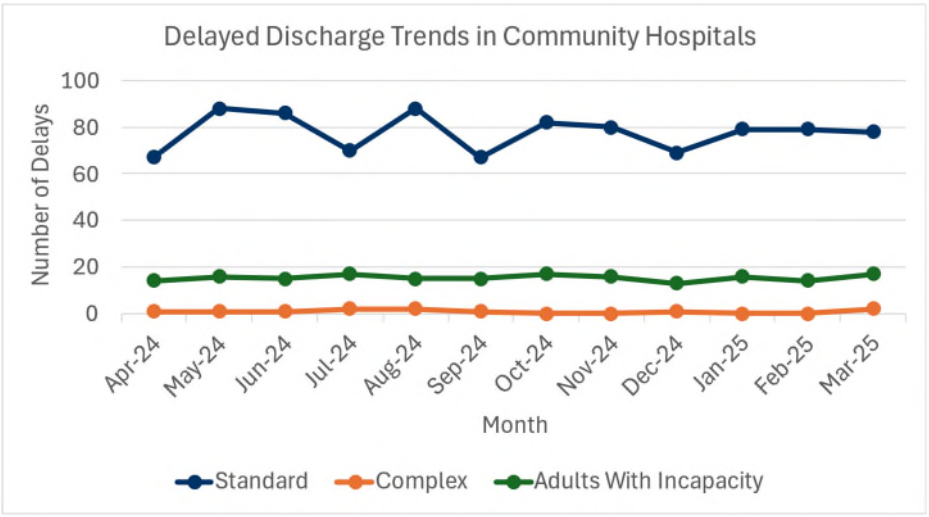


CIS Mean LOS Yearly	2022/23	2023/24	2024/25
Average	5.3	5.0	4.8

CIS Mean LOS Yearly	Mar-23	Mar-24	Mar-25
Average	5.1	5.5	8.9

Whilst overall there has been a reduction in the average Length of Hospital Stay, this remains high in community hospitals settings across NHS Highland. The chart above shows the range between 3-56 days.

Figure 18 Delayed Discharge Trends in Community Hospitals (Highland HSCP)



	Mar-23	Mar-24	Mar-25
Standard	42	63	78
Complex	0	1	2
Adults With Incapacity	14	12	17

The picture across NHS Highland to March 2025 is that there continues to be a high number of patients awaiting to be discharged from a hospital bed. This presents an issue for the health system in NHS Highland as these patients occupy a bed that could be used for another patient.

There has been variation throughout the year in those affected by standard delays, while Complex and Adults With Incapacity has remained largely static throughout the year.

Factors that may impact the ability for patients to be discharged include the availability of care, whether through a care package with the Highland Health and Social Care Partnership, within a care home (independent or NHS Highland operated) or the availability of care at home from family / carers.

Delayed Discharge continues to be an issue for hospitals in the NHS Highland area with, for example, 143 people waiting as a Delayed Transfers of Care at the end of March 2024. This data includes patients across Argyll & Bute and the Highland Health and Social Care Partnership.

This is a priority area of service development, and through the strategic transformation of services, a focused programme of work is underway to take immediate actions to support whole system change to meet NHS Highland's requirement to reduce the number of Delayed Discharges, and the related performance measure on Length of Stay.

This will ensure NHS Highland patients receive the right care, in the right place at the right time.

Care Homes

A key part of the Together We Care strategy is to support actions in relation to the care homes within NHS Highland through the Care Well strategic theme. This includes work with The Highland Council to develop a Care Home strategy and Market Facilitation Plan for these areas.

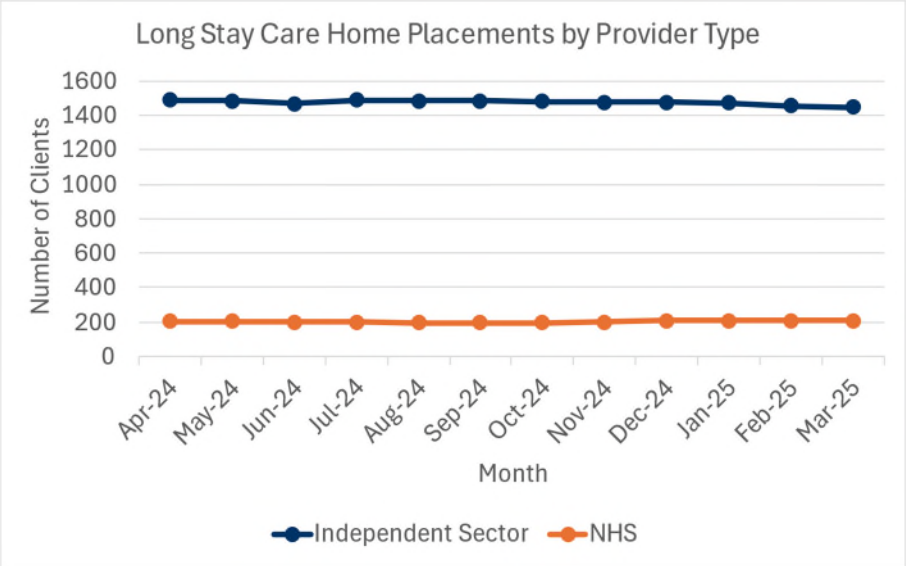
The Highland Health and Social Care Partnership (HHSCP) has been developing a locality model as a preferred and intended direction of travel for the provision of health and social care services, the key objectives of which are safe, sustainable, and affordable locality provision. This is strategic work in progress which will be set out within the Partnership's Strategic Plan.

The closure of these Care Homes reduces the number of beds in the Highlands which creates a need to change the current model of care as we move to support people closer to home to prevent admission into hospitals.

This is set against the backdrop of challenges within the independent sector providing Care Homes. For example, NHS Highland is working with The Highland Council to take over the running of Moss Park Care Home in Lochaber, and there are other vulnerabilities that impact availability of Care Home spaces within the area.

Figure 19 Long Stay Care Home Placements by Provider Type (Highland HSCP)

	Mar-23	Mar-24	Mar-25
Independent Sector	1548	1493	1449
NHS	199	200	205

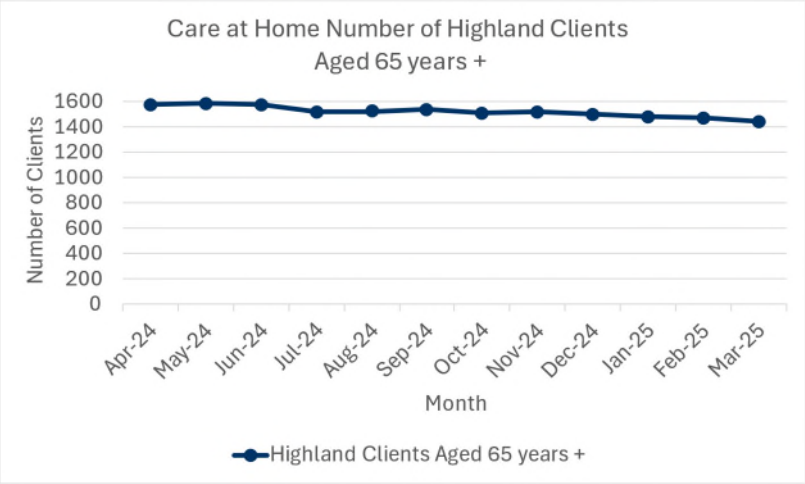


The number of long stay care home placements has reduced in the independent sector compared to previous years, however this has increased based on those within NHS-provided Care Homes. Overall, the number of total long stay placements has reduced across NHS Highland over the last three years.

Care at Home Services

Within NHS Highland, Care at Home services are provided by both independent contractors and a service from NHS Highland. Highland HSCP is currently developing a strategy for Care at Home services to plan for the delivery of a sustainable model. The key objectives around this area of provision are to achieve stable, resilient, and assured provision and capacity release / growth

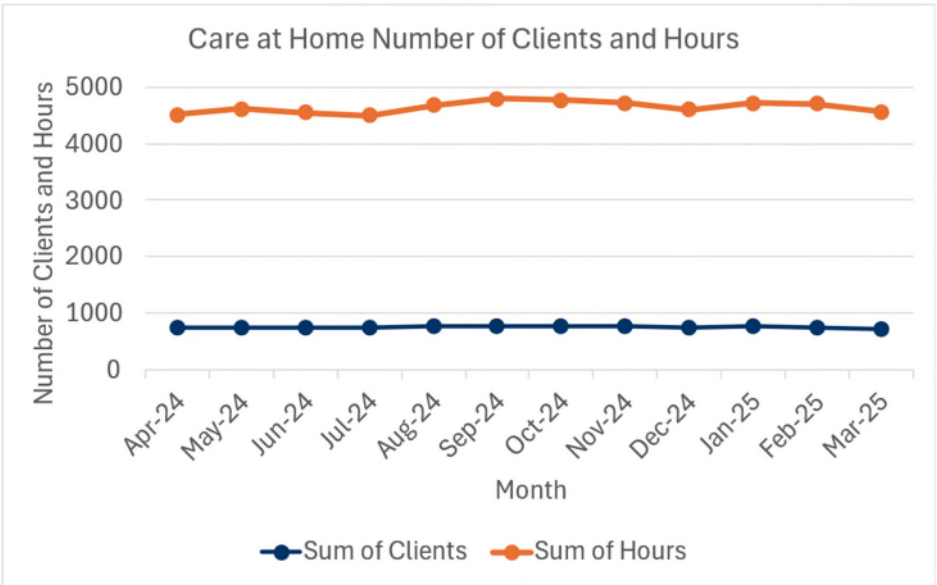
Figure 20 Care at Home Number of Highland Clients Aged 65 years+ (Highland HSCP)



	Mar-23	Mar-24	Mar-25
Highland Clients Aged 65 years +	1558	1576	1441

The number of Care at Home clients aged 65 years and over has continued to reduce over the last three years.

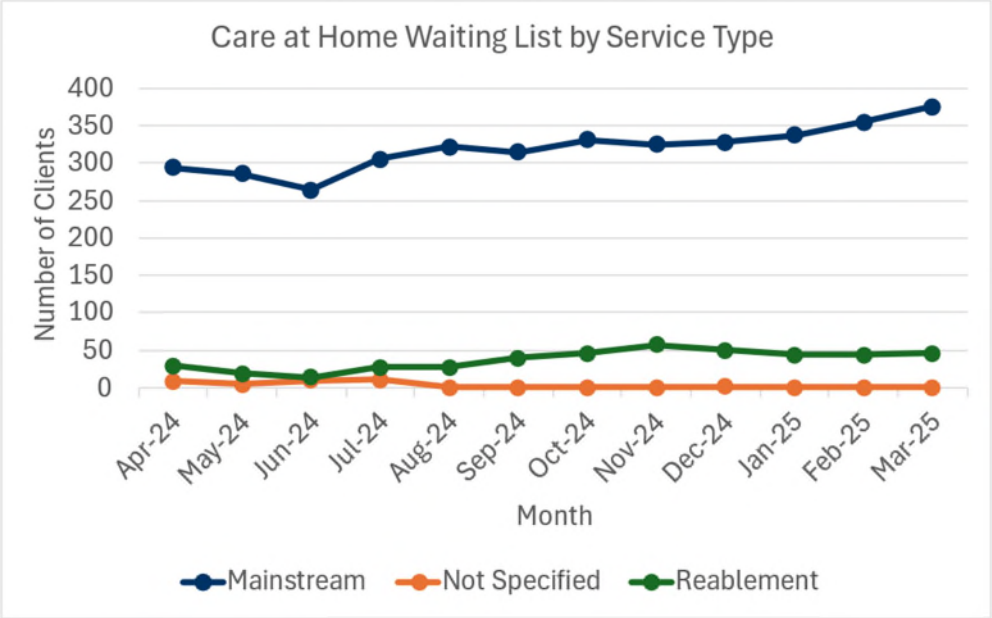
Figure 21 Care at Home Number of Clients and Hours (Highland HSCP)



	Mar-23	Mar-24	Mar-25
Number of Clients	777	763	725
Number of Hours	4837	4682	4568

The total number of Care at Home clients seen by the NHS Highland Care at Home service has reduced over the number of years, with the number of hours provided has also reduced at the same time.

Figure 22 Care at Home Waiting List by Service Type (Highland HSCP)



	Mar-23	Mar-24	Mar-25
Mainstream	267	307	376
Not Specified	5	13	0
Reablement	50	41	46

Within 2024/25, there has been an increase in the number of people awaiting Care at Home services. This represents unmet need for care, which has related impacts on other services and impacts on the number of people subject to delay from hospital discharge.

Primary Care

A key focus of our Together We Care strategy is to work together with health and social care partners by delivering care and support that puts our population, families and carers experience at its heart. Our Primary Care services are a key part of this and focus is currently on our local strategic approach to sustainable primary care services within NHS Highland.

There are a number of challenges in the delivery of services including the need to rebalance our primary and secondary care services to meet the needs of the person as close to home as possible. In Highland HSCP area, there are **86** practices spread across the remote and rural geography of Highland.

There is increasing health and social care complexity and need – due to ageing population and complex comorbidities – and widening social inequalities. In NHS Highland there are rural and island challenges in service delivery and close integration required with secondary care, workforce constraints and a lack of robust IT infrastructure underpinning Primary Care services.

The aim is to deliver, whole system, integrated models of care, building on positive interfaces with secondary care, for example in optometry.

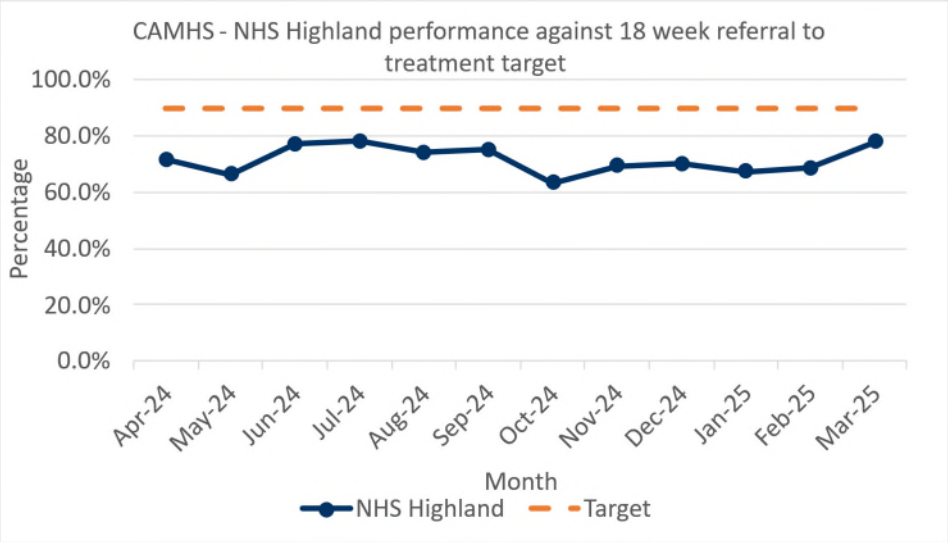
One of the key enablers to this activity is to bring together performance-related activity in support of our strategy. Currently performance data is managed within cluster and practice level; work to deliver on integrated service planning for board-managed practices has commenced.

Data and intelligence will be pivotal to identify change priorities across Primary Care as part of our design of services across the Highland Health and Social Care Partnership.

In Argyll and Bute, Primary Care services are a key strategic theme with key actions to focus on quality improvement and taking forward the recommendations of a comprehensive Cluster review to improve the effectiveness of working. This is all with the goal to improve access to primary and community care to enable earlier intervention and more care to be delivered in the community.

In Highland HSCP, a Joint Strategic Needs Assessment has been undertaken and will inform the development of a Primary Care Strategy that outlines the strategic intention for these services based on the future population demographics and requirements.

Figure 23 CAMHS - Child and Adolescent Mental Health Services (NHS Highland)



CAMHS Performance against 18 week referral to treatment target	2022/23	2023/24	2024/25
	74.3%	70.8%	71.5%

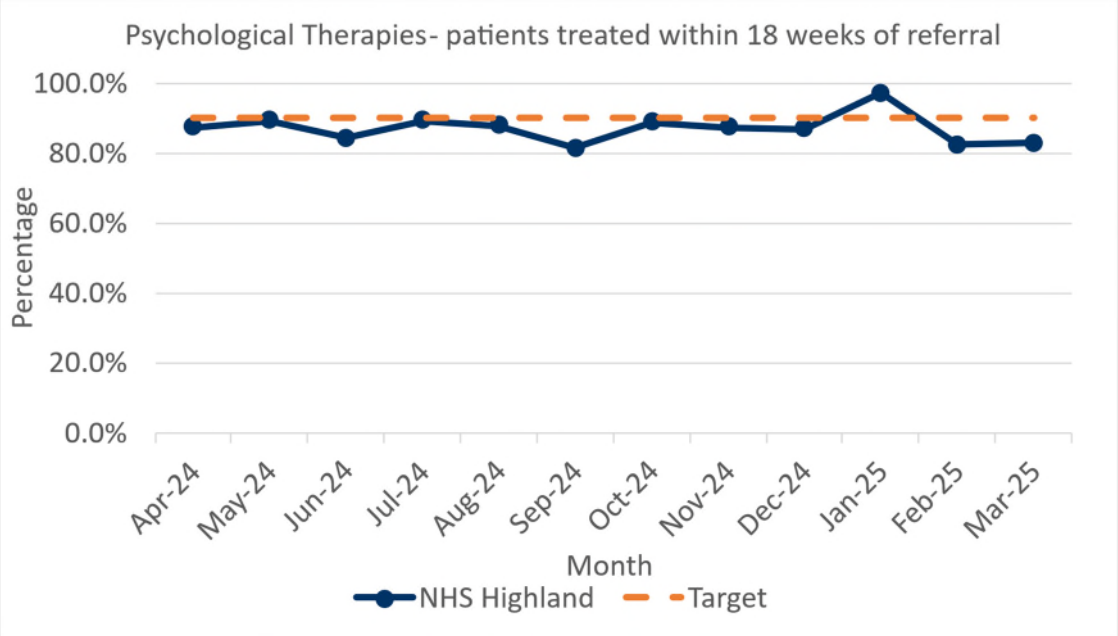
CAMHS Performance against 18 week referral to treatment target	Mar-23	Mar-24	Mar-25
	78.6%	67.3%	77.8%

Please note this information is presented for NHS Highland inclusive of Highland and Argyll and Bute

The national target for Child and Adolescent Mental Health Services (CAMHS) is that 90% of young people commence specialist CAMHS services within 18 weeks of referral. NHS Highland performance across 2024/25 was 71%. NHS Highland remains below the Scotland average of 87.9%

NHS Highland's CAMHS Programme Board has been established to drive forward the performance improvement required for access to CAMHS services, as part of the national response to increasing demand for these services. Development of sustainable workforce models is in development to enable

Figure 24 Psychological Therapies (NHS Highland)



PT - Patients treated within 18 weeks of referral	2022/23	2023/24	2024/25
	87.4%	83.1%	87.1%

PT - Patients treated within 18 weeks of referral	Mar-23	Mar-24	Mar-25
	86.9%	89.9%	82.8%

Please note this information is presented for NHS Highland inclusive of Highland and Argyll and Bute

The national target is that 90% of our population begin/start Psychological Therapies (PT) based treatment within 18 weeks of referral. NHS Highland performance was 87.4% in 2024/25, representing an improved position. NHS Highland is also above the Scotland average of 79.7%.

Public Health

The purpose of Public Health within NHS Highland is to improve the health of the population of Highland and Argyll and Bute. This is achieved through a focus on work that improves people's health and life chances, addresses risk factors for disease and tackles issues where there is an impact wider than an individual person. The priorities are prevention and tackling health inequalities. The Public Health function is carried out centrally within NHS Highland and it is also a devolved function to Argyll and Bute HSCP, although staff work effectively together across the Board.

Public health work falls into several categories, although these will overlap:

Strategic Advice: Public health advice is given to the board and to Health and Social Care Partnerships at all levels on how best to improve and protect the health of the local population both now and in the future. The health intelligence team have undertaken health needs assessment work which has received national recognition.

Individual Advice: Public health advice may be appropriate for individuals either directly or indirectly and this is provided either corporately or individually. This includes advice on how to improve health as well as health protection.

Direct Provision of Service: Some services provided have direct contact with patients and the public in a form that is akin to provision of a healthcare service. These tend to be about supporting health improvement such as smoking cessation or infant feeding.

Commissioning Services: Several services are provided outside the team or outside NHS Highland but are commissioned by public health. These include health improvement services such as social prescribing and some drug and alcohol services.

Coordinating Services: Public health coordinates population health programmes of screening and immunisation which are delivered through other parts of the Board or by partners. Since these are programmes for population health dealing with healthy people, there is a need to have public health oversight to consider issues such as population coverage and inequalities.

Partnership Working: Most public health activity has a significant element of partnership working but there are areas where there are specific programmes with a hosting or significant role for public health. These include Community Planning Partnerships, Drug and Alcohol Partnerships and Violence Against Women Partnerships.

Public Health performance reporting includes both those areas where the team has direct responsibility for delivery of the service as well as other services which are coordinated or commissioned by Public Health but are delivered by others. Infant feeding performance has been positive with good rates of maintenance of breast feeding, which were above targets. Smoking cessation performance has been more variable. Screening is measured in terms of overall uptake and inequalities in uptake and for both NHS Highland performs well compared with Scotland. Screening for Abdominal Aortic Aneurysm has shown considerable improvement. Immunisation rates especially within Highland HSCP need improvement. Rates for COVID and influenza immunisation have been close to the national average and there has been an improvement in some infant immunisation rates, but some other immunisations such as MMR continue to be a concern.

There are many wider indicators and outcomes for the health of the population such as life expectancy and measures of health inequality. There is considerable coverage and comment about these within the Director of Public Health's Annual Report.

Argyll & Bute Health & Social Care Partnership

Argyll & Bute Integration Joint Board is a separate legal body set up under the Public Bodies (Joint Working) (Scotland) Act 2014 and publishes a separate Performance report which can be accessed using the following link: https://www.nhshighland.scot.nhs.uk/about/argyll-and-bute-health-and-social-care-partnership/argyll-and-bute-hscp-publications/

Look ahead to 2025/26

2024-25 was another challenging year for NHS Highland, as we continue to balance providing high quality and equitable services with meeting our financial obligations. Looking forward, our Strategy, Together We Care: With You For You, and the Joint Strategic Plan with Highland Council, along with the Argyll & Bute Strategic Plan, sets our direction and ambition and our Annual Delivery Plan shows how we will achieve our aims.

The financial pressures across health and social care are, by far, the most challenging since devolution. It is clear that brokerage will not be forthcoming for future years and, in common with other boards, NHS Highland is required to plan how we intend to return to financial balance, with a reducing deficit year on year. With demands and costs continuing to increase, meeting the requirements for a balanced budget will mean significant change, and an ambitious financial recovery strategy is necessary. Some changes will be improvements, modernising services and making them more sustainable. There will also be a need for substantial service redesign in the longer term to maintain core services.

This will form part of the wider national NHS renewal programme: making use of new technology; changing models to increase access to care closer to home; ensuring access to specialised services nationally; and investing in services which promote wellbeing and prevent ill health.

Our innovative Musculoskeletal Day was a recent example of this: working with partner organisations, we invited over 300 patients awaiting physio appointments to a single event, where they could not only see a physiotherapist but also access support to stay active, manage financial pressures, increase mental wellbeing and other advice. We are also working with other boards to develop pathways for patients requiring specialist vascular and oncology treatment. We know patients will have better outcomes if these are provided in centres of excellence, and need to work with communities to understand how we can best help people to access this expert care.

Recruiting to posts where there is a shortage of specialists is a national challenge, but in Highland and Argyll and Bute the remote and rural nature of many of our communities can exacerbate issues such as patient travel, out of hours and emergency care, and the central provision of services such as vaccination. Following work to examine and improve our vaccination uptake, the Highland Health and Social Care Partnership presented an options appraisal to Scottish Government in November 2024. It was agreed that we could explore alternative delivery models, including working with GPs in some specified areas, to better serve our communities. A draft delivery plan has now been produced and we will continue to engage and work with patients, primary care colleagues and partners to develop the most effective model.

We are also unique in our lead agency model, which sees NHS Highland providing adult social care in the Highland Council area. During 2024, we took the decision, alongside the Highland Council, to investigate moving to an integration model more akin to the Integrated Joint Boards operating elsewhere in Scotland (including between NHS Highland and Argyll and Bute Council). I welcome the close partnership working which has brought us to this point and look forward to further building on relationships with Council colleagues as we design a model best suited to supporting people in Highland.

We have already seen tangible results of closer working, for example our work with The Highland Council around the transfer of Moss Park Care Home in Lochaber to maintain services in this area. Stabilising social care provision will help to prevent delayed discharges, reducing costs to the system overall and, more importantly, ensuring people are cared for in the right place, in their own homes or as close to home as possible. When we focus together on achieving the best outcomes for people, everyone wins.

The national pause on capital spending continues, meaning that projects including the Caithness health and care hubs and refurbishment of maternity facilities at Raigmore Hospital in Inverness remain on hold. However, we were delighted that the Scottish Government budget included provision to resume design work for a replacement for the Belford Hospital in Fort William. Our teams have recommenced this project, alongside the ongoing redesign of services for the area. We are also working to facilitate the smooth transition of ownership of New Craigs, our psychiatric hospital, from Robertsons to NHS Highland. One of the first Private Finance Initiative projects in Scotland, it will be handed back to the Board in 2025.

More broadly, we have started to develop our Programme Initial Agreement, which will set out our needs and priorities in terms of capital spending for the next 20 years. This high-level assessment will help to ensure a more strategic approach to capital funding bids.

Health and social care is under significant pressure but by embracing new ways of working, looking at how we deliver services and how we can help prevent ill health we are in a good position to face those challenges.

For 2025/26, work will again focus on both our strategic transformation (STAG) and efficiency (V&E) programmes to support the board to maintain high-quality services in the current financial climate. The Board's Annual Delivery Plan (ADP) captures our intentions for the year 2025/26 and will be a focus of all in NHS Highland as we seek to plan services for our population.

Overview of the Financial Plan

NHS Highland submitted a draft financial plan to Scottish Government in March 2025. This plan was prepared recognising the position set out within the 2025/2026 budget letter received in December 2024.

The plan submitted indicated a draft opening position for NHS Highland of £115.596m with a number of actions identified to reduce this to a net gap of £55.724m. Scottish Government have set a target to reduce the net gap further to £40m with a resubmission to them expected to be made in June 2025.

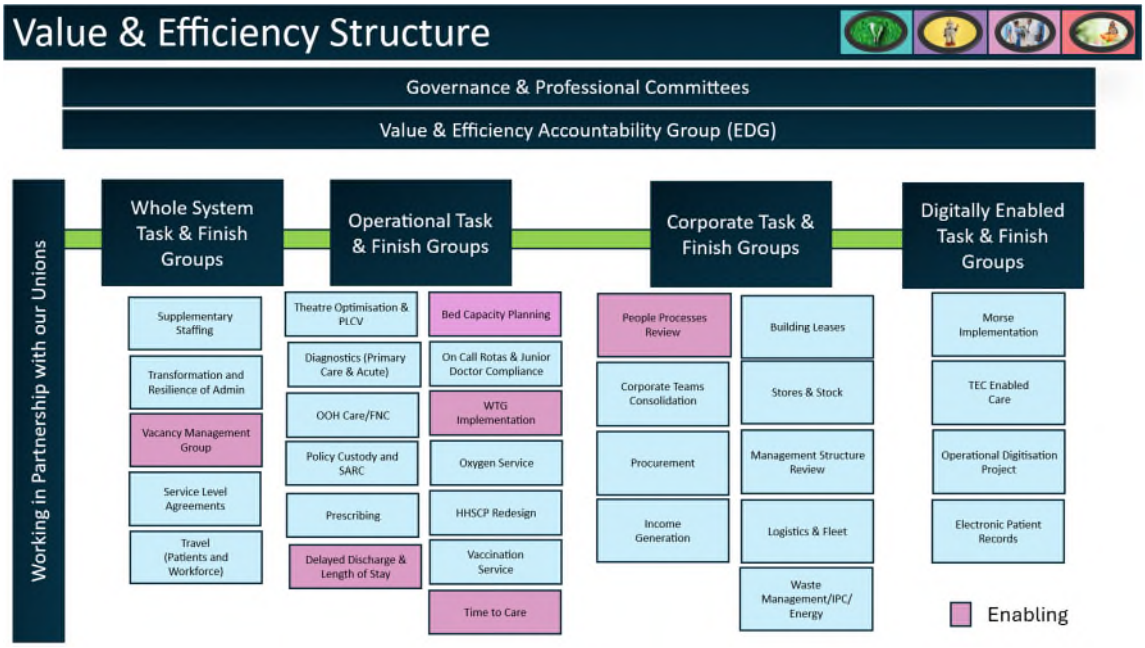
Delivery of an outturn position of £55.724m was built around a number of assumptions supported by structured work programmes as described below:

Value and Efficiency

The Value and Efficiency programme established for 2024/2025 will continue into 2025/2026. The overall target continues to be delivery of a 3% financial reduction on a recurring basis as required by Scottish Government. The workstreams established for 2024/2025 have been reviewed and realigned to reflect the current position and work ongoing via the 15 box grid. Each workstream has an appointed lead and project implementation plans are developed to support delivery. The Value and Efficiency Assurance Group will continue to meet bi-weekly to monitor progress against targets and direct any necessary corrective action.

The aim of the identified workstreams continues to be delivery of 3% efficiency through improvement of our processes, streamlining what the Board does, eliminating waste and maximising our income.

The table below represents the structure of the programme for 2025/2026.



During the course of the year the Board will continuously work to identify further opportunities.

Financial Flexibility

Each year non-recurrent benefits accrue through slippage against allocations or through adjustment in annual balance sheet items. An estimate has been included based on historic trends.

Adult Social Care

The costs of delivering Adult Social Care services and associated income from Highland Council are included within the plan that has been submitted due to the lead agency arrangement that is in place.

In developing the plan it is estimated that there will be a gap of £26.030m between the estimated cost and available funding. This gap reflects the quantum reduction of £7.000m applied by Highland Council in 2024/2025. The further planned reduction for 2025/2026 has not been actioned.

A 3% Value and Efficiency target has been applied and the plan assumes that further actions will enable delivery of a balance Adult Social Care position by the end of the 2025/2026 financial year.

Argyll & Bute HSCP

The Argyll & Bute 2025/2026 budget was presented at the March IJB meeting. The report set out an unbalanced budget, with an opening gap of £4.200m remaining due to savings plans which were in development but insufficient progress had been made to identify the exact value. Work continues to fully develop savings plans to enable a proposal deliver a balanced budget for 2025/2026 to be presented to the IJB for approval.

Sitting alongside the Value and Efficiency framework a strategic design programme has commenced. NHS Highland's five year strategy 'Together We Care, with you, for you' is now well embedded within

the organisation and an aligned programme of strategic transformation (STAG) has been developed. Some of the elements of STAG will be expected to deliver cost reductions/ improvements in 2025/2026 and further detailed planning will support the development and implementation of programmes of work moving over the duration of the 3 year financial plan.

The programmes of work within the STAG programme are aligned to both the financial plan and the Annual Delivery Plan.

At the point of writing NHS Highland continues to work with Scottish Government to develop a financial plan which is supported by both the NHS Highland Board and Scottish Government.

Financial Performance

The Scottish Government requires NHS Boards to meet three key financial targets:

- Revenue resource limit;
- Capital resource limit; and
- Cash limit

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in the Summary of Resource Outturn.

	Limit as set by SGHSCD £'000	Actual Outturn £'000	(Variance Deficit) Surplus £'000
Core Revenue Resource Limit	1,089,367	1,089,093	274
Non-core Revenue Resource Limit	44,313	44,313	0
Total	**1,133,680**	**1,133,406**	**274**
Core Capital Resource Limit	15,982	15,982	0
Non-core Capital Resource Limit	416	416	0
Total Capital Resource Limits	**16,398**	**16,398**	**0**

	£'000
Cash Requirement	**1,155,053**

MEMORANDUM FOR IN YEAR OUTTURN	£'000
Core Revenue Resource Variance Surplus in 2024-2025	274
Financial flexibility funding provided by Scottish Government	(49,700)
Underlying Deficit against Core Revenue Resource Limit	(49,426)
Percentage	(5%)

NHS Highland submitted a financial plan to Scottish Government for the 2024/2025 financial year in March 2024. This plan presented an initial budget gap of £112.491m. With a brokerage cap of £28.400m this meant cost reductions/ improvements of £84.091m were required to close the gap.

A paper was taken to the NHS Highland Board on 28 May recommending that the Board agree a proposed budget with a £22.204m gap from the brokerage limit of £28.400m – this was agreed and was reflected in monitoring reports presented to the Finance, Resources & Performance Committee and the NHS Highland Board.

Following the quarter 2 review with Scottish Government the Board was informed of a revision to the brokerage cap. For the 2024/2025 financial year £49.700m has been made available. This has supported delivery of an underspend of £0.274m.

Highland Health & Social Care Partnership

Highland Health & Social Care Partnership reported an overspend of £13.648m. Significant additional costs have been incurred in respect of locums and agency nursing cover – these have in part been mitigated by vacancies. Increasing prescribing costs continue to impact adversely on the financial out-turn.

Adult Social Care is reported within the Highland Health & Social Care Partnership as a delegated function from The Highland Council. An overspend of £10.915m is reported within this area. This position reflects receipt of funding from the Highland Council Adult Social Care Transformation Fund and additional funding received from Highland Council. This position has been supported through the application of brokerage.

Acute

Acute Services reported an overspend of £16.405m with the most significant driver being the premium cost association with supplementary staffing which has been used to cover vacancies and ongoing operational delivery pressures. Increasing drugs costs have also impacted on the service's ability to delivery a balanced financial position at financial year end.

Argyll & Bute

Argyll & Bute HSCP reported a year end underspend of £0.245m on the health budgets for financial year 24/25. The HSCP continued to make progress on the delivery of the savings programme and has taken a financial benefit as a result of ongoing staff vacancies. However, there are a number of cost pressures which the HSCP were able to contain within the overall budget including increased cost per case charges from NHS Greater Glasgow & Clyde, agency medical staffing costs in General Medicine and out of area specialist patient treatments costing. The underspend within the HSCP has been managed utilising the financial flexibility available to the IJB.

Bad Debt

Bad debt provision of £2.453m this year (prior year £2.076m) is based on all non-government debt outstanding greater than one year old, except for Road Traffic Accident (RTA) reclaims. Bad debt of 24.86% of total net outstanding value of RTA income has been provided for based on historic patterns of recovery (as per Government guidance).

Capital

Capital funding of £16.398 was received. This included £12.608m was for capital works and purchases during 2024/2025 - this was utilised in full for the year. The main areas of spend were Fire Compartmentation works at Raigmore Hospital, Grantown Health Centre refurbishment and various capital equipment purchases. In addition there was an element of spend relating to the final payments for the National Treatment Centre. The remainder of the funding covered the capital element of IFRS16 leases, loan advances for GP Practices, and donated asset additions.

Payment Policy

NHS Highland is committed to supporting the Scottish Government in helping businesses during 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.
The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

	2024/25	2023/24
Average period of credit taken	20 days	12 days
Percentage of invoices paid within 30 days:		
- by volume	87.70%	90.87%
- by value	88.86%	90.63%
Percentage of invoices paid within 10 days:		
- by volume	69.54%	74.88%
- by value	76.83%	76.79%

The decrease in prompt payment is further to the massive push throughout the year to reduce NHS Highland's aged debt. The reduced older debt has meant that prompt payment days have increased as older invoices have been cleared from the ledger. NHS Highland will continue working closely with Procurement to improve processes and ensure prompt payment to suppliers going forward.

Pension Asset / 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.

Statement of Best Value

NHS Highland is committed to securing the principles of best value in the use of public funds in line with arrangements within the Scottish Public Finance Manual. This is embedded with planning, performance monitoring and delivery ensuring that consideration of best value is integral to all decision making. The Board's Code of Corporate Governance provides specific guidance on the mechanisms in place to ensure that robust arrangements are in place to secure best value.

Social Matters

NHS Highland is committed to leading and promoting Equality, Diversity and inclusion, equal opportunities and supporting human rights in terms of the provision of health services for the community it serves.

Equality Outcomes 2025-2029

NHS Highland published its Equality Outcomes 2025-2029 Report in April 2025 which summarised how NHS Highland would meet its statutory requirements under the Scotland Specific Duties of Equality Act 2010. Six outcomes were outlined that the board would work towards by 2029.

The outcomes are -

Equality Outcome 1: NHS Highland will improve accessibility for disabled people, older adults, and those from underrepresented communities.

Equality Outcome 2: NHS Highland will enhance employment opportunities and career development for persons from underrepresented groups.

Equality Outcome 3: NHS Highland will make progress towards becoming an anti-racist organisation.

Equality Outcome 4: NHS Highland will advance gender equality in our workforce and patient care.

Equality Outcome 5: NHS Highland will work to identify, understand, and address health needs of those at risk of poorer health outcomes.

Equality Outcome 6: NHS Highland will mainstream equalities in climate-related work.

NHS Highland Equality Outcomes and Mainstreaming Progress Report 2021-2025

In April 2025, NHS Highland published a report describing progress made against the three equality outcomes for 2021-2025 as well as progress towards the mainstreaming of equality within NHS Highland. Mainstreaming is the incorporation of the general equality duties within the functions of the organisation. The report also included initiatives being undertaken to create an inclusive environment for our colleagues. Key highlights from the report include:

- NHS Highland Working Carers Network established to support staff who undertake the role of Unpaid Carer. The network meets online, on the last Thursday of every month, providing peer support and the opportunity to access additional support and advice. It has also been a useful way to involve Unpaid Carers in the development of the Carer's Strategy and related policies.
- Launch of a new mandatory training module for all staff, "Introduction to Equality, Diversity and Human Rights". Developed by NHS Education for Scotland, this module aims to educate staff in how to Identify discrimination, harassment and inappropriate behaviour in the workplace and identify actions that can be taken to challenge and prevent it
- An Equality, Diversity and Inclusion Workforce Strategy for 2025-2028 was developed in the latter half of 2024 and was published in April 2025.
- The NHS Scotland Pride badge promotes inclusion for LGBTQ+ people and makes a statement that there's no place for discrimination or harassment of any kind in NHS Scotland. Since the launch in 2021 over 800 NHS Highland staff members have signed up to the scheme.
- Launch and promotion of a new "Cultural Humility" training module in November 2023 for all staff. Developed by NHS Education for Scotland, this module aims to educate staff in the concepts that underpin cultural humility, and behaviours to develop an inclusive workplace.
- On 1st January 2025, a new role was introduced into NHS Highland; Equality, Diversity and Inclusion Lead for Workforce. This role sits within the People and Culture Directorate and is responsible for the management and delivery of the EDI workforce portfolio within the Board. The introduction of this new role demonstrates a commitment by NHS Highland to create an inclusive environment for our workforce.

Pay Gap Report and Equal Pay Statement

In April 2025, the latest Pay Gap Report and Equal Pay Statement were published for NHS Highland.

NHS Highland has also registered for the Equally Safe at Work accreditation programme which aims to address gender pay gaps, remove barriers to employment and development for women and also tackle violence against women.

Workforce Monitoring Report

The 2025 Workforce Monitoring Report will be published in June this year. This report will consider workforce data for the time period January 2024 to December 2024 and will include information on the recruitment, retention and development of the NHS Highland workforce. The 2024 report is available to view on the NHS Highland website.

NHS Highland has processes in the place to comply with the revised Whistleblowing Standards which were launched with effect from 1 April 2021 and liaises closely with the Independent National Whistleblowing Office and our nationally appointed Board Whistleblowing Champion, Albert Donald. We also have an independent, external Speak Up Guardian Service in place which provides an additional channel for employees to raise concerns.

NHS Highland has a zero tolerance for fraud, bribery or corruption. Staff are updated regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness training has been created on TURAS by CFS and is available to all staff. The Chair of NHS Highland's Audit Committee acts as the organisation's Counter Fraud Champion.

NHS Highland has robust procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e., Standards of Business Conduct, Standing Orders, Standing Financial Instructions), financial procedures, systems of internal control and risk assessment and not least a comprehensive counter fraud policy action plan. The Board takes part in a post payment verification system which covers all Family Health Service expenditure.

NHS Highland works closely with other organisations, including Counter Fraud Services (CFS), the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud and participates in the bi-annual National Fraud Initiative exercise which is a data matching exercise.

Sustainability and Environmental Reporting

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

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

NHS Highland has formed an Energy, Environment & Sustainability Team that reports to the Director of Estates, Facilities and Capital Planning. The board has established an Environment & Sustainability Board, which is chaired by the Director of Estates, Facilities & Capital planning to review progress the organisation is making towards achieving the key environmental targets set by the Scottish Government. To support the boards progress, the Energy, Environment and Sustainability team will look at innovative ways to make the organisation operate in a more sustainable manner with a key aim to reduce Carbon emissions to Net Carbon Zero across the region. Examples of areas that the team have identified that there needs to be a key focus on are;

- Decarbonisation of Heat and Power - 86% of NHS Highlands Carbon emissions are from the heating and powering of buildings. The Energy, Environment & Sustainability Team will be looking to strategise plans for each site and put together business cases ready for implementation when funding streams are available. Data taken from a NCZ route-map commissioned by NHS Assure for NHS Highland identified that of the 86% that 58% is contributed to Raigmore. NHSH have taken steps to evaluate differing heat and power options with a viable solution being reviewed with the aim of implementing in the near future. Once a solution to Raigmore has been implemented, the board will look to develop solutions to the other sites across the estates but with over 200 sites, this may be problematic with the 75% reduction by 2030 SG target. NHSH will continue to push towards these targets making best use of resources to try to achieve them.

- Waste & resource Management - NHS Highland needs to reduce wastage from buildings with a circular economy approach toward materials that are being disposed of from our site. By implementing different waste streams and identifying differing ways where we can re-use and recycle, it is anticipated that there will be a reduction in wastage, expense and carbon emitted. NHSH appointed a Waste and Resource Manager in November 2024 who has already started looking to implement methods to better segregate waste and reducing what is being disposed of as clinical waste. The board will start to develop a waste management plan to better instruct and look to continually reduce what is being disposed of in general or clinical waste streams.

- Fleet Electric Vehicle (EV) Migration - NHS Highland has been (where appropriate) migrating fleet vehicles from fossil fuel to EV for about 8 years. As part of this migration, there has been EV infrastructure upgrades at sites to support the influx of EV's required to support the business need. The improvements to infrastructure are ongoing to help the migration to fleet EV's. The board is still continuing to improve charging infrastructure with EV chargers and infrastructure upgrades being implemented where possible and appropriate to support the business need. The board is currently utilising a mix of EV's and Hybrids to replace fossil fuel driven fleet vehicles when existing leases are coming to an end.

- Active Travel - NHS Highland are looking to facilitate methods of travel that can be implemented to reduce the carbon emissions generated by patients, staff and visitors travelling to NHS Highland buildings. This includes improving public transport routes to sites, implementation of cycle to work schemes and identifying routes that can be walked to work rather than using a vehicle. There has been an active travel sub group formed which filters in the boards E&S board. One of the actions from the group is to install bike shelters at sites where there is an appetite from the building users for active travel to and from works. There is an eBike docking station being installed at Raigmore as part of a better connecting Inverness scheme being implemented by the Highland Council and Hi-Trans which the board may look to implement elsewhere across the region.

- Green Theatre Programme - NHS Highland is supporting the national Green Theatre programme and is trying to find ways to implement the items that have been advised as viable by the national Green Theatre Team. By successfully implementing many of the items identified, it is anticipated

that there will be substantial energy and carbon saving made with the department operating more sustainably. The board has already implemented some of the measures identified by the GT programme (i.e. removal of N2O) and is looking to make progress with other measures to reduce energy use and carbon emissions.

- Green Spaces & Biodiversity - NHS Highland has a Green Spaces & biodiversity group that is looking to harness the available green space and improve biodiversity across the region. This requires a different approach to green space and grassland management which the Energy, Environment & Sustainability team will been assisting colleagues across the region to develop. There has been discussions around the use of nature and green spaces as areas where medical professionals will be able to appropriately treat patients and for outdoors spaces that can be used by building users as a get away from their normal area of work. NHSH has formed a Green Space & Biodiversity sub group which fed into the boards E&S board. Some projects of note that are in process is a Flax growing project at New craigs which the harvest will hopefully be used to create a set of scrubs to be used by a NHS surgical team member to see if it would be a viable option.

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032 while national reports can be found at the following resource: https://sustainablescotlandnetwork.org/reports/nhs-highland

Events after the end of the reporting period - There are no events to report.

Fiona Davies

Chief Executive and Accountable Officer

24 June 2025

B – THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

(a) The Directors Report

The Directors present their report and the audited financial statements for the year ended 31 March 2025.

Date of Issue

Financial statements were approved by the Board and authorised for issue by the Accountable Officer on 25 June 2025.

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. For the financial years 2023/24 the Auditor General appointed Audit Scotland to undertake the audit of NHS Highland. 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

Under the terms of the Scottish Health Plan, 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 based on 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 as a whole and reflects the partnership approach, which is essential to improving health and social care.

Chair	Sarah Compton Bishop	
Executive Directors	Fiona Davies Boyd Peters Louise Bussell Heledd Cooper Tim Allison	Chief Executive Board Medical Director Nurse Director Director of Finance Director of Public Health
Non-Executive Directors	Alexander Anderson	Chair Finance, Resources & Performance Committee
	Emily Austin	Chair of Audit Committee
	Graham Bell	Vice Chair Argyll and Bute Integration Joint Board
	Alasdair Christie	
	Ann Clark	Board Vice Chair, Chair Remuneration Committee, Chair Staff Governance Committee
	Albert Donald	Nationally appointed Whistleblowing Champion
	Karen Leach	Chair Clinical Governance Committee
	Philip Macrae	
	Janice Preston	
	Joanne McCoy	
	Gerard O'Brien	Chair Health and Social Care Committee
	Susan Ringwood	Until end December 2024
	Gaener Rodger	Until end September 2024
	Steve Walsh	
Stakeholder Members	Garret Corner	Argyll and Bute Council
	Muriel Cockburn	The Highland Council
	Catriona Sinclair	Area Clinical Forum Chair
	Elspeth Caithness	Employee 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 on a reasonable basis
- state where applicable accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material
- 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

In line with statutory requirements, the Board maintains a register of Board Members' interests which is available online on our Internet site and is updated annually. Board Members must notify the Nominated Standards Officer of any submission changes within one month. The Standards Officer updates the register upon receiving notifications and issues regular process reminders. The register is refreshed when a new Board Member joins.

During the year, several current Directors/Senior Employees registered the following interests:

Alexander Anderson	Scrabster Harbour Trust Board
Tim Allison	ARMA Inequalities Panel Daughter employed by Action for Children which has NHS Highland contracts with the organisation Wife employed as Chaplain by NHS Highland
Emily Austin	Nothing to register
Graham Bell	Director - The Leader Scotland Community Justice Scotland Cove Burgh Hall
Louise Bussell	Nothing to register
Elspeth Caithness	Royal College of Nursing Trade Union
Alasdair Christie	Inverness, Badenoch, and Strathspey Citizen's Advice Bureau Elected Member of The Highland Council Culduthel Woods Charity Inverness BID Eden Court Theatre
Ann Clark	Elsie Normington Foundation member Member Aultnaskiach Dell SCIO
Muriel Cockburn	Elected Member of The Highland Council
Sarah Compton-Bishop	Freelance Project Management Isle of Jura Development Trust Jura Care Centre Group Board member Development Trust Association Scotland
Heledd Cooper	Nothing to register
Garret Corner	Elected Member of Argyll and Bute Council
Fiona Davies	Board Member Lochaber Music School Husband – Associate Lead Nurse, Mental Health
Albert Donald	Scottish Professional Football League Scottish Football Association NHS Grampian Non-Executive Director, Whistleblowing Champion Rotary Club Member, Laurencekirk Church Elder, Laurencekirk Parish Church Trustee of Dickson Hall, Laurencekirk Share Portfolio managed by Acumen Financial Planning Wife – Nurse in NHS Grampian
Karen Leach	Nothing to register
Philip MacRae	Royal Bank of Scotland
Joanne McCoy	Manager – MySelfManagement

	The Reel McCoy, quilting and textiles art MS Society Scotland Volunteer MS Society Ross-shire Board Member Health and Social Care Alliance
Gerard O'Brien	Director & Chair of Voluntary Action Orkney Trustee THAW Orkney
Boyd Peters	Nothing to register
Janice Preston	Non-Executive Board Member Health and Social Care Alliance, Apprentice for Art of Hosting Work, Public Health/NHS Highland
Susan Ringwood	Nothing to register
Gaener Rodger	Board Member Inspiring Young Voices Member Girlguiding Scotland and Girlguiding UK Trustee Thriving Families
Catriona Sinclair	Director Spa Pharmacy. Director Community Pharmacy Scotland, Board member Royal Pharmaceutical Society Director CPS services Edinburgh
Steve Walsh	CEO Highlife Highland Ltd

All Board Members are Highland Health Board Endowment Fund Trustees.

Directors third party indemnity provisions

There have been no third-party indemnity provisions in place for any of the Directors at any time during the year.

Remuneration for non-audit work

Our external auditors, Audit Scotland, did not undertake any non-audit work on behalf of the Board.

Value of Land

The value of land (excluding land that has been declared surplus to requirements) recorded in our SoFP is at current value. Surplus land has been valued at Open Market Value.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new 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 year. Data is published on our website - click here.

Personal data related incidents reported to the Information Commissioner

During the period 1 April 2024 to 31 March 2025 NHS Highland has reported one Data Breach to the ICO for the period 1 April 2024 to 31 March 2025. This was a Data Breach involving a sub processor managed by NHS NSS. NHS Highland reported this matter as a Data Controller as did other affected NHS Scotland Health Boards. In The ICO confirmed that they did not intend to take action in relation to this matter.

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 they ought reasonably to have taken as a director to make themselves aware of any relevant audit information and to establish that the

Board's auditors are aware of that information.

(b) The statement of the Chief Executive's responsibilities as accountable officer

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

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 Financial Reporting Manual have been followed and disclose and explain any material departures; and
- prepare the accounts on a going concern basis.

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that 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 to me in the Departmental Accountable Officers letter dated 7 March 2024.

Signed:

Fiona Davies

Chief Executive and Accountable Officer

24 June 2025

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. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

I took responsibility for governance when I was appointed Accountable Officer by Scottish Government on 7 March 2024.

In accordance with IAS 27 – Consolidated and Separate Financial Statements, these Financial Statements consolidate the Highland Health Board Endowments Funds. This statement includes any relevant disclosure in respect of these Endowment Funds Accounts. The external auditors of the Endowment Funds accounts are the firm of accountants, Mackenzie Kerr Ltd.

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 to manage risks efficiently, effectively, and economically.

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

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the 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.

Governance Framework

NHS Highland is responsible for commissioning and providing health care services for the residents of Highland and Argyll & Bute. A NHS Board, primarily composed of Non-Executive members, sets strategic direction aligned with national and local priorities and gains assurance on objectives and service quality through its governance committees.

The Board has collective responsibility for health improvement, the promotion of integrated health and community planning through partnership working, involving the public in the design of healthcare services and staff governance.

The NHS Board's work is linked with that of the Argyll & Bute Integration Joint Board which is a separate legal body set up under the Public Bodies (Joint Working) (Scotland) Act 2014 which aims to better integrate Health and Social Care services. The planning, commissioning, and oversight of a range of health services and adult social care are delegated by the Board and the

Local Authority to the Integration Joint Board.

The Highland Partnership (The Highland Council and NHS Highland) commits to achieving the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014 through a Lead Agency arrangement.

Members of Health Boards are selected based on their position, or their expertise, which enable them to contribute to the decision-making process at a strategic level.

NHS Highland Board meets every two months to progress its business. All Board meetings are held in public with Board papers and agendas being published on our website. Items of business that are commercially sensitive will be discussed in private session. Public accessibility to Board meetings has been maintained throughout 2024-2025 with access for stakeholders and public through MS Teams.

The Board also holds Development/Briefing Sessions ten times per year to update Board members on current hot topics, horizon scan, and engage the Board in the strategic direction of the organisation. Sessions are held throughout the year focussing on Board members' development needs to improve skills and knowledge across the Board. As an example, in October 2024 Board members held a workshop, facilitated by NHS National Education Scotland, to improve skills in gaining assurance at meetings.

The Code of Corporate Governance, revised on an annual basis, identifies Committees that report to the Board to enable it to fulfil its duties. Each Governance Committee has a clear role and remit, chaired by a Non-Executive Director, with a Non-Executive Vice Chair and at least two Non-Executive Director members.

The Board's Governance Committees ensuring compliance with relevant laws, regulations and policies and procedures are Audit Committee; Clinical Governance Committee; Staff Governance Committee; Finance, Resources and Performance Committee; Remuneration Committee; and Pharmacy Practices Committee. All Governance Committee minutes are available to the public on our website except for the Remuneration Committee. The principal function of each committee is:

Clinical Governance - To carry out the statutory duties as outlined in NHS MEL(1998~)75, NHS MEL (2000)29 and NHS MEL (2001)74 and to give the Board assurance that clinical and care governance systems are in place and working throughout the organisation.

Audit Committee - To provide the Board with the assurance that the activities of NHS Highland Board are within the law and regulations governing the NHS in Scotland that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The duties of the Audit Committee are in accordance with the Scottish Government Audit & Assurance Handbook, dated March 2018.

Staff Governance - The purpose of the Staff Governance Committee is to support and maintain a culture within the health system where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored.

Remuneration - To consider and agree performance objectives and performance appraisals for staff in the Executive cohort and to oversee performance arrangements for designated senior

managers. The Committee will be responsible for applying the remit detailed in NHS: MEL (2000) 25, NHS HDL (2002) 64 and subsequent guidance.

Finance, Resources & Performance - The purpose of the Committee is to keep under review the financial position and performance against key finance and non-financial targets of the Board, to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources and that the arrangements are working effectively.

Highland Health and Social Care - The purpose is to provide assurance to NHS Highland Board that the planning, resourcing and delivery of those community health and social care services that are its statutory or commissioned responsibility are functioning efficiently and effectively, ensuring that services are integrated so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.

HIGHLAND HEALTH BOARD

Membership of committees as at January 2025 is reflected below:

	HHSCC	HHSCP JMC	ARGYLL AND BUTE IJB	AUDIT	FINANCE RESOURCES PERFORMANCE	CLINICAL GOV	STAFF GOV	REM COMM	PHARMACY PRACTICES	ENDOWMENTS COMMITTEE
Alex Anderson		✓		✓	✓ Chair					
Graham Bell			✓ Vice Chair / Chair from April 2023		✓ V Chair					
Elspeth Caithness							✓	✓		✓
Alasdair Christie				✓		✓ Chair				✓
Ann Clark	✓	✓			✓		✓ Chair	✓ Chair	✓ Chair	
Muriel Cockburn	✓					✓				
Sarah Compton-Bishop		✓ Co-Chair						✓		
Garret Corner				✓	✓					
Bert Donald							✓	✓ V Chair		
Karen Leach			✓			✓ Chair				
Philip MacRae	✓ V Chair						✓ V Chair			✓ Chair
Joanne McCoy	✓					✓ V Chair			✓	✓
Gerry O'Brien	✓ Chair	✓			✓			✓		
Catriona Sinclair						✓				
Steve Walsh							✓			
Emily Austin			✓	✓ Chair						

Blueprint for Good Governance

Work has been ongoing throughout the year to improve Board effectiveness through delivery of the Board's Blueprint for Good Governance Improvement Plan which was agreed in July 2023. The Improvement Plan resulted from the Board's participation in a pathfinder exercise to establish a national approach to self-assessment against the Blueprint for Good Governance, issued in DL (2022) 38 in December 2022. Improvement Plan themes are performance, finance and best value, risk, culture, quality, Board member development, further development of information assurance systems, and engagement.

Several actions on the Improvement Plan are long-term aims relating to our quality framework and approach to risk. These elements will extend into the next iteration of the Board's self-evaluation against the Blueprint and this is expected to take place during 2025. The Improvement Plan's progress sits within a robust framework of control to ensure its actions and objectives can be achieved, and significant progress has been evidenced against all 17 actions contained within it.

Other related pieces of work are as follows:

- Committee self evaluations were held during January and February 2025 with discussion of the findings taking place within each Committee.
- The Board has successfully implemented a co-produced planning cycle framework for the 2025/6 financial year. In March 2025 annual committee workplans were approved for Board. Planned governance committee business had been closely scrutinised by the Board and Committee Chairs. Workplans consider all the key plans/strategy documents/annual and other reports required for submission to Scottish Government, with indication of timing/governance committee/executive leads etc.
- Board and Committee Chairs meetings have taken place throughout the financial year. Potential Committee agenda items are considered and scheduled as appropriate. The Group maintains oversight of Governance Committee remits and priorities.
- Weekly meetings are held between the Chief Executive, Chair and Vice Chair.

In addition to the timetabled activities described above, ongoing consideration is being given to the effectiveness of governance arrangements by the Executive team, Board Chair, Vice Chair and Committee Chairs. Recognising increasing pressures on the organisation and staff, and the need to scrutinise large quantities of information, the concept of 'Frugal Governance' offers an approach which supports the reduction of time spent in governance meetings while improving their effectiveness. Further research continues to be carried out to identify which elements of frugal governance can be applied to enable delivery of our Governance Improvement Plan and uphold the standards as described in the Blueprint for Good Governance.

Other Governance Arrangements

NHS Highland's Governance Framework operates under a Code of Corporate Governance which was revised throughout the financial year and approved by the Board in March 2025. The Code includes the following documents:

- NHS Highland Board Committee Structure
- Standing Orders for NHS Highland Board
- Governance Committee Terms of Reference
- Code of Conduct for Board Members
- Standing Financial Instructions
- Reservation of Powers and Scheme of Delegation
- Counter Fraud Policy and Action Plan
- Standards of Business Conduct for Staff

The conduct and proceedings of the NHS Board are set out in the Standing Orders. These specify the matters which are solely reserved for the NHS Board to determine, the matters which are delegated under the scheme of delegation and the matters which are remitted to a Governance Committee of the NHS Board.

All Committees of the Board provide an Annual Statement of Assurance to the Audit Committee and Board, describing their membership, attendance, frequency of meetings, business addressed, outcomes and assurances provided, risk management and to demonstrate they have fully fulfilled their roles and remit.

The Board continues to use a standard level of assurance approach to all Board and Governance Committee business throughout the financial year. The reporting format lays particular emphasis not only on the level of assurance being offered but also on the delivery of objectives associated with the five-year Strategy 'Together We Care, for you with you', and the risks that are being addressed.

Our Annual Review took place on Tuesday 19 November 2024 and was held in Lochgilphead. This was a non ministerial review which was open to members of the public to attend in person and online. A recording of the main public session has been uploaded to the NHS Highland website. NHS Highland Board Chair and Chief Executive chose to hold individual meetings with public/patient representatives, Partnership Forum and Area Clinical Forum members in addition to the public meeting. The whole day was a very positive event which built on existing good relations with partnership, public representatives and professional colleagues.

The development needs of Executive and Non-Executive Directors are identified through a process of regular appraisal. New Non-Executive Directors receive an induction which forms part of training for all Board members. Regular development sessions are held to address the needs of Non-Executive Directors.

The Board and governance Committee have continued to maintain oversight of the organisation's performance through the bi-monthly Integrated Performance and Quality report, visible throughout the leadership structure as a high-level overview of the performance of our system of health and care. Reporting on aspects of Clinical, Operational, Financial and Staff governance, the report ensures a holistic view of the organisation which is overseen by the Board's Governance Committees.

The NHS Highland Board appoints four of its members to the Argyll & Bute IJB who can provide assurance to the Board regarding the IJB's overall performance and financial position. NHS Highland Board also receives a copy of the IJB performance report as per its production frequency to consider as part of its Board business schedule. The financial position relating to health services provided in Argyll & Bute is reported to each meeting of NHS Highland Board within the Integrated Quality and Performance report. The overall financial position of the IJB is reported to each IJB meeting.

Other forms of assurance flow through the operational management structure, with the IJB's Chief Officer being jointly accountable to the Board's Chief Executive and the Council's Chief Executive. The IJB's Chief Finance Officer has a professional link to the Board's Director of Finance and there is a regular dialogue regarding the financial position.

The Board seeks to promote good governance throughout its joint working with a wide range of organisations: local authorities, third sector and other organisations both within and external to the NHS, through the Highland and Argyll & Bute Community Planning Partnerships.

Escalation Status

NHS Highland is currently sitting at Stage 2 of the NHS Performance Escalation Framework in respect of Governance, Leadership and Culture, and vaccinations. Scottish Government continue to monitor and support the Board as longer-term cultural changes become embedded in the organisation.

NHS Highland remains at Stage 3 for Financial Management and Mental Health Performance until further progress is made in the provision of mental health services, this status is subject to ongoing review. Measures remain in place for Scottish Government to support the Board for these two areas.

Leadership

Sarah Compton Bishop has remained as NHS Highland Chair throughout the whole of the year. Ms Compton Bishop has served on the Board since November 2017 as a Non-Executive Board member and was appointed to the position of Board Chair with effect from 1 April 2023.

We have recruited two new Non-Executive Board Directors during the year, one of whom will take up their role in summer 2025. These appointments were to fill two Non-Executive vacancies that occurred during the year, and one that will occur within financial year 2025-26.

We have maintained a stable Executive leadership team throughout the year, delivering on our transformation agenda and role modelling the culture and behaviours we wish to see across the organisation. A new position of Head of Corporate Governance has also been created and recruited to within this financial year.

Culture

During the 2024/2025 financial year, NHS Highland has continued with a strong focus on transforming culture. Our commitments are embedded into the 'People' objectives of the 'Together We Care' strategy and our Annual Delivery Plan.

Under our four strategic 'People' intentions of 'Grow Well', 'Nurture Well', 'Listen Well' and 'Plan Well', we have made several significant steps forward to achieve our Objective 'To be a great place to work'. The People and Culture Portfolio Board oversees programmes within the People and Culture strategic portfolio and seeks assurance that the priorities for the organisation are being progressed. The main areas of oversight are:

- Culture and Leadership
- Employability
- Health & Wellbeing
- Equality, Diversity and Inclusion
- Health & Care Staffing Act
- Corporate Learning & Development
- Workforce Transformation and Planning

This work is progressed jointly with the Area Partnership Forum and links directly to the Workforce Plan, Annual Delivery Plan, and Staff Governance Standards. The Staff Governance Committee has a clear overview of cultural change being delivered through performance management, staff governance standards and existing staff governance arrangements, and the organisational performance framework.

In our fifth year of working with our Independent Speak Up Guardian service to provide staff with confidential support. This is an essential part of understanding our colleagues' experiences, offering alternative routes for listening and being able to resolve issues and rebuild trust and confidence. NHS Highland is the only Board with an externally contracted service. Significant progress has been made

by NHS Highland working in partnership with staff to establish 'speak-up' routes for staff through 'business as usual' processes. Discussions with staff-side, Executive Directors Group and Staff Governance Committee to consider the current provisions and the need to provide better value for money has resulted in a decision being taken to create an in-house model that will be implemented during 2025-2026.

We've continued to increase the uptake of the early resolution elements of the Once For Scotland policies, with the co-production and delivery of our Early Resolution toolkit and ongoing training of people managers, ensuring that as many concerns as possible are resolved informally and quickly.

We've also supported senior managers through the NEBOSH accredited HSE leadership training to ensure our colleagues and patients are kept safe.

We've continued to promote the Whistleblowing Standards and have worked with the Independent National Whistleblowing Officer. We actively promote the Standards through our internal communications, with visits undertaken arranged around the Board area by our Non-Executive Whistleblowing Champion. Our annual Whistleblowing report was considered by our Staff Governance Committee and Board.

Engagement and listening is always high on our agenda, with our virtual Listening and Learning panel in place with a diverse range of colleagues who come along and share their thoughts and experiences and feedback on proposals. We've also carried out Listening and Learning visits across the Board area and had a programme of Executive visits. Our weekly all colleague emails, and executive vlogs are well received. Wellbeing is another priority area for us, we've continued to promote take up of our Employee Assistance Programme, with Health Hero for 24/ 7 support and advice. We've also been piloting Mental Health first aid training in key teams and increased the resources available to our spiritual care team, who colleagues value for their empathy, support and reflective practice. We've continued to promote awareness of Menopause and launched our toolbox of support resources, as well as our own policy.

We have developed our 3-year Health and Wellbeing Strategy bringing together all the elements of staff support across the organisation and aiming to support colleagues' physical and mental health and wellbeing through all stages of their life and career. The Strategy was launched in January 2025 following organisation-wide consultation and consideration by local and area partnership fora.

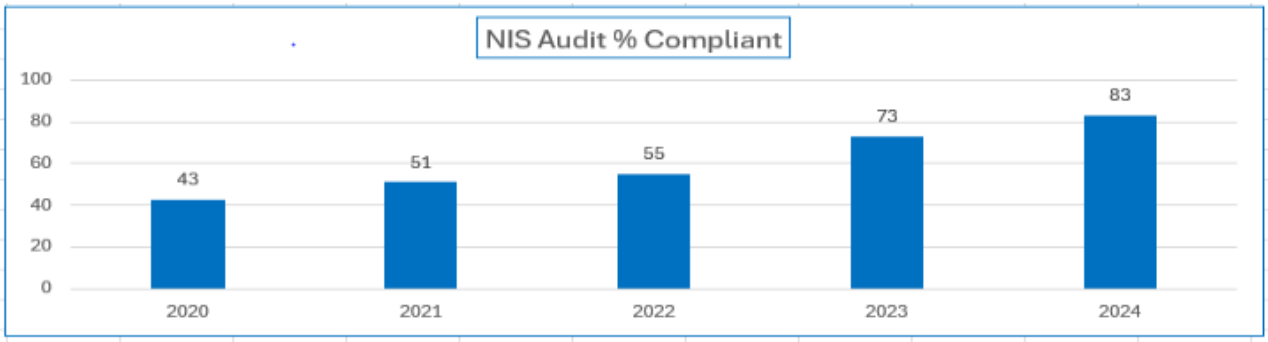
Information Governance and Security

Responsibility for oversight of information governance within NHS Highland lies primarily with the Information Assurance Group. The Information Assurance Group meets on a quarterly basis and is chaired by the Deputy Chief Executive/SIRO who also represents information governance and information security at board level. The composition of the Information Assurance Group membership ensures that Information Governance, Information Security and Data Protection matters are considered from diverse organisational viewpoints. To ensure appropriate governance, bi-annual reports are provided by the Information Assurance Group to both the Clinical Governance Committee and the Audit Committee. Additional quarterly updates on cyber resilience are provided to the Resilience Committee.

Being classified as an operator of an essential service, NHS Highland is subject to the Network and Information Systems (NIS) regulations. Compliance to the NIS regulations is monitored by the Scottish Government appointed regulator, the Scottish Health Competent Authority (SHCA). The SHCA commissions annual audit assessments to be conducted by an independent external auditor against all NHS Scotland Health Boards. The NIS audit uses the Scottish Government's Public Sector Cyber Resilience Framework as the control set with which to measure compliance to the NIS regulations. The Scottish Government set NIS compliance standards in 2023 that NHS Scotland Health Boards are expected to meet. The standards include an expectation that Boards achieve an overall NIS

compliance score of at least 60%.

The NIS audit conducted in 2024 resulted in NHS Highland achieving an overall compliance score of 83%. As shown below, NHS Highland continues to show year on year improvements in its compliance with the control set defined in the Public Sector Cyber resilience Framework.



Assessing Risk

Risk management is a key element of the Board's internal controls for Corporate Governance. NHS Highland's Audit Committee provides assurance to the Board that risk management arrangements are in place and risks are managed effectively.

The Board agreed its risk appetite statement in November 2023. It has developed an interim strategy and policy for risk management. The workplan for 2024 is as follows:

- Review of risk assessment processes across each division to ensure consistency of approach
- A risk training strategy and a risk communications plan will be developed by the Risk Management Steering Group

Board Risks are reviewed by the responsible Executive Director and appropriate Governance Committees on a bi-monthly basis and are presented to the NHS Highland Board at each of its meetings. The Executive Directors Group is responsible for reviewing the Board risk register and agreeing new risks for inclusion onto the Board risk register.

Risk Management

NHS Highland is subject to the requirements of the Scottish Public Finance Manual (SPFM) and has complied with them, where relevant and applicable to NHS bodies. As part of these requirements, it 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 Highland, like all organisations, faces a wide range of risks at all levels strategically and operationally. NHS Highland recognises that healthcare provision and the activities associated with caring for patients, employing staff, providing facilities and managing finances are all, by their nature, activities that involve areas of uncertainty or "risk." Risk management is the framework within which NHS Highland manages these uncertainties and is one of the internal controls used to meet its corporate governance responsibilities. Effective risk management is the systematic application of principles and processes to identify, assess, evaluate and control risks to both the objectives of NHS Highland and to core service delivery and processes.

NHS Highland's Board Risk Register draws attention to the challenges of working in remote and rural geographies. The Register refers specifically to the very high risks associated with delivery of

essential services due to potential shortage of an available and affordable workforce. There is also a risk of our workforce being impacted by current social, political and economic challenges. Similarly, NHS Highland is operating within a strategic context of increasing financial challenges and a real term reduction of resources. Therefore, despite our aspiration to deliver all services in all areas, or financial and workforce challenges may restrict our ability to do so. Allied to these very high-level risks, NHS Highland has also identified a need to re-design to respond systematically and robustly to the challenges it faces. The NHS Highland Board Risk Register also includes compliance with statutory and mandatory training, cyber security, organisational culture, estates backlog maintenance and fire compartmentation.

The benefits of effective risk management throughout the organisation will help NHS Highland to achieve delivery of NHS Highland's Together We Care (TWC) strategic objectives, improve service delivery, increase efficiency, support and inform decision making, help provide a safe and secure environment and encourage a culture of quality improvement. Oversight of the NHS Highland risk management framework is through the Risk Management Steering Group.

Financial Plan 2025-26

NHS Boards were required to submit a draft financial plan for 2025/26. This plan was prepared recognising the position set out within the 2025/26 budget letter received in December 2024. Scottish Government have set a target to reduce NHS Highland's net gap and a resubmission is expected to be made in June 2025.

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:

- Regular interaction and discussion with executive directors and senior managers who are responsible for developing, implementing and maintaining internal controls across their respective areas.
- Reviewing any reports received from relevant inspection bodies.
- The work of the internal auditors, who submit to the Audit 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;
- The work of the external auditors, including their independent and objective opinion on the audit of the annual report and accounts and their review of key financial systems and controls
- Financial plans, service plans and related organisational performance reports presented to the Board and relevant governance committees;
- Annual reports and statements of assurance prepared by each of the Board's governance committees, along with the results of a self-assessment exercise undertaken by committee members.
- The range of topics explored at Board Development Sessions and other fora, enhancing the knowledge, awareness, and engagement of both executive and non-executive board members on strategic matters.
- The thorough and comprehensive approach to risk management, reviewed and agreed by the Board.
- The depth and range of items discussed by governance committees and other groups in support of the Board and its agreed strategies and Corporate Objectives.
- Assurance from the External Auditor of the Highland Health Board Endowment Funds, in their management letter, that expenditure complies with the charitable purpose and that endowment

Funds have not been used retrospectively for expenditure originally authorised as a commitment against exchequer funds;

- The National Service Audit Reports which report on the effectiveness of the following systems of control managed on the Board's behalf:
- National Single Instance Financial Ledger Services (NHS Ayrshire & Arran)
- National IT Services (NHS National Services Scotland)
- Practitioner and Counter Fraud Services (NHS National Services Scotland)

The Audit Committee meets regularly throughout the year with the specific remit to review and give assurances on the system of internal control. The Committee agrees the internal audit plan, considers the internal audit reports, reviews recommendations, and ensures actions are undertaken that result from these reports.

Internal Audit reviews identified agreed actions to be undertaken which are subsequently followed up to ensure they have been completed within the timescales agreed. The Executive Directors Group has been reviewing these on an ongoing basis, ensuring that these are completed by the revised agreed dates. The Audit Committee continues to monitor and receive reports on progress to completion of all the actions and continues to take active and positive steps to improve implementation of Internal Audit recommendations.

The committee has reviewed the progress of 96 actions during the year and obtained sufficient evidence to close 52 (54%) of these, with a further 5 (5%) complete pending the provision of evidence, in addition 4 (4%) were removed from the tracker and placed on an operational risk register to ensure ongoing review of progress. Of the 35 remaining actions all are on track or are being progressed with a revised implementation date.

For 2024/25 the Audit Committee agreed a wide range of areas to review, and together with management, identified the areas where there were known issues and using the expertise of the internal audit recommendations to design the updated control environment. Audit Committee also requested the key themes to be drawn out of these audits. These are the areas covered by internal audit review for 2024/25:

1. *Complaints feedback*
2. *Patient transport/use of taxis*
3. *Attendance management*
4. *External accommodation*
5. *Cyber security*
6. *Devolved Procurement Processes*
7. *Awareness of Fraud Risks*
8. *Supplementary Staffing*
9. *Children's Services*
10. *Property Transaction Monitoring*

A range of themes have arisen through the audits undertaken throughout the year. Policies & Procedures, Training Completion and Activity Reporting. Management continues to make progress in implementing agreed actions from internal audit reports.

In 24/25 Internal Audit gave the opinion that "NHS Highland has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives."

The audits identified no very high-risk exposures. There were several grade 3 recommendations

made for high-risk exposures that were raised across the audits for management's attention. The key themes identified throughout the year including these higher graded issues:

- Policies and Procedures
- Training Completion
- Activity Reporting.

The Audit Committee has reported to the Board regularly and highlighted key issues throughout the year. Management have continued to make progress in implementing agreed actions from internal audit reports. All grade 3 actions identified in 2024/25 are being progressed and implemented, these are all either complete, on track or in progress with revised implementation dates.

The systems have been in place for the year under review and up to the date of the approval of the annual report and accounts.

Conclusion

No other significant control weaknesses or issues have arisen during the previous financial year and no significant failures have arisen in the expected standard for good governance, risk management and control.

Due to the range of assurance given and the nature of the internal audit reviews I am able to conclude that taking account of the above statement and the assurances received from the Board's Committees, that corporate governance was operating effectively throughout the financial year to 31st March 2025.

Signed:

Fiona Davies

Chief Executive and Accountable Officer

24 June 2025

REMUNERATION REPORT AND STAFF REPORT

Board members' and senior employees' remuneration.

Board Members and Senior Employee Remuneration is subject to ministerial direction and the arrangements for payment are covered by Health Department instruction (currently PCS (ESM) 2019/01).

The implementation of these instructions is monitored by the Remuneration Committee, whose membership is:

Ann Clark, Remuneration Committee Chair and Board Vice Chair

Sarah Compton Bishop, Board Chair
Elspeth Caithness, Employee Director
Gerry O'Brien, Non-Executive Director
Bert Donald, Non-Executive Director

Performance is assessed through a standardised performance management process which measures achievement against objectives.

All Non-Executive Directors are appointed by the Scottish Government Ministers for a fixed term. All other Senior Managers are on permanent contracts.

Remuneration Report for the year ended 31 March 2025 (audited)							
	Note	Gross Salary (Bands of £5,000)	Bonus payments (Bands of £5,000)	Benefits in Kind (£'000 to nearest £100)	Total Earnings in Year (Bands of £5,000)	Pension benefits (£'000)	Total Remuneration (Bands of £5,000)
		2024-25	2024-25	2024-25	2024-25	2024-25	2024-25
Executive Members							
Fiona Davies - Chief Executive		125-130	0	0	125-130	135	260-265
Boyd Peters - Medical Director:		210-215			210-215	112	320-325
Tim Allison - Director of Public Health & Health Policy		165-170	0	0	165-170	45	210-215
Heledd Cooper -Director of Finance		120-125	0	8	130-135	32	165-170
Louise Bussell - Board Nurse Director		125-130	0	0	125-130	92	220-225
Non Executive Members							
Alasdair Christie		10-15	0	0	10-15	0	10-15
Albert Donald		10-15	0	0	10-15	0	10-15
Alexander Anderson		10-15	0	0	10-15	0	10-15
Catriona Sinclair		10-15	0	0	10-15	0	10-15
Elspeth Caithness	a	55-60	0	0	55-60	29	85-90
Emily Austin		10-15	0	0	10-15	0	10-15
Gaener Rodger until 30 September 2024	b	5-10	0	0	5-10	0	5-10
Garret Corner - Argyll and Bute Council Stakeholder member		10-15	0	0	10-15	0	10-15
Gerard O'Brien		15-20	0	0	15-20	0	15-20
Graham Bell		15-20	0	0	15-20	0	15-20
Joanne McCoy		10-15	0	0	10-15	0	10-15
Karen Leach		10-15	0	0	10-15	0	10-15
Muriel Cockburn - The Highland Council Stakeholder member		10-15	0	0	10-15	0	10-15
Pamela Clark (known as Ann) until 31 March 2025		15-20	0	0	15-20	0	15-20
Philip Macrae		10-15	0	0	10-15	0	10-15
Sarah Compton-Bishop - Board Chair		45-50	0	0	45-50	0	45-50
Steve Walsh		10-15	0	0	10-15	0	10-15
Susan Ringwood until 31 December 2024	c	5-10	0	0	5-10	0	5-10
Janice Preston from 6 January 2025	d	0-5	0	0	0-5	0	0-5
Senior Employees							
David Park - Deputy Chief Executive		140-145	0	0	140-145	42	180-185
Gareth Adkins - Director of People & Culture		115-120	0	0	115-120	105	220-225
Katherine Sutton - Chief Operating Officer Acute		120-125	0	0	120-125	84	205-210
Pamela Cremin -Chief Officer North Highland		110-115	0	0	110-115	161	270-275
Richard MacDonald - Director of Estates and Capital Planning		95-100	0	0	95-100	26	120-125
Evan Beswick - Chief officer A & B IJB		95-100	0	0	95-100	77	170-175

Notes

The value of pension benefits accrued during the year is calculated as: the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. In accordance with the Financial Reporting Manual (FReM) and the Companies Act, this calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The 'total earnings in year' column shows the remuneration relating to actual earnings payable in year."

The real increase in CETV will be less than the movement from opening to closing due to inflation.

a. The gross salary for Elspeth Caithness includes full time salary in range 40-45 for Employee director role
b. The gross salary for Gaener Rodger is for period shown, the full year effect is 5-10
c. The gross salary for Susan Ringwood is for period shown, the full year effect is 10-15
d. The gross salary for Janice Preston is for period shown, the full year effect is 10-15

Non executive directors pay is non pensionable

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the NHS Scotland scheme for the period from 1 April 2015 to 31 March 2022.

Remuneration Report for the year ended 31 March 2025 (audited)								
	Note	Total accrued pension at pensionable age as at 31 Mar 25 (bands of £5,000)	Total accrued lump sum at pensionable age (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 Mar 25 £000	Cash Equivalent Transfer Value (CETV) at 31 Mar 24 £000	Real increase in CETV in year £000
Executive Members								
Fiona Davies - Chief Executive		35-40	95-100	5-7.5	12.5-15	824	670	126
Boyd Peters - Medical Director:		85-90	235-240	5-7.5	7.5-10	2159	1993	108
Tim Allison - Director of Public Health & Health Policy		15-20	0	2.5-5	0	241	182	34
Heledd Cooper -Director of Finance		5-10	0	0-2.5	0	87	52	17
Louise Bussell - Board Nurse Director		60-65	160-165	5-7.5	7.5-10	1355	1219	99
Non Executive Members								
Alasdair Christie								
Albert Donald								
Alexander Anderson								
Catriona Sinclair								
Elspeth Caithness	a	20-25	55-60	0-2.5	0-2.5	525	478	34
Emily Austin								
Gaener Rodger until 30 September 2024	b							
Garret Corner - Argyll and Bute Council Stakeholder member								
Gerard O'Brien								
Graham Bell								
Joanne McCoy								
Karen Leach								
Muriel Cockburn - The Highland Council Stakeholder member								
Pamela Clark (known as Ann) until 31 March 2025								
Philip Macrae								
Sarah Compton-Bishop - Board Chair								
Steve Walsh								
Susan Ringwood until 31 December 2024	c							
Janice Preston from 6 January 2025	d							
Senior Employees								
David Park - Deputy Chief Executive		20-25	0	2.5-5	0	370	314	33
Gareth Adkins - Director of People & Culture		40-45	105-110	5-7.5	7.5-10	905	774	103
Katherine Sutton - Chief Operating Officer Acute		55-60	140-145	2.5-5	5-7.5	1,341	1,205	99
Pamela Cremin -Chief Officer North Highland		50-55	130-135	7.5-10	15-17.5	1,200	991	178
Richard MacDonald - Director of Estates and Capital Planning		5-10	0	0-2.5	0	86	55	17
Evan Beswick - Chief officer A & B IJB		20-25	0	2.5-5	0	285	222	46

HIGHLAND HEALTH BOARD

Prior Year – Remuneration Report

Remuneration Report for the year ended 31 March 2024 (audited)							
	Note	Gross Salary (Bands of £5,000)	Bonus payments (Bands of £5,000)	Benefits in Kind (£'000 to nearest £100)	Total Earnings in Year (Bands of £5,000)	Pension benefits (£'000)	Total Remuneration (Bands of £5,000)
Executive Members							
Pam Dudek - Chief Executive	a	150-155	0	0	150-155	0	150-155
Boyd Peters - Medical Director:		190-195	0	0	190-195	90	280-285
Tim Allison - Director of Public Health & Health Policy		150-155	0	0	150-155	41	190-195
Heledd Cooper -Director of Finance		115-120	0	0	115-120	32	150-155
Louise Bussell - Board Nurse Director		120-125	0	0	120-125	20	140-145
Non Executive Members							
Alasdair Christie		10-15	0	0	10-15	N/A	10-15
Albert Donald		5-10	0	0	5-10	N/A	5-10
Alexander Anderson		10-15	0	0	10-15	N/A	10-15
Catriona Sinclair		5-10	0	0	5-10	N/A	5-10
Elspeth Caithness	b	50-55	0	0	50-55	14	65-70
Emily Woolard from 1st December 2023	c	0-5	0	0	0-5	N/A	0-5
Gaener Rodger		10-15	0	0	10-15	N/A	10-15
Garret Corner - Argyll and Bute Council Stakeholder member		5-10	0	0	5-10	N/A	5-10
Gerard O'Brien		15-20	0	0	15-20	N/A	15-20
Graham Bell		10-15	0	0	10-15	N/A	10-15
Jean Boardman until 30th June 23	d	0-5	0	0	0-5	N/A	0-5
Joanne McCoy		5-10	0	0	5-10	N/A	5-10
Karen Leach from 1st December 23	e	0-5	0	0	0-5	N/A	0-5
Muriel Cockburn - The Highland Council Stakeholder member		5-10	0	0	5-10	N/A	5-10
Pamela Clark (known as Ann)		15-20	0	0	15-20	N/A	15-20
Philip Macrae		5-10	0	0	5-10	N/A	5-10
Sarah Compton-Bishop - Board Chair	f	30-35	0	0	30-35	N/A	30-35
Steve Walsh from 1st December 2023	g	0-5	0	0	0-5	N/A	0-5
Susan Ringwood		5-10	0	0	5-10	N/A	5-10
Senior Employees							
Alan Wilson - Director of Estates until 3rd January 24	h	80-85	0	0	80-85	7	90-95
David Park - Deputy Chief Executive		135-140	0	0	135-140	40	170-175
Deborah Jones - Director of Strategic Commissioning, Planning & Performance	i	10-15	0	0	10-15	0	10-15
Fiona Davies - Chief officer A & B IJB		110-115	0	2.9	110-115	30	140-145
Fiona Hogg - Director of People & culture until 30th April 23	j	5-10	0	0	5-10	0	5-10
Gareth Adkins - Director of People & Culture from 10th July 23	k	75-80	0	0	75-80	4	80-85
Gaye Boyd - Interim Director of People & Culture From 1 May to 9 July 2023	l	15-20	0	0	15-20	0	15-20
Katherine Sutton - Chief Operating Officer Acute		115-120	0	0	115-120	28	145-150
Pamela Cremin - Interim Chief Officer North Highland from 1st February 2023 then permanent Chief Officer North Highland from 29th June 23		105-110	0	0	105-110	0	105-110
Richard MacDonald - Interim Director of Estates and Capital Planning From 4 - 19 January 2024 then Director of Estates and Capital Planning From 22 January 2024	m	20-25	0	0	20-25	0	20-25

Notes

The value of pension benefits accrued during the year is calculated as: the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by

The real increase in CETV will be less than the movement from opening to closing due to inflation.

a. Pam Dudek chose not to be covered by pension arrangements in the current reporting year.
b. The gross salary for Elspeth Caithness includes full time salary in range 40-45 for Employee director role.
c. The gross salary for Emily Woolard is for period shown, the full year effect is 5-10
d. The gross salary for Jean Boardman is for period shown, the full year effect is 5-10
e. The gross salary for Karen Leach is for period shown, the full year effect is 5-10
f. The gross salary for Sarah Compton-Bishop is for period shown, the full year effect is 30-35
g. The gross salary for Steve Walsh is for period shown, the full year effect is 5-10
h. The gross salary for Alan Wilson is for period shown, the full year effect is 110-115
i. The gross salary for Deborah Jones is for period shown, the full year effect is 130-135
j. The gross salary for Fiona Hogg is for period shown, the full year effect is 115-120
k. The gross salary for Gareth Adkins is for period shown, the full year effect is 105-110
l. The gross salary for Gaye Boyd is for period shown, the full year effect is 95-100
m. The gross salary for Richard MacDonald is for period shown, the full year effect is 90-95

Non executive directors pay is non pensionable

Remuneration Report for the year ended 31 March 2024 (audited)	Note	Accrued pension at pensionable age as at 31 Mar 24 (bands of £5,000)	Total accrued lump sum at pensionable age (bands of £5,000)	Real increase in pension at pensionable age (bands of £2,500)	Real increase in lump sum at pensionable age (bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 Mar 24 £000	Cash Equivalent Transfer Value (CETV) at 31 Mar 23 £000	Real increase in CETV in year £000
Executive Members								
Pam Dudek - Chief Executive	a	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Boyd Peters - Medical Director:		80-85	220-225	5-7.5	5-7.5	1993	1742	111
Tim Allison - Director of Public Health & Health Policy		10-15	0	2.5-5	0	182	123	30
Heledd Cooper -Director of Finance		0-5	0	0-2.5	0	52	19	15
Louise Bussell - Board Nurse Director		55-60	150-155	0-2.5	0	1219	1107	22
Non Executive Members								
Alasdair Christie		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Albert Donald		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alexander Anderson		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Catriona Sinclair		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elspeth Caithness	b	20-25	55-60	0-2.5	0-2.5	478	428	17
Emily Woolard from 1st December 2023	c	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gaener Rodger		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Garret Corner - Argyll and Bute Council Stakeholder member		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gerard O'Brien		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Graham Bell		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jean Boardman until 30th June 23	d	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Joanne McCoy		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Karen Leach from 1st December 23	e	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Muriel Cockburn - The Highland Council Stakeholder member		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pamela Clark (known as Ann)		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Philip Macrae		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sarah Compton-Bishop - Board Chair	f	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Steve Walsh from 1st December 2023	g	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Susan Ringwood		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior Employees								
Alan Wilson - Director of Estates until 3rd January 24	h	45-50	40-45	0-2.5	0	754	686	11
David Park - Deputy Chief Executive		20-25	0	2.5-5	0	314	249	30
Deborah Jones - Director of Strategic Commissioning, Planning & Performance	i	55-60	155-160	0	0	1,405	1,385	(74)
Fiona Davies - Chief officer A & B IJB		30-35	80-85	0-2.5	0-2.5	670	589	26
Fiona Hogg - Director of People & culture until 30th April 23	j	5-10	0	0-2.5	0	133	117	(9)
Gareth Adkins - Director of People & Culture from 10th July 23	k	35-40	95-100	0-2.5	0	774	716	(1)
Gaye Boyd - Interim Director of People & Culture From 1 May to 9 July 2023	l	0-5	0	0-2.5	0	5	0	(7)
Katherine Sutton - Chief Operating Officer Acute		50-55	135-140	0-2.5	0	1,213	1,088	36
Pamela Cremin - Interim Chief Officer North Highland from 1st February 2023 then permanent Chief Officer North Highland from 29th June 23		40-45	110-115	0-2.5	0	981	909	5
Richard MacDonald - Interim Director of Estates and Capital Planning From 4 - 19 January 2024 then Director of Estates and Capital Planning From 22 January 2024	m	0-5	0	0-2.5	0	7	0	(5)

Fair pay disclosure (subject to audit)

	2025	2024	Change
Range of staff remuneration	5,000-300,000	5,000-300,000	0
Highest earning Director's total remuneration (£)	213	193	10 %
Median (total pay & benefits)	39	38	3 %
Median (salary only)	39	38	3 %
Ratio	5.39	5.08	6 %
25th Percentile (total pay & benefits)	32	30	7 %
26th Percentile (salary only)	32	30	7 %
Ratio	6.72	6.36	6 %
75th Percentile Pay (total pay & benefits)	50	48	4 %
76th Percentile Pay (salary only)	50	48	4 %
Ratio	4.26	4.01	6 %

The increase in the percentiles is due to nationally agreed pay awards, including incremental rises in 24/25. There is a further increase from the changing of those on Band 2 to Band 3 that were processed in 24/25.

For part time employees the total pay for calculation of the median is grossed up.

Contracts of less than 2 hours were removed, as this led to very high annual salaries when grossed up and distorted the median result.

Agency staff are excluded, as they are not employees and are charged via invoice, not via payroll.

Number of senior staff by band (subject to audit)

Employees whose remuneration fell within the following ranges:

Higher Paid Employee Remuneration				
Salary band	2025		2024	
	clinicians	other	clinicians	other
£ 70,001 to £ 80,000	148	24	123	29
£ 80,001 to £ 90,000	68	16	61	23
£ 90,001 to £100,000	50	18	54	16
£100,001 to £110,000	47	7	46	-
£110,001 to £120,001	36	2	51	4
£120,001 to £130,000	57	1	48	2
£130,001 to £140,000	38	4	29	1
£140,001 to £150,000	34	1	40	1
£150,001 to £160,000	31	-	24	-
£160,001 to £170,000	30	-	20	-
£170,001 to £180,000	21	-	15	-
£180,001 to £190,000	18	-	13	-
£190,001 to £200,000	14	-	9	-
£200,001 and above	36	-	24	-

Staff numbers and costs (subject to audit)

Staff Numbers and Costs								
Staff Costs	**Executive Board Members**	**Non-Executive Members**	**Permanent Staff**	**Inward Secondee**	**Other Staff**	**Outward Secondee**	**2025 Total**	**2024 Total**
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	760	291	470,775	-	-	(1,849)	469,977	435,618
Taxation & Social security costs	99	16	48,644	-	-	(171)	48,588	44,816
NHS scheme employers' costs	163	-	91,434	-	-	(279)	91,318	78,882
Other employers' pension costs	-	-	4,211	-	-	-	4,211	739
Inward secondees	-	-	-	478	-	-	478	492
Agency and other directly engaged staff	-	-	-	-	34,989	-	34,989	42,294
	1,022	**307**	**615,064**	**478**	**34,989**	**(2,299)**	**649,561**	**602,841**
Compensation for loss of office/early retirement	-	-	-	-	-	-	-	-
Pensions to former Board members	-	-	-	-	-	-	-	-
Total	**1,022**	**307**	**615,064**	**478**	**34,989**	**(2,299)**	**649,561**	**602,841**

Included in the total employee expenditure above were costs of staff engaged directly on capital projects, charged to capital expenditure of:

	£000's
Employee expenditure as above	649,561
Employee income included in Note 4 and IAS19 costs excluded from above (Note19)	2,299
Total employee expenditure disclosed in Note 3	**651,860**

THC Pension fund costs have been reclassified to staff costs in 2022, shown under other employers pension costs above.

Staff numbers (subject to audit)

Staff Numbers	Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondee	Other Staff	Outward Secondee	2025 Total	2024 Total
Whole time equivalent (WTE)	5	17	9,860	6	50	25	9,963	9,692
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:								
disabled staff of:							255	207

Staff composition (information not subject to audit)

	2025			2024		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	3	5	2	3	5
Non-Executive Directors and Employee Director	8	11	19	8	10	18
Senior Employees	332	369	701	313	320	633
Other	2,486	13,073	15,559	2,575	14,272	16,847
Total Headcount	2,828	13,456	16,284	2,898	14,605	17,503

An analysis of the number of persons of each sex who were directors and employees

Sickness Absence (information not subject to audit)

	2025	2024
Sickness Absence	6.1%	6.6%

EMPLOYMENT OF DISABLED PERSONS (information not subject to audit)

Staff policies applied during the financial year relating to the employment of disabled persons.

1. For giving full and fair consideration to applications for employment by the Board made by disabled persons, having a regard to their particular aptitudes and abilities;

NHS Highland continues to operate a Job Interview Guarantee (JIG), which means that if an applicant has a disability and meets the minimum criteria outlined within the person specification, they will be guaranteed an interview. However, some disabled applicants prefer not to take this option, so they have an option on our application form to indicate whether they wish to participate in this scheme or not.

NHS Highland is currently awarded Disability Confident Employer status.

2. For continuing the employment of, and for arranging appropriate training for, employees of the Board who have become disabled persons during the period when they were employed by the Board;

NHS Scotland's Capability Policy is utilised to support staff to continue in employment should their health condition affect their ability to perform their existing role.

Reasonable adjustments, where possible, are considered to support staff to maintain their employment and this is reviewed on a regular basis by the Manager in conjunction with Occupational Health, People Services and other relevant support such as Access to Work.

In the event that a reasonable adjustment cannot be made, alternative suitable employment via the utilisation of NHS Highland's Redeployment Policy may be considered to allow continuation of employment.

NHS Scotland partners with the Business Disability Forum. This provides all NHS Scotland employees with access to their specialist advice and resources. There are guides, toolkits, webinars and an advice line available to all employees.

3. Otherwise for the training, career development and promotion of disabled persons employed by the Board;

All staff have a responsibility to create an inclusive culture for themselves, colleagues and/or patients/clients. As part of NHS Highland's responsibility to mainstream equalities, NHS Highland works to ensure employees with protected characteristics are not discriminated upon and are treated with dignity, respect and due regard for their needs as employees. Actions to foster inclusivity for the following year are a number of Staff Networks to be established and promoting Equality training for the workforce.

OUTCOME	PROTECTED CHARACTERISTIC
Achieve Disability Confident Employer Status	Disability
Increase the number of staff completing equalities monitoring forms	All
All colleagues to complete the Introduction to Equality, Diversity and Human Rights training module	All
Establish Staff Networks to foster inclusion	Sexual Orientation Race Gender

Exit Packages – current year – (subject to audit)

There was one exit package totalling £5k in 24/25 and no exit packages in 23/24.

Trade Union Disclosure (information not subject to audit)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The table below details the necessary statutory disclosure data in terms for those that were employed to undertake trade union duties in fiscal year to March 2025.

	full time equivalent
Number of employees who were relevant union officials during the period April 2024 to March 2025	13
Full-time equivalent employee number	10

Percentage of total pay bill spent on facility time	2025 number
Total Cost of Facility Time	£508,745
Total Pay bill	£649,560,374
Percentage of the total pay bill spent on facility time	0.08%

Percentage of time spent on facility time	2025 number
0%	
1 to 50%	2
51 to 99%	1
100%	10
Total employees above	13

PARLIAMENTARY ACCOUNTABILITY REPORT

Losses and Special Payments

On occasion, the Board is required to write off balances which are no longer recoverable. Losses and special payments require formal approval to regularise such transactions and their notation in the annual accounts.

The write-off of the following losses and special payments has been approved by the board:

	No. of cases	£000
Losses	275	4,322

There were four claims individually greater than £300,000 settled under the CNORIS scheme in 2024/25 and three in 2023/24. Further details on the scheme can be found in note 1 (accounting policies) of the annual accounts.

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in note 13.

Remote Contingent Liabilities

Contingent liabilities that meet the disclosure requirements in IAS37 Provisions and Contingent Liabilities are included in note 14 of the Notes to the Accounts.

In addition, due to the nature of activities of NHS Highland there are contingent liabilities for which IAS37 does not require disclosure because the probability of any requirement on the Board to meet future liabilities is considered to be remote.

Fees and Charges

The board had no commercial trading activity during 2024/25 where the full annual cost exceeded £1 million.

Signed:

Fiona Davies

Chief Executive and Accountable Officer

24 June 2025

INDEPENDENT AUDITORS REPORT

Independent auditor's report to the members of Highland Health 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 Highland Health Board and its group for the year ended 31 March 2025 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 Consolidated Summary of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2025 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 2024/25 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 05 June 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. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Claire Gardiner

Claire Gardiner CPFA

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

24 June 2025

Consolidated Statement of Comprehensive Net Expenditure
for the year ended 31st March 2025

2024 £000		Note	2025 £000
605,201	Employee expenditure	3a	651,860
	Other operating expenditure		
110,221	Independent Primary Care Services	3b	119,051
165,974	Drugs and medical supplies	3b	174,133
714,090	Other health care expenditure	3b	772,820
1,595,486			**1,717,864**
(512,124)	Less: operating income	4	(542,969)
(1,444)	Associates and joint ventures accounted for on an equity basis		(435)
1,081,918	**Net expenditure for the year**		**1,174,460**
	Other Comprehensive Net Expenditure		
(13,502)	Net (gain) / loss on revaluation of property, plant and equipment		4,507
(7,107)	Actuarial Change in Local Government Pension		(12,620)
(20,609)	**Other Comprehensive Expenditure**		**(8,113)**
1,061,309	**Comprehensive Net Expenditure**		**1,166,347**

Consolidated Statement of Financial Position
for the year ended 31st March 2025

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
		Non-current assets			
494,925	494,925	Property, plant and equipment	7a	478,803	478,803
2,478	2,478	Intangible assets	6	2,138	2,138
66,261	66,261	Right of Use assets	17a	63,164	63,164
		Financial assets			
9,606	385	Investments	10	10,284	791
9,939	-	Investments in associates and joint ventures	26b	10,374	-
62,713	62,713	Trade and other receivables	9	78,548	78,548
645,922	**626,762**	**Total non-current assets**		**643,311**	**623,444**
		Current Assets			
8,563	8,563	Inventories	8	8,603	8,603
		Financial assets			
63,787	64,060	Trade and other receivables	9	56,419	56,519
1,063	132	Cash and cash equivalents	11	1,567	411
73,413	**72,755**	**Total current assets**		**66,589**	**65,533**
719,335	**699,517**	**Total assets**		**709,900**	**688,977**
		Current liabilities			
(18,556)	(18,556)	Provisions due within one year	13a	(21,616)	(21,616)
		Financial liabilities			
(147,350)	(147,319)	Trade and other payables	12	(141,626)	(141,601)
(165,906)	**(165,875)**	**Total current liabilities**		**(163,242)**	**(163,217)**
553,429	**533,642**	**Non-current assets less net current liabilities**		**546,658**	**525,760**
		Non-current liabilities			
(34,429)	(34,429)	Provisions due outwith one year	13a	(39,216)	(39,216)
		Financial liabilities			
(59,450)	(59,450)	Trade and other payables	12	(55,118)	(55,118)
(93,879)	**(93,879)**	**Total non-current liabilities**		**(94,334)**	**(94,334)**
459,550	**439,763**	**Assets less liabilities**		**452,324**	**431,426**
		Taxpayers' Equity			
206,680	206,680	General fund	SoCTE	188,200	188,200
142,135	142,135	Revaluation reserve	SoCTE	135,447	135,447
90,948	90,948	Other reserves	SoCTE	107,779	107,779
9,939	-	Other reserves - associates and joint ventures	SoCTE	10,374	-
9,848	-	Fund held on Trust	SoCTE	10,524	-
459,550	**439,763**	**Total taxpayers' equity**		**452,324**	**431,426**

The Accountable Officer authorised these financial statements for issue on 24th June 2025.

Heledd Cooper

Director of Finance

Fiona Davies

Chief Executive and Accountable Officer

Consolidated Statement of Cash Flows
for the year ended 31st March 2025

2024 £000		Note	2025 £000
	Cash flows from operating activities		
(1,081,918)	Net operating cost	SoCTE	(1,174,460)
35,740	Adjustments for non-cash transactions	2b	49,707
2,965	Add back: interest payable recognised in net operating cost	2b	2,416
(17)	Deduct: interest receivable recognised in net operating cost	4	(7)
0	Investment income		0
(4,941)	Movements in working capital	2b	(2,986)
(1,048,171)	**Net cash outflow from operating activities**	26c	**(1,125,330)**
	Cash flows from investing activities		
(31,261)	Purchase of property, plant and equipment		(16,264)
(914)	Purchase of intangible assets		(368)
(1,276)	Investment additions	10	(6,478)
	Transfer of assets to / (from) other NHS Scotland bodies		
24	Proceeds of disposal of property, plant and equipment		470
398	Receipts from sale of investments		5,666
17	Interest received		7
(33,012)	**Net cash outflow from investing activities**	26c	**(16,967)**
	Cash flows from financing activities		
1,092,996	Funding	SoCTE	1,155,053
0	Movement in general fund working capital	SoCTE	0
1,092,996	Cash drawn down		1,155,053
(9,076)	Capital element of payments in respect of on-balance sheet PFI and Hub contracts		(9,836)
(405)	Interest paid	2b	(27)
(2,560)	Interest element of leases and on-balance sheet PFI / PPP and Hub contracts	2b	(2,389)
1,080,955	**Net Financing**	26c	**1,142,801**
(228)	Net Increase / (decrease) in cash and cash equivalents in the period	11	504
1,291	Cash and cash equivalents at the beginning of the period		1,063
1,063	**Cash and cash equivalents at the end of the period**		**1,567**
	Reconciliation of net cash flow to movement in net debt/cash		
(228)	Increase / (decrease) in cash in year		504
1,291	Net cash at 1 April		1,063
1,063	**Net cash at 31 March**		**1,567**

Consolidated Statement of Changes in Taxpayers' Equity
for the year ended 31st March 2025

	Note	General Fund	Revaluation Reserve	Other Reserve	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2024		206,680	142,135	90,948	9,939	9,848	459,550
Retrospective restatements for changes in accounting policy and material errors	21	-	-	-	-	-	-
Balance at 1 April 2024		**206,680**	**142,135**	**90,948**	**9,939**	**9,848**	**459,550**
Changes in taxpayers' equity for 2024-25							
Net loss on revaluation of property, plant and equipment	7a	-	(4,516)	-	-	-	(4,516)
Net loss on revaluation of investments	10	-	-	-	-	(136)	(136)
Net gain on revaluation of Right of Use Assets	17a	-	9	-	-	-	9
Impairment of property, plant and equipment	7a	-	(1,099)	-	-	-	(1,099)
Revaluation and impairments taken to operating costs	2b	-	1,099	-	-	-	1,099
Release of reserves to the statement of comprehensive net expenditure		(7)	-	-	-	-	(7)
Transfers between reserves		2,181	(2,181)	-	-	-	-
Other non cash costs Highland Council ASC pension in year	2b	-	-	16,831	-	-	16,831
Net operating cost for the year	CFS	(1,175,707)	-	-	435	812	(1,174,460)
Total recognised income and expense for 2024-25		**(1,173,533)**	**(6,688)**	**16,831**	**435**	**676**	**(1,162,279)**
Funding							
Drawn down	CFS	1,155,053					1,155,053
Balance at 31 March 2025	SoFP	**188,200**	**135,447**	**107,779**	**10,374**	**10,524**	**452,324**

Changes in taxpayers' equity for 2023-24	Note	General Fund	Revaluation Reserve	Other Reserves	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000	£000
Balance at 31 March 2023		209,755	130,782	83,102	8,495	8,985	441,119
Prior year adjustments for changes in accounting policy and material errors	20						
Balance at 1 April 2023		**209,755**	**130,782**	**83,102**	**8,495**	**8,985**	**441,119**
Changes in taxpayers' equity for 2023-24							
Net gain on revaluation of property, plant and equipment	7a	-	13,502	-	-	-	13,502
Net loss on revaluation / indexation of intangible assets	6	-	-	-	-	-	-
Net gain on revaluation of investments	10	-	-	-	-	429	429
Net gain on revaluation of Right of Use Assets	17a	-	24	-	-	-	24
Impairment of property, plant and equipment	7a	-	(913)	-	-	-	(913)
Impairment of intangible assets	6	-	-	-	-	-	-
Revaluation and impairments taken to operating costs	2b	-	913	-	-	-	913
Release of reserves to the statement of comprehensive net expenditure		-	-	-	-	-	-
Transfers between reserves		2,173	(2,173)	-	-	-	-
Other non cash costs - PFI PY revaluation & The Highland Council ASC pension in year	2b	(14,448)	-	7,846	-	-	(6,602)
Net operating cost for the year	CFS	(1,083,796)	-	-	1,444	434	(1,081,918)
Total recognised income and expense for 2023-24		**(1,096,071)**	**11,353**	**7,846**	**1,444**	**863**	**(1,074,565)**
Funding							
Drawn down	CFS	1,092,996					1,092,996
Movement in General Fund (creditor) / debtor	CFS	-					
Balance at 31 March 2024	SoFP	**206,680**	**142,135**	**90,948**	**9,939**	**9,848**	**459,550**

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 the current year**. There are no new standards, amendments or interpretations effective in the year 2024-2025.

b. **Standards, amendments and interpretation early adopted this year.** There are no new standards, amendments or interpretations early adopted in the 2024-25 financial year.

c. **Standards, amendments and interpretation issued but not adopted this year.** The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2024-25 financial year.

Standard	Current status
IFRS 14 Regulatory Deferral Accounts	Effective for accounting periods starting on or after 1 January 2016. Not appliable 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 by the FReM. Expected adoption by the FReM from April 2025.
IFRS 18 Presentation and disclosure in financial statements	Effective for accounting periods beginning on or after 1 January 2027, this Standard is not yet been endorsed by the UKEB or adopted by HM Treasury

IFRS 19 Subsidiaries without public accountability:disclosures	Effective for accounting periods beginning on or after 1 January 2027, this Standard is not yet been endorsed by the UKEB or adopted by HM Treasury

2. Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Highland Health Board Endowment Funds.

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.

The Highland Health Board Endowment Funds 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 intragroup 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 ventures. 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 IJBs using the equity method of accounting.

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

3. Retrospective Restatements

There are no retrospective restatements in respect of changes in accounting policy or correction of material errors in accordance with IAS 8.

4. Going Concern

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

6. Funding

Most of the expenditure of 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 out with the RRL is allocated to match actual expenditure incurred for the provision of specific Family Health Services (comprised of General Pharmaceutical Services, General Medical Services, General Dental Services 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 (SoRO).

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 Consolidated Statement of Comprehensive Net Expenditure (SOCNE) 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

<u>Valuation:</u>

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

Thereafter, valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and are adjusted in intervening years to take account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (Red Book) insofar as these terms are consistent with the agreed requirements of the Scottish Government.

In general, operational assets which are in use delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the

underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

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

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as 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. No depreciation should be charged or indexation applied to assets under construction. 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 to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments arising from a change in market price are charged to the revaluation reserve where 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)
• Structure (Shell)	25 – 100
• Engineering	25 – 100
• External Works	25 – 60
• Medical Equipment	3 – 10
• Other Non Clinical Equipment	3 – 10
• Furniture	5 – 10
• Vehicles	3 – 7
• IT Mainframe Installations	3 – 7
• IT equipment	3 – 7
• Intangible assets	3 – 7

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 licences 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 provided 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 market value in existing use. Where no active market exists, the intangible asset is revalued, using indices or an alternative 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 licences. Amortised over the shorter term of the licence and their useful economic lives.

4. Other intangible assets. Amortised over their expected useful life.

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

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category/Component	**Useful Life (years)**
Software	3 - 7
Software Licences	3 - 7

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:

1. the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;

2. the sale must be highly probable i.e.:

   - 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/amortisation 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 fair value. 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 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 benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the 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 the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional 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 Highland 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 Highland 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 AME provision and is classified as non-core expenditure.

19. Related Party Transactions

Material related party transactions are disclosed in the 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 non-current 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 IFRS 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.

22. Provisions

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

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 Note 5 in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating

resources and assessing performance of the operating segments. This has been identified as the 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 are not 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 its accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and the resulting accounting estimates will, by definition, seldom equal the related actual results. As such, key 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:

Assessment of Leases

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.

Pension Provision

Pension Liability for The Highland Council Pension Fund used by Social Care staff transferred to NHS Highland

In accordance with SGHSCD guidance, obligations under the defined benefit pension scheme are fully funded via Scottish Government funding in advance and therefore as a departure from IAS 19: Employee Benefits, the defined benefit obligations are not recognised as a long term liability and instead recognised through other reserves as SGHSCD funding received in advance. For further information see note 19.

Estimation of the liability to pay pensions for these staff depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

Reliance is placed on significant details provided by the actuary of the Pension Fund to establish the value of this liability.

See Note 19 for detailed information on this liability.

Other Estimates and Judgements

The key estimates and assumptions, for example provisions, accruals and depreciation that are deemed to present a significant risk of a causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below.

Estimates

Property Plant and Equipment

The Board commissioned a valuation for 31 March 2025.

The valuation report has been used to inform the measurement of assets in these financial statements. The valuer has exercised professional judgement in preparing the valuation and, therefore, this is the best information available to NHS Highland as at 31 March 2025. See Note 7 for analysis.

Summary of Resource Outturn
for the year ended 31st March 2025

Note 2a Summary of Resource Outturn (SORO)

	Note	2025 £000
Summary Of Core Revenue Resource Outturn		
Net Operating Costs	SoCNE	1,174,460
Total Non-Core Expenditure (see below)		(44,313)
Family Health Services Non-Discretionary Allocation		(42,301)
Endowment Net Operating Costs	26	812
Associates and Joint Ventures accounted for on an equity basis	26	435
Total Core Expenditure		**1,089,093**
Core Revenue Resource Limit		**1,089,367**
Saving against Core Revenue Resource Limit (RRL)		**274**
Summary Of Non-Core Revenue Resource Outturn		
Capital Grants from Other Bodies		-
Depreciation / Amortisation		21,878
Annually Managed Expenditure - Impairments		1,098
Annually Managed Expenditure - Provisions		4,999
Annually Managed Expenditure - Depreciation of Donated Assets	2b	135
Annually Managed Expenditure - Pension Valuation		4,211
Annually Managed Expenditure - fair value adjustments		-
Additional SGHSCD non-core funding		1,671
Donated assets income	7d	(8)
PFI Depreciation		1,597
PFI Remeasurement (Gain)/Loss		2,360
Right of Use (RoU) Asset Depreciation		5,443
Right of Use (RoU) Peppercorn Leases Depreciation		929
Total Non-Core Expenditure		**44,313**
Non Core Revenue Resource Limit		**44,313**
Excess against Non Core Revenue Resource Limit (RRL)		**-**

Summary Resource Outturn

	Resource	Expenditure	Saving
	£000	£000	£000
Core	1,089,367	1,089,093	274
Non-Core	44,313	44,313	-
Total	**1,133,680**	**1,133,406**	**274**

Notes to the Accounts
for the year ended 31st March 2025

Note 2b Notes to the Cash Flow Statement

2024 £000		Note	2025 £000
	Consolidated adjustment for non-cash transactions		
21,348	Depreciation	7a	22,623
698	Amortisation	6	708
139	Depreciation of donated assets	7a	135
6,323	Depreciation of Right of Use (RoU) Assets	17b	6,522
(34)	PFI Remeasurement (Gain)/Loss		2,351
913	Impairments on PPE charged to SoCNE		1,099
(20)	Funding of Donated Assets	7a	(8)
(19)	Loss / (profit) on disposal of property, plant and equipment		(119)
(1,444)	Associates and joint ventures accounted for on an equity basis	SoCNE	(435)
7,846	The Highland Council IAS19		16,831
(10)	ROU asset Peppercorn Lease net disposal		0
35,740	**Total Expenditure Not Paid In Cash**	**CFS**	**49,707**

Interest payable recognised in operating expenditure

2024 £000			2025 £000
	Interest payable		
2,218	PFI Finance lease charges allocated in the year	18	2,002
342	Lease interest	17b	387
405	Provisions - Unwinding of discount		27
2,965	**Total Interest Payable**	CFS	**2,416**

Notes to the Accounts
for the year ended 31st March 2025

Note 2b Notes to the Cash Flow Statement

Consolidated movements in working capital

2024		Note	Opening Balances £000	Closing Balances £000	2025 Net Movement £000
	Inventories				
(540)	Balance Sheet	8	8,563	8,603	
(540)	**Net (Decrease)**		**8,563**	**8,603**	**(40)**
	Trade and Other Receivables				
(9,950)	Due within one year	9	63,787	56,419	
(4,683)	Due after more than one year	9	62,713	78,548	
(14,633)	**Net (Decrease)**		**126,500**	**134,967**	**(8,467)**
	Trade and Other Payables				
4,120	Due within one year	12	147,350	141,626	
15,366	Due after more than one year	12	59,450	55,118	
5,452	Less: property, plant & equipment (capital) included in above		(5,452)	(1,779)	
(9,850)	Less: lease and PFI creditors included in above	12	(58,418)	(54,361)	
15,088	**Net Increase (Decrease)**		**142,930**	**140,604**	**(2,326)**
	Provisions				
(4,856)	Statement of Financial Position	13a	52,985	60,832	
(4,856)	**Net Increase (Decrease)**		**52,985**	**60,832**	**7,847**
(4,941)	**Net (Decrease)**	CFS			**(2,986)**

2024 £000		Note	2025 £000
	Other non-cash costs		
(14,448)	PFI Lease Prior Year Adjustment to GF		-
0			-
(14,448)	**Total other non-cash costs**		**-**

Notes to the Accounts
for the year ended 31st March 2025

Note 3 Operating Expenses

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
	Note 3a Staff Costs		
125,377	Medical and Dental	142,033	142,033
215,277	Nursing	221,564	221,564
264,547	Other Staff	288,263	288,263
605,201	**Total Staff Costs**	**651,860**	**651,860**

Further detail and analysis of employee costs can be found in the Remuneration and Staff Report forming part of the Accountability Report.

Note 3b Other Operating Costs

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
	Independent Primary Care Services		
67,279	General Medical Services	71,946	71,946
18,922	Pharmaceutical Services	18,669	18,669
17,518	General Dental Services	21,239	21,239
6,502	General Ophthalmic Services	7,197	7,197
110,221		**119,051**	**119,051**
	Drugs and Medical Supplies		
78,596	Prescribed drugs Primary Care	80,826	80,826
52,796	Prescribed drugs Secondary Care	55,937	55,937
512	PPE and Testing Kits	-	-
34,070	Medical Supplies	37,370	37,370
165,974		**174,133**	**174,133**
	Other health care expenditure		
291,773	Contribution to Integration Joint Boards	308,561	308,561
119,261	Goods and services from other NHS Scotland bodies	128,508	128,508
918	Goods and services from other UK NHS bodies	748	748
12,321	Goods and services from private providers	16,394	16,394
7,246	Goods and services from voluntary organisations	7,414	7,414
-	Resource Transfer	-	-
-	Loss on disposal of assets	5	5
281,792	Other operating expenses (analysed in note 3c below)	310,363	310,363
238	External Auditor's remuneration - statutory audit fee	243	243
-	External Auditor's remuneration - IJB	-	-
541	Endowment Fund expenditure	-	584
714,090		**772,236**	**772,820**
990,285	Other Operating Expenditure	**1,065,420**	**1,066,004**

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

2024 Consolidated £m	**Other Operating Expenses reported above includes**	2025 Board £m	2025 Consolidated £m
134	Social Work Healthcare	145	145
32	Other Admin Supplies	32	32
22	Capital Charges	24	24
19	Other Supplies	21	21
207	**Other operating expenses included in note 3b above**	**222**	**222**

Notes to the Accounts
for the year ended 31st March 2024

Note 4 Operating Income

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
	NHS		
516	Income from Scottish Government	662	662
44,263	Income from other NHS Scotland bodies	48,329	48,329
2,719	Income from NHS non-Scottish bodies	2,797	2,797
11	Income from private patients	13	13
272,722	Income for services commissioned by Integration Joint Board	291,814	291,814
3,054	Patient charges for primary care	4,286	4,286
20	Donations	9	9
19	Profit on disposal of assets	125	125
2,779	Contributions in respect of clinical and medical negligence claims	4,544	4,544
17	Interest received	7	7
	Non NHS		
762	Overseas patients (non-reciprocal)	1,096	1,096
0	Non-patient care income generation schemes	-	0
976	Endowment Fund Income	-	1,396
184,266	Other	187,891	187,891
512,124	**Total Income**	**541,573**	**542,969**

Note 4 Analysis of Other Operating Income

2024 Consolidated £000		2025 Board £000	2025 Consolidated £000
	Other Operating Income reported above includes		
149,303	Contributions Public Sector	150,155	150,155
17,176	Board Residents	18,472	18,472
4,747	Other Operating Income	6,311	6,311
2,896	Healthcare to Local Authority	3,274	3,274
174,122		**178,212**	**178,212**

Notes to the Accounts
for the year ended 31st March 2025

Note 5 Segmental Information

	Acute	North Highland Communities inc ASC	ASC Funding	Mental Health	Primary Care	Children's Services
	£000	£000	£000	£000	£000	£000
Net operating cost	317,383	266,518	(141,522)	60,040	165,698	12,194
Net operating cost prior year	294,895	255,749	(148,424)	58,163	156,926	12,220

	Corporate Ehealth & Tertiary	Central	Facilities	A&B	NTC	Total
	£000	£000	£000	£000	£000	£000
Net operating cost	98,357	34,784	54,545	281,252	26,459	**1,175,708**
Net operating cost prior year	90,755	28,080	52,651	260,826	21,955	**1,083,796**

Notes to the Accounts
for the year ended 31st March 2025

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

	Note	Software Licences £000	IT - Software £000	Total £000
Cost or Valuation				
At 1 April 2024		2,748	7,776	**10,524**
Additions		-	368	**368**
At 31 March 2025		**2,748**	**8,144**	**10,892**
Amortisation				
At 1 April 2024		2,371	5,675	**8,046**
Provided during the year		151	557	**708**
At 31 March 2025		**2,522**	**6,232**	**8,754**
Net book value at 1 April 2024		**377**	**2,101**	**2,478**
Net book value at 31 March 2025	SoFP	**226**	**1,912**	**2,138**

Note 6 Intangible Assets (Non-Current) - Board and Consolidated Prior Year

	Note	Software Licences £000	IT- Software £000	Total £000
Cost or Valuation				
At 1 April 2023		2,748	6,862	**9,610**
Additions		-	914	**914**
At 31 March 2024		**2,748**	**7,776**	**10,524**
Amortisation				
At 1 April 2023		2,187	5,161	**7,348**
Provided during the year		184	514	**698**
At 31 March 2024		**2,371**	**5,675**	**8,046**
Net book value at 1 April 2023		**561**	**1,701**	**2,262**
Net book value at 31 March 2024	SoFP	**377**	**2,101**	**2,478**

Notes to the Accounts
for the year ended 31st March 2025

Note 7a 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 2025 £000
Cost or valuation									
At 1 April 2024	20,665	449,819	7,717	127	93,420	15,374	1,769	16,792	605,683
Additions - purchased	-	-	-	21	3,807	2,218	-	6,545	12,591
Additions - donated	-	-	-	-	8	-	-	-	8
Completions	-	11,352	-	-	-	-	-	(11,352)	-
Revaluations	803	(18,430)	(929)	-	-	-	-	-	(18,556)
Impairment charges	(8)	(1,196)	-	-	-	-	-	-	(1,204)
Disposals - purchased	(340)	-	-	-	(1,182)	(15)	-	-	(1,537)
Disposals - donated	-	-	-	-	(24)	-	-	-	(24)
At 31 March 2025	**21,120**	**441,545**	**6,788**	**148**	**96,029**	**17,577**	**1,769**	**11,985**	**596,961**
Depreciation									
At 1 April 2024	-	35,298	565	92	63,180	9,862	1,761	-	110,758
Provided during the year - purchased	-	11,972	466	9	8,549	1,621	6	-	22,623
Provided during the year - donated	-	103	7	1	24	-	-	-	135
Revaluations	-	(13,241)	(799)	-	-	-	-	-	(14,040)
Impairment charges	-	(105)	-	-	-	-	-	-	(105)
Disposals - purchased	-	-	-	-	(1,174)	(15)	-	-	(1,189)
Disposals - donated	-	-	-	-	(24)	-	-	-	(24)
At 31 March 2025	**-**	**34,027**	**239**	**102**	**70,555**	**11,468**	**1,767**	**-**	**118,158**
Net book value at 1 April 2024	**20,665**	**414,521**	**7,152**	**35**	**30,240**	**5,512**	**8**	**16,792**	**494,925**
Net book value at 31 March 2025	**21,120**	**407,518**	**6,549**	**46**	**25,474**	**6,109**	**2**	**11,985**	**478,803**
Open Market Value of Land in Land and Dwellings Included Above	272		243						-
Asset financing									
Owned - purchased	21,075	357,787	6,319	43	25,429	6,109	2	11,985	**428,749**
Owned - donated	45	3,658	230	3	45	-	-	-	**3,981**
On-balance sheet PFI contracts	-	46,073	-	-	-	-	-	-	**46,073**
Net book value at 31 March 2025	**21,120**	**407,518**	**6,549**	**46**	**25,474**	**6,109**	**2**	**11,985**	**478,803**

Notes to the Accounts
for the year ended 31st March 2025

Note 7a Property, Plant and Equipment: Consolidated and Board Prior Year

	Land (inc under buildings)	Buildings (excluding dwellings)	Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Assets Under Construction	Total 2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2023	20,839	432,976	7,134	127	90,175	13,622	1,769	10,625	577,267
Additions - purchased	-	-	-	-	-	-	-	25,809	25,809
Additions - donated	-	-	-	-	20	-	-	-	20
Completions	-	13,022	403	-	4,452	1,765	-	(19,642)	-
Revaluations	105	6,231	180	-	-	-	-	-	6,516
Impairment charges	(279)	(2,410)	-	-	-	-	-	-	(2,689)
Disposals - purchased	-	-	-	-	(1,198)	-	-	-	(1,198)
Disposals - donated	-	-	-	-	(29)	(13)	-	-	(42)
At 31 March 2024	**20,665**	**449,819**	**7,717**	**127**	**93,420**	**15,374**	**1,769**	**16,792**	**605,683**
Depreciation									
At 1 April 2023	-	32,645	346	82	55,912	8,534	1,754	-	99,273
Provided during the year - purchased	-	11,140	392	6	8,464	1,339	7	-	21,348
Provided during the year - donated	-	95	7	4	31	2	-	-	139
Revaluations	-	(6,806)	(180)	-	-	-	-	-	(6,986)
Impairment charges	-	(1,776)	-	-	-	-	-	-	(1,776)
Disposals - purchased	-	-	-	-	(1,198)	-	-	-	(1,198)
Disposals - donated	-	-	-	-	(29)	(13)	-	-	(42)
At 31 March 2024	**-**	**35,298**	**565**	**92**	**63,180**	**9,862**	**1,761**	**-**	**110,758**
Net book value at 1 April 2023	**20,839**	**400,331**	**6,788**	**45**	**34,263**	**5,088**	**15**	**10,625**	**477,994**
Net book value at 31 March 2024	**20,665**	**414,521**	**7,152**	**35**	**30,240**	**5,512**	**8**	**16,792**	**494,925**
Open Market Value of Land in Land and Dwellings included above	272		249						
Asset financing									
Owned - purchased	20,620	364,786	6,909	31	30,179	5,512	8	16,792	444,837
Owned - donated	45	3,858	243	4	61	-	-	-	4,211
On-balance sheet PFI contracts	-	45,877	-	-	-	-	-	-	45,877
Net book value at 31 March 2024	**20,665**	**414,521**	**7,152**	**35**	**30,240**	**5,512**	**8**	**16,792**	**494,925**

Notes to the Accounts
for the year ended 31st March 2025

Note 7b Assets held for Sale

There were no assets held for sale in 2024/25.

Note 7c Property, Plant and Equipment Disclosures

Consolidated 2024	Board 2024			Consolidated 2025	Board 2025
£000	£000		Note	£000	£000
490,714	490,714	Purchased	7a	474,822	474,822
4,211	4,211	Donated	7a	3,981	3,981
494,925	**494,925**	**Net book value of property, plant and equipment at 31 March**		**478,803**	**478,803**
272	**272**	**Net book value related to land valued at open market value at 31 March**		**272**	**272**
249	**249**	**Net book value related to buildings valued at open market value at 31 March**		**243**	**243**
		Total value of assets held under:			
45,877	45,877	PFI and PPP Contracts		46,073	46,073
45,877	**45,877**			**46,073**	**46,073**
		Total depreciation charged in respect of assets held under:			
1,490	1,490	PFI and PPP contracts		1,597	1,597
1,490	**1,490**			**1,597**	**1,597**

20% of land and buildings were revalued by an independent valuer, FG Burnett and Newmark, as at 31/03/2025 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 indexation rate of 3%, as recommended by the independent valuers was applied to all buildings and dwellings that were not subject to revaluation.

The net impact was a decrease of £4,516K (2023-24: £13.502, a decrease of £11,142m) which was credited to the revaluation reserve. Impairment of £1,099K (2023-24 £0.913m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

Notes to the Accounts
for the year ended 31st March 2025

Note 7d Analysis of Capital Expenditure

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
914	914	Acquisition of Intangible assets	6	368	368
25,809	25,809	Acquisition of Property, Plant and Equipment	7a	12,591	12,591
20	20	Donated Asset Additions	7a	8	8
290	290	GP Loans advances	10	408	408
5,051	5,051	Right of Use (RoU) Additions	17a	3,660	3,660
32,084	**32,084**	**Gross Capital Expenditure**		**17,035**	**17,035**
0	0	Net book value of disposal of property, plant and equipment	7a	348	348
539	539	Right of Use Disposals	17a	286	286
5	5	HUB - repayment of investment	17a	3	3
544	**544**	**Capital Income**		**637**	**637**
31,540	**31,540**	**Net Capital Expenditure**		**16,398**	**16,398**
		Summary of Capital Resource Outturn			
31,230	31,230	Core capital expenditure included above		15,982	15,982
31,235	31,235	Core Capital Resource Limit		15,982	15,982
5	**5**	**Saving against Core Capital Resource Limit (CRL)**		**0**	**0**
310	310	Non Core capital expenditure included above		416	416
310	310	Non Core Capital Resource Limit		416	416
0	**0**	**Saving against Non Core Capital Resource Limit (CRL)**		**0**	**0**
31,540	31,540	Total Capital Expenditure		16,398	16,398
31,545	31,545	Total Capital Resource Limit		16,398	16,398
5	**5**	**Saving against Total Capital Resource Limit**		**0**	**0**

Note 8 Inventories

Consolidated 2024 £000	Board 2024 £000		Consolidated 2025 £000	Board 2025 £000
8,563	8,563	Raw Materials and Consumables	8,603	8,603
8,563	**8,563**		**8,603**	**8,603**

Notes to the Accounts
for the year ended 31st March 2025

Note 9 Trade and Other Receivables

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
166	166	Scottish Government		242	242
7,086	7,086	Boards		9,922	9,922
7,252	**7,252**	**NHS Scotland receivables due within one year**		**10,164**	**10,164**
748	748	NHS Non-Scottish Bodies		683	683
1,278	1,278	VAT recoverable		1,748	1,748
5,863	5,863	Prepayments		6,065	6,065
7,889	7,889	Accrued income		4,912	4,912
3,539	3,812	Other Receivables		3,977	4,077
7,965	7,965	Reimbursement of provisions		8,090	8,090
29,253	29,253	Other Public Sector Bodies		20,780	20,780
63,787	**64,060**	**Total receivables due within one year**	SoFP	**56,419**	**56,519**
46,152	46,152	Other Public Sector Bodies		58,771	58,771
1,140	1,140	Prepayments		1,075	1,075
14,802	14,802	Accrued income		4,731	4,731
19	19	Other receivables		9,983	9,983
600	600	Reimbursement of Provisions		3,988	3,988
62,713	**62,713**	**Total Receivables due after more than one year**	SoFP	**78,548**	**78,548**
126,500	**126,773**	**Total Receivables**		**134,967**	**135,067**
		Provision for impairment included above			
2,076	2,076	The total receivables figure above includes a provision for impairments of:		2,453	2,453
		WGA Classification			
7,086	7,086	NHS Scotland		9,922	9,922
1,282	1,282	Central Government Bodies		1,990	1,990
29,253	29,253	Whole of Government Bodies		20,780	20,780
748	748	Balances with NHS Bodies in England and Wales		683	683
88,131	88,404	Balances with bodies external to Government		101,592	101,692
126,500	**126,773**	**Total Current Receivables**		**134,967**	**135,067**
		Movement on the provision for impairment of receivables			
1,847	1,847	At 1 April		2,076	2,076
539	539	Provision for impairment		680	680
(92)	(92)	Receivables written off during the year as uncollectable		195	195
(218)	(218)	Unused amounts reversed		(498)	(498)
2,076	**2,076**	**As at 31st March**		**2,453**	**2,453**

Notes to the Accounts
for the year ended 31st March 2025

Note 9 Trade and Other Receivables

As of 31 March 2025, receivables with a carrying value of £2.453m (2023-24: £2.076m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
		3 to 6 months past due			
2,076	2,076	Over 6 months past due		2,453	2,453
2,076	**2,076**	**As at 31st March**		**2,453**	**2,453**

The receivables assessed as individually impaired were mainly, 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 2025, receivables with a carrying value of £5.547 million (2023-24: £4.559 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
1,851	1,851	Up to 3 months past due		1,770	1,770
593	593	3 to 6 months past due		1,469	1,469
2,115	2,115	Over 6 months past due		2,308	2,308
4,559	**4,559**	**As at 31st March**		**5,547**	**5,547**

The receivables assessed as past due but not impaired were mainly [NHS Scotland Health Boards, Local Authorities and Universities] and 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:

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
		Currencies			
126,500	126,773	Pounds		134,967	135,067
0	0	US Dollars		0	0
126,500	**126,773**			**134,967**	**135,067**

Notes to the Accounts
for the year ended 31st March 2025

All non-current receivables are due within 10 years (2023-24: 11 years) from the balance sheet date.
The carrying amount of short term receivables approximates their fair value.
The fair value of long term other receivables is £78.548 million (2023-24 £62.713 million).
The effective interest rate on non-current other receivables is 0% (2023-24: 0%). Pension liabilities are discounted at 2.4% (2023-24: 2.45%).

Notes to the Accounts
for the year ended 31st March 2025

Note 10 Investments

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
453	-	Government Securities		492	-
9,153	385	Other		9,792	791
9,606	**385**	**Total**	SoFP	**10,284**	**791**
8,297	101	**At 1 April**		9,606	385
986	-	Additions	CFS	6,070	-
290	290	GP Loans advances	CFS	408	408
(404)	(6)	Disposals		(5,668)	(2)
437	-	Revaluation surplus / (deficit) transferred to equity	SoCTE	(132)	-
9,606	**385**	**At 31 March**		**10,284**	**791**
-	-	Current	SoFP	-	-
9,606	385	Non-current	SoFP	10,284	791
9,606	**385**	**At 31 March**		**10,284**	**791**

We have a small shareholding in HUB North of Scotland Ltd, an unlisted investment denominated in UK pounds; £92k in the form of non-equity long term loans repayable in full with interest over 25 years to HUB North of Scotland Ltd as part of the financing arrangements for the Forres, Woodsideand Tain Health Centre Project. The carrying value of £92k of these investments is cost less impairment as there is no active market.
Stocks and Bonds relate to the Highland Health Board Charitable Endowment Funds which are invested in a portfolio of bonds and equity investments, managed by the Funds appointed Investment Managers Adam & Company Investment Management Limited., in line with a medium risk strategy to deliver a balance between income and capital growth. The carrying value of Stocks and Bonds is market value.
In 2024/25, in accordance with the National Code of Practice for GP Premises, two GP Sustainability were issued. Each loan was £204k and they were both issued to Practices in Argyll and Bute. In 2023/24 a GP Sustainability Loan of £290k was issued to a GP Practice, also in Argyll and Bute.

Note 11 Cash and Cash Equivalents

Consolidated 2024 £000	Board 2024 £000			Consolidated 2025 £000	Board 2025 £000
1,291	136	Balance at 1 April		1,063	132
(228)	(4)	Net change in cash and cash equivalent balances	CFS	504	279
1,063	**132**	**Balance at 31 March**	SoFP	**1,567**	**411**
1,063	**132**	**Total Cash - Cash Flow Statement**		**1,567**	**411**
		The following balances at 31 March were held at			
37	37	Government Banking Service		76	76
95	95	Commercial banks and cash in hand		335	335
931	-	Endowment cash		1,156	-
1,063	**132**	**Balance at 31 March**		**1,567**	**411**

Notes to the Accounts
for the year ended 31st March 2025

Note 12 Trade and Other Payables

Consolidated 2024 £000	Board 2024 £000		Note	Consolidated 2025 £000	Board 2025 £000
		Payables due within one year NHS Scotland			
23,598	23,598	Boards	SFR 30	19,250	19,250
23,598	**23,598**	**Total NHS Scotland Payables**		**19,250**	**19,250**
1,669	1,669	NHS Non-Scottish bodies		1,668	1,668
13,993	13,993	FHS Practitioners		13,776	13,776
4,204	4,204	Trade Payables		2,501	2,501
25,989	25,958	Accruals		32,597	32,572
1,319	1,319	Deferred income		1,174	1,174
41	41	Payments received on account		2	2
0	0	Interest payable		0	0
5,103	5,103	Net obligations under Finance Leases	17b	5,592	5,592
4,008	4,008	Net obligations under PPP / PFI Contracts	18	3,614	3,614
0	0	Bank overdrafts		0	0
11,616	11,616	Income tax and social security		12,091	12,091
9,537	9,537	Superannuation		10,502	10,502
5,586	5,586	Holiday Pay Accrual		9,273	9,273
30,377	30,377	Other public sector bodies		26,382	26,382
8,533	8,533	Other payables		2,948	2,948
1,439	1,439	Other significant payables (pay accrual)		0	0
338	338	Other significant payables - Pension Contribution to local Gvt Pension Scheme		256	256
123,752	**123,721**	**Other payables due within one year**		**122,376**	**122,351**
147,350	**147,319**	**Total payables due within one year**	SoFP	**141,626**	**141,601**
2,530	2,530	Net obligations under Finance Leases due within 2 years	17b	1,763	1,763
7,068	7,068	Net obligations under Finance Leases due after 2 years but within 5 years	17b	6,699	6,699
10,103	10,103	Net obligations under Finance Leases due after 5 years	17b	8,560	8,560
3,387	3,387	Net obligations under PPP / PFI Contracts due within 2 years	18	2,836	2,836
8,211	8,211	Net obligations under PPP / PFI Contracts due after 2 years but within 5 years	18	9,222	9,222
18,008	18,008	Net obligations under PPP / PFI Contracts due after 5 years	18	16,075	16,075
10,143	10,143	Other payables		9,963	9,963
59,450	**59,450**	**Total payables due after more than one year**	SoFP	**55,118**	**55,118**
206,800	**206,769**	**Total payables**		**196,744**	**196,719**

Notes to the Accounts
for the year ended 31st March 2025

Note 13a Provisions - Consolidated and Board

	Pensions & similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	Total 2025
	£000	£000	£000	£000	£000
At 1 April 2024	6,609	8,876	37,298	202	52,985
Arising during the year	3,386	6,923	4,842	217	15,368
Utilised during the year	(685)	(3,274)	(3,300)	(160)	(7,419)
Unwinding of discount	27	-	-	-	27
Reversed unutilised	(23)	(88)	-	(18)	(129)
At 31 March 2025	**9,314**	**12,437**	**38,840**	**241**	**60,832**

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Highland are stated gross. The amount of any expected reimbursements are separately disclosed as receivables in note 9.

Payable in one year	3,229	8,437	9,710	240	21,616
Payable between 1 - 5 years	2,108	4,000	23,614	-	29,722
Payable between 6 - 10 years	1,931	-	2,020	-	3,951
Thereafter	2,046	-	3,496	1	5,543
At 31 March 2025	**9,314**	**12,437**	**38,840**	**241**	**60,832**

Note 13a Provisions - Consolidated and Board Prior Year

	Pensions & similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	Total 2024
	£000	£000	£000	£000	£000
At 1 April 2023	6,758	14,461	36,446	176	57,841
Arising during year	912	5,376	2,750	566	9,604
Utilised during year	(636)	(10,961)	(1,898)	(522)	(14,017)
Unwinding during year	(405)	-	-	-	(405)
Reversed unutilised	(20)	-	-	(18)	(38)
At 31 March 2024	**6,609**	**8,876**	**37,298**	**202**	**52,985**

Payable in one year	793	8,239	9,324	200	18,556
Payable between 1 - 5 years	2,009	637	22,677	2	25,325
Payable between 6 - 10 years	3,115	-	1,940	-	5,055
Thereafter	692	-	3,357	-	4,049
At 31 March 2024	**6,609**	**8,876**	**37,298**	**202**	**52,985**

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service 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 2.40% (2.45% 2324) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 34 years. Please also see accounting policies.

Notes to the Accounts
for the year ended 31st March 2025

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 will decide upon risk liability and likely outcome 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 in future 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. Please also see accounting policies.

Other (non-endowment)

The Board has provided for Employers and Third Party claims by reviewing all outstanding and potential claims which the Board may be liable for. The Board has provided 100% for claims assessed as Category 3, 50% of all claims assessed as Category 2. The balance of Category 2 and all of Category 1 being disclosed as Contingent Liabilities in Note 14. The provision is based on an estimate of the possible cost together with adverse legal costs. Please also see accounting policies.

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

	Note	2024 £000	2025 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	9,078	12,678
Associated CNORIS receivable at 31 March	9	(8,565)	(12,078)
Provision recognising the NHS Board's liability from participating in the scheme	13a	37,298	38,840
Net Total Provision relating to CNORIS at 31 March		**37,811**	**39,440**

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 the board's own budgets. Participants, e.g. NHS board 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 associate 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 NHS Scotland has been made and this is reflected in the third line above.

Therefore, there are two related but distinct provisions required as a result of participation in the scheme. Both 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 here: http://www.clo.scot.nhs.uk/our-services/cnoris.aspx

Notes to the Accounts
for the year ended 31st March 2025

Note 14 Contingent Liabilities

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

2024 £000		2025 £000
3,022	Clinical and medical compensation payments	5,183
283	Employer's liability	72
15	Third party liability	10
0	Other - Band 5-6 rebanding	16,218
3,320	**Total Contingent Liabilities**	**21,483**

2,541	Clinical and medical compensation payments	4,658
127	Employer's liability	30
2,668	**Total Contingent Assets**	**4,688**

Note 15 Events After the End of the Reporting Year

There are no events after the end of reporting period to disclose.

Notes to the Accounts
for the year ended 31st March 2025

Note 16 Capital Commitments

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

2024 £000		2025 £000
500	Grantown Health Centre Refurbishment	0
500	**Total Capital Commitments**	**0**
	Authorised but not Contracted	
11,812	Radiotherapy	-
94,400	Lochaber Hospital Replacement	197,000
48,500	Caithness Redesign Project	48,500
154,712	**Total Authorised but not Contracted**	**245,500**

Note 17a Right of Use Assets

Total future minimum payments under leases are stated below

		Buildings £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	2025 £000
Cost or valuation						
At 1 April 2024		67,006	588	6,011	2,234	75,839
Additions (include new dilapidation provisions)		1,578	94	1,988	-	3,660
Revaluations		27	-	-	-	27
Disposals		(604)	(9)	(488)	(3)	(1,104)
Disposals - Peppercorn leases		-	-	-	(418)	(418)
At 31 March 2025		**68,007**	**673**	**7,511**	**1,813**	**78,004**
Depreciation						
At 1 April 2024		6,574	216	2,169	619	9,578
Provided during the year (include dilap provisions)		3,184	104	1,960	303	5,551
Provided during the year - peppercorn leases		874	-	-	55	929
Revaluations		18	-	-	-	18
Disposals		(319)	(9)	(487)	(3)	(818)
Disposals - Peppercorn leases		-	-	-	(418)	(418)
At 31 March 2025		**10,331**	**311**	**3,642**	**556**	**14,840**
Net book value at 1 April 2024		**60,432**	**372**	**3,842**	**1,615**	**66,261**
Net book value at 31 March 2025	**SoFP**	**57,676**	**362**	**3,869**	**1,257**	**63,164**

Notes to the Accounts
for the year ended 31st March 2025

Note 17a Right of Use Assets Prior Year

		Buildings	Dwellings	Transport Equipment	Plant & Machinery	2024
		£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2023		66,577	685	6,150	1,112	74,524
Additions (include new dilapidation provisions)		1,395	(76)	1,992	1,740	5,051
Additions - peppercorn leases		-	-	-	-	-
Revaluations		139	-	-	-	139
Disposals		(700)	(21)	(2,131)	(618)	(3,470)
Disposals - peppercorn leases		(405)	-	-	-	(405)
At 31 March 2024		**67,006**	**588**	**6,011**	**2,234**	**75,839**
Depreciation						
At 1 April 2023		4,030	105	1,710	634	6,479
Provided during the year (include dilap provisions)		2,757	133	2,035	432	5,357
Provided during the year - peppercorn leases		792	-	-	171	963
Asset Transfers (to) / from other SG Consolidation Entities		-	-	-	-	-
Revaluations		115	-	-	-	-
Revaluations - Peppercorn leases		-	-	-	-	115
Disposals		(725)	(22)	(1,576)	(618)	(2,941)
Disposals - Peppercorn leases		(395)	-	-	-	(395)
At 31 March 2024		**6,574**	**216**	**2,169**	**619**	**9,578**
Net book value at 1 April 2023		**62,547**	**580**	**4,440**	**478**	**68,045**
Net book value at 31 March 2024	**SoFP**	**60,432**	**372**	**3,842**	**1,615**	**66,261**

Notes to the Accounts
for the year ended 31st March 2025

Note 17b Lease Liabilities

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	2025
	£000	£000	£000	£000	£000
Amounts falling due					
Not later than one year	3,096	109	2,175	212	5,592
Later than one year, not later than 2 years	1,122	(17)	391	267	1,763
Later than two year, not later than five years	5,199	91	1,182	227	6,699
Later than five years	7,637	181	(6)	748	8,560
Less: Unaccrued interest	-	-	-	-	-
Balance at 31 March 2025	**17,054**	**364**	**3,742**	**1,454**	**22,614**

Note 17b Lease Liabilities Prior Year

	Buildings	Dwellings	Transport Equipment	Plant & Machinery	2024
	£000	£000	£000	£000	£000
Amounts falling due:					
Not later than one year	2,917	100	1,808	278	5,103
Later than one year, not later than 2 years	1,748	(9)	485	306	2,530
Later than two year, not later than five years	5,456	96	1,253	263	7,068
Later than five years	8,883	185	150	885	10,103
Balance at 31 March 2024	**19,004**	**372**	**3,696**	**1,732**	**24,804**

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2025 Consolidated	2025 Board
	£000	£000
Depreciation	6,522	6,522
Interest Expense	387	387
Total	**6,909**	**6,909**

Amounts recognised in the Statement of Cash Flows

	2025 Consolidated	2025 Board
	£000	£000
Interest Expense	387	387
Repayments of Principal of leases	5,610	5,610
Total	**5,997**	**5,997**

Notes to the Accounts
for the year ended 31st March 2025

Note 18 Commitments under PFI Contracts on Balance Sheet

New Craigs start date July 2000 ending July 15th 2025. The Scheme is a replacement for the Craig Dunain Hospital, Inverness and provides In Patients facilities for adults with Mental Health needs or Learning Disability. There is a twenty five year contract with an original estimated capital value of £14.4 million.

Easter Ross start date February 2005 ending January 2030. This scheme is the redevelopment of County Hospital, Invergordon into a Primary Care Centre and combines a community hospital and a health centre, integrating primary and community care into one community health resource. There is a twenty five year contract with an orginal estimated capital value of £8.8 million and the PFI property will revert to the board at the end of the contract

Mid Argyll Community Hospital and Integrated Care Centre, Lochgilphead. We finance the development of the Mid Argyll Community Hospital and Integrated Care Centre in Lochgilphead by way of a PFI scheme. The period of the contract runs from June 2006 to May 2036 at which point the ownership of the asset will be transferred to the Board. The original estimated capital value of the project is £19.2 million.

Tain Health Centre. We have a service concession agreement with HUB North of Scotland Ltd for occupancy of the Tain Health Centre effective 24th May 2014. Under the terms of the agreement NHS Highland have a legal commitment to occupy the building for a period of 25 years and will incur annual charges for occupancy, maintenance and running costs. The ownership of the asset will transfer to the Board at the end of the 25 year agreement.

2024	Gross Minimum Lease Payments		New Craigs	Easter Ross	Mid Argyll	Tain HC Hub	2025
£000		Note	£000	£000	£000	£000	£000
5,898	Rentals due within 1 year		961	1,362	2,478	467	5,268
4,940	Due within 1 to 2 years		-	1,363	2,479	468	4,310
11,944	Due within 2 to 5 years		-	3,861	7,437	1,414	12,712
22,406	Due after 5 years		-	-	15,287	4,386	19,673
45,188	**Total**		**961**	**6,586**	**27,681**	**6,735**	**41,963**
	***Less* Interest Element**						
(1,890)	Rentals due within 1 year		(37)	(269)	(1,017)	(331)	(1,654)
(1,553)	Due within 1 to 2 years		-	(212)	(943)	(319)	(1,474)
(3,733)	Due within 2 to 5 years		-	(270)	(2,348)	(872)	(3,490)
(4,398)	Due after 5 years		-	-	(2,133)	(1,465)	(3,598)
(11,574)	**Total**		**(37)**	**(751)**	**(6,441)**	**(2,987)**	**(10,216)**
	Present value of minimum lease payments						
4,008	Rentals due within 1 year	12	924	1,093	1,461	136	3,614
3,387	Due within 1 to 2 years	12	-	1,151	1,536	149	2,836
8,211	Due within 2 to 5 years	12	-	3,591	5,089	542	9,222
18,008	Due after 5 years	12	-	-	13,154	2,921	16,075
33,614	**Total**		**924**	**5,835**	**21,240**	**3,748**	**31,747**
	Service elements due in future periods						
5,291	Rentals due within 1 year		2,158	471	669	82	3,380
3,308	Due within 1 to 2 years		-	488	686	80	1,254
3,792	Due within 2 to 5 years		-	1,477	2,162	226	3,865
6,679	Due after 5 years		-	-	4,979	576	5,555
19,070	**Total**		**2,158**	**2,436**	**8,496**	**964**	**14,054**
52,684	**Total Commitments**		**3,082**	**8,271**	**29,736**	**4,712**	**45,801**

Amounts charged to the Statement of Comprehensive Net Expenditure in respect of on balance sheet PFI transactions comprises:

2024			2025
£000			£000
2,218	Interest Charges	2b	2,002
5,141	Services Charges		5,416
3,673	Principle Repayment		4,226
15	Other Charges		16
11,047			**11,660**

2024		2025
£000		£000
15	Contingent Rents (including other charges)	**16**

NOTES TO THE ACCOUNTS for the Year Ended 31 March 2025

19 PENSION COSTS

IAS 19 Multi-employer plans

a) The 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 has confirmed that these rates will remain in place until 31 March 2024. In addition, member pension contributions have continued at the same rates within a range of 5.2% to 14.7% and are 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 April 2024 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

b) The 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 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 2024 is 22.5% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.8% 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)/Sergeant (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. The Board's level of participation in the scheme is 5% based on the proportion of employer contributions paid in 2023/24.

Description of schemes

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2024/25 members paid tiered contribution rates ranging from 5.7% to 13.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

All other members automatically joined the NHS 2015 scheme on 1 April 2015. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at Scottish Public Pensions Agency home page | SPPA

National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270, but will be reviewed every year by the government.

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

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

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

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

	2025 £000	2024 £000
Pension cost charge for the year	91,597	79,208
Provisions / Liabilities / Pre-payments included in the SoFP	1,052	1,017
Pension costs for the year for staff transferred from Highland Council	4,211	739

PENSION COSTS FOR STAFF TRANSFERRED FROM HIGHLAND COUNCIL

As part of the terms and conditions of employment for the staff transferred from The Highland Council, the Board participates in the Local Government Pension Scheme administered by The Highland Council. This is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Fund is constituted under legislation governing the Local Government Superannuation Scheme – details are contained in the 2010 regulations. The Highland Council is required to publish the Pension Fund annual report which is available at www.highland.gov.uk or from The Highland Council, Glen Urquhart Road, Inverness.

NHS Highland recognises the costs of these retirement benefits in the Statement of Net Comprehensive expenditure when they are earned by these employees, rather than when the benefits are eventually paid as pensions.

The Highland Council recognises the liability of the Pension Fund at 31 March 2012 attributable to these NHS Highland staff in The Highland Council accounts.

In line with the departure from IAS 19 based on SGHSCD guidance (details in Accounting Policies 30 - Key sources of Judgment and estimation uncertainty), NHS Highland recognises the gain in the Fund for the year from 1 April 2024 to 31 March 2025 of £8.409m, giving a total asset as at 31st March 2025 of £9.765m (total as at 31st March 2024: asset of £1.356m). This is included in two parts in NHS Highland's accounts:

a) £49.007m of cumulative realised deficit in SOCNE, from the date of staff transfer to 31 March 2025, which has been covered by AME funding from Scottish Government. £4.211m of this cumulative amount relates to 24/25.

and

b) £58.772m of cumulative unrealised gains due to actuarial assumptions, from the date of staff transfer to 31 March 2025, which is recorded as other Comprehensive Net Expenditure and offset against Reserves in the SoFP. This cumulative amount includes a £12.620m gain recognised in 24/25.

The net effect of the 24/25 amounts detailed above (£16.831m) is recognised through other reserves as per the Consolidated Summary of Changes in Taxpayers' Equity.

The charge to the Statement of Comprehensive Net Expenditure consists of:

	2025 £000	2024 £000
Current Service cost	3,643	3,871
Interest Cost	3,937	3,594
Interest Income	(3,833)	(3,355)
IAS 19 charge to service costs	**3,747**	**4,110**
Financial Assumptions Gain / (loss)	12,620	12,620
Gain / (loss) through other comprehensive net expenditure	**12,620**	**12,620**

The current assets and liabilities are made up of:

Present Value of the Scheme Liabilities	2025 £000	2024 £000
Opening defined benefit obligation	80,817	74,370
Current Service Cost	3,643	3,871
Interest Cost	3,937	3,594
Change in financial assumptions	(13,483)	(3,048)
Estimated benefits paid	(1,951)	(2,496)
Changes in demographic assumptions	(140)	(492)
Other experience	(799)	4,084
Contributions by scheme participants	868	934
Closing Value	**72,892**	**80,817**

Fair Value of the Scheme Assets	2025 £000	2024 £000
Opening Fair Value of scheme assets	79,219	69,822
Expected return on scheme assets	(1,802)	7,010
Interest Income	3,833	3,355
Contributions by employer	2,490	2,907
Contributions by Scheme participants	868	934
Other Experience	0	641
Estimated benefits paid (net of transfers in)	(1,951)	(2,496)
Closing value	**82,657**	**82,173**

The expected return on fund assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the SoFP date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The total contributions expected to be made to The Highland Council Pension Scheme by NHS Highland in the year to 31 March 2026 is £2.490m.

Basis for estimating assets and liabilities of the Pension Scheme

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for The Highland Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023.

The principal actuarial assumptions adopted as at 31 March 2025 are as follows:

		2025	2024
(a) Life expectancy from age 65 (years)			
Retiring today:			
	Males	20.2	20.3
	Females	23.3	23.4
Retiring in 20 years:			
	Males	21.3	21.4
	Females	24.9	25.0
(b) Financial assumptions			
	Rate of increase in salaries	3.60%	3.60%
	Rate of increase in pensions (CPI)	2.80%	2.80%
	Rate of discounting scheme liabilitie	5.80%	4.80%
Take up of option to convert annual pension into retirement lump sum		65%	65%

(c) The Local Government Pension Scheme's assets consist of the following categories by proportion of the total assets held

Securities	20%	29%
Debt Securities	32%	14%
Private Equity	7%	7%
Real Estate	9%	9%
Investment Funds & Unit Trusts	26%	35%
Cash	6%	6%
Total	**100%**	**100%**

Notes to the Accounts
for the year ended 31st March 2025

Note 20 Retrospective Restatements

No retrospective restatements in financial year 24/25.

		Debit £000	Credit £000
Adjustment 1	Note 0	-	-
Adjustment 2	Note 0	-	-
Adjustment 3	Note 0	-	-
Adjustment 4	Note 0	-	-

Note 21 Restated Primary Statements

There have been no restated primary statements in these accounts

Notes to the Accounts
for the year ended 31st March 2025

Note 22a Financial Instruments - Financial Assets and Liabilities

2024					2025
		Note	Financial assets at Fair Value through Other Comp Income	through Profit & Loss	
£000			£000	£000	£000
	Financial Assets - Consolidated				
9,606	Investments	10	-	10,284	10,284
102,402	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	9	103,837	-	103,837
1,063	Cash and cash equivalents	11	1,567	-	1,567
113,071	**Financial Assets per Balance Sheet**		**105,404**	**10,284**	**115,688**
	Financial Assets - Board				
385	Investments	10	-	791	791
102,675	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	9	103,937		103,937
132	Cash and cash equivalents	11	411	-	411
103,192	**Financial Assets per Balance Sheet**		**104,348**	**791**	**105,139**

2024		Note	Financial liabilities at amortised cost	2025
£000	**Financial Liabilities - Consolidated**			£000
24,804	Finance lease liabilities	12	22,614	22,614
33,614	PFI Liabilities	12	31,747	31,747
102,312	Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	99,366	99,366
160,730	**Financial Liabilities per Balance Sheet**		**153,727**	**153,727**
	Financial Liabilities - Board			
24,804	Finance lease liabilities	12	22,614	22,614
33,614	PFI Liabilities	12	31,747	31,747
102,281	Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	99,341	99,341
160,699	**Financial Liabilities per Balance Sheet**		**153,702**	**153,702**

Notes to the Accounts
for the year ended 31st March 2025

Note 22b 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
As at 31 March 2025	**£000**	**£000**	**£000**	**£000**
PFI Liabilities	5,268	4,310	13,187	19,198
Trade and other payables excluding statutory liabilities	89,376	3,149	3,388	3,427
Total	**94,644**	**7,459**	**16,575**	**22,625**
At 31 March 2024				
PFI Liabilities	5,898	4,940	11,944	22,406
Trade and other payables excluding statutory liabilities	92,169	678	2,137	7,327
Total	**98,067**	**5,618**	**14,081**	**29,733**

Notes to the Accounts
for the year ended 31st March 2025

Note 22b Financial Risk Factors

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 22c 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

The Board has no transactions of this type.

NOTES TO THE ACCOUNTS for the Year Ended 31 March 2025

24 RELATED PARTY TRANSACTIONS

The Board enters into transactions with other Scottish Government and United Kingdom Government agencies and publicly funded bodies (such as Councils and educational institutions) in the ordinary course of its operations. These transactions take place at arms length. Scottish Ministers issue instructions and guidance on special transactions between publicly funded bodies in areas such as property transfers and joint venture investments.

NHS Highland enters into significant transactions with other Scottish Boards including:

NHS Grampian
NHS Greater Glasgow and Clyde
NHS National Services Scotland
NHS National Education for Scotland
NHS National Waiting Times Centre Board (Golden Jubilee NWTC)
NHS Western Isles
NHS Lothian
NHS Tayside.

Integrated Adult services

From 1 April 2012, The Highland Council and NHS Highland integrated health and social care services. Under the partnership agreement effective from that date, NHS Highland is the lead agency for integrated adult services and The Highland Council for the delivery of integrated children's services. From 1 April 2012, NHS Highland and its adult social care staff contributed to the Pension Fund run by The Highland Council which provides pensions for the social care staff of NHS Highland.

In 2024/25 NHS Highland has the following transactions with Highland Council:

	2025 £'000	2024 £'000
Income	141,522	148,424
Expenditure	12,194	12,220
Payables	6,413	6,359
Receivables	19,670	27,834

Argyll & Bute IJB

The integration of adult health and social services resulted in the creation of the Argyll and Bute Health and Social Care Partnership (IJB) established between Highland NHS Board and the Argyll and Bute Council. The voting members of the IJB are appointed through nomination by NHS Highland and Argyll and Bute Council. The voting membership of the IJB Board is split equally between both organisations. Nomination of the IJB Chair and Vice Chair post holders alternates between a councillor and a health board representative.

In 2023/24 NHS Highland has the following transactions with Argyll & Bute IJB:

	2025 £'000	2024 £'000
Income	291,814	272,722
Expenditure	308,561	291,773
Payables	18,500	16,490

Senior officers have control over the Board's financial and operating policies. The total renumeration to senior officers 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 may influence or thought to influence, their judgment or decisions taken during their work. In terms of any related parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties. The full list of Directors & senior staff declarations of interest are publicly available on NHS Highland's website**.**

Reconciliation to IJB Accounts

	£000s
Income to NHS Highland from A&B IJB	291,814
Cost of Services per IJB accounts	284,529
Difference	**7,285**
Being items recorded in the social work element of the IJB accounts (but funded by NHS Highland):	
Resource Transfer to A&B Council	5,652
Agreed budget transfer to A&B Council for ASC	1,633
	7,285

NHS Highland Endowments

The trustees of the Highland Health Board Endowment fund are all members of NHS Highland Board. As a result the Endowment fund accounts are consolidated with the NHS Highland Accounts. All trustees are listed in the remuneration report on P59.

Notes to the Accounts
for the year ended 31st March 2025

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.

	2024	Gross Inflows	Gross Outflows	2025
	£000	£000	£000	£000
Monetary amounts such as bank balances and monies on deposit	4,007	4,126	(4,061)	4,071

Note 26a Consolidated Statement of Comprehensive Net Expenditure

2024 Group		Note	2025 Board	2025 Endowment	2025 Intra Group Adjustment	2025 IJB	2025 Group
£000			£000	£000	£000	£000	£000
	Total income and expenditure						
605,201	Employee expenditure	3a	651,860				651,860
	Other operating expenditure						
110,221	Independent Primary Care Services	3b	119,051				119,051
165,974	Drugs and medical supplies		174,133				174,133
714,090	Other health care expenditure		772,236	1,253	(669)		772,820
1,595,486	**Gross expenditure for the year**		**1,717,280**	**1,253**	**(669)**	**-**	**1,717,864**
(512,124)	Less: operating income	4	(541,573)	(2,065)	669		(542,969)
(1,444)	Associates and joint ventures accounted for on an equity basis					(435)	(435)
				-	-	-	
1,081,918	**Net expenditure for the year**		**1,175,707**	**(812)**	**-**	**(435)**	**1,174,460**

Other health care expenditure and income relates to the consolidation of the Endowment Accounts.

Joint Ventures accounted for on an equity basis discloses the Board's share of any current year surplus or deficit for each integration Joint Board.

Notes to the Accounts
for the year ended 31st March 2025

Note 26b Consolidated Statement of Financial Position

2024 Group			2025 Board	2025 Endowment	2025 Intra Group Adjustment	2025 IJB	2025 Group
£000		Note	£000	£000	£000	£000	£000
494,925	Property, plant and equipment	SOFP	478,803	-	-	-	478,803
2,478	Intangible assets		2,138	-	-	-	2,138
66,261	Right of Use assets	SOFP	63,164	-	-	-	63,164
-	**Financial assets**		-	-	-	-	
9,606	Investments	SOFP	791	9,493	-	-	10,284
9,939	Investments in associates and joint ventures		-	-	-	10,374	10,374
62,713	Trade and other receivables	SOFP	78,548	-	-	-	78,548
645,922	**Total non-current assets**		**623,444**	**9,493**	**-**	**10,374**	**643,311**
	Current Assets						
8,563	Inventories	SOFP	8,603	-	-	-	8,603
-	**Financial assets**		-	-	-	-	
63,787	Trade and other receivables	SOFP	56,519	-	(100)	-	56,419
1,063	Cash and cash equivalents	SOFP	411	1,156	-	-	1,567
73,413	**Total current assets**		**65,533**	**1,156**	**(100)**	**-**	**66,589**
719,335	**Total assets**		**688,977**	**10,649**	**(100)**	**10,374**	**709,900**
	Current Liabilities						
(18,556)	Provisions	SOFP	(21,616)	-	-	-	(21,616)
-	**Financial liabilities**		-	-	-	-	
(147,350)	Trade and other payables	SOFP	(141,601)	(125)	100	-	(141,626)
-	Derivatives financial liabilities		-	-	-	-	-
(165,906)	**Total current liabilities**		**(163,217)**	**(125)**	**100**	**-**	**(163,242)**
							-
553,429	**Non-current assets less net current liabilities**		**525,760**	**10,524**	**-**	**10,374**	**546,658**
	Non-current Liabilities						
(34,429)	Provisions	SOFP	(39,216)	-	-	-	(39,216)
-	**Financial liabilities**		-	-	-	-	
(59,450)	Trade and other payables	SOFP	(55,118)	-	-	-	(55,118)
(93,879)	**Total non-current liabilities**		**(94,334)**	**-**	**-**	**-**	**(94,334)**
459,550	**Assets less liabilities**		**431,426**	**10,524**	**-**	**10,374**	**452,324**
	Taxpayers' Equity						
206,680	General fund	SoFP	188,200	-	-	-	188,200
142,135	Revaluation reserve	SoFP	135,447	-	-	-	135,447
90,948	Other reserves	SoFP	107,779	-	-	-	107,779
9,939	Other reserves - joint venture	SoFP	-	-	-	10,374	10,374
9,848	Funds Held on Trust	SoFP	-	10,524	-	-	10,524
459,550	**Total taxpayers' equity**		**431,426**	**10,524**	**-**	**10,374**	**452,324**

Notes to the Accounts
for the year ended 31st March 2025

Note 26c Consolidated Statement of Cash Flows

2024 Consolidated		2025 Board	2025 Endowment	2025 Intra Group Adjustment	2025 IJB	2025 Consolidated
£000	**Cash flows from operating activities**	£000	£000	£000	£000	£000
(1,081,918)	Net operating cost	(1,175,707)	812	-	435	(1,174,460)
35,740	Adjustments for non-cash transactions	50,142	-	-	(435)	49,707
2,965	Add back: interest payable recognised in net operating cost	2,416	-	-	-	2,416
(17)	Deduct: interest receivable recognised in net operating cost	(7)	-	-	-	(7)
-	Investment income	-	-	-	-	
(4,941)	Movements in working capital	(2,803)	(183)	-	-	(2,986)
(1,048,171)	**Net cash outflow from operating activities**	**(1,125,959)**	**629**	**-**	**-**	**(1,125,330)**
	Cash flows from investing activities					
(31,261)	Purchase of property, plant and equipment	(16,264)	-	-	-	(16,264)
(914)	Purchase of intangible assets	(368)	-	-	-	(368)
(1,276)	Investment Additions	(408)	(6,070)	-	-	(6,478)
-	Transfer of assets to/(from) other NHS bodies	-	-	-	-	-
24	Proceeds of disposal of property, plant and equipment	470	-	-	-	470
-	Proceeds of disposal of intangible assets	-	-	-	-	-
398	Receipts from sale of investments	-	5,666	-	-	5,666
17	Interest received	7	-	-	-	7
(33,012)	**Net cash outflow from investing activities**	**(16,563)**	**(404)**	**-**	**-**	**(16,967)**
	Cash flows from financing activities					
1,092,996	Funding	1,155,053	-	-	-	1,155,053
-	Movement in general fund working capital	-	-	-	-	-
1,092,996	Cash drawn down	1,155,053	-	-	-	1,155,053
(9,076)	Capital element of payments in respect of leases and on-balance sheet PFI contracts	(9,836)	-	-	-	(9,836)
(405)	Interest paid	(27)	-	-	-	(27)
(2,560)	Interest element of leases and on-balance sheet PFI / PPP contracts	(2,389)	-	-	-	(2,389)
1,080,955	**Net Financing**	**1,142,801**	**-**	**-**	**-**	**1,142,801**
(228)	Net Increase / (decrease) in cash and cash equivalents in the period	279	225	-	-	504
1,291	Cash and cash equivalents at the beginning of the period	132	931	-	-	1,063
1,063	**Cash and cash equivalents at the end of the period**	**411**	**1,156**	**-**	**-**	**1,567**
	Reconciliation of net cash flow to movement in net debt/cash					
(228)	Increase / (decrease) in cash in year	279	225	-	-	504
1,291	Net debt / cash at 1 April	132	931	-	-	1,063
1,063	**Net debt / cash at 31 March**	**411**	**1,156**	**-**	**-**	**1,567**

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 Highland by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Highland 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 die 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 I, *NHS* Highland must use the NHS Highland 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 Highland 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 Highland 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 Highland 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,

   "NI-1S 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 Highland is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

"NHS Highland Annual Accounts template" means the Excel spreadsheet issued to NHS Highland 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