

A faint, light purple map of the Western Isles is positioned in the background, oriented vertically. It shows the main islands and surrounding smaller islands.

NHS Western Isles

ANNUAL REPORT AND ACCOUNTS

FOR

THE YEAR ENDED 31st MARCH 2024

NHS WESTERN ISLES

Annual Accounts 2023/2024

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PERFORMANCE REPORT

1. OVERVIEW

The purpose of this overview report is to provide information regarding NHS Western Isles, our purpose, performance, and the key risks to the achievement of our objectives. Additional information has been provided in the Performance Report, the Accountability Report and the Financial Statements.

NHS Western Isles publishes a wide range of information on its services and activities on its website: [NHS Western Isles](#).

1.1 Statement from the Chief Executive

2023/2024 has been another challenging year, and the organisation has continued to respond to the ever present system pressures posed by the competing demands on our services. Our teams have risen to the challenge admirably and worked tirelessly to support those we care for, maintain, and wherever possible further improve our services.

On behalf of the NHS Western Isles, I would like to express my sincere thanks and appreciation to all our staff and partners for their excellent work and dedication and efforts to support the provision of high quality health care to patients across the Western Isles.

Key area of focus for the Board in 2023/2024, included building on our Hospital at Home service, digital innovations, maintaining and protecting scheduled care and preparatory works for the permanent Magnetic Resonance Imaging (MRI) scanner, further development of unscheduled care and significant investment in our facilities infrastructure. We remain committed to maintaining and expanding services using our Annual Delivery Plan (ADP) for 2023/2024 activities but with indicative plans for the following three years.

There are a number of key risks which represent the biggest challenges to the effective and sustained delivery of health care within the Islands. The first is that of steady population decline with the consequential impact on workforce. The second is that of an increasingly fragile and in some areas significant reduction in transport options. Both of these risks are at the forefront of our minds. There are a number of action we have taken to bring about improvements in recruitment and retention to maintain wherever possible a flexible, person centred model of health care delivery.

We like many other Boards are reliant on locum staff, particularly in medical specialities to sustain many services and as we do recognise that locum staff are an essential and a much appreciated part of the team, we must find ways to secure a more consistent and more efficient model of care.

In the following pages, I have outlined a selection of the many achievements and successes of our staff and teams, recognising that I cannot mention every achievement.

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NHS Procurement Virtual Cycle



The NHS Western Isles Procurement team completed a one hundred and seventy mile virtual cycle from Habost Surgery in Lewis to St Brendan's Hospital in Barra. The team took up the challenge on 26th April 2023 raising an incredible £1054 for Macmillan Cancer Support.

Celebrating 40 years of Dietetics in NHS Western Isles



November 1995: "Need to Feed" event. This was the launch of the first Nutrition Risk Tool.

July 2023 marked 40 years of Dietetics in NHS Western Isles starting in July 1983 with 1 whole time equivalent Senior 2 Dietitian who covered the Lewis Hospital, County Hospital, Lochmaddy Hospital, Daliburgh Hospital and St Brendan's Hospital.

Jump forward to 2023 and there are six full time members of the Dietetics team.

They are always keen to develop and work in new ways to enhance the service provided to patients.

A recent development in weight management was the introduction of the injectable medication Liraglutide and NHS Western Isles was the first Board in Scotland to develop and implement this pathway.



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NHS 75th Anniversary Event at Edinburgh Castle

Two long serving members of staff from NHS Western Isles represented the organisation at a special event in Edinburgh Castle on 20th July 2023.

Mary McWilliams and DA Stewart have a combined total of 90 years working for NHS Western Isles.

Mary and DA were nominated to attend the event to thank them for their long service for the organisation both starting with NHS Western Isles in 1978.

DA and Mary are picture below with First Minister, Humza Yousaf.



Welcoming Our First Overseas Radiographer Recruit to the Western Isles



Pictured from left to right: Jane MacDonald, Radiology Manager, Ciara MacKenzie, Specialist Radiographer, Maureen Ifenna-Muokanne, Radiographer, Marie Morrison, Radiology Admin and Karen Macleod, Specialist Radiographer.

In August 2023 the Radiology Department in Stornoway welcomed Maureen Ifenna-Muokanne from Nigeria to the department.

Professionally Maureen describes the role of a Radiographer as very similar between Scotland and Nigeria explaining “ The practical aspects of Radiography were familiar to me having worked in many of the same ways in Nigeria. In terms of living in the Western Isles Maureen observed “It’s colder, wetter and windier on Lewis although I have found the people to be very relaxed, welcoming and helpful”.

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£2.4million Funding Approved for MRI Scanner in the Western Isles

Following an application to the Scottish Government the required Capital funding has been approved to enable NHS Western Isles to procure and install a Magnetic Resonance Imaging (MRI) facility in the Western Isles Hospital in Stornoway which it is anticipated to be in use as early as Autumn 2024.

A locally based service would significantly reduce the annual figure of 1,060 patient journeys to the mainland for MRI scans and will improve continuity of care.

“Mary Mountaineers” Climb Ben Nevis at Night in Memory of Sister Mary



Ally Sworder, Specialist General Podiatrist, NHS Western Isles accompanied by her sister Liz and partner, Gary completed a night hike up Ben Nevis in August 2023.

They raised over £1,000 for MS Society Scotland in memory of Ally and Liz's sister Mary who passed last year after struggling with MS for many years.

Western Isles Hospital Catering Department meets the highest standard of food safety management

NHS Western Isles was delighted with the news that the Catering Department at the Western Isles Hospital had been awarded the Eat Safe Award by the local Environmental Health Service department in October 2023.

The Eat Safe Award is awarded to premises where food is prepared in conditions which are above those required by current legislation.



Pictured: Councillor George Murray, CNES, George MacIver, Catering Manager and members of the Catering Team, Western Isles Hospital.

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Western Isles Cardiac CT Radiographers scoop 3 national awards



The Western Isles Cardiac CT Radiographers have been awarded three prestigious awards by the Society of Radiographers.

The team was first named 'Scottish Team of the Year 2023' before also being selected as 'UK Team of the Year' and winning the 'Patient's Choice Award for Exceptional Care' at a special ceremony in London in November 2023.

Pictured: Jane MacDonald and Karen Macleod.

The Cardiac CT Radiographers were nominated for developing a new Radiographer-led service that was established in 2019 from the ground up. The service is fully patient-centred, avoiding unnecessary patient travel and disruption and providing local diagnostics in a system where there is not a Radiologist or Cardiologist on site.

Being a small, goal-orientated team has allowed the staff to work closely with other professions, both locally and across Scotland, to ensure a truly patient centred service.

NHS Western Isles Macmillan team wins national award as 'Unsung Heroes'



Pictured from left to right: Mary Buchanan, Advanced Clinical Nurse Specialist/Team Lead, Catherine Mackinnon, Macmillan Cancer & Palliative Care Clinical Nurse Specialist and Gail Allan, Macmillan Lead Nurse Cancer, Palliative Care and Neurology.

Also in November 2023, the NHS Western Isles Macmillan team was formally recognised for 'extraordinary effort', adaptivity, innovation and compassion when the team was announced as the winner of Macmillan Cancer Support's 'Whatever it Takes Award'.

The Macmillan Professionals Excellence Awards are an opportunity to recognise the outstanding contribution Macmillan professionals across the UK make to cancer services.

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NHS Western Isles' General Medicine Department receives commendation for an excellent educational experience



Pictured: L-R: Shona Urquhart, Foundation Year 2 (FY2); Maddie Pritchard, FY2; Annabel Taylor, Clinical Department Fellow (CDF); Aris Apostolopoulos, Locum Consultant/Educational Supervisor; Mhairi Murdoch, Locum Consultant/Educational Supervisor; and Charlie Harris, FY1.

The educational experience provided by the General Medicine Department at the Western Isles Hospital has been Highlighted for Excellence by the University of Aberdeen. The programme gained positive feedback in relation to providing relevant knowledge for Foundation Year 1 (FY1) doctors and looking out for students in the Western Isles.

Neil Maclean, Director of Medical Education and Consultant Obstetrics and Gynaecology, NHS Western Isles, said: "The medical educational programme is coordinated by Caroline Ross and delivered by Undergraduate Lead, Dr Mhairi Murdoch; Consultant Physician, Dr Aristeidis Apostolopoulos; the Clinical Support Nurse (CSN) team; the simulation team; the junior medical staff; and various locums, who support not just clinical service, but crucially, medical education at the Western Isles Hospital in Stornoway.

Maternity and Health Visiting staff maintained Baby Friendly Status

Maternity and Health Visiting staff were reassessed in January 2024 by the UK Committee for UNICEF Baby Friendly Initiative and have maintained their baby friendly status.

The team will now be working towards achieving the next level which will be the gold award for achieving sustainability.

Both the NHS Western Isles Maternity Services and Health Visiting Services met all the criteria for continued Baby Friendly accreditation and UNICEF commended the staff for their work to maintain the standards. During the assessment, it was noted that pregnant women and new mothers receive a very high standard of care.

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The assessor noted that the Maternity Unit at the Western Isles Hospital offers a warm and welcoming environment, with enthusiastic and knowledgeable staff who support women and new mothers and their families. Both teams were commended on their close working relationship with one another and the ongoing support they provide for families.

Arthroplasty Pre-admission Clinic seeing major improvements in patient journeys

Patients in the Western Isles are requiring shorter stays in hospital following elective joint replacement surgeries, as a result of the introduction of an innovative pre-admission clinic.

NHS Western Isles introduced a nurse-led Arthroplasty Pre-admission Clinic in June 2022 to ensure that as many Orthopaedic patients as possible attending for arthroplasty surgery are admitted to hospital on the day of surgery. Prior to this clinic, all patients were admitted to hospital in Stornoway the day before surgery.

The success of this clinic has led to the majority of patients being discharged from hospital on day 1 or 2 following their surgery.



Pictured: Sven Wiltshire, Arthroplasty Assistant Practitioner and Nicola Libby, Arthroplasty Practitioner

I hope the preceding paragraphs give you a sense of the commitment of NHS Western Isles staff for continuous improvement, and their dedication to the community we serve.

Gordon G Jamieson Chief Executive Officer

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1.2 Background and Activities of the Organisation

The Board

Western Isles Health Board, commonly known as NHS Western Isles was established in 1974 in line with the National Health Service (Scotland) Act 1972 and is responsible for commissioning health care services for the total population of approximately 26,950 of the Western Isles. We employ one thousand and eighty nine staff and provide a range of primary, community based and acute hospital services. NHS Western Isles will work actively with patients, the public and our partners to improve our community's health and wellbeing, to tackle inequalities, and to deliver high quality, reliable, sustainable and affordable clinical services based on evidence and clearly defined need.

The role of NHS Western Isles is to:

- Improve and protect the health and wellbeing of the local people;
- Improve health services for local people;
- Focus on health outcomes and improving people's experience of their local NHS;
- Promote integrated health, social care and community planning outcomes by working closely with other local organisations;
- Provide a single focus of accountability for the performance of the local NHS; and
- Reduce health inequalities.

Integration Joint Board

The Integration Joint Board (IJB) was established under the terms of the Public Bodies (Joint Working)(Scotland) Act 2014 with full delegation of functions and resources to enable integration of primary and community health and social care services.

The Western Isles IJB commissions a range of services and in 2023/2024 had funding of £79,071k to spend on services. Like other partnerships in Scotland, the IJB continue to have increased levels of demand and greater complexity of care issues. This has an inevitable impact on the cost of care, as the IJB seek to commission services that are safe, effective and capable of meeting the needs of the population.

There has been significant progress already in transforming services including HeartFlow, Hospital at Home and Unscheduled Care. As well as delivering financial savings, NHS Western Isles have been able to increase our effectiveness and efficiency, enabling services to manage the increasing demand and complexity of the patients and service users supported. The IJB is committed to transforming services, and this programme of work will continue moving forward. However, future gains will be smaller and this alone will not bridge the funding gap that has been identified.

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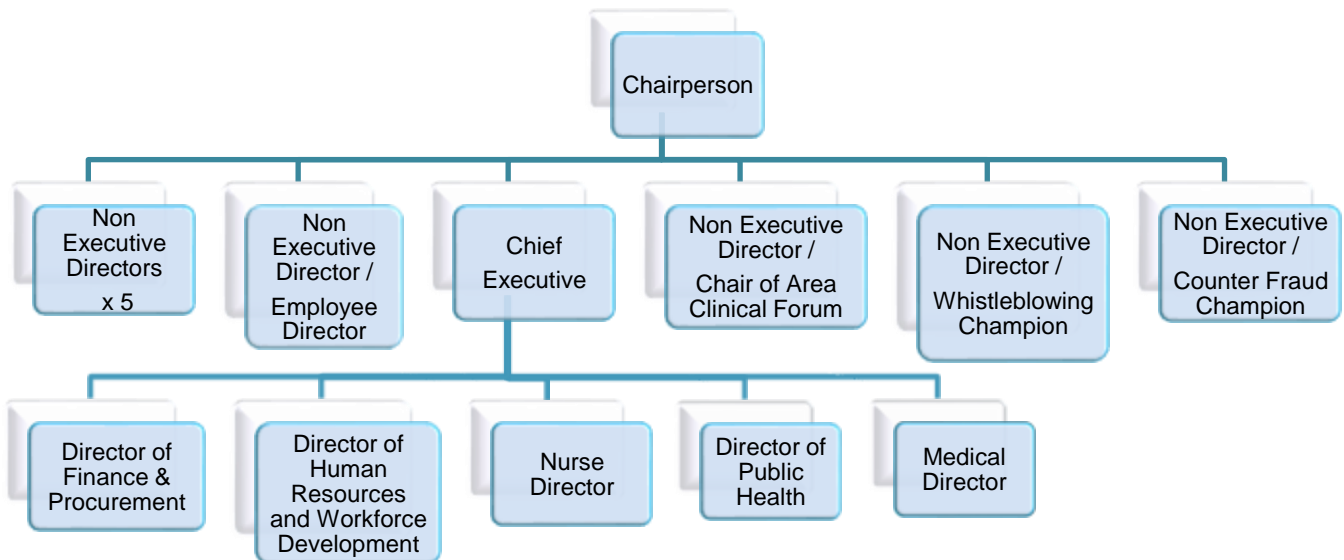
Comhairle Nan Eilean Siar (CnES) Cyber Attack

Comhairle Nan Eilean Siar (CnES) were the subject of a cyber-attack in November 2023, it is understood that this has had a significant impact, particularly, in relation to the systems within its finance functions. This situation has resulted in limited financial information being available to NHS Western Isles relating to the CnES services provided through the Joint Integration Board and which requires to be reflected within the related parties' transactions of NHS Western Isles annual accounts.

Whilst we have received notification from CnES that it is doing everything it can to mitigate the current position, we have received no independent assurance relating to the interim arrangements in place concerning its financial ledger and associated transactions.

The figures in the group SoCNE, SoFP, SoCTE, CFS, and notes 3-5 are based on estimates provided by CnES from their manual systems which they have set up. NHS Western Isles cannot place reliance on the information and are therefore drawing this weakness to the attention of the reader within this report. As a result of this weakness, the accounts of NHS Western Isles have been qualified. It should however be stressed that this qualification relates solely to the group accounts and specifically to NHS Western Isles share of the Integration Joint Board figures.

Organisational Structure



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Corporate Values and Objectives

The Board reviewed its Corporate Values and Objectives in February 2023.

These objectives had been developed to support the achievement of the Scottish Government's 2023 Vision and the Board's mission statement. The detailed actions within the Corporate Objectives address the main areas of focus and action as outlined in NHS Western Isles Annual Operational Plan for 2023/2024. The objectives also reflect key strategic planning activities, financial and workforce plans.

NHS Western Isles will work in partnership to improve the community's health and wellbeing, tackle inequalities and deliver high quality clinical services and proactive care and advice.

Our ongoing vision is that everyone is able to live longer, healthier lives at home, or in a "homely setting" and we have a healthcare system which:

- Has integrated Health and Social Care;
- Focuses on prevention, anticipation and supported self management;
- If hospital treatment is required and cannot be provided in a community setting, then day case treatment will be the norm;
- Focuses on ensuring that patients return to their home or community environment as soon as appropriate, with minimal risk of re-admission; and
- Whatever the setting, care will be provided to the highest standard of quality and safety.

Our Objectives are to:

- Provide person-centred care, focusing on the evidence based health needs of our population, identifying and taking every opportunity to improve our patients' health, experience and outcomes;
- Protect individuals from avoidable harm by continually learning and improving the reliability and safety in everything we do;
- Champion efficiency and effectiveness in our services that delivers minimum possible waiting times;
- Pro-actively stimulate and intensify our search and application of effective innovation to improve how we can fix patients today and into the future;
- Promote and support people to live longer healthier lives;
- Specifically target early years, health inequalities, vulnerable and hard to reach groups;
- Continually improve and modernise our integrated healthcare services and assurance systems;
- Value, support, develop and sustain a compassionate, confident, competent, flexible and responsive workforce;
- Deliver our commitment to partnership working to deliver national standards, targets and guarantees;
- Have a sustained focus on prevention, anticipation, support self management and care at home; and
- Ensure that all resources are deployed to the best effect, achieving desired outcomes and value for money.

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The above objectives have been disseminated throughout the organisation to inform personal objective setting and to help individuals understand what they can do to contribute to the delivery of these objectives.

1.3 Key Issues and Risks

The key challenges that the Board faces are

- Demography;
- Transport Links;
- Ageing workforce; and
- Long Term Conditions.

Demography

Using updated population prediction the islands are expecting to see a 6% drop in population by 2028, one of the biggest population decreases in Scotland. Working age population is set to decrease by 6% by 2028 and in contrast the over 75s with the greatest levels of co-morbidity is set to rise by 25%. The population changes will result in a year-on-year reduction in the available workforce to nurse, care and attend to the most vulnerable of people whose numbers are increasing year on year. The Integrated Joint Board is already feeling the effect of the changes in demography with high levels of vacancies in social care workforce and nursing workforce. In the last five months, the net work force in post has reduced by over thirty, predominately in homecare and trained nursing posts. This risk is now on our corporate risk registers (as one of the biggest risk NHS Western Isles face to services).

Transport Links

Changes to the Loganair Schedule from Inverness and Stornoway together with a change to a different airline for the Public Service Obligation (PSO) route Benbecula to Stornoway has resulted in a loss of approximately 40% of our visiting services from Raigmore. The new plane on the Benbecula route has capacity not large enough for who require to travel, has a different schedule that does not always link into clinic days, is unsuitable for anyone with certain mobility issues and means there is no direct connection to Inverness and Raigmore Hospital. This again is resulting in a loss of clinics, increased costs and less than adequate service for the Uists and Benbecula.

Ageing Workforce

With high vacancies, ageing workforce and a lack of unskilled or semi skilled people living on the islands and the increased depopulation of the islands, there is a risk that in years to come there will not be a workforce to sustain the current services. Population reports suggest that we need over one thousand child bearing age families to stop depopulation. There is little the Board can do to reverse the issue with the ageing workforce although there has been a small uptake in the NHS Retire and Return policy. We also have re-instated our apprenticeship scheme within the Organisation.

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The effect of an ageing workforce includes:

- The loss of highly experienced staff through retirement;
- Increased risk of long term conditions and high sickness absence; and
- Increased rehabilitation time required after illness.

Long Term Conditions

As we survive longer and medication improves, we can see a corresponding increase in the number of people living with long term conditions. These range from the most common conditions like Coronary Heart Disease (CHD), Stroke and Cancer, to a variety of other chronic physical or mental health conditions including Diabetes, Dementia, Asthma and Depression.

Results from the Scottish Health Surveys in the Western Isles over the period 2008 to 2017 found that around four in ten adults had a long term condition or disability, with the majority describing these as limiting their quality of life. Most long term conditions have a strong association with age and as a result, there is a significant projected increase in prevalence over the next fifteen years.

Many long term conditions are mental health related, including Depression and Dementia. The Western Isles has higher levels of such conditions relative to the rest of Scotland, which in part reflects the older population profile. Overall projections are for a 73% increase in Dementia cases over the next twenty years.

The increase in the number of people living with long term conditions also has the effect of increasing demand on the NHS Western Isles with the increased financial costs that treating these conditions bring in a time of austerity.

It is essential that within universal service provision there is sufficient flexibility to meet the needs of the population whether they are older people or people living with chronic illness. The Board continues to work with our Health and Social Care Partners and is an active Community Planning Partner as we seek to address the determinants of health that are fundamental causes of health inequalities.

Together with Comhairle nan Eilean Siar through the Integrated Joint Board, we continue to tackle the issues relating to prevention, inequalities and an ageing population in an extremely challenging financial climate.

Risk Appetite Statement 2023

Healthcare systems are complex organisations. Risk is ever present across and throughout our systems, services and care delivery. Many decisions are underpinned by risk assessment, identifying action, management mitigation and reduction. It is important for NHS Western Isles to be explicit about its approach to and tolerance of risk, i.e. its Risk Appetite.

NHS Western Isles as a healthcare provider operates within a low overall risk range. As an organisation we place patient safety as our highest priority and will not accept known, unmanaged risks that materially impact negatively on patient or staff safety.

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Corporate Risk

There are seventeen risks on the NHS Western Isles Corporate Risk Register at 31st March 2024. The seven rated very high risks are detailed below:

| Risk Title / Owner | Descriptor | Risk Level (Current) | Risk Level (Target) |
|--|---|----------------------|---------------------|
| To Achieve Financial Balance to Achieve Statutory Duty <i>Director of Finance & Procurement</i> | The organisation is at risk of failure to achieve financial balance leading to not achieving statutory duty to break even against revenue resource limit. This risk could impact on the organisation by leading to: <ul style="list-style-type: none"> • Failure to achieve efficiency targets; • High sickness absence necessitating the use of bank staff; • High levels of unplanned or extra contractual activity with mainland providers; • Failure to adhere to Standing Financial Instructions; and • Delegating limits and external changes to regulations for example VAT and pension contributions. | High (16) | High (12) |
| Waiting Times – Capacity (theatre / beds to meet targets – local and visiting services) <i>Medical Director</i> | There is a risk that NHS Western Isles will not meet Treatment Time Guarantee (TTG) legal target for inpatient / day cases without increasing capacity. The impact to the Board is insufficient capacity to meeting demand in specialities provided by local and visiting services to meet HEAT waiting time targets and TTG legal target. | Very High (20) | High (16) |
| IT Digital Health GP IT Managed Services to GP Practices <i>Chief Executive</i> | GP IT Reprovisioning has been delayed and now not expected until 2024 with only one supplier in the running and now awarded the contract across Scotland – Vision. There is a risk that we are still reliant on legacy, unsupported Windows 7 / MS server 2003 / server 2008 operating systems that are end of life and no longer supported by Microsoft. | Very High (20) | Medium (8) |
| System and Winter Pressure 2023 / 2024 <i>Chief Executive</i> | The risk of not maintaining the full range of elective and emergency services during the winter of 2023/2024. Hazards are: <ol style="list-style-type: none"> 1. System pressure demand; 2. Covid-19 outbreaks; 3. Flu; 4. Winter patient demand; 5. Staff availability – illness / isolation; 6. Adverse weather; 7. Test and protect (untested at scale); 8. Vulnerability of Uist and Barra; 9. Brexit; 10. Norovirus 11. Redesign of urgent care; 12. Respiratory Syncytial Virus (RSV); 13. Delayed discharge; 14. National power outages; 15. Industrial action. | Very High (20) | High (12) |

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| Risk Title | Descriptor | Risk Level (Current) | Risk Level (Target) |
|---|--|----------------------|---------------------|
| Effects of Demographic Changes on the Western Isles <i>Chief Executive</i> | There are a number of effects on NHS Western Isles and the Western Isles of changing demographics: <ul style="list-style-type: none"> Increased costs; Recruitment and workforce issues; Lower passenger payloads on planes; Higher co-morbidities and falling school rolls. | Very High (20) | Very High (20) |
| In-patient beds within Western Isles Hospital <i>Chief Executive</i> | There is a risk that the requirement for the use of additional contingency beds due to unscheduled care demand will result in 5 and 6 bed care bays, breaching IPC guidance regarding safe and effective bed spacing with the potential for patient and / or staff harm. There is a risk of increased transmission of Nosocomial infection due to overcrowding in ward bays where there is sub optimal ventilation. There is a risk on noncompliance with national guidance for patient bed spacing. There is a risk that domestic services routine cleaning schedules are hindered due to overcrowding of bay areas with enhanced cleaning requirement and low staffing numbers. | Very High (20) | Very High (20) |
| Acute Psychiatric Unit <i>Chief Executive</i> | There is a risk that the lack of access to mainland acute mental health beds for those patients assessed as sufficiently complex and challenging requiring urgent transfer will result in potential staff and / or patient harm. In the circumstances outlines, safe and effective patient centred intervention (1:1 sessions, groups) are not able to be provided in accordance with the guidance and good practice. | Very High (20) | High (12) |

To Achieve Financial Balance to Achieve Statutory Duty

At 25th April 2024 the risk was reviewed by the Director of Finance and Procurement and at that time the current score remained very high at 20.

Waiting Times – Capacity (theatre / beds to meet targets – local and visiting services)

On the 22nd April 2024 there were currently three hundred and thirty three patients on the Inpatient/Day Case waiting list. The Orthopaedic service had recovered particularly well post-pandemic. Since a change in the theatre schedule and the introduction of an arthroplasty practitioner there have been significant improvements in length-of-stay, same-day -admission and mobilisation. An arthroplasty rehabilitation worker has also recently been recruited with the emphasis now on rehabilitation. In Ophthalmology, High-Volume Cataract Surgery blueprints have been launched nationally following which the number of cataracts listed locally has increased initially from twelve to fourteen per list, and a further increase to sixteen cataracts per list is now being planned. The General Surgery waiting list is also performing well with the waiting list already at pre-pandemic levels. The absence of a substantive consultant creates planning and continuity challenges as well as hindering our ability to partake in national improvement programmes.

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Nevertheless, a good relationship with locum agencies has ensured that the service performs well. A number of locums do not perform urological procedures and so some General Surgery patients are waiting longer. There are much smaller waiting lists for Gynaecology and Oral and Maxillofacial Surgery.

IT Digital Health GP IT Managed Services to GP Practices

At 26th April 2024 the risk was reviewed and the noted that the Vision implementation start date had slipped to Summer 2025. The current risk score remained the same.

System and Winter Pressure 2023 / 2024

At 24th April 2024 the risk was reviewed and there was no change to the risk. The current risk score remained the same.

Effects of Demographic Changes on the Western Isles

At 25th April 2024 the risk assessment was reviewed and amended to note that the Board would be monitoring the effect on the change to a smaller plane for the interisland connection and whether that will affect the retention of the current population, specifically residents with limited mobility.

In-patient beds within Western Isles Hospital

At 24th April 2024 the risk was reviewed and there was no change to the risk. The current risk score remained the same.

Acute Psychiatric Unit

At 24th April 2024 the risk was reviewed and there was no change to the risk. The current risk score remained the same.

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2. PERFORMANCE ANALYSIS

2.1 Key Performance Indicators

The Board monitors its performance against a range of quality and performance measures. The performance measures in this section use national and local sources to present our 2023/2024 performance. The Board's non financial performance measures focus on the six dimensions of healthcare quality as highlighted in the [Healthcare Quality Strategy for NHSScotland](#) which demonstrates that the system is Person Centred, Safe, Efficient, Equitable and Timely.

NHS Western Isles continue to work with Public Health Scotland who support national and local partners across Scotland to work together to further improve healthy life expectancy and reduce health inequalities in our communities. Further information is available on the Public Health Scotland website: [Public Health Scotland](#).

Public Health Scotland publishes reports on various activities and performance of all NHS Boards. The most up to date information can be found at the following website: [NHS Performs | Home](#)

The figures below highlight the performance data achieved to the end of March 2024 in comparison to the previous year:

| Standard | Target | March 2023 | March 2024 |
|--|--------|------------|------------|
| A&E (Emergency Department) 4 hour Access | 95% | 98.7% | 97% |
| Cancer 31 Day | 95% | 100% | 100% |
| Cancer 62 Day | 95% | 62.5% | 68% |
| Children & Adolescent Mental Health Services (CAMHS) | 90% | 100% | 100% |
| Outpatient 12 Week | 95% | 76.90% | 64.30% |
| Treatment Time Guarantee (TTG) | 100% | 72.93% | 67.10% |
| 18 weeks Referral to Treatment (RTT) | 90% | 82.60% | 80.10% |

There has been a reduction in performance from 2023 specifically against Treatment Time Guarantee and this is partly due to transport logistics relating to the visiting services from Raigmore and the inability for consultants to travel.

Although a slight reduction in 2024 NHS Western Isles is still above the A&E 4 hour access 95% target and does very well against the Cancer 31 days. The Cancer 62 day target is beyond the control of NHS Western Isles and sits with our provider Boards.

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2.2 Annual Delivery Plan

In 2023, the Board submitted its annual delivery plan which included a series of principles and key objectives suited to the Stabilise and Improve Footing for NHS Scotland and summarised activities in Acute, Community, Mental Health, Primary Care and Public Health Services.

In line with the National Framework, the Annual Delivery Plan was developed with the intention of delivering the priorities of:

- Building Resilience in Unscheduled Care
- Planned Care
- Staff Wellbeing
- Supporting Social Care
- Sustainability and Value

2.3 Financial Performance

| | Limit as set by SGHSCD | Actual Outturn | Variance (Deficit) /Surplus |
|---------------------------------|------------------------------|-------------------|-----------------------------------|
| Revenue Resource Limit | £'000 | £'000 | £'000 |
| Core Revenue Resource Limit | 112,144 | 112,042 | 102 |
| Non Core Revenue Resource Limit | 2,967 | 2,965 | 2 |
| Total | 115,111 | 115,007 | 104 |
| | | | |
| Capital Resource Limit | | | |
| Core Capital Resource Limit | 1,511 | 1,509 | 2 |
| Non Core Capital Resource Limit | - | - | - |
| Total | 1,511 | 1,509 | 2 |
| | | | |
| Cash Requirement | 115,180 | 115,180 | - |

Memorandum for In Year Outturn

| | |
|--|--------------|
| | £'000 |
| Core Revenue Resource Variance (Deficit) / Surplus in 2023/2024 | 102 |
| Financial Flexibility: Funding Banked with / (provided by) Scottish Government | - |
| Underlying (Deficit) / Surplus against Core Revenue Resource Limit | 102 |
| Percentage | 0% |

NHS Western Isles submitted a three year financial plan to the Scottish Government on 11th March 2024, a letter was issued in response to the financial plan on 4th April 2024.

Excluding provision of financial flexibility provided by the Scottish Government, the Board's outturn would have been an underspend on the RRL of £102k (equivalent to 0.08%). As this balance is within the one percent flexibility afforded by the three year financial planning, this will be managed within an overall breakeven position in the period 2024/2025.

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NHS Western Isles have worked hard in very difficult circumstances to bring the budget to a break-even position with efficiency plans being in place, little use of nursing agencies, none in any ward setting, rigid grip and control and use of a large proportion of NHS reserves related to IJB reserves, which includes reserves earmarked for use in the efficiency plans for 2024/2025. This will affect the ability to break-even in 2024/2025 if the rate of inflation and other unavoidable cost pressures continue which is likely.

The biggest cost pressure the board faced was high-cost consultant charges even though NHS Western Isles use in part a model whereby we pay for medical and surgical consultants at a consortium rate, which is far more favourable than normal agency costs. This will continue into 2024/2025, with specialist gaps in the market and several posts vacant.

The Board has faced extreme difficulties with its transport network which caused an overspend which for 2023/2024 was part funded by a non recurring allocation. The network links have further collapsed for 2024/2024 with no timely connections to NHS Highland and to the Southern Isles. Seat capacity has reduced considerably and the removal of the Thursday plane will mean a 40% reduction in clinics held by Raigmore clinicians on the islands.

High Heating Oil and Electricity charges is a £471k pressure that could not be contained within any efficiencies and is likely to continue into 2024/2025.

Other inflationary cost pressures the Board faced this year and into 2024/2025 is general inflation affecting food, and flight increases of 12.3%, which came into effect in December 2022, which is approximately a net pressure of £345k for flights.

Integrated Joint Board

The IJB is a separate legal organisations and acts as principal in its own right. Accordingly, the Board is required to reflect the contribution of IJB funding for devolved health services and the subsequent commission from income from the IJB for those services delivered by the Health Board, as a distinct and separate transaction from the operational expenditure incurred in delivering those services.

If the IJB do not make a high level of recurring savings each year and if the level of funding available is not increased than by 2026/2027 the Board could be looking at a £10.725m gross initial budget gap and a net £8.975m gap. With that level of gap then changes in service will need to be made over and above some of the choices that will have to be made to allow the Board to break-even in 2024/2025. Work linking in financial savings and long-term strategies for Health and Social Care need to start immediately, specifically as many will need to be consulted on and would possibly trigger change management processes in both partners. It will also require all organisations to work in partnership and focus our limited resources on offering services which are sustainable over the longer term and are targeted to those with the greatest need.

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MRI Scanner

An updated business case for the MRI scanner was provided to Scottish Government and has been approved for funding. Capital costs are now estimated at £2.431m, an increase of £0.473m since the first business case was submitted. This is due to inflationary pressure and some additional costs being identified.

Capital

There remains significant pressure on the Board's capital budget, impacting on the programming of essential building works and equipment replacement, and the ability to commit to investment in other key areas.

Additional capital allocations totalling £182k were provided by Scottish Government in 2023/2024 in response to funding requests from the Board, a significant reduction from the previous year's additional funding of £2,341k. Total capital budget in 2023/2024 was £1,473k compared to £3,633k the previous year. Total spend is noted as follows:

| Capital Spend | |
|----------------------------|-------------------|
| Estates | £920,332 |
| Medical equipment | £423,340 |
| Non-Medical equipment | £130,007 |
| Capital Spend Total | £1,473,679 |

The majority of capital funding, £920k, was spent on urgent improvements and repairs across Estates, including the replacement and upgrade of the Western Isles Hospital water tanks, £452k, and ongoing works to re-design Uist & Barra Hospital, £360k.

Medical Equipment accounted for £423k of spend including £166k on Renal RO equipment and £164k to standardise and replace defibrillators across the NHS WI estate.

Future Impact on Capital– 2024/2025

There have been significant pressures on the Board's capital budget in recent years, which has presented serious challenges to the Board in programming essential building works and equipment replacement purchases along with a number of high priority projects that are required.

The available budget for 2024/2025 is limited to the baseline allocation of £1.291m, with projects to the value of £3.134m, excluding the proposed MRI scanner which will be funded by a separate allocation.

If additional funding from the Scottish Government does become available, bids will be submitted by the Board, however, current indications are that capital resource will be severely restricted in 2024/2025.

Provisions for Impairment of Receivables

The Board has increased the provision from £128k to £209k against potential bad debts.

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Outstanding Liabilities

The Board had a trade payable balance of £14,317k as at 31st March 2024. Note 12 provides further details of this balance.

Significant changes in non-current assets

There have been no significant changes in non-current assets during the year.

Private Finance Initiative (PFI) / Public Private Partnerships (PPP)

NHS Western Isles has no Private Finance Initiatives or Public Private Partnerships in place.

2.4 Payment Policy

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

The payment statistics (calculated by reference to invoice receipt date and relating only to non-NHS suppliers) were as follows:

| | 2024 | 2023 |
|--|-------------|-------------|
| Average credit taken in days | 18 days | 11 days |
| Contractual 30 Day Payment Policy | | |
| Total Number of Invoices | 17,534 | 19,446 |
| Total Number of Invoices paid within 30 days | 15,426 | 18,300 |
| % by Volume of Invoices paid within 30 days | 87.98% | 94.11% |
| % by Value of Invoices paid within 30 days | 94.51% | 95.94% |
| Aspirational 10 Day Target | | |
| Total Number of Invoices | 17,534 | 19,446 |
| Total Number of Invoices paid within 10 days | 8,923 | 13,364 |
| % by Volume of Invoices paid within 10 days | 50.89% | 68.72% |
| % by Value of Invoices paid within 10 days | 81.37% | 85.34% |

There has been a decrease in the number of invoices paid due to vacancies and retirements within the Account Payable team which has affected payment performance. As of May 2024 the team will be fully staffed and we expect the performance to improve in the year 2024/2025.

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2.5 Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within the remuneration report.

2.6 Social, Anti Bribery, Anti Corruption and Diversity Issues

The Board has implemented the Equality & Human Rights Policy to provide guidance and protection for managers and employees in NHS Western Isles to ensure employees are treated fairly and consistently with dignity and respect. On 1st March 2020 the Scottish Government launched phase 1 of the “Once for Scotland Workforce Policies Programme” which is the development of workforce policies to be used consistently throughout the NHS in Scotland and have been implemented by NHS Western Isles.

“Once for Scotland Workforce policies will promote NHS Scotland as a modern, exemplar employer, showcasing our core values and promoting consistent employment policy and practice that supports the implementation of the Staff Governance Standard and effective recruitment and retention.

The Board will maintain an honest and open culture, and is committed to the deterrence, detection and investigation of any fraud within NHS Western Isles. The Board has procedures in place which reduce the likelihood of fraud, bribery and theft occurring.

These include the Board’s Anti-fraud, Bribery and Corruption policy, which supports the Scottish Government’s Strategy to Combat NHS Fraud in Scotland, the Standing Orders, Standing Financial Instructions, Financial Operating Procedures, a system of internal control, and a system of risk assessment. The Board also has a payment verification system relating to Family Health Service expenditure.

The Board takes the prevention and detection of fraud, bribery and theft very seriously and during the year, the Healthcare Governance and Audit Committee considered regular reports from the Fraud Liaison Officer that included counter fraud updates, the annual counter fraud report and work plan.

NHS Western Isles is committed to running the organisation in the best way possible. The Whistleblowing policy has been introduced to reassure all staff that it is safe and acceptable to speak up, and to enable them to raise any concern which they may have at an early stage and in the right way. Rather than wait for proof, it is preferable if a matter is raised when it is still a concern.

2.7 Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 sets 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.

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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 Western Isles 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 sustainability reports.

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

2.8 Events after the End of the Reporting Period

Events after the end of the reporting period are disclosed in Note 15.

Signed: Gordon Jamieson

Chief Executive

Date: 26th June 2024

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ACCOUNTABILITY REPORT

The Accountability Report contains three sections:

- A corporate governance report that explains the composition and organisation of the entity's governance structures and how they support the achievement of the Board's objectives.
- A remuneration and staff report that sets out the Board's remuneration policy for directors and sets out the amounts awarded to directors.
- A Parliamentary accountability and audit report bringing together the key Parliamentary accountability documents.

3. CORPORATE GOVERNANCE REPORT

3.1 The Directors' Report

The Directors' present their report and the audited financial statements for the year ended 31st March 2024.

Date of Issue

The Accountable Officer authorised these financial statements for issue on 26th June 2024.

Appointment of auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Audit Scotland to undertake the audit of NHS Western Isles for the financial year ended 31st March 2024. 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 confidently and effectively 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 healthcare. Monthly Board meetings continued to be held via Microsoft teams or as a hybrid face to face and teams meeting during the year. All meetings were available to the public with the exception of the June 2023 meeting where the annual accounts were approved.

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The Board membership during the 2023/2024 financial year was as follows:

| Name | Position |
|----------------------|--|
| Gillian McCannon | NHS Western Isles Chair |
| Jane Bain | Non Executive Director / Employee Director (from 01/06/2023) |
| Karen France MacLeod | Non Executive Director (from 01/04/2023) |
| Julia Higginbottom | Non Executive Director |
| Paul MacAskill | Non Executive Director (from 08/01/2024) |
| Naomi MacDonald | Non Executive Director (from 01/08/2023) |
| Jocelyn McConnachie | Non Executive Director |
| Dana Murray | Non Executive Director / Employee Director (to 31/05/2023) |
| Annetta Smith | Non Executive Director |
| Paul Steele | Non Executive Director |
| Sheena Wright | Non Executive Director / Whistleblowing Champion |
| Gordon Jamieson | Chief Executive |
| Debbie Bozkurt | Director of Finance & Procurement |
| Colum Durkan | Director of Public Health (from 26/03/2024) |
| Fiona C MacKenzie | Nurse & Allied Health Professionals Director / Chief Operating Officer |
| Frank McAuley | Medical Director |
| Maggie Watts | Director of Public Health (to 31/08/2023) |

The board members' responsibilities in relation to the accounts are set out in a statement following this report.

The statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, NHS Western Isles 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 31st 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.

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They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Board members' and senior managers' interests

Details of any transactions with any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in Note 24.

The Board maintains a register of interests on its website. This can be found at: <http://www.wihb.scot.nhs.uk/meet-the-board>

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 financial year.

Remuneration for non audit work

There has been no non-audit work carried out by auditors and therefore no remuneration paid to auditors in respect of non-audit work carried out on behalf of the Board, as disclosed in Note 3.

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 financial year. The Board has put in place arrangements to comply with the Act which includes the publishing of payments to suppliers which, in any one year, amount to greater than £25,000. This publication can be found at [public-services-reform-scotland-act-2010](#) and also includes details of significant payments for management and other non medical consultancy, expenditure on public relations, overseas travel and hospitality and entertaining.

Personal data related to incidents reported to the Information Commissioner

There were no personal data related incidents reported to the Information Commissioner in 2023/2024 or in 2022/2023.

Disclosure of Information to Auditors

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

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3.2 Statement of the Accountable Officer's Responsibilities

Under Section 15 of the Public Finance and Accountability (Scotland) Act, 2000, The Principal Accountable Officer (PAO) of the Scottish Government has appointed me, as Chief Executive to be the Accountable Officer of NHS Western Isles.

This designation carries with it, responsibility for:

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

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

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

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

I am responsible for ensuring proper records are maintained and that the accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter to me of the 22nd March 2022.

3.3 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. I am also responsible for safeguarding the public funds and assets assigned to the organisation.

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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 NHS Western Isles. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically. The system of internal control is designed to effectively 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 of the Board

NHS Western Isles has a corporate governance framework which includes:

- A Board which meets every month, alternating with formal public sessions with board development and briefing workshops, to consider the plans and strategic direction of the organisation;
- An Annual Operational Plan (formally LDP), which identifies the organisation's strategic development objectives and aspirations for health improvement, wellbeing and health care in conjunction with Better Health Better Care, the Quality Strategy and the National Clinical Strategy;
- A Healthcare Governance and Audit Committee (covering risk, audit and clinical governance); Staff Governance Committee; and Remuneration Committee, all of which meet at least quarterly acting on specific terms of reference to focus on particular aspects of the governance framework;
- A Corporate Management Team which meets monthly to consider and drive effective delivery against overall plans, objectives, targets and guarantees. The team comprises the Chief Executive, Executive Directors and Senior Managers;
- A single comprehensive Code of Corporate Governance, in which clearly defined guidelines and levels of authority are established for all areas of expenditure and capital investment;
- Risk registers which are active, maintained and reported regularly to operational management and a corporate risk register identifying key risks which is reported regularly to the Corporate Management Team, Healthcare Governance and Audit Committee and the Board;
- A system of regular performance management and review led by the Chief Executive; and
- An Anti-fraud, Bribery and Corruption policy.

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Operation of the Board

The Board undertakes a review of its Corporate Mission, Values and Objectives and once approved these are communicated widely across the organisation via a comprehensive communications infrastructure.

The internal performance reviews and reports considered at Board meetings and standing committee meetings serve to ensure that services are delivered in accordance with the Board's objectives, and confirm compliance with the duty of Best Value and the Board's Code of Corporate Governance.

The quality of services is principally measured through a combination of internal performance scrutiny such as hand hygiene compliance and environmental audits, and the external performance and scrutiny reports issued by various Scottish Government inspectorates such as Healthcare Improvement Scotland (HIS), the Healthcare Associated Infection (HAI) team, the Healthcare Environment Inspectorate (HEI), the Ionising Radiation (Medical Exposure) Regulations 2000 (IRMER) inspector appointed by Scottish Ministers and the Medical Health Regulatory Authority (MHRA).

The Board's Standing Orders, Standing Financial Instructions, Scheme of Delegation and contract/procurement regulations form part of the Board's Code of Corporate Governance arrangements, together with the constitution and terms of reference of the Board's standing committees and sub-committees, codes of conduct and the Board's anti-fraud, bribery and corruption policy. The Board has in place a schedule for regular review and update of the Code.

Principal Standing Committees

The principal standing committees of the Board, namely the Area Clinical Forum, the Area Partnership Forum, Healthcare Governance and Audit Committee and the Staff Governance Committee, provide the platform for robust monitoring of compliance with the Code of Corporate Governance, reporting any significant departures to public meetings of the Board. These standing committees receive both internal and external audit reports and reports from many other scrutiny bodies, which give assurance of compliance with relevant laws and regulations and internal policies and procedures.

Information about membership of these committees and how often they met is detailed below.

- *Area Clinical Forum*

The Area Clinical Forum is constituted under the Rebuilding Our Health Service National Framework 2001, which emphasises that each NHS Board should draw on the full range of professional skills and expertise that exists in all parts of its local system for advice on clinical and other professional matters.

There were issues with the membership of the Area Clinical Forum during 2023/2024 and although the Forum met during the year, all meetings were inquorate and therefore the Committee could not fulfil its remit of considering a full programme of work.

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- *Area Partnership Forum*

The Area Partnership Forum has a key role in ensuring that best practice is shared and achieved throughout NHS Western Isles. The Forum will ensure a system wide implementation and monitoring of all “Once for Scotland” policies and will carry out any additional policy development to support staff governance. The purpose of the Forum is to facilitate and monitor the effectiveness of partnership working between management and staff across NHS Western Isles.

The Area Partnership Forum met on seven occasions during 2023/2024.

The Area Partnership Forum membership during the 2023/2024 financial year was as follows:

| Name | Position |
|----------------------|---|
| Gordon Jamieson | Chief Executive (Joint Chair) |
| Jane Bain | Non-Executive Director / Employee Director (Joint Chair) |
| Debbie Bozkurt | Director of Finance & Procurement |
| Wendy Dunsmore | UNITE |
| Nick Fayers | Integrated Joint Board Chief Officer |
| Maggie Jamieson | Head of Communications, Claims and Patient Information |
| Christine Kennedy | Employee Relations Officer |
| Stuart King | Organisational Development and Learning Manager |
| Diane MacDonald | Director of Human Resources |
| Fiona MacKenzie | Nurse / AHP Director / Chief Operating Officer |
| Anne MacLean | Employee Relations Officer |
| Donald Murdo MacLeod | Operational Diversity Lead & Volunteer Service Co-ordinator |
| Alana MacPhee | Chartered Society of Physiotherapists |
| Lachie MacPherson | Hospitals Manager |
| Margaret MacRae | Royal College of Nursing |
| Frank McAuley | Medical Director |
| Shuna Mighton | Society of Radiographers |
| Lena Morrison | Employee Relations Officer |
| Chris Ann Munro | UNISON |
| Dana Murray | Society of Podiatrists |
| Beata Pantak | Consultant Anaesthetist |
| Martyn Ramsey | British Medical Association |
| Gillian Tait | Royal College of Nursing |
| Cameron Thompson | UNISON |
| Maggie Watts | Director of Public Health |

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In addition, the Forum may request the Chairperson of the Staff Governance Committee, a representative from Occupational Health and the Health and Safety Officer to attend meetings.

Other Non-Executive Directors of NHS Western Isles whilst not being members of the Committee, do have the right to attend meetings and have access to all papers.

The remit of the Area Partnership Forum is to be involved in issues beyond human resources and take a proactive approach in embedding partnership working at all levels to assist the process of devolved decision making. The Forum will contribute to local and regional planning arrangements for service and workforce development and delivery and maximise employment security.

The Committee fulfilled its remit throughout the year considering a full programme of work.

- *Healthcare Governance and Audit Committee*

The purpose of the Healthcare Governance and Audit Committee is to provide assurance to NHS Western Isles, based on evidence gained from review, on the adequacy, efficiency and effectiveness of the NHS Western Isles governance, risk management and internal control framework. The Committee will also provide assurance that appropriate structures are in place for clinical governance to be supported effectively by the Board and that these structures are operating effectively and that action is being taken to address any areas of concern.

The Healthcare Governance and Audit Committee met on five occasions during 2023/2024 and the membership comprised of:

| Name | Position |
|---------------------|--------------------------------|
| Jocelyn McConnachie | Non Executive Director & Chair |
| Julia Higginbottom | Non Executive Director |
| Sheena Wright | Non Executive Director |

The Board Chair is an ex officio Member. The Committee may invite individuals to attend the Committee meetings, but the Chief Executive, Director of Finance & Procurement, Director of Human Resources and Workforce Development, Medical Director, Nurse Director, Director of Public Health, Head of Clinical Governance and Professional Practice, the Head of Infection Control, Decontamination and Cleaning Services, and representatives of internal audit and external audit will normally be in attendance.

Other Non-Executive Directors of NHS Western Isles whilst not being members of the Committee, do have the right to attend meetings and have access to all papers.

The remit of the Healthcare Governance and Audit Committee is to seek and obtain appropriate assurances on behalf of the Board that a framework of governance is in place and operating effectively.

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The Committee fulfilled its remit throughout the year considering a full programme of work.

- *Staff Governance*

The purpose of the Staff Governance Committee is to ensure appropriate and robust Staff Governance processes are in place within NHS Western Isles.

The Staff Governance committee met on four occasions during the 2023/2024 financial year. The membership comprised of:

| Name | Position |
|---------------------|--|
| Annetta Smith | Non Executive Director & Chair |
| Jane Bain | Non Executive Director / Employee Director |
| Naomi MacDonald | Non Executive Director |
| Alana MacPhee | Society of Physiotherapists |
| Gillian McCannon | NHS Western Isles Chair |
| Jocelyn McConnachie | Non Executive Director |
| Shuna Mighton | Society of Radiographers |
| Paul Steele | Non Executive Director |
| Cameron Thompson | UNISON |
| Sheena Wright | Non Executive Director |

The Committee may invite individuals to attend the Committee meetings, but the Joint Chairpersons of the Area Partnership Forum, a representative from the Area Clinical Forum, Chief Executive, Director of Finance & Procurement, Director of Human Resources and Workforce Development, Nurse Director, Head of Communications, Health, Safety and Fire Lead, Head of Clinical Governance & Professional Practice, IJB Chief Officer and the Employee Relations Officer will normally be in attendance. Other Non-Executive Directors of NHS Western Isles whilst not being members of the Committee, do have the right to attend meetings and have access to all papers.

The Committee's role is to support the development of a culture within the Health Board where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within NHS Western Isles.

The Committee fulfilled its remit throughout the year considering a full programme of work.

The Board is required to have in place a system of governance that are operating effectively in relation to the three pillars of governance:

1. Clinical
2. Staffing
3. Finance

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All are essential for the effective stewardship, a functioning workplace, safe patient care and effective service delivery.

On the 21st March 2024 the Board approved the review of its governance arrangements undertaken by the NHS Western Isles Board Chair and Corporate Business Manager, specifically in relation to the Board Governance Committee structure.

The Healthcare Governance and Audit Committee has been dissolved and has been replaced by:

- Audit and Risk Committee;
- Clinical Governance Committee; and
- Finance, Performance and Resource Committee.

NHS Western Isles is committed to the highest possible standards of openness, honesty and accountability. In line with that commitment NHS Western Isles encourages staff and others with serious concerns about any aspect of its work to come forward and voice those concerns without fear of reprisal. This is embodied in the Board's whistle-blowing policy that makes it clear that staff can confidently raise concerns without the fear of victimisation, subsequent discrimination or disadvantage.

The Director of Finance and Procurement has direct responsibility for reported complaints. The Complaints policy has been revised to reflect the Patients' Rights Act.

Complaints are reported quarterly to the Board and were discussed at each meeting of the Healthcare Governance and Audit Committee and going forward will be discussed at the Finance, Performance and Resources Committee.

In accordance with the principles of Best Value, the board aims to foster a culture of continuous improvement. As part of this, directors and managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual.

I have been advised on the effectiveness of the system of internal control by the Board, the Area Partnership Forum, the Healthcare Governance and Audit Committee and the Staff Governance Committee.

The Board has in place a Best Value framework, in line with Scottish Government guidance, which allows the Board to demonstrate that it has delivered the duty of Best Value.

Assessment of Corporate Governance Performance

The development needs of Executive and Non Executive Directors are addressed on an individual basis by the Chair (for Non Executive Directors) and the Chief Executive (for Executive Directors) as part of the annual performance management cycle, and on a collective basis through a programme of Board Development days which seek to provide updates on law, national policy, and local strategic development.

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During the year, there have been further changes in Board Non Executive Director's membership. Mrs Dana Murray's term as Employee Director came to an end on 1st June 2023 and Mrs Jane Bain took over the role as Employee Director on 1st June 2023.

Mrs Karen France-MacLeod became a Non Executive Director and the Area Clinical Forum Chair on 1st June 2023. Ms Naomi MacDonald joined the Board as a Non Executive Director on 1st August 2023 and on 31st August 2023, Dr Maggie Watts retired from her post as Director of Public Health. Dr Colum Durkan took on the role as Director of Public Health on 26th March 2024.

The Board assessed its own performance through standing agenda items at all Board and other Committee meetings seeking either immediate feedback on areas for improvement or offering the opportunity for members to approach the chair privately on specific items.

Review of Adequacy and Effectiveness

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- The Executive Directors within the organisation who have responsibility for the development, maintenance of and compliance with the internal control framework;
- The work of the internal auditors, who submit to the Healthcare Governance and 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;
- Comments made by the External Auditors in their management letters and other reports;
- Financial plans and related organisational performance and risk management reports presented to the Board and the relevant governance committees.
- Annual reports from the statutory committees concerning governance matters;
- The minutes of the Area Clinical Forum, the Area Partnership Forum, the Healthcare Governance and Audit Committee, Staff Governance Committee being reviewed and considered by the board;
- Regular reporting of Key Performance Indicators (KPI) to the board;
- Regular reports from managers on the steps they are taking to manage risks in their areas of responsibility;
- A performance appraisal system for Senior Managers with personal objectives and development plans designed to support the board in the attainment of the corporate objectives set out in the annual operating plan;
- Performance appraisal is standardised for all other staff by means of the TURAS, PDP system; and
- A systematic performance management review process for the Chief Officer IJB, Estates and Facilities, Human Resources, Finance, Mental Health, Primary Care, Public Health, and the Single Operating Division.

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Assessment of the Board's Risk Management Arrangements

NHS Scotland bodies must operate a risk management strategy which meets the general principles set out in the SPFM. NHS Western Isles has an effective system for the identification, assessment, management and reduction of risk. We have embedded the management of risk within our clinical and corporate processes.

Health Improvement Scotland released the National Framework for Adverse Events Reporting, Management and Learning 4th edition on the 10th January 2020.

The Risk Management Strategy was reviewed and updated to include new guidance from the Framework. Due to the Covid-19 pandemic the approval of the Risk Management Strategy was delayed and was finally approved by the Board in March 2024.

The Strategy is monitored by the Clinical Governance Committee. All our information incidents are reported immediately through our Datix reporting system to the Information Governance manager and all incidents are investigated as per the local policy.

Risks are recorded on risk registers and are in place at Corporate, Single Operating Division and service level and managed at an appropriate level depending on their severity. Risk registers are currently managed and updated within the Datix risk register module.

To ensure a consistent approach the Operational Service Delivery Team monitors the effective implementation of the Risk Management Strategy by ensuring risk assessments are completed.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. In particular, during the year to 31st March 2024 and up to the signing of the accounts, the organisation has maintained full reporting over financial, staff and corporate governance, with the commitment of the whole Board to these areas.

Integration Joint Board Strategy and Governance

The IJB is required to agree a strategic plan and will begin to deliver its functions from the date set out in that plan. The IJB will achieve this by giving direction to the Health Board and the Local Authority and will require them to carry out these functions in a particular way.

The main aim of the IJB is to improve the wellbeing of people who use health and social care services. It does this by:

- creating a single system for health and social care services;
- developing more informal community resources and supports;
- putting the emphasis on prevention and early intervention;
- improving the quality and consistency of services; and
- providing seamless, high quality, health and social care services.

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There are a number of services which have been delegated to the IJB to strategically oversee and commission in line with our local priorities, the core aims of integration and the National Health and Wellbeing Outcomes.

The delivery of these services has also been delegated, annually through directions, to Western Isles Health and Social Care Partnership which is provided by NHS Western Isles, Comhairle nan Eilean Siar (local authority), along with non-statutory delivery partners in line with the integration delivery principles.

The Strategic Framework for 2023 - 2025 is in draft form and is out for consultation. An update on its progress will be presented to the IJB in June 2024. This in turn will lead to the final Strategic Plan.

Blueprint for Good Governance

The Board held a face to face development session in April 2023 with Scottish Government colleagues where the Blueprint for Good Governance in NHS Scotland (second edition November 2022) was discussed in detail. Following this discussion a NHS Western Isles Improvement plan was compiled with four priority areas noting the intended good governance outcome as follows:

| Priority Area | Intended Good Governance Outcome |
|---|---|
| Engagement with Stakeholders | Effective Stakeholder engagement enable the Board to, in partnership, deliver appropriate services |
| Diversity, Skills and Experience | The board being diverse, inclusive and representative of its community |
| The Assurance Framework | The ability to triangulate the information and make decisions based on a range of evidence provided for scrutiny, the Board will obtain greater relevant detail to provide assurance to support optimal decision making |
| The Integrated Governance System and The Operating System | To be able to demonstrate the Board has the ability to bring together the Board's governance systems in an integrated way in a collaborative approach to governance. |

Significant Control Weaknesses

There were no significant control weaknesses noted during 2023/2024 however, within the audit of procurement in March 2024, significant issues regarding the retention of key tendering and contract documentation were identified. There were issues within the accuracy of information included within the current contracts register, creating challenges in clearly identifying what is currently a national or local contract for NHS Western Isles, the whole life value of the contracts and whether the appropriate procurement journey was followed.

All Internal Audit recommendations are added to the Audit Recommendations Tracker which is monitored through the Healthcare Governance and Audit Committee (HGAC) (Audit and Risk Committee from May 2024) and the Corporate Management Team.

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Nine internal audit reports were presented to the HGAC during 2023/2024 with twenty eight recommendations made. In May 2024, there were forty six recommendations on the tracker dating back to 2019. Of these, twenty three were overdue, eight were partially complete, one is on track for completion by the implementation date and fourteen recommendations had been completed.

Priority grading of the forty six current recommendations in May 2024 were as follows:

| No | Grading | Total |
|----|--|-------|
| 4. | Very high risk exposure - Major concerns requires immediate senior attention that creates fundamental risks within the organisation. | 6 |
| 3. | High risk exposure - Absence / failure of key controls that create significant risks within the organisation. | 22 |
| 2. | Moderate risk exposure – Controls are not working effectively and efficiently and may create moderate risks within the organisation. | 18 |

The six recommendations noted in the Procurement Audit presented to the May 2024 Audit and Risk Committee will be reviewed for progress in September 2024.

Management are aware of the importance of all audit review recommendations especially those Grade 3 and above and will strive to complete these recommendations in the timescales given.

There were no issues with data integrity or patient confidentiality or lapses of data security. There were no breaches of the SPFM.

Annual Service Reports

These services, provided by National Services Scotland (NSS) and NHS Ayrshire and Arran (NHS A&A) on behalf of Boards, can impact materially on the reported financial position in Boards. Service Audits are carried out to provide additional assurance that the services National Services Scotland provide on the Board's behalf operate an appropriate controls environment, which enables the Board to place reliance on the controls in place.

This removes the need for each board to undertake routine and regular financial controls testing on NSS systems and processes.

ISAE 3402 Type 2 – Assurance Report on Internal Controls over National Single Instance Financial Ledger Services ~ The 2023/2024 service audit reports were presented to the Audit and Risk Committee in June 2024.

NHS A&A operated the National Single Instance (“NSI”) financial ledger services on behalf of all Customer NHS Boards for the financial year ended 31 March 2024. The report sets out the overarching control objectives in place for the service, as set out in the Service Provision Controls Document, along with the individual controls which have been designed and operated for the year 1st April 2023 to 31st March 2024 to achieve the stated control objectives.

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BDO LLP, Independent Service Auditor's opinion has been formed based on the matters outlined in the report. As a result of their review of the controls and procedures for the period 1st April 2023 to 31st March 2024, in their opinion, in all material respects the controls related to the control objectives were suitably designed throughout the period and were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved.

ISAE 3402 Type 2 – Assurance Report on Payments to Primary Care Contractors (Practitioner and Counter Fraud Services) and IT Services ~ The 2023/2024 service audit reports were presented to the Audit and Risk Committee in June 2024.

The reports were considered at a meeting of NHS NSS' Audit and Risk Committee (ARC) on 30th May 2024, with our External Auditors, Audit Scotland, and Service Auditors, PricewaterhouseCoopers (PwC) in attendance. This is the first year that PwC has carried out Service Audit for National Services Scotland (NSS). NHS NSS ARC approved the reports for circulation accepting the assurances provided within the reports.

Payments to Primary Care Contractors (Practitioner and Counter Fraud Services)

The Report confirms the suitability of the description and design of the controls in place and concludes that they are operating effectively, with the exception was found in Dental, where the Controls relating to payment adjustment and patient detail amendment claims, MIDAS standing data (Dental Practices and Dental Contractors) updates and patient removal and review, did not operate effectively. As a result of one exception being found in each of these areas, controls are deemed to not operate effectively during the period, in relation to control objective 3.

Cumulatively, the above has resulted in a qualified opinion in dental. This is a minor qualification, not an adverse opinion, and the NHS NSS' ARC members took assurance from the operation of controls in relation to payments to primary care contractors.

IT Services

The IT Report considers controls carried out by NSS Digital and Security (DaS) and Atos. The report confirms the suitability of the description and design of the controls in place and concludes that they are operating effectively with the exception of the controls relating to logical access to applications, operating systems and databases for MIDAS, OPTIX, PMSPS, DCVP/nDCVP and ePayroll therefore concludes that control objective 1 did not operate effectively during the period.

As above, cumulatively, this has resulted in a qualified opinion in relation to control objective This is minor qualification, not an adverse opinion, and NHS NSS ARC members took assurance of IT controls in place.

Additionally, DaS has undertaken Internal Audit's on the National IT Contract, IT Infrastructure and Cyber Security in 2024/25 which have also highlighted the strength of the IT controls across the whole system. The management plans and actions from these audits will complement those within this report and ensure DaS continues to maintain high quality IT controls across all services.

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Independent Assurance

The Internal Audit Annual Report for 2023/2024 presented to the Audit and Risk Committee in May 2024 gave the following opinion “NHS Western Isles has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, with the exception of procurement processes where significant issues were identified with regards to the contract documentation retained and the reporting annual procurement spend”.

Conclusion

The Board has a good governance framework in place and with the exception of the Area Clinical Forum, all key governance committees have given their assurance that the Committee fulfilled its remit throughout the year considering a full programme of work. Discussions on the Blueprint for Good Governance in April 2023 led to a four item action plan with intended good governance outcomes which the Board has implemented.

There were no significant control weaknesses noted during 2023/2024 however, there were a number of improvement actions within the audit of procurement in March 2024. The six recommendations noted in the Procurement Audit presented to the May 2024 Audit and Risk Committee will be added to the Audit Recommendations Tracker for discussion and review for progress in September 2024.

The Board received the annual service reports provided by NSS and NHS A&A and these were discussed at the Audit and Risk Committee in June 2024. The Committee was satisfied that the services provided on the Board's behalf operate an appropriate controls environment, which enables the Board to place reliance on the controls in place.

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4. REMUNERATION REPORT AND STAFF REPORT

The following areas of the remuneration report have been audited:

- Single total figure of remuneration
- Pension cash equivalent transfer value (CETV) disclosures
- Fair pay disclosures
- Analysis of staff numbers and costs

All other sections of the Remuneration Report have been checked for consistency with the rest of the financial statements.

4.1 Board Members' and Senior Employees' Remuneration

The Remuneration Committee is responsible for determining and regularly reviewing NHS Western Isles pay policy in line with national conditions and guidance. The committee also agrees the individual in year objectives of the NHS Western Isles Executive Directors. The committee is required to approve the annual performance assessments of the Executive Directors. The Board is committed to ensure employees are treated fairly and consistently with dignity and respect as detailed in section 2.5.

During the financial year 2023/2024 the Remuneration Committee met on six occasions. In attendance were the Chief Executive and the Director of Human Resources and Workforce Development.

Membership of the committee is as follows:

| Name | Position |
|---------------------|--|
| Gillian McCannon | NHS Western Isles Chair |
| Dana Murray | Non Executive Director / Employee Director) to May 2023 |
| Jane Bain | Non Executive Director / Employee Director) from June 2023 |
| Jocelyn McConnachie | Non Executive Director |
| Annetta Smith | Non Executive Director |

Remuneration of Board members and Senior Employees is determined in line with directions issued by Scottish Government. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales applied reflect the outcomes of these processes. All extant policy guidance issued has been appropriately applied and agreed by the Remuneration Committee.

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BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION FOR THE YEAR ENDED 31ST MARCH 2024 (CURRENT YEAR)

Section 1 - Remuneration Table

| | Gross Pay (Bands of £5,000) | Bonus Payments (Bands of £5,000) | Benefits in kind (£'000) | Total Earnings in Year (Bands of £5,000) | Pension Benefits (£'000) [1] | Total Remuneration (Bands of £5,000) |
|---|-----------------------------------|---|--------------------------------|--|---------------------------------------|---|
| Remuneration during 2023/2024 of: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Executive Members | | | | | | |
| Chief Executive: Gordon Jamieson | 130 - 135 | - | - | 130 - 135 | 103 | 230 - 235 |
| Director of Finance & Procurement [2]: Debbie Bozkurt | 85 - 90 | - | - | 85 - 90 | - | 85 - 90 |
| Medical Director [3]: Dr Frank McAuley | 145 - 150 | - | - | 145 - 150 | - | 145 - 150 |
| Director of Public Health [4]: (to 31/08/2023) Dr Maggie Watts | 85 - 90 | - | - | 85 - 90 | 18 | 105 - 110 |
| Director of Public Health [5]: (from 26/03/2024) Colum Durkan | 0 - 5 | - | - | 0 - 5 | 1 | 0 - 5 |
| Nurse Director Fiona MacKenzie | 100 - 105 | - | - | 100 - 105 | 32 | 135 - 140 |
| Non-Executive Members | | | | | | |
| The Chair: Gillian McCannon | 30 - 35 | - | - | 30 - 35 | - | 30 - 35 |
| Employee Director [6]: Dana Murray (to 01/06/2023) | 35 - 40 | - | - | 35 - 40 | 37 | 70 - 75 |
| Employee Director [7]: Jane Bain (from 01/06/2023) | 55 - 60 | - | - | 55 - 60 | 37 | 90 - 95 |
| Jocelyn McConnachie | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Sheena Wright | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Paul Steele | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Professor Annetta Smith | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Julia Higginbottom | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Karen France MacLeod [8]: (from 01/04/2023) | 80 - 85 | - | - | 80 - 85 | 46 | 125 - 130 |
| Paul Macaskill [9]: (from 08/01/2024) | 0 - 5 | - | - | 0 - 5 | - | 0 - 5 |
| Naomi Macdonald [10]: (from 01/08/2023) | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Totals | - | - | - | - | 274 | - |

[1] In accordance with the Financial Reporting Manual (FRM) 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 lifespan following retirement. The pension benefits calculation is as follows: Real Increase in Pension x 20; plus, real Increase in lump sum; less employee's pension contributions. The "total earnings in year" column shows the remuneration relating to actual earnings payable in year.

[2] The Director of Finance Ms D Bozkurt chose not to be covered by the pension arrangements during the reporting year.

[3] The Medical Director Dr Frank McAuley is part time and was not a member of the pension scheme in 2023/2024. Their full year equivalent total remuneration is £180 - £185k.

[4] The Director of Public Health Dr Maggie Watts left her role on 15th September 2023. Their full year equivalent total remuneration is £225 - £230k.

[5] Colum Durkan was appointed as Director of Public Health on 26th March 2024. Their full year equivalent total remuneration is £180 - £185k.

[6] Dana Murray left her role as Employee Director on 31st May 2023. Her total remuneration includes £70 - £75k in respect of Health Board service duties and £0 - £5k in respect of Board duties. The full year equivalent total remuneration for a Non Executive Director is £5 - £10k.

[7] Jane Bain commenced her role as Employee Director on 1st June 2023. Her total remuneration includes £80 - £85k in respect of Health Board service duties and £5 - £10k in respect of Board duties. The full year equivalent total remuneration for a Non Executive Director is £5 - £10k.

[8] Karen France MacLeod was appointed as a Non-Executive Director on 1 April 2023. Their total remuneration includes £120-125k in respect of Health Board service duties and £5-10k in respect of Board duties.

[9] Paul Macaskill was appointed as a Non Executive Director on 8th January 2024. The full year equivalent total remuneration for a Non-Executive Board Member is £5 - 10k.

[10] Naomi Macdonald was appointed as a Non Executive Director on 1st August 2023. The full year equivalent total remuneration for a Non-Executive Board Member is £5 - 10k..

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BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION FOR THE YEAR ENDED 31st MARCH 2024 (CURRENT YEAR)

Section 2 - Pension Values

| | Real increase in pension at pensionable age (Bands of £2,500) | Total accrued pension at pensionable age (bands of £5,000) | Total accrued lump sum at pensionable age at 31 March (Bands of £5,000) | Real increase in lump sum at pensionable age at 31 March (Bands of £2,500) | Cash Equivalent Transfer Value (CETV) at 31 March 2023 [1] | Cash Equivalent Transfer Value (CETV) at 31 March 2024 [1] | Real increase in CETV in year |
|---|---|--|---|--|--|--|-------------------------------|
| Remuneration during 2023/2024 of: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Executive Members | | | | | | | |
| Chief Executive: Gordon Jamieson [3&4] | 5 - 7.5 | 75 - 80 | 210 - 215 | 7.5 - 10 | 1793 | 1917 | -13 |
| Director of Finance & Procurement: Debbie Bozkurt | - | - | - | - | - | - | - |
| Medical Director: Dr Frank McAuley | - | - | - | - | - | - | - |
| Director of Public Health [2]: Dr Maggie Watts (to 31/08/2023) | 0 - 2.5 | 65 - 70 | 70 - 75 | - | - | - | - |
| Director of Public Health: Colum Durkan (from 26/03/2024) | 0 - 2.5 | 0 - 5 | 0 - 5 | - | - | - | - |
| Nurse Director [3&4] Fiona MacKenzie | 0 - 2.5 | 30 - 35 | 80 - 85 | - | 766 | 804 | -26 |
| Non-Executive Members | | | | | | | |
| The Chair: Gillian McCannon | - | - | - | - | - | - | - |
| Employee Director: Dana Murray (to 01/06/2023) [4] | 0 - 2.5 | 10 - 15 | 35 - 40 | 2.5 - 5 | 232 | 267 | 17 |
| Employee Director: Jane Bain (from 01/06/2023) [4] | 0 - 2.5 | 15 - 20 | 45 - 50 | 2.5 - 5 | 354 | 397 | 14 |
| Jocelyn McConnachie | - | - | - | - | - | - | - |
| Sheena Wright | - | - | - | - | - | - | - |
| Paul Steele | - | - | - | - | - | - | - |
| Professor Annetta Smith | - | - | - | - | - | - | - |
| Julia Higginbottom | - | - | - | - | - | - | - |
| Karen France MacLeod: (from 01/04/2023) [4] | 2.5 - 5 | 20 - 25 | 60 - 65 | 2.5 - 5 | 409 | 458 | 11 |
| Paul Macaskill: (from 08/01/2024) | - | - | - | - | - | - | - |
| Naomi Macdonald: (from 01/08/2023) | - | - | - | - | - | - | - |
| Total | - | - | - | - | 3554 | 3843 | 3 |

[1] The CETV calculator is obtained from Civil Service Pensions and is updated for the NHS Pension scheme for factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the "CETV at start of period" for 2023 - 2024 can be different from the "CETV at end of period" reported for 2022 - 2023.

[2] No CETV figures can be provided as this person was over their normal pension age as at 31st March 2024.

[3] Taking account of inflation, the CETV has decreased in real terms.

[4] The real increase in CETV is less than the difference between the CETV at the start and end of the period due to the impact of inflation.

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BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION FOR THE YEAR ENDED 31st MARCH 2023 (PRIOR YEAR)

Section 1 - Remuneration Table

| | Gross Pay (Bands of £5,000) | Bonus Payments (Bands of £5,000) | Benefits in kind (£'000) | Total Earnings in Year (Bands of £5,000) | Pension Benefits (£'000) [1] | Total Remuneration (Bands of £5,000) |
|--|-----------------------------------|---|--------------------------------|--|---------------------------------------|---|
| Remuneration during 2022/2023 of: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Executive Members | | | | | | |
| Chief Executive: Gordon Jamieson | 125 - 130 | - | - | 125 - 130 | 24 | 145 - 150 |
| Director of Finance & Procurement [2]: Debbie Bozkurt | 80 - 85 | - | - | 80 - 85 | - | 80 - 85 |
| Medical Director: Dr Frank McAuley | 160 - 165 | - | - | 160 - 165 | 45 | 200 - 205 |
| Director of Public Health: Dr Maggie Watts | 185 - 190 | - | - | 185 - 190 | 212 | 395 - 400 |
| Nurse Director Fiona MacKenzie | 85 - 90 | - | - | 85 - 90 | 27 | 110 - 115 |
| Non-Executive Members | | | | | | |
| The Chair: Gillian McCannon | 30 - 35 | - | - | 30 - 35 | - | 30 - 35 |
| Employee Director [3]: Dana Murray | 50 - 55 | - | - | 50 - 55 | 34 | 85 - 90 |
| Tim Ingram [4]: (to 31/12/2022) | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Abdul Elghedafi (to 31/03/2023) | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Jocelyn McConnachie | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Uisdean Robertson [5]: (to 24/05/2022) | 0 - 5 | - | - | 0 - 5 | - | 0 - 5 |
| Dr David Rigby [6]: (to 31/03/2023) | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Sheena Wright | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Angus McCormack [7]: (01/09-31/10/2022) | 0 - 5 | - | - | 0 - 5 | - | 0 - 5 |
| Paul Steele [8]: (from 10/01/2023) | 0 - 5 | - | - | 0 - 5 | - | 0 - 5 |
| Professor Annetta Smith | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Julia Higginbottom | 5 - 10 | - | - | 5 - 10 | - | 5 - 10 |
| Totals | - | - | - | - | 342 | - |

[1] In accordance with the Financial Reporting Manual (FRM) 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 lifespan following retirement. The pension benefits calculation is as follows: Real Increase in Pension x 20; plus, real Increase in lump sum; less employee's pension contributions. The "total earnings in year" column shows the remuneration relating to actual earnings payable in year.

[2] The Director of Finance Ms D Bozkurt chose not to be covered by the pension arrangements during the reporting year.

[3] The Employee Director's total remuneration includes £75 - 80k in respect of Board duties and £5 - 10k in respect of non-Board duties.

[4] Tim Ingram left his role as Non Executive Director on 31st December 2022. The full year equivalent total remuneration for a Non Executive Director is £5 - £10k.

[5] Uisdean Robertson left his role as Non Executive Director on 24th May 2022. The full year equivalent total remuneration for a Non Executive Director is £5 - £10k.

[6] Dr David Rigby left his role as Non Executive Director on 31st March 2023.

[7] Angus McCormack was appointed as a Non Executive Director on 1st September 2022 and left his role on 31st October 2022. The full year equivalent total remuneration for a Non Executive Director is £5 - £10k.

[8] Paul Steele was appointed as a Non Executive Director from 10th January 2023. The full year equivalent total remuneration for a Non-Executive Board Member is £5 - 10k.

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BOARD MEMBERS AND SENIOR EMPLOYEES REMUNERATION FOR THE YEAR ENDED 31st MARCH 2023 (PRIOR YEAR)

Section 2 - Pension Values

| | Real increase in pension at pensionable age (Bands of £2,500) | Total accrued pension at pensionable age (bands of £5,000) | Total accrued lump sum at pensionable age at 31 March 2023 (Bands of £5,000) | Real increase in lump sum at pensionable age at 31 March 2023 (Bands of £2,500) | Cash Equivalent Transfer Value (CETV) at 31 March 2022 [1] | Cash Equivalent Transfer Value (CETV) at 31 March 2023 [1] | Real increase in CETV in year |
|--|---|--|--|---|--|--|-------------------------------|
| Remuneration during 2022/2023 of: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Executive Members | | | | | | | |
| Chief Executive: Gordon Jamieson | 0 - 2.5 | 65 - 70 | 200 - 205 | -2.5 - 0 | 1783 | 1653 | (154) |
| Director of Finance & Procurement: Debbie Bozkurt | - | - | - | - | - | - | - |
| Medical Director: Dr Frank McAuley | 2.5 - 5 | 5 - 10 | - | - | 108 | 144 | 20 |
| Director of Public Health: Dr Maggie Watts [2] | 10- 12.5 | 50 - 55 | 150 - 155 | 20 - 25 | 1148 | N/A | N/A |
| Nurse Director Fiona MacKenzie | 0 - 2.5 | 0 - 5 | - | - | 21 | 49 | 17 |
| Non-Executive Members | | | | | | | |
| The Chair: Gillian McCannon | - | - | - | - | - | - | - |
| Employee Director: Dana Murray | 0 - 2.5 | 10 - 15 | 20 - 25 | 0 - 2.5 | 186 | 194 | 5 |
| Tim Ingram (to 31/12/2022) | - | - | - | - | - | - | - |
| Abdul Elghedafi (to 31/03/2023) | - | - | - | - | - | - | - |
| Jocelyn McConnachie | - | - | - | - | - | - | - |
| Uisdean Robertson (to 24/05/2022) | - | - | - | - | - | - | - |
| Dr David Rigby (to 31/03/2023) | - | - | - | - | - | - | - |
| Sheena Wright | - | - | - | - | - | - | - |
| Angus McCormack (from 01/09/2022 to 31/10/2022) | - | - | - | - | - | - | - |
| Paul Steele (from 10/01/2023) | - | - | - | - | - | - | - |
| Professor Annetta Smith | - | - | - | - | - | - | - |
| Julia Higginbottom | - | - | - | - | - | - | - |
| Total | - | - | - | - | 3245 | 2040 | (113) |

[1] The CETV calculator is obtained from Civil Service Pensions and is updated for the NHS Pension scheme for factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the "CETV at start of period" for 2022 - 2023 can be different from the "CETV at end of period" reported for 2021 - 2022.

[2] No CETV figures can be provided as this person was over their normal pension age as at 31 March 2023.

NHS WESTERN ISLES

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Fair Pay Disclosure

| | 2024 | 2023 | % Change |
|---|-----------|-----------|----------|
| Range of staff remuneration (£000s) | 1 – 258 | 1 – 263 | |
| Highest Earning Director's Total Remuneration (£000s) | 145 – 150 | 185 – 190 | (21.33) |
| Median Total Pay and Benefits | 39,519 | 36,687 | 7.72 |
| Median Salary Only | 39,519 | 36,687 | 7.72 |
| Ratio | 3.73 | 5.11 | (26.96) |
| 25 th Percentile Total Pay and Benefits | 29,356 | 27,249 | 7.73 |
| 25 th Percentile Salary Only | 29,356 | 27,249 | 7.73 |
| Ratio | 5.02 | 6.88 | (26.97) |
| 75 th Percentile Total Pay and Benefits | 48,359 | 44,501 | 8.67 |
| 75 th Percentile Salary Only | 48,359 | 44,501 | 8.67 |
| Ratio | 3.05 | 4.21 | (27.61) |

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the lower quartile, median, and upper quartile remuneration of the organisation's workforce. Remuneration for this purpose is the sum of salaries and pay allowances and excludes pension benefits and cash equivalent transfer values. For part-time employees, the total pay for the calculation of the median is grossed up. Bank staff on 0.25 or less WTE and Non-Executive Directors have been removed from the calculations as inclusion distorts the results. The table above shows the percentage change for each of these comparisons.

Median pay has increased due to the 2023/2024 pay awards.

It should be noted that Agenda For Change has led to changes in the pay structure that will consequently lead to significant jumps in increments for some employee's in various years. There has been a reduction in the above ratios due to a change in working pattern of the highest paid director.

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4.2 Staff Report

Higher Paid Employees' Remuneration

Employees whose remuneration fell within the following ranges:

| | Numbers | |
|----------------------|---------|------|
| | 2024 | 2023 |
| Clinicians | | |
| £70,001 to £80,000 | 11 | 5 |
| £80,001 to £90,000 | 11 | 6 |
| £90,001 to £100,000 | 4 | 3 |
| £100,001 to £110,000 | 2 | 2 |
| £110,001 to £120,000 | 1 | 2 |
| £120,001 to £130,000 | - | 4 |
| £130,001 to £140,000 | 1 | 1 |
| £140,001 to £150,000 | 2 | 1 |
| £150,001 to £160,000 | 1 | - |
| £160,001 to £170,000 | 2 | 4 |
| £170,001 to £180,000 | 1 | 1 |
| £180,001 to £190,000 | 1 | 3 |
| £190,001 to £200,000 | 1 | - |
| £200,001 and above | 3 | 2 |
| Other | | |
| £70,001 to £80,000 | 6 | 2 |
| £80,001 to £90,000 | 2 | 2 |
| £90,001 to £100,000 | 2 | 2 |
| £100,001 to £110,000 | 1 | - |
| £110,001 to £120,000 | - | - |
| £120,001 to £130,000 | - | 1 |
| £130,001 to £140,000 | 1 | - |
| £140,001 to £150,000 | - | - |
| £150,001 to £160,000 | - | - |
| £160,001 to £170,000 | - | - |
| £170,001 to £180,000 | - | - |
| £180,001 to £190,000 | - | - |
| £190,001 to £200,000 | - | - |
| £200,001 and above | - | - |

There has been an increase in the number of staff being paid over £70k due to the 2023/2024 pay award.

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Disabled Staff

All NHS Western Isles Human Resources policies are subject to an Equality Impact Assessment prior to agreement and implementation. These assessments ensure that no person is disadvantaged under the Equalities Act, because of our Human Resources policies.

The NHS Western Isles recruitment process makes provision for applicants with disabilities. Provisions include the following:

- The ability to provide notification of any disability on the application form;
- The guarantee of an interview if the essential criteria are met (part of the Employability scheme); and
- The ability to request adjustments to the interview process to allow for any disability (adjustments include the venue and process).

Staff who become disabled during the course of their employment can be assessed and supported via the Occupational Health service. Assessment could result in redeployment into more appropriate employment. The redeployment policy provides more detail relating to the process and any associated training for staff who are to be redeployed.

Exit Packages

There were no exit packages provided in 2022/2023 or 2023/2024.

Trade Union Facility Time

Relevant Union Officials

| Number of Employees who were relevant union officials during the period 1 st April 2023 to 31 st March 2024 | Full Time Equivalent Employee Number |
|---|--------------------------------------|
| | 11 |

Percentage of Time Spent on Facility Time

| Percentage of time | Number of representatives |
|--------------------|---------------------------|
| 0% | 6 |
| 1 – 50% | 4 |
| 51 – 99% | - |
| 100% | - |

Percentage of Pay Bill Spent on Facility Time

| | |
|---|------------|
| Total cost of facility time | 4,985 |
| Total pay bill | 60,585,966 |
| Percentage of total pay bill spent on facility time | 0.01% |

Paid TU Activities

Time spent on paid TU activities as a percentage of all total paid facility time Nil hours

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5. 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 over £300k require formal approval to regularise such transactions and their notation in the annual accounts. In the years to 31st March 2023 and to 31st March 2024 there were no balances in excess of £300,000 written off.

In 2023 – 2024, the Board had no claims individually greater than £300,000 settled under the CNORIS scheme (2022 – 2023: nil). Further details on the scheme can be found in Note 13 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.

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Western Isles charges for services provided on a full cost basis, wherever applicable.

The Board had no commercial trading activity during 2023/2024 where the full annual cost exceeded £1million.

Signed: Gordon Jamieson

Chief Executive

Date: 26th June 2024

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6. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS WESTERN ISLES, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Reporting on the audit of the financial statements

Qualified opinion on financial statements

I have audited the financial statements in the annual report and accounts of Western Isles Health Board and its group for the year ended 31 March 2024 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Statement of Consolidated Cashflows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements:

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

Basis for qualified opinion

Western Isles Health Board's consolidated financial statements incorporate the financial position of Western Isles Integration Joint Board. Due to a cyber-attack on Comhairle Nan Eilean Siar in November 2023, the accounting records for the Integration Joint Board are not complete for the year ended 31 March 2024 and the figures incorporated into the Health Board's accounts are based on estimates.

We were unable to obtain sufficient appropriate audit evidence to support the completeness and accuracy of Western Isles Health Board's share of associates and joint ventures (£1.012 million) as reported in the Consolidated Statement of Comprehensive Net Expenditure, and investments in associates and joint ventures (£4.735 million) and other reserves (£4.735 million), as reported in the Consolidated Statement of Financial Position. This also impacted on the related entries in the Statement of Consolidated Cash Flows and Consolidated Statement of Changes in Tax Payers' Equity, and notes to the accounts.

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.

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My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2024. My period of appointment is four years, covering 2023/24 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 qualified 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.

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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.

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Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

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Matters on which I am required to report by exception

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

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

I have the following matter to report in respect of the adequacy of Western Isles Health Board's accounting records. The cyber-attack referred to in the basis for qualified opinion paragraph means that the Integration Joint Board has not had access to its full accounting records since November 2023. The accounting records which support the consolidated financial statements for the year ended 31 March 2024 are therefore incomplete.

I have nothing to report in respect of the other 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, CPFA

Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN



26 June 2024

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PRIMARY STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE (SoCNE) for the year ended 31st March 2024

| 2023 | | Note | 2024 |
|-----------------------|---|-------------|-----------------------|
| £'000 | | | £'000 |
| 56,838 | Employee Expenditure | 3a | 60,570 |
| | Other Operating Expenditure | 3b | |
| 9,487 | Independent Primary Care Services | | 9,950 |
| 12,789 | Drugs and Medical Supplies | | 14,494 |
| 82,070 | Other Healthcare Expenditure | | 92,974 |
| <u>161,184</u> | Gross Expenditure for the Year | | <u>177,988</u> |
| (55,468) | Less: Operating Income | 4 | (60,567) |
| 2,617 | Associates & Joint Ventures accounted for on an equity basis | | 1,012 |
| <u>108,333</u> | Net Expenditure for the Year | | <u>118,433</u> |
| | Other Comprehensive Net Expenditure | | |
| (3,574) | Net (gain) / loss on revaluation of Property, Plant and Equipment | | (2,966) |
| | Net (gain) / loss on revaluation of Intangibles | | - |
| <u>(3,574)</u> | Other Comprehensive Expenditure | | <u>(2,966)</u> |
| <u>104,759</u> | Comprehensive Net Expenditure | | <u>115,467</u> |

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts.

NHS WESTERN ISLES Annual Accounts 2023/2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (SoFP) As at 31st March 2024

| 2023 | | 2024 | |
|---|-----------------|-------------------------------|-----------------|
| Consolidated | Board | Consolidated | Board |
| £'000 | £'000 | £'000 | £'000 |
| | | Note | |
| Non-current assets: | | | |
| 65,365 | 65,365 | <u>7c</u> | 67,060 |
| 82 | 82 | <u>6a</u> | 46 |
| 353 | 353 | <u>17a</u> | 317 |
| | | Financial assets: | |
| 5,747 | - | | 4,735 |
| 71,547 | 65,800 | | 72,158 |
| Total non-current assets | | | |
| Current assets: | | | |
| 1,561 | 1,561 | <u>8</u> | 1,677 |
| | | Financial assets: | |
| 5,577 | 5,577 | <u>9</u> | 15,190 |
| 184 | 184 | <u>11</u> | 181 |
| - | - | <u>7b</u> | 45 |
| 7,322 | 7,322 | | 17,093 |
| Total current assets | | | |
| 78,869 | 73,122 | | 89,251 |
| Total assets | | | |
| Current liabilities | | | |
| (625) | (625) | <u>13a</u> | (10,645) |
| | | Financial liabilities: | |
| (13,486) | (13,486) | <u>12</u> | (14,141) |
| (14,111) | (14,111) | | (24,786) |
| Total current liabilities | | | |
| 64,758 | 59,011 | | 64,465 |
| Non-current assets plus/ less net current assets / liabilities | | | |
| Non-current liabilities | | | |
| (1,886) | (1,886) | <u>13a</u> | (1,911) |
| | | Financial liabilities: | |
| (210) | (210) | <u>12</u> | (176) |
| (2,096) | (2,096) | | (2,087) |
| Total non-current liabilities | | | |
| 62,662 | 56,915 | | 62,378 |
| Assets less liabilities | | | |
| Taxpayers' equity | | | |
| 28,801 | 28,801 | <u>SoCTE</u> | 26,598 |
| 28,114 | 28,114 | <u>SoCTE</u> | 31,045 |
| 5,747 | - | <u>SoCTE</u> | 4,735 |
| 62,662 | 56,915 | | 62,378 |
| Total Taxpayers' equity | | | |

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts

The Financial Statements on pages 56 to 59 were approved by the Board on 26th June 2024 and signed on their behalf by:

Gordon Jamieson

Chief Executive

Debbie Borgkurt

Director of Finance & Procurement

NHS WESTERN ISLES

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STATEMENT OF CONSOLIDATED CASHFLOWS (CFS)

For the Year Ended 31st March 2024

| 2023 £'000 | | Note | 2024 £'000 |
|------------------|---|--------------|------------------|
| | Cash flows from operating activities | | |
| (108,333) | Net expenditure | <u>SoCTE</u> | (118,433) |
| 5,133 | Adjustments for non-cash transactions | <u>2b</u> | 3,819 |
| (165) | Add back: interest payable recognised in net operating expenditure | <u>2b</u> | 66 |
| (9,097) | Movements in working capital | <u>2b</u> | 1,362 |
| (112,462) | Net cash outflow from operating activities | | (113,186) |
| | Cash flows from investing activities | | |
| (3,382) | Purchase of property, plant and equipment | | (1,860) |
| (36) | Purchase of intangible assets | | - |
| - | Proceeds of disposal of property, plant and equipment | | 2 |
| (3,418) | Net cash outflow from investing activities | | (1,858) |
| | Cash flows from financing activities | | |
| 115,760 | Funding | <u>SoCTE</u> | 115,183 |
| (31) | Movement in General Fund Working Capital | <u>SoCTE</u> | (3) |
| 115,729 | Cash drawn down | | 115,180 |
| - | Capital Element of payments in respect of leases and on-balance sheet PFI and HUB Contracts | <u>2b</u> | (73) |
| (44) | IFRS 16 – 2022-2023 cash lease | | - |
| 167 | Interest paid | <u>2b</u> | (62) |
| (2) | Interest element of leases and on balance sheet PFI/PPP and hub contacts | <u>2b</u> | (4) |
| 115,850 | Net Financing | | 115,041 |
| (30) | Net Increase/(decrease) in cash and cash equivalents in the period | | (3) |
| 214 | Cash and cash equivalents at the beginning of the period | | 184 |
| 184 | Cash and cash equivalents at the end of the period | | 181 |
| | Reconciliation of net cash flow to movement in net debt/cash | | |
| (30) | Increase/(decrease) in cash in year | <u>11</u> | (3) |
| 214 | Net cash at 1 st April | | 184 |
| 184 | Net cash at 31st March | | 181 |

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts.

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Annual Accounts 2023/2024

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (SoCTE)
for the year ended 31st March 2024

| | Note | General Fund (1) £'000 | Revaluation Reserve (2) £'000 | Other reserves - associates & joint ventures (3) £'000 | Total Reserves £'000 |
|---|-------------|---------------------------------|--|---|----------------------------|
| Balance at 31st March 2023 | | 28,801 | 28,114 | 5,747 | 62,662 |
| Restated balance at 1st April 2023 | | 28,801 | 28,114 | 5,747 | 62,662 |
| Changes in taxpayers' equity for 2023/2024 | | | | | |
| Net gain on revaluation / indexation of property, plant & equipment | <u>7a</u> | - | 2,966 | - | 2,966 |
| Net gain on revaluation / indexation of intangible assets | <u>6</u> | - | - | - | - |
| Impairment of property, plant and equipment | | - | (38) | - | (38) |
| Impairment of intangible assets | <u>6</u> | - | - | - | - |
| Revaluation & impairments taken to operating costs | <u>2b</u> | - | 38 | - | 38 |
| Transfers between reserves | | 35 | (35) | - | - |
| Pension reserve movements | | - | - | - | - |
| Other non-cash costs | <u>2b</u> | - | - | - | - |
| Net operating cost for the year | <u>CFS</u> | (117,421) | - | (1,012) | (118,433) |
| Total recognised income & expense for 2023/2024 | | (117,386) | 2,931 | (1,012) | (115,467) |
| Funding: | | | | | |
| Drawn down | <u>CFS</u> | 115,180 | - | - | 115,180 |
| Movement in General Fund creditor | <u>CFS</u> | 3 | - | - | 3 |
| Balance at 31st March 2024 | <u>SoFP</u> | 26,598 | 31,045 | 4,735 | 62,378 |

Notes:

1. The General Fund represents the total assets less liabilities of the NHS Board, to the extent that it is not represented by other reserves and financing items.
2. The Revaluation Reserve represents the cumulative balance of unrealised indexation and revaluation adjustments pertaining to the Board's assets, as at the end of the reporting period.
3. Other Reserve – Associates and Joint Ventures shows movements within the Boards' interest in the Integrated Joint Board.

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts

NHS WESTERN ISLES

Annual Accounts 2023/2024

CONSOLIDATED SOCTE (Prior Year)

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY (SoCTE) for the year ended 31st March 2023

| | Note | General Fund (1) £'000 | Revaluation Reserve (2) £'000 | Other reserves - associates & joint ventures (3) £'000 | Total Reserves £'000 |
|---|-------------|---------------------------------|--|---|----------------------------|
| Balance at 31st March 2022 | | 18,775 | 24,579 | 8,364 | 51,718 |
| Restated balance at 1st April 2022 | | 18,775 | 24,579 | 8,364 | 51,718 |
| Changes in taxpayers' equity for 2022/2023 | | | | | |
| Net gain on revaluation / indexation of property, plant & equipment | <u>7a</u> | - | 3,574 | - | 3,574 |
| Net gain on revaluation / indexation of intangible assets | <u>6</u> | - | - | - | - |
| Impairment of property, plant and equipment | | - | - | - | - |
| Impairment of intangible assets | <u>6</u> | - | - | - | - |
| Revaluation & impairments taken to operating costs | <u>2b</u> | - | - | - | - |
| Transfers between reserves | | 39 | (39) | - | - |
| Pension reserve movements | | - | - | - | - |
| Other non-cash costs | <u>2b</u> | (57) | - | - | (57) |
| Net operating cost for the year | <u>CFS</u> | (105,716) | - | (2,617) | (108,333) |
| Total recognised income & expense for 2022/2023 | | (105,734) | 3,535 | (2,617) | (104,816) |
| Funding: | | | | | |
| Drawn down | <u>CFS</u> | 115,729 | - | - | 115,729 |
| Movement in General Fund creditor | <u>CFS</u> | 31 | - | - | 31 |
| Balance at 31st March 2023 | <u>SoFP</u> | 28,801 | 28,114 | 5,747 | 62,662 |

Notes:

1. The General Fund represents the total assets less liabilities of the NHS Board, to the extent that it is not represented by other reserves and financing items.
2. The Revaluation Reserve represents the cumulative balance of unrealised indexation and revaluation adjustments pertaining to the Board's assets, as at the end of the reporting period.
3. Other Reserve – Associates and Joint Ventures shows movements within the Boards' interest in the Integrated Joint Board.

The Notes to the Accounts, numbered 1 to 25, form an integral part of these Accounts.

NHS WESTERN ISLES

Annual Accounts 2023/2024

Notes to the Accounts

1. ACCOUNTING POLICIES

1.1. 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 as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 1.30 below.

Standards, amendments and interpretations, effective in the current year.

There are no new standards, amendments or interpretations effective in the year 2023/2024. However 2023/2024 FReM mandates reporting indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023/2024.

Standards, amendments and interpretation early adopted this year.

There are no new standards, amendments or interpretations early adopted in the 2023/2024 financial year.

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 2023/2024 financial year:

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

NHS WESTERN ISLES

Annual Accounts 2023/2024

Notes to the Accounts

1.2 Basis of consolidation

Endowment Funds

In accordance with IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements, the Board has considered the requirement to consolidate the financial statements of the Western Isles Health Board Endowment Funds.

It has been agreed that the value of income and expenditure of the NHS Western Isles Endowment Funds is not sufficiently material to require consolidation.

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

The Western Isles Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

Transactions between the Board and NHS Western Isles Endowment Funds are disclosed as related party transactions, where appropriate, in Note 24 to the financial statements.

Integrated Joint Board

The Annual Accounts consolidate the Board's interest in the integration Joint Board (OJB), under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014. In accordance with IFRS 11 – joint arrangements, the IJB is considered to be a Joint Venture and Under IAS 28 – Investments in Associates and Joint Arrangements, the basis of consolidation used is the equity method of accounting.

Transactions between the Board and the Integration Joint Board are disclosed as related party transactions, where appropriate, in Note 24 to the financial statements.

1.3 Retrospective restatements

There were no retrospective restatements made.

1.4 Going Concern

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

NHS WESTERN ISLES

Annual Accounts 2023/2024

Notes to the Accounts

1.5 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.

1.6 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. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

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

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

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

Non-discretionary funding outwith the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non-discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

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

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

1.7 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.

NHS WESTERN ISLES

Annual Accounts 2023/2024

Notes to the Accounts

Recognition

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

All assets falling into the following categories are capitalised:

- Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000;
- In cases where a new 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; and
- 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).

Measurement

Valuation

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

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

NHS WESTERN ISLES

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Notes to the Accounts

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 specified in the FReM.
- Non-specialised land and buildings, such as offices, are stated at fair value.

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

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

Subsequent expenditure

Subsequent expenditure is capitalised into an asset's carrying value when it is probable that 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 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 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.

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.

NHS WESTERN ISLES

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Notes to the Accounts

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

- Freehold land is considered to have an infinite life and is not depreciated;
- Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contracted assets are not depreciated until the asset is brought into use or reverts to the Board, respectively;
- Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification;
- 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.
- Equipment is depreciated over the estimated life of the asset.
- Leased property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

| <u>Asset Category/Component</u> | <u>Useful Life</u> |
|---|--------------------|
| • Significant elements of hospital sites | 90 years |
| • Non-significant elements of hospital sites | up to 55 years |
| • Other structures | up to 45 years |
| • Long life medical equipment | 20 years |
| • Engineering plant | 15 years |
| • Furniture and medium life medical equipment | 10 years |
| • Vehicles | 7 years |
| • Office, short life medical and IT systems | 5 years |
| • Other equipment | 5 years |

1.8. Donated Asset

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset.

Donated assets are revalued, depreciated / amortised and subject to impairment in the same way as other non-current assets in accordance with the NHS Capital Accounting Manual.

1.9. 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.

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Notes to the Accounts

Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

1.10. 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 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.

NHS WESTERN ISLES

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Notes to the Accounts

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.

1.11. Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SoCNE deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

1.12. 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 Scottish Government Health & Social Care Directorate (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.

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Notes to the Accounts

1.13. 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.

1.14. 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.

1.15. 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 was a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year.

The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every four years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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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.

1.16. 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 Western Isles 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, which is considered 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 Western Isles 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 in 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 a non-core expenditure.

1.17. Related Party Transactions

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

1.18. 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 fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

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Notes to the Accounts

1.19. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date based on 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.

1.20. 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.

1.21. 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.

1.22. 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.

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Notes to the Accounts

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 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 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.

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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 assets carried at fair value through other comprehensive income are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets carried at fair value through other comprehensive income are subsequently measured at fair value. Gains or losses arising from changes in the fair value are recognised in the Statement of Comprehensive Net Expenditure until the financial asset is derecognised or reclassified."

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 of an amortised cost basis.

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

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. NHS Western Isles 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 Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

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Notes to the Accounts

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 balance sheet 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 account 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 costs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.23. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive, who is responsible for allocating resources and assessing performance of the operating segments.

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

1.24. Cash and cash equivalents

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

1.25. 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 31st 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.

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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.

1.26. 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*.

1.27. 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:

Critical Judgements in Applying Accounting Policies

Endowment Fund

The value of income and expenditure of the NHS Western Isles Endowment Funds is judged to be not sufficiently material to require consolidation. More information on the consolidation of Financial Statements under IAS 27, Consolidated and Separate Financial Statements, is provided in 1.2 Basis of Consolidation.

Areas of Estimation and Uncertainty

Comhairle Nan Eilean Siar (CnES) Cyber Attack

Comhairle Nan Eilean Siar (CnES) were the subject of a cyber-attack in November 2023, it is understood that this has had a significant impact, particularly, in relation to the systems within its finance functions.

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The NHS ledger, as at year end, along with the available accounting records at Month six and Month eleven from CnES have been used to project the income and expenditure across the financial year. These figures are provided within the group SoCNE, SoFP, SoCTE, CFS, and Note 3 to Note 5. It should be noted that income figures are yet to be amended for year-end debt adjustments, which may or may not make a material difference.

Property, Plant & Equipment

All property, plant and equipment assets are measured initially at cost. NHS Western Isles carry out a rolling five-year programme of land and property revaluations, supplemented by indices supplied by the surveyor in the intervening period, the most recent tranche of valuations being March 2024, with indexation applied in subsequent years. The professional valuer's estimates, assumptions and judgements are relied upon in relation to the values disclosed for land and property. The useful economic life applied to an asset is estimated in relation to the class and type of the asset and its components, with a consistent approach taken across each asset category.

Capital Commitments

Note 16 of the Annual Accounts, Capital Commitments - the planned replacement of St Brendan's Hospital in Barra with a Barra and Vatersay Community Campus, in partnership with Comhairle nan Eilean Siar, is currently on hold. The outline business case for a multi-use campus, to include social care housing and community facilities, costed the Health and Social Care element of the Campus at £33m which was to be fully funded by Scottish Government. Based on a letter received in May 2023 it is understood that approval to spend will not be granted during the current Capital Spending Review period which ends in 2025/2026 and consequently the project is currently on hold. The ongoing works to upgrade Uist & Barra Hospital to incorporate a dental hub are expected to conclude in 2024/25 with £500k of expenditure on building works and equipment remaining.

Legal Obligations

Boards are notified of the progress of all clinical and other negligence claims against them by the Central Legal Office (CLO). The CLO assesses each claim and categorises the level of pay out risk associated with each claim as a type 1, 2 or 3:

- *Type 1* – The pay out risk associated with these claim types is LOW and requires that they are disclosed in Note 14 of the annual accounts as a contingent liability rather than setting up a provision.
- *Type 2* – The pay out risk associated with these claim types is MEDIUM and requires that 50% of the estimate pay out value of the claim is disclosed in Note 14 of the annual accounts as a contingent liability and 50% of the estimated pay out value is set up as a provision and disclosed on Note 13 of the annual accounts.
- *Type 3* – The pay out risk associated with these claim types is HIGH and requires that the full estimated value of the claim is set up as a provision and disclosed on Note 13 of the annual accounts.

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2(a.) Summary of Core Revenue Resource Outturn

| | Note | 2024 | 2024 |
|--|--------------|--------------|----------------|
| | <u>SoCNE</u> | £'000 | £'000 |
| Net Expenditure | | | 118,433 |
| Total non-core expenditure (see below) | | | (2,965) |
| Family Health Services non-discretionary allocation | | | (2,414) |
| Endowment net expenditure | | | - |
| Associates and joint ventures accounted for on an equity basis | | | (1,012) |
| Total Core Expenditure | | | 112,042 |
| Core Revenue Resource Limit | | | <u>112,144</u> |
| Savings/(excess) against Core Revenue Resource Limit | | | 102 |

Summary of Non-Core Revenue Resources Outturn

| | | | |
|---|--|-------|--------------|
| Capital grants to / (from) other bodies | | - | |
| Depreciation / amortisation | | 2,689 | |
| Annually Managed Expenditure – Impairments | | 38 | |
| Annually Managed Expenditure –Provisions | | 93 | |
| Annually Managed Expenditure – Depreciation of Donated Assets | | 8 | |
| Annually Managed Expenditure – Pension Valuation | | 62 | |
| Additional Scottish Government non-core funding | | | |
| IFRS PFI Expenditure | | | |
| Right of Use (RoU) Asset Depreciation | | 73 | |
| Right of Use (RoU) Peppercorn Leases Depreciation | | 2 | |
| Total Non-Core Expenditure | | | 2,965 |
| Non-Core Revenue Resource Limit | | | <u>2,967</u> |
| Savings/(excess) against Non-Core Revenue Resource Limit | | | 2 |

Summary Resource Outturn

| | Resource | Expenditure | Saving / (Excess) |
|--------------|-----------------|--------------------|------------------------------|
| | £'000 | £'000 | £'000 |
| Core | 112,144 | 112,042 | 102 |
| Non-Core | 2,967 | 2,965 | 2 |
| Total | 115,111 | 115,007 | 104 |

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2(b.) Notes to the Cash Flow Statement

Consolidated adjustments for non-cash transactions

| 2023 £'000 | | Note | 2024 £'000 |
|---------------|---|------------|---------------|
| | Expenditure not paid in cash | | |
| 2,545 | Depreciation | 7a | 2,653 |
| 50 | Amortisation | 6 | 36 |
| 7 | Depreciation of donated assets | 7a | 8 |
| 48 | Depreciation of Right of Use (RoU) Assets | 17b | 74 |
| - | Impairments on Property, Plant & Equipment (PPE) charged to SoCNE | 7a | 38 |
| - | Loss/(profit) on disposal of property, plant and equipment | | (2) |
| 2,617 | Associated and joint ventures accounted for on an equity basis | SoCNE | 1,012 |
| (57) | Other non-cash transactions (see note on next page) | | - |
| (77) | Notional income – peppercorn lease | | - |
| 5,133 | Total expenditure not paid in cash | CFS | 3,819 |

Interest payable recognised in operating expenditure

| 2023 £'000 | | Note | 2024 £'000 |
|---------------|------------------------------------|------------|---------------|
| | Interest payable | | |
| 2 | Lease interest | | 4 |
| (167) | Provisions – unwinding of discount | | 62 |
| (165) | Net interest payable | CFS | 66 |

Consolidated movements in working capital

| 2023 Net Movement £'000 | | Note | Opening balances £'000 | 2024 Closing balances £'000 | Net Movement £'000 |
|----------------------------------|---|------------|------------------------------|--------------------------------------|--------------------------|
| | INVENTORIES | | | | |
| 253 | Balance Sheet | 8 | 1,561 | 1,677 | |
| 253 | Net decrease / (increase) | | | | (116) |
| | TRADE & OTHER RECEIVABLES | | | | |
| (3,681) | Due within one year | 9 | 5,577 | 15,190 | |
| (3,681) | Net decrease / (increase) | | | | (9,613) |
| | TRADE & OTHER PAYABLES | | | | |
| (4,848) | Due within one year | 12 | 13,486 | 14,141 | |
| 210 | Due after more than one year | 12 | 210 | 176 | |
| (215) | Less: Property, plant & equipment (capital) included in the above | | (539) | (152) | |
| 31 | Less: General Fund creditor included in the above | 12 | (184) | (181) | |
| (280) | Less: Lease and PFI creditors included in the above | | (280) | (245) | |
| (5,102) | Net (decrease) / increase | | 12,693 | 13,739 | 1,046 |
| | PROVISIONS | | | | |
| (61) | Statement of Financial Position | 13a | 2,511 | 12,556 | |
| (61) | Net (decrease) / increase | | 2,511 | 12,556 | 10,045 |
| (9,097) | Net movement (decrease) / increase | CFS | | | 1,362 |

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Other General Fund Non-Cash Costs Shown on the Face of the SoCTE

| 2023 £'000 | | 2024 £'000 |
|---------------|---|---------------|
| (57) | Other Non-Cash Costs Return of Non-core Funding | - |
| <u>(57)</u> | Total Other Non-Cash Costs | <u>-</u> |

3. OPERATING EXPENSES

3(a). Employee expenditure

| 2023 Total £'000 | | 2024 Board & Consolidated Note £'000 |
|------------------------|------------------|---|
| 11,453 | Medical & Dental | 11,733 |
| 23,135 | Nursing | 25,110 |
| 22,250 | Other Staff | 23,727 |
| <u>56,838</u> | Total | <u>60,570</u> |
| | SoCNE | |

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

3(b). Other operating expenditure

| 2023 Total £'000 | | 2024 Board & Consolidated £'000 |
|------------------------|---|---------------------------------------|
| | Independent Primary Care Services | |
| 7,068 | General Medical Services | 7,374 |
| 1,377 | Pharmaceutical Services | 1,449 |
| 621 | General Dental Services | 665 |
| 421 | General Ophthalmic Services | 462 |
| <u>9,487</u> | Total | <u>9,950</u> |
| | Drugs & Medical Supplies | |
| 6,366 | Prescribed Drugs Primary Care | 6,798 |
| 3,347 | Prescribed Drugs Secondary Care | 4,035 |
| 146 | PPE and testing kits | 101 |
| 2,930 | Medical Supplies | 3,560 |
| <u>12,789</u> | Total | <u>14,494</u> |
| | Other Healthcare Expenditure | |
| 47,736 | Contribution to Integration Joint Boards | 52,496 |
| 14,076 | Goods & Services from other NHS Scotland Bodies | 14,765 |
| 10 | Goods & Services from other UK NHS Bodies | 59 |
| 1,687 | Goods & Services from Private Providers | 1,665 |
| 506 | Goods & Services from Voluntary Organisations | 397 |
| 321 | Resource Transfer | 285 |
| 17,650 | Other Operating Expenses | 23,213 |
| 84 | External Auditor's Remuneration – Statutory Audit Fee | 94 |
| <u>82,070</u> | Total | <u>92,974</u> |
| <u>104,346</u> | Total Other Operating Expenditure | <u>117,418</u> |

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4. OPERATING INCOME

| 2023 Total £'000 | | 2024 Board & Consolidated Note £'000 |
|------------------------|--|---|
| 443 | Income from NHS Scotland Bodies | 545 |
| 173 | Income from NHS Non-Scottish Bodies | 116 |
| 47,736 | Income for Services commissioned by Integration Joint Board | 52,496 |
| 444 | Patient charges for Primary Care | 533 |
| 77 | Donations | - |
| - | Profit on Disposal of Assets | 2 |
| - | Contributions in respect of Clinical & Medical Negligence Claims | 5 |
| | Non-NHS: | |
| 4 | Non-Patient Care income generation schemes | 4 |
| 6,591 | Other | 6,866 |
| <u>55,468</u> | Total Income | <u>SoCNE 60,567</u> |

5. SEGMENTAL INFORMATION

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

| | Executive Departments £'000 | Single Operating Division £'000 | IJB £'000 | Covid-19 £'000 | Unallocated £'000 | 2024 £'000 |
|---------------------------------------|-----------------------------------|--|--------------|-------------------|----------------------|-----------------|
| Net operating cost | 22,236 | 42,780 | 52,496 | 921 | - | 118,433 |
| Total Assets | - | - | - | - | 89,251 | 89,251 |
| Total Liabilities | - | - | - | - | (26,873) | (26,873) |
| Impairment losses recognised in SoCNE | - | - | - | - | - | - |
| Depreciation & Amortisation | - | - | - | - | (2,771) | (2,771) |
| Prior Year | | | | | | |
| Net operating cost | 19,492 | 39,266 | 47,736 | 1,839 | - | 108,333 |
| Total Assets | - | - | - | - | 78,869 | 78,869 |
| Total Liabilities | - | - | - | - | (16,207) | (16,207) |
| Impairment losses recognised in SoCNE | - | - | - | - | - | - |
| Depreciation & Amortisation | - | - | - | - | (2,650) | (2,650) |

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6. INTANGIBLE ASSETS

6(a). Intangible assets (non-current) – Board & Consolidated

| | Note | Software Licences | IT Software | Assets Under Development | Total |
|---|-------------|----------------------|-------------|-----------------------------|--------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | |
| As at 1st April 2023 | | 519 | 810 | - | 1,329 |
| Additions | | - | - | - | - |
| Completions | | - | - | - | - |
| Transfers between asset categories | | - | - | - | - |
| Impairment charges | | - | - | - | - |
| Disposals | | - | - | - | - |
| At 31st March 2024 | | 519 | 810 | - | 1,329 |
| Amortisation | | | | | |
| As at 1st April 2023 | | 472 | 775 | - | 1,247 |
| Provided during the year | | 13 | 23 | - | 36 |
| Transfers between asset categories | | - | - | - | - |
| Revaluations | | - | - | - | - |
| Disposals | | - | - | - | - |
| At 31st March 2024 | | 485 | 798 | - | 1,283 |
| Net Book Value at 1st April 2023 | | 47 | 35 | - | 82 |
| Net Book Value at 31st March 2024 | <u>SoFP</u> | 34 | 12 | - | 46 |

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6(a). Prior Year – Intangible assets (non-current) – Board & Consolidated

| | Note | Software Licences | IT Software | Assets Under Development | Total |
|---|-------------|----------------------|-------------|-----------------------------|--------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Cost or Valuation | | | | | |
| As at 1st April 2022 | | 483 | 810 | - | 1,293 |
| Additions | | 36 | - | - | 36 |
| Completions | | - | - | - | - |
| Transfers between asset categories | | - | - | - | - |
| Impairment charges | | - | - | - | - |
| Disposals | | - | - | - | - |
| At 31st March 2023 | | 519 | 810 | - | 1,329 |
| Amortisation | | | | | |
| As at 1st April 2022 | | 463 | 734 | - | 1,197 |
| Provided during the year | | 9 | 41 | - | 50 |
| Transfers between asset categories | | - | - | - | - |
| Revaluations | | - | - | - | - |
| Disposals | | - | - | - | - |
| At 31st March 2023 | | 472 | 775 | - | 1,247 |
| Net Book Value at 1st April 2022 | | 20 | 76 | - | 96 |
| Net Book Value at 31st March 2023 | <u>SoFP</u> | 47 | 35 | - | 82 |

6(b) Intangible Assets (Current) –Board & Consolidated

There are no current intangible assets either Board or Consolidated.

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7. PROPERTY, PLANT AND EQUIPMENT (PPE)

7(a). Property, Plant and Equipment – Board & Consolidated

| | Note | Land (including 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 £'000 |
|---|------|--|--|--------------------|---------------------------------|-------------------------------|------------------------------------|-------------------------------------|---------------------------------------|----------------|
| Cost or valuation | | | | | | | | | | |
| At 1 st April 2023 | | 975 | 52,085 | 3,137 | 233 | 19,029 | 1,252 | 607 | 1,675 | 78,993 |
| Additions – purchased | | - | 555 | - | - | 510 | - | - | 408 | 1,473 |
| Additions – donated | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | 53 | - | - | - | - | - | (53) | - |
| Transfers (to)/from non-current assets held for sale | | (15) | (34) | - | - | - | - | - | - | (49) |
| Revaluations | | 190 | 1,885 | 196 | - | - | - | - | - | 2,271 |
| Disposals - purchased | | - | - | - | (28) | - | - | - | - | (28) |
| At 31st March 2024 | | 1,150 | 54,544 | 3,333 | 205 | 19,539 | 1,252 | 607 | 2,030 | 82,660 |
| Depreciation | | | | | | | | | | |
| At 1 st April 2023 | | - | 1,709 | 92 | 117 | 10,443 | 761 | 506 | - | 13,628 |
| Provided during the year - purchased | | - | 1,220 | 72 | 23 | 1,184 | 129 | 25 | - | 2,653 |
| Provided during the year – donated | | - | - | 5 | - | 3 | - | - | - | 8 |
| Transfers (to) from non current assets held for sale | | - | (4) | - | - | - | - | - | - | (4) |
| Revaluation | | - | (675) | (20) | - | - | - | - | - | (695) |
| Impairment charges | | - | 24 | - | 14 | - | - | - | - | 38 |
| Disposals - purchased | | - | - | - | (28) | - | - | - | - | (28) |
| At 31st March 2024 | | - | 2,274 | 149 | 126 | 11,630 | 890 | 531 | - | 15,600 |
| Net book value at 1st April 2023 | | 975 | 50,376 | 3,045 | 116 | 8,586 | 491 | 101 | 1,675 | 65,365 |
| Net book value at 31st March 2024 | SoFP | 1,150 | 52,270 | 3,184 | 79 | 7,909 | 362 | 76 | 2,030 | 67,060 |
| Open market value of land and dwellings included above | | 1,150 | | 3,184 | | | | | | |
| Asset financing: | | | | | | | | | | |
| Owned – purchased | | 1,095 | 52,270 | 3,019 | 79 | 7,983 | 362 | 76 | 2,030 | 66,824 |
| Owned – donated | | 55 | - | 165 | - | 16 | - | - | - | 236 |
| On-balance sheet PFI contracts | | - | - | - | - | - | - | - | - | - |
| Net book value at 31st March 2024 | SoFP | 1,150 | 52,270 | 3,184 | 79 | 7,909 | 362 | 76 | 2,030 | 67,060 |

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7(a). Prior Year – Property, Plant and Equipment – Board & Consolidated

| Cost or valuation | Note | Land (including 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 £'000 |
|---|-------------|---|--|----------------------------|--|--|---|---|--|------------------------|
| At 1 st April 2022 | | 975 | 46,908 | 2,928 | 233 | 17,748 | 1,093 | 579 | 1,232 | 71,696 |
| Additions – purchased | | - | 1,686 | - | - | 915 | 159 | 28 | 809 | 3,597 |
| Additions – donated | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | - | - | - | 366 | - | - | (366) | - |
| Transfers (to)/from non-current assets held for sale | | - | - | - | - | - | - | - | - | - |
| Revaluations | | - | 3,491 | 209 | - | - | - | - | - | 3,700 |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Disposals - purchased | | - | - | - | - | - | - | - | - | - |
| At 31st March 2023 | | 975 | 52,085 | 3,137 | 233 | 19,029 | 1,252 | 607 | 1,675 | 78,993 |
| Depreciation | | | | | | | | | | |
| At 1 st April 2022 | | - | 484 | 15 | 91 | 9,236 | 639 | 485 | - | 10,950 |
| Provided during the year - purchased | | - | 1,104 | 67 | 26 | 1,205 | 122 | 21 | - | 2,545 |
| Provided during the year – donated | | - | - | 5 | - | 2 | - | - | - | 7 |
| Transfers between asset categories | | - | - | - | - | - | - | - | - | - |
| Revaluation | | - | 121 | 5 | - | - | - | - | - | 126 |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Disposals - purchased | | - | - | - | - | - | - | - | - | - |
| At 31st March 2023 | | - | 1,709 | 92 | 117 | 10,443 | 761 | 506 | - | 13,628 |
| Net book value at 1st April 2022 | | 975 | 46,424 | 2,913 | 142 | 8,512 | 454 | 94 | 1,232 | 60,746 |
| Net book value at 31st March 2023 | <i>SoFP</i> | 975 | 50,376 | 3,045 | 116 | 8,586 | 491 | 101 | 1,675 | 65,365 |
| Open market value of land and dwellings included above | | 975 | | 3,045 | | | | | | |
| Asset financing: | | | | | | | | | | |
| Owned – purchased | | 930 | 50,376 | 2,920 | 116 | 8,567 | 491 | 101 | 1,675 | 65,176 |
| Owned – donated | | 45 | - | 125 | - | 19 | - | - | - | 189 |
| On-balance sheet PFI contracts | | - | - | - | - | - | - | - | - | - |
| Net book value at 31st March 2023 | <i>SoFP</i> | 975 | 50,376 | 3,045 | 116 | 8,586 | 491 | 101 | 1,675 | 65,365 |

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7(b). Assets held for sale

Assets held for sale – Board & Consolidated

| | Note | Property, Plant & Equipment |
|---|-------------|-----------------------------------|
| | | £'000 |
| At 1st April 2023 | | - |
| Transfers from property, plant & equipment | | 45 |
| Transfers (to)/from intangible assets | | - |
| Gain or losses recognised on re-measurement of non-current assets held for sale | | - |
| Disposal of non-current assets held for sale | | - |
| As at 31st March 2024 | <u>SoFP</u> | <u>45</u> |

Prior Year

| | Note | Property, Plant & Equipment |
|---|-------------|-----------------------------------|
| | | £'000 |
| At 1st April 2022 | | - |
| Transfers from property, plant & equipment | | - |
| Gain or losses recognised on re-measurement of non-current assets held for sale | | - |
| Disposal of non-current assets held for sale | | - |
| As at 31st March 2023 | <u>SoFP</u> | <u>-</u> |

7(c). Property, plant and equipment disclosures

| | | Note | |
|--|---|-------------|--|
| 2023 Board & Consolidated £'000 | | | 2024 Board & Consolidated £'000 |
| | Net book value of property, plant and equipment at 31 st March | | |
| 65,176 | Purchased | | 66,824 |
| 189 | Donated | | 236 |
| <u>65,365</u> | Total | <u>SoFP</u> | <u>67,060</u> |
| 975 | Net book value related to land valued at open market value at 31 st March | | 1,150 |
| <u>50,376</u> | Net book value related to buildings valued at open market value at 31 st March | | <u>52,270</u> |
| - | Total value of assets held under: PFI and PPP Contracts | | - |
| - | | | - |

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A number of assets within the portfolio of land and buildings were revalued in line with the revaluation programme. The revaluations were carried out by an independent valuer, FG Burnett, as at 31st March 2024 on the basis of fair value (market value or depreciated replacement costs where appropriate).

The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS. Indexation was applied to the remainder of the land and buildings within the portfolio. Indices were supplied by FG Burnett after consideration of market forces and inflation.

The net impact was an increase of £190k (2022/23 - £0k) on land and £2,776k (2022/2023 - £3,574k) on buildings which was credited to the revaluation reserve.

7(d). Analysis of capital expenditure

| 2023 Board & Consolidated | | 2024 Board & Consolidated Note | £'000 |
|---------------------------------|---|---|--------------|
| | Expenditure | | |
| 36 | Acquisition of intangible assets | <u>6</u> | - |
| 3,597 | Acquisition of property, plant & equipment | <u>7a</u> | 1,473 |
| 124 | Right of Use (RoU) additions | <u>17a</u> | 38 |
| <u>3,757</u> | Gross Capital Expenditure | | <u>1,511</u> |
| | Income | | |
| - | Net book value of disposal of intangible assets | <u>6</u> | - |
| - | Net book value of disposal of property, plant and equipment | <u>7a</u> | - |
| - | Value of disposal of non-current assets held for sale | <u>7b</u> | - |
| - | Donated Asset Income | | - |
| <u>-</u> | Capital Income | | <u>-</u> |
| <u>3,757</u> | Net Capital Expenditure | | <u>1,511</u> |
| | SUMMARY OF CAPITAL RESOURCE OUTTURN | | |
| 3,757 | Core capital expenditure included above | | 1,509 |
| <u>3,756</u> | Core Capital Resource Limit | | <u>1,511</u> |
| <u>(1)</u> | Savings / (Excess) against Core Capital Resource Limit | | <u>2</u> |
| 3,757 | Total capital expenditure | | 1,509 |
| <u>3,756</u> | Total Capital Resource Limit | | <u>1,511</u> |
| <u>(1)</u> | Savings / (Excess) against Non-Core Capital Resource Limit | | <u>2</u> |

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8. INVENTORIES

| 2023 | | 2024 |
|-------------------------------|-----------------------------|-------------------------------|
| Board & Consolidated £'000 | Note | Board & Consolidated £'000 |
| 1,561 | Raw materials & consumables | 1,677 |
| 1,561 | Total Inventories | 1,677 |
| | <i>SoFP</i> | |

9. TRADE AND OTHER RECEIVABLES

| 2023 | | 2024 |
|-------------------------------|--|-------------------------------|
| Board & Consolidated £'000 | Note | Board & Consolidated £'000 |
| | Receivables due within one year | |
| | NHS Scotland | |
| 254 | Scottish Government Health & Social Care Directorate | 331 |
| 877 | Boards | 553 |
| 1,131 | Total NHS Scotland Boards Receivables | 884 |
| 66 | NHS Non-Scottish bodies | 58 |
| 61 | VAT recoverable | 93 |
| 640 | Prepayments | 591 |
| 46 | Accrued income | 65 |
| 278 | Other receivables | 113 |
| 5 | Reimbursement of provisions | 9,975 |
| 3350 | Other public sector bodies | 3,411 |
| 5,577 | Total receivables due within one year | 15,190 |
| | <i>SoFP</i> | |
| 5,577 | TOTAL RECEIVABLES | 15,190 |
| 128 | The total receivables figure above includes a provision for impairments of : | 209 |
| | WGA Classification | |
| 877 | NHS Scotland | 553 |
| 320 | Central Government bodies | 10,399 |
| 3,350 | Whole of Government bodies | 3,411 |
| 66 | Balances with NHS bodies in England & Wales | 58 |
| 964 | Balances with bodies external to Government | 769 |
| 5,577 | Total | 15,190 |
| | Movements on the provision for impairment of receivables are as follows: | |
| 97 | At 1 st April | 128 |
| 31 | Provision for impairment | 81 |
| - | Receivables written off during the year as uncollectable | - |
| 128 | At 31st March | 209 |

As at 31st March 2024, receivables with a carrying value of £209k (2023: £128k) were impaired and provided for. The ageing of these receivables is as follows:

| | | |
|------------|------------------------|------------|
| 5 | 3 to 6 months past due | 9 |
| 123 | Over 6 months past due | 200 |
| 128 | | 209 |

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

Receivables that are less than three months past their due date are not considered impaired. As at 31st March 2024, receivables with a carrying value of £152k (2022/2023: £502k) were past their due date but not impaired.

The ageing of receivables which are past due but not impaired is as follows:

| | | |
|------------|-------------------------|------------|
| 405 | Up to 3 months past due | 52 |
| 21 | 3 to 6 months past due | 51 |
| 76 | Over 6 months past due | 49 |
| 502 | | 152 |

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 maximum exposure to credit risk is the fair value of each class of receivable. The Board does not hold any collateral as security.

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

| | 2023 | | 2024 |
|-------|--------------|--------|--------------|
| | £'000 | | £'000 |
| 5,577 | Pounds | 15,190 | |

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

10. INVESTMENTS

There were no investments made from 1st April 2023 to 31st March 2024 or 1st April 2022 to 31st March 2023.

11. CASH AND CASH EQUIVALENTS

| | Note | 2024 | 2023 |
|--|-------------|--------------|--------------|
| | | £'000 | £'000 |
| Balance at 1 st April | | 184 | 214 |
| Net change in cash and cash equivalent balances | <u>CFS</u> | (3) | (30) |
| Balance at 31st March | <u>SoFP</u> | 181 | 184 |
| Total Cash – Cash Flow Statement | | 181 | 184 |
| The following balances at 31 st March were held at: | | | |
| Government Banking Service | | 124 | 115 |
| Commercial Banks and Cash in Hand | | 57 | 69 |
| Balance at 31st March | | 181 | 184 |

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12. TRADE AND OTHER PAYABLES

| 2023 Board & Consolidated £'000 | | Note | 2024 Board & Consolidated £'000 |
|--|--|------|--|
| | Payables due within one year | | |
| 57 | Scottish Government | | - |
| 3,028 | Boards | | 2,536 |
| <u>3,085</u> | Total NHS Scotland Boards payables | | <u>2,536</u> |
| 184 | Amounts payable to General fund | | 181 |
| 658 | Family Health Service practitioners | | 704 |
| 4,637 | Accruals | | 4,587 |
| 278 | Deferred income | | 425 |
| 70 | Net obligations under leases | | 69 |
| 1,062 | Income tax and social security | | 1,139 |
| 818 | Superannuation | | 920 |
| 340 | Holiday pay accrual | | 217 |
| 2,347 | Other Public Sector Bodies | | 3,257 |
| 7 | Other payables | | 106 |
| <u>13,486</u> | Total payables due within one year | SoFP | <u>14,141</u> |
| | Payables due after more than one year | | |
| | - NHS Scotland | | - |
| | - Boards | | - |
| | - Total NHS Scotland Boards payables | | - |
| 60 | Net obligations under leases due within 2 years | 17b | 62 |
| 98 | Net obligations under leases due after 2 years but within 5 years | 17b | 75 |
| 52 | Net obligations under leases due after 5 years | 17b | 39 |
| <u>210</u> | Total payables due after more than one year | SoFP | <u>176</u> |
| <u>13,696</u> | TOTAL PAYABLES | | <u>14,317</u> |
| | WGA classification | | |
| 3,028 | NHS Scotland | | 2,536 |
| 1,119 | Central Government bodies | | 1,139 |
| 2,209 | Whole of Government Bodies | | 3,257 |
| - | Balances with NHS Bodies in England and Wales | | - |
| 7,340 | Balances with bodies external to Government | | 7,385 |
| <u>13,696</u> | Total | | <u>14,317</u> |
| | Borrowings included above comprise: | | |
| 280 | Leases. | | 245 |
| | The carrying amount and fair value of the non-current borrowings are as follows: | | |
| 210 | Leases | | 176 |
| | The carrying amount of payables are denominated in the following currencies: | | |
| 13,696 | Pounds | | 14,317 |
| - | US Dollars | | - |
| <u>13,696</u> | | | <u>14,317</u> |

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13. PROVISIONS

13(a) Provisions – Board & Consolidated

| | | Pensions and similar obligations £'000 | Clinical & Medical Legal Claims £'000 | Participation in CNORIS £'000 | Other (non- endowments) £'000 | 2024 £'000 |
|--------------------------------------|-----------|---|---|-------------------------------------|-------------------------------------|---------------|
| At 1 st April 2023 | Note | 825 | 5 | 1,496 | 185 | 2,511 |
| Arising during the year | | | 10,000 | 165 | - | 10,165 |
| Utilised during the year | | (68) | - | (114) | - | (182) |
| Unwinding of discount | | 62 | - | - | - | 62 |
| Reversed unutilised | | - | - | - | - | - |
| At 31st March 2024 | <u>2b</u> | 819 | 10,005 | 1,547 | 185 | 12,556 |

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

Analysis of expected timing of discounted flows at 31st March 2024

| | | | | | | |
|--------------------------------------|-------------|------------|---------------|--------------|------------|---------------|
| Payable in one year | <u>SoFP</u> | 68 | 10,005 | 387 | 185 | 10,645 |
| Payable between 2 – 5 years | <u>SoFP</u> | 272 | - | 941 | - | 1,213 |
| Payable between 6 -10 years | <u>SoFP</u> | 340 | - | 80 | - | 420 |
| Thereafter | <u>SoFP</u> | 139 | - | 139 | - | 278 |
| At 31st March 2024 | | 819 | 10,005 | 1,547 | 185 | 12,556 |

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13(a). Prior Year – Provisions Board & Consolidated

| | | Pensions and similar obligations £'000 | Clinical & Medical Legal Claims £'000 | Participation in CNORIS £'000 | Other (non- endowments) £'000 | 2023 £'000 |
|--------------------------------------|-----------|---|---|-------------------------------------|-------------------------------------|---------------|
| At 1 st April 2022 | Note | 1,054 | | 1,262 | 256 | 2,572 |
| Arising during the year | | | 5 | 417 | 57 | 479 |
| Utilised during the year | | (62) | - | (183) | - | (245) |
| Unwinding of discount | | (167) | - | - | - | (167) |
| Reversed unutilised | | - | - | - | (128) | (128) |
| At 31st March 2023 | <u>2b</u> | 825 | 5 | 1,496 | 185 | 2,511 |

The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Western Isles are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in [Note 9](#).

Analysis of expected timing of discounted flows at 31st March 2023

| | | | | | | |
|--------------------------------------|-------------|------------|----------|--------------|------------|--------------|
| Payable in one year | <u>SoFP</u> | 62 | 5 | 373 | 185 | 625 |
| Payable between 2 – 5 years | <u>SoFP</u> | 248 | - | 910 | - | 1,158 |
| Payable between 6 -10 years | <u>SoFP</u> | 310 | - | 77 | - | 387 |
| Thereafter | <u>SoFP</u> | 205 | - | 136 | - | 341 |
| At 31st March 2023 | | 825 | 5 | 1,496 | 185 | 2,511 |

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, currently 2.45% as advised by PES(2023)10, (2022-23:1.70%). The Board expects expenditure to be charged to this provision for a period of up to 18 years.

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

| 2023 | | Note | 2024 |
|--------------|--|-------------|---------------------|
| £'000 | | | £'000 |
| | Provision recognised individual claims against the NHS Board as | | |
| 5 | at 31 st March | <u>13a</u> | 10,005 |
| (5) | Associated CNORIS receivable at 31 st March | <u>9</u> | (9,975) |
| 1,496 | Provision recognising the NHS Board's liability from participating | | |
| | in the scheme at 31 st March | <u>13a</u> | <u>1,547</u> |
| 1,496 | Net Total Provision relating to CNORIS at 31st March | | <u>1,577</u> |

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 boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement less a £25k "excess fee". The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required, then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles.

The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore, a second provision that recognises the board's share of the total CNORIS liability of 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 of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at:

<https://clo.scot.nhs.uk/our-services/cnoris.aspx>

14. CONTINGENT LIABILITIES

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

| 2023 | | 2024 |
|----------------------|--|----------------------|
| £'000 | Nature | £'000 |
| 21,050 | Clinical and medical compensation payments | 30,057 |
| <u>21,050</u> | Total Contingent Liabilities | <u>30,057</u> |

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15. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period which had a material effect on the accounts.

16. COMMITMENTS

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

| 2023 £'000 | | Property, plant & equipment £'000 | Intangible Assets £'000 | 2024 £'000 |
|---------------|---|--|-------------------------------|---------------|
| | Contracted | | | |
| 600 | Uist and Barra Hospital Redesign – Dental Hub | 500 | - | 500 |
| <hr/> 600 | | <hr/> 500 | <hr/> - | <hr/> 500 |
| | Authorised but not contracted | | | |
| | Nil | | | |
| <hr/> | | <hr/> | <hr/> | <hr/> |

The Board has not entered into any non-cancellable contracts (which are not leases or PFI contracts).

Financial Guarantees, indemnities and Letter of Contract

The Board did not enter into any quantifiable guarantees, indemnities or provide letters of comfort.

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17(a). RIGHT OF USE ASSETS (RoU) – BOARD & CONSOLIDATED

| Cost or valuation | Note | Land (including under buildings) £'000 | Buildings (excluding dwellings) £'000 | Dwellings £'000 | Transport Equipment £'000 | Plant & Machinery £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Intangibles £'000 | Total £'000 |
|--|-------------|---|--|----------------------------|--|--|---|---|------------------------------|------------------------|
| At 1 st April 2023 | | - | 297 | - | 104 | - | - | - | - | 401 |
| Additions (include new dilapidation provisions) | | - | - | - | 38 | - | - | - | - | 38 |
| Additions – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| Assets Transfers (to) / from other SG Consolidation Entities | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | - | - | - | - | - | - | - | - |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Disposals – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| At 31st March 2024 | | - | 297 | - | 142 | - | - | - | - | 439 |
| Depreciation | | | | | | | | | | |
| At 1 st April 2023 | | - | 40 | - | 8 | - | - | - | - | 48 |
| Provided during the year – (include new dilapidation provisions) | | - | 41 | - | 31 | - | - | - | - | 72 |
| Provided during the year – peppercorn leases | | - | 2 | - | - | - | - | - | - | 2 |
| Assets Transfers (to) / from other SG Consolidation Entities | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | - | - | - | - | - | - | - | - |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Impairment reversals | | - | - | - | - | - | - | - | - | - |
| Disposals – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| At 31st March 2023 | | - | 83 | - | 39 | - | - | - | - | 122 |
| Net book value at 1st April 2023 | | - | 257 | - | 96 | - | - | - | - | 353 |
| Net book value at 31st March 2024 | <u>SoFP</u> | - | 214 | - | 103 | - | - | - | - | 317 |
| Open market value of land and dwellings included above | | - | - | - | - | - | - | - | - | - |

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17(a). RIGHT OF USE ASSETS (RoU) – BOARD & CONSOLIDATED PRIOR YEAR

| Cost or valuation | Note | Land (including under buildings) £'000 | Buildings (excluding dwellings) £'000 | Dwellings £'000 | Transport Equipment £'000 | Plant & Machinery £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Intangibles £'000 | Total £'000 |
|--|-------------|---|--|----------------------------|--|--|---|---|------------------------------|------------------------|
| At 1 st April 2022 | | - | 277 | - | - | - | - | - | - | 277 |
| Additions (include new dilapidation provisions) | | - | 20 | - | 104 | - | - | - | - | 124 |
| Additions – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| Assets Transfers (to) / from other SG Consolidation Entities | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | - | - | - | - | - | - | - | - |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Disposals – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| At 31st March 2023 | | - | 297 | - | 104 | - | - | - | - | 401 |
| Depreciation | | | | | | | | | | |
| At 1 st April 2022 | | - | - | - | - | - | - | - | - | - |
| Provided during the year – (include new dilapidation provisions) | | - | 38 | - | 8 | - | - | - | - | 46 |
| Provided during the year – peppercorn leases | | - | 2 | - | - | - | - | - | - | 2 |
| Assets Transfers (to) / from other SG Consolidation Entities | | - | - | - | - | - | - | - | - | - |
| Transfers between asset categories | | - | - | - | - | - | - | - | - | - |
| Impairment charges | | - | - | - | - | - | - | - | - | - |
| Impairment reversals | | - | - | - | - | - | - | - | - | - |
| Disposals – peppercorn leases | | - | - | - | - | - | - | - | - | - |
| At 31st March 2022 | | - | 40 | - | 8 | - | - | - | - | 48 |
| Net book value at 1st April 2022 | | - | 277 | - | - | - | - | - | - | 277 |
| Net book value at 31st March 2023 | <u>SoFP</u> | - | 257 | - | 96 | - | - | - | - | 353 |
| Open market value of land and dwellings included above | | - | - | - | - | - | - | - | - | - |

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17(b). LEASE LIABILITIES

| | Land (including under buildings) £'000 | Buildings (excluding dwellings) £'000 | Dwellings £'000 | Transport Equipment £'000 | Plant & Machinery £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Intangibles £'000 | Total £'000 |
|---|--|--|--------------------|---------------------------------|-------------------------------|------------------------------------|-------------------------------------|----------------------|----------------|
| Amounts falling due: | | | | | | | | | |
| Not later than one year | - | 29 | - | 40 | - | - | - | - | 69 |
| Later than one year, not later than two years | - | 24 | - | 38 | - | - | - | - | 62 |
| Later than two years, not later than five years | - | 50 | - | 25 | - | - | - | - | 75 |
| Later than five years | - | 39 | - | - | - | - | - | - | 39 |
| Less: Unaccrued interest | - | - | - | - | - | - | - | - | - |
| At 31st March 2024 | - | 142 | - | 103 | - | - | - | - | 245 |
| Current | - | - | - | - | - | - | - | - | - |
| Non-Current | - | - | - | - | - | - | - | - | - |

17(b). LEASE LIABILITIES PRIOR YEAR

| | Land (including under buildings) £'000 | Buildings (excluding dwellings) £'000 | Dwellings £'000 | Transport Equipment £'000 | Plant & Machinery £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Intangibles £'000 | Total £'000 |
|---|--|--|--------------------|---------------------------------|-------------------------------|------------------------------------|-------------------------------------|----------------------|----------------|
| Amounts falling due: | | | | | | | | | |
| Not later than one year | - | 41 | - | 29 | - | - | - | - | 70 |
| Later than one year, not later than two years | - | 30 | - | 30 | - | - | - | - | 60 |
| Later than two years, not later than five years | - | 61 | - | 37 | - | - | - | - | 98 |
| Later than five years | - | 52 | - | - | - | - | - | - | 52 |
| Less: Unaccrued interest | - | - | - | - | - | - | - | - | - |
| At 31st March 2024 | - | 184 | - | 96 | - | - | - | - | 280 |
| Current | - | 41 | - | 29 | - | - | - | - | 70 |
| Non-Current | - | 143 | - | 67 | - | - | - | - | 210 |
| | | 184 | | 96 | | | | | 280 |

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Low value and short term leases

There were no low value or short terms leases in the year 2022/2023 or 2023/2024.

| Amounts recognised in the Statement of Comprehensive Net Expenditure | 2023-2024 Board & Consolidated £'000 |
|---|---|
| Depreciation | 74 |
| Interest Expense | 4 |
| Non Recoverable VAT on lease payments | 3 |
| Low value and short term leases | 39 |
| Remeasurement of RoU assets – (gain)/loss charge to SOCNE | - |
| Total | 120 |

| Amounts recognised in the Statement of Cash Flows | 2023-2024 Consolidated £'000 |
|--|---|
| Interest Expense | 4 |
| Repayment of Principal of leases | 73 |
| Total | 77 |

PRIOR YEAR

| Amounts recognised in the Statement of Comprehensive Net Expenditure | 2022-2023 Consolidated £'000 |
|---|---|
| Depreciation | 48 |
| Interest Expense | 2 |
| Non Recoverable VAT on lease payments | 3 |
| Low value and short term leases | 43 |
| Remeasurement of RoU assets – (gain)/loss charge to SOCNE | - |
| Total | 96 |

| Amounts recognised in the Statement of Cash Flows | 2022-2023 Consolidated £'000 |
|--|---|
| Interest Expense | 2 |
| Repayment of Principal of leases | 44 |
| Total | 46 |

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18. COMMITMENTS UNDER PFI CONTRACTS

18(a). Off Balance Sheet

The Board has not entered into any Off Balance Sheet PFI contracts.

18(b). On Balance Sheet

The Board has not entered into any On Balance Sheet PFI contracts.

19. PENSION COSTS

The new NHS Pension Scheme (Scotland) 2015

NHS Western Isles participates in the NHS Pension scheme (Scotland) which 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, with reference to the most recent funding valuation undertaken by the scheme actuary as at 31 March 2016, is set at 20.9% of pensionable pay from 1 April 2019. While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions.

Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the costs 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 1st April 2024.

The Scheme is an unfunded multi-employer defined benefit scheme where the share of the assets and liabilities applicable to each employer is not identified. NHS Western Isles will therefore account for its pension costs on a defined contribution basis as permitted by International Accounting Standard 19. Details of the most recent scheme accounts published by the Scottish Public Pensions Agency (SPPA) can be accessed at the following link.

NHS Western Isles has no liability for other employers obligations to the multi-employer scheme and 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. For 2023/2024, normal employer contributions of £7.4m were payable to the SPPA (2022/2023 £6.9m) at the rate of 20.9% of pensionable salaries.

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Changes to the scheme were implemented from 1st April 2008 and again from 1st April 2015.

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

This continues until the member leaves the scheme or retires. In 2023/2024, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%. The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 October 2023 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%. 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 31st March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1st 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 1st April 2015 and join the 2015 scheme at a later date.

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

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

National Employment Savings Trust (NEST)

The Pensions Act 2008 and 2011 Automatic Enrolment regulations required all employers to enrol workers meeting certain criteria into a pension scheme and pay contributions toward their retirement. For those staff not entitled to join the NHS Superannuation Scheme (Scotland), 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 | Employer Contribution | Total Contribution |
|------------------------------|-----------------|------------------------------|---------------------------|
| 1 st March 2013 | 1% | 1% | 2% |
| 1 st October 2018 | 3% | 2% | 5% |
| 1 st October 2019 | 5% | 3% | 8% |

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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.

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Pension cost charge for the year | 7,468 | 6,996 |
| Provisions/liabilities/pre-payments included in the Statement of Financial Position | 820 | 825 |

20. RETROSPECTIVE RESTATEMENTS

There were no retrospective statements.

21. RESTATED PRIMARY STATEMENTS

21(a). Restated Statement of Comprehensive Net Expenditure

There was no restatement of Comprehensive Net Expenditure.

21(b). Restated Statement of Financial Position

There was no restatement of Financial Position.

21(c). Restated Statement of Cashflows

There was no restatement of Cashflows.

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22. FINANCIAL INSTRUMENTS

22(a). Financial Instruments by category

| | | | Financial Assets at Fair Value through OCI 2024 £'000 |
|---|----|---------------------|---|
| BOARD & CONSOLIDATED | | | |
| Financial Assets | | | |
| At 31st March 2024 | | | |
| Assets per Statement of Financial Position | | | |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable. | 9 | 3,647 | |
| Cash and cash equivalents | 11 | 181 | |
| Total | | <u>3,828</u> | |
| | | | |
| PRIOR YEAR | | | |
| | | | |
| At 31st March 2023 | | | |
| Assets per Statement of Financial Position | | | |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable. | 9 | 3740 | |
| Cash and cash equivalents | 11 | 184 | |
| Total | | <u>3,924</u> | |
| | | | |
| | | | Financial Liabilities at Amortised cost 2024 £'000 |
| BOARD & CONSOLIDATED | | | |
| Financial Liabilities | | | |
| At 31st March 2024 | | | |
| Liabilities per Statement of Financial Position | | | |
| Lease Liabilities | 12 | 245 | |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation | 12 | 9,052 | |
| Total | | <u>9,297</u> | |
| | | | |
| PRIOR YEAR | | | |
| | | | |
| At 31st March 2023 | | | |
| Liabilities per Statement of Financial Position | | | |
| Lease Liabilities | 12 | 280 | |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation | 12 | 8,173 | |
| Total | | <u>8,453</u> | |

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22(b). Financial Risk Factors

Exposure to Risk

The 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 Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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

(a) Credit Risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

(b) Liquidity Risk

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

(c) Market Risk

The 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 Board in undertaking its activities.

Cash flow and fair value interest rate risk

The 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.

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Foreign currency risk

NHS Western Isles is not exposed to any foreign currency risk.

Price risk

NHS Western Isles is not exposed to equity security price risk.

(d) Fair Value Estimation

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

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

23. DERIVATIVE FINANCIAL INSTRUMENTS (Board and Consolidated)

The Board does not hold any derivative financial instruments.

24. RELATED PARTY TRANSACTIONS

(a) By virtue of their position, executive and non-executive directors of the Board are also Trustees of the Western Isles Health Board Endowment Funds, which is a registered Scottish Charity established for the advancement of health within the Western Isles, providing services over and above core healthcare provision, including patient and staff benefits, in accordance with donors' wishes. During the year the funds spent a total of £37k (prior year £33k). As at 31st March 2024 NHS Western Isles had a trading balance due to the Western Isles Health Board Endowment Fund of Nil (prior year £102.05).

(b) The Scottish Government Health and Social Care Directorate is the parent body of NHS Western Isles, exerting influence through legislation and grant funding. NHS Western Isles enters into transactions with 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 arm's length. Scottish Ministers issue instructions and guidance on special transactions between publicly funded bodies in areas such as property transfers and joint venture investments.

(c) By virtue of their position all executive and non-executive director's of the Board are also by proxy voting members of the Integration Joint Board (IJB). Note 3 Expenditure states the Boards contribution to the IJB and Note 4 Income states the income received for services commissioned by the IJB. As at 31st March 2024, there were £558k of receivables due from the IJB (prior year £2,970k) and £2,875k of payables due to the IJB (prior year £1,995k).

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(d) Paul Steele, a Non-Executive Director of NHS Western Isles from 10/01/2023, is a councillor for Comhairle nan Eilean Siar (CnES). During the financial year 2023/2024 NHS Western Isles received supplier invoices from CnES to the value of £6,631k (prior year £14,055k). Additionally, during the same period NHS Western Isles billed CnES for goods and services totalling £3,641k (prior year £4,798K). As at 31st March 2024 there are balances outstanding of £3,257k due to CnES (prior year £2,467k), of which £2,875k relate to the IJB (prior year £1,995k) and £3,353k due from CnES (prior year £3,289k), of which £558k relate to the IJB (prior year £2,970k).

(e) Professor Annetta Smith, a Non-Executive Director of NHS Western Isles, holds the position of Professor Emerita at the University of the Highlands and Islands. In 2023/2024 NHS Western Isles received £12k from the University of the Highlands & Islands (UHI) for the provision of services relating to practice education, occupational health, library services and supplies of consumables (prior year £75k), and paid £45k in relation to the provision of training services and course fees (prior year £38k). She is also a volunteer with Alzheimer's Scotland. As at 31st March 2024, there were £60k receivables due from Alzheimer's Scotland (prior year £60k).

25. THIRD PARTY ASSETS

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date relate to historic funds received from the Department of Work and Pensions, which are to be transferred to the Endowment Funds. They are set out in the table immediately below:

| | 2023 | 2024 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Monetary amounts such as bank balances and monies on deposit | 5 | 5 |

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

1. NHS Western Isles must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Western Isles must use the NHS Western Isles 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 Western Isles 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 Western Isles 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 Western Isles must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –

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

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

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

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

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

NHS WESTERN ISLES

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NHS Western Isles is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Western Isles Annual Accounts template” means the Excel spreadsheet issued to NHS Western Isles 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

Bòrd SSN nan Eilean Siar
Western Isles NHS Board

Health Board Offices

37 South Beach
Stornoway
Western Isles HS1 2BB
Telephone 01851 702997
Fax 01851 704405
www.wihb.org.uk



Claire Gardiner
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Date: 26th June 2024
Enquiries to: Ms D Bozkurt
Extension: 3045
Direct Line: 01851 708045

Dear Ms Gardiner

NHS Western Isles Annual Report and Accounts 2023/2024

This representation letter is provided in connection with your audit of the annual report and accounts of NHS Western Isles and its group (hereafter referred to as NHS Western Isles) for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the regularity of income and expenditure, Remuneration and Staff Report, Performance Report, and Governance Statement.

I confirm to the best of my knowledge and belief, and having made such enquiries, as I considered necessary, the following representations given to you in connection with your audit of NHS Western Isles' annual report and accounts for the year ended 31st March 2024.

General

I have fulfilled my responsibilities for the preparation of the 2023/2024 annual report and accounts. All the accounting records, documentation, and other matters, which I am aware, are relevant to the preparation of the annual report and accounts have been made available to you for the purposes of your audit. All transactions undertaken by NHS Western Isles have been recorded in the accounting records and are properly reflected in the financial statements.

I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Regularity of Expenditure and Income

I confirm that, in all material respects, expenditure was incurred, and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Oifisean Bòrd na Slàinte
37 Mòl a Deas, Steòrnabhagh, Eileanan Siar, HS1 2BB

Headquarters
37 South Beach Street, Stornoway, Western Isles, HS1 2BB

Cathraiche: G. McCannon
Ceannard an Gnìomh: G. MacSheumais

Chair: Gillian McCannon
Chief Executive: Gordon Jamieson



Western Isles NHS Board is the common name of Western Isles Health Board

“The best at what we do”

NHS Western Isles will work actively with patients, the public and our partners to improve our community's health and wellbeing, to tackle inequalities, and to deliver high quality, reliable clinical services.

Financial Reporting Framework

The annual report and accounts have been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

I have ensured that the financial statements give a true and fair view of the financial position of NHS Western Isles at 31st March 2024 and the transactions for 2023/2024.

Accounting Policies and Estimates

All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2023/2024 Government Financial Reporting Manual (FReM), where applicable. Where the FReM does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to NHS Western Isles' circumstances and have been consistently applied.

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

I have assessed NHS Western Isles' ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on NHS Western Isles' ability to continue to adopt the going concern basis of accounting.

Assets

Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31st March 2024 does not differ materially from that which would be determined if a revaluation of such assets had been carried out at that date.

I carried out an assessment at 31st March 2024 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31st March 2024.

There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.

Owned assets are free from any lien, encumbrance, or charge except as disclosed in the financial statements.

Liabilities

All liabilities at 31st March 2024 of which I am aware have been reported in the financial statements. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31st March 2024 of which I am aware where the conditions specified in IAS 37 have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31st March 2024. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31st March 2024 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

The accrual recognised in the financial statements for annual leave untaken by 31st March 2024 has been estimated on a reasonable basis.

There are no plans, or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent Liabilities

There are no significant contingent liabilities, other than those disclosed in Note 14 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed in accordance with the 2023/2024 FReM and IAS 37.

Litigation and Claims

All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2023/2024 FReM.

Fraud

I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

I have provided you with all information in relation to:

- My assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.
-

Laws and Regulations

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24 as interpreted by the FReM. I have made available to you the identity of all NHS Western Isles' related parties and all the related party relationships and transactions of which I am aware.

Remuneration and Staff Report

The Remuneration and Staff Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland, and all required information of which I am aware has been provided to you.

Performance Report

I confirm that the Performance Report has been prepared in accordance with the requirements of the FReM to the extent they apply in Scotland and the information is consistent with the financial statements.

Corporate Governance

I have fulfilled my responsibilities for NHS Western Isles' corporate governance arrangements. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

I confirm that the Governance Statement has been prepared in accordance with the Scottish Public Finance Manual and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2024, which require to be reflected.

Group Accounts

I have identified all the other entities in which NHS Western Isles' has a material interest and have classified and accounted for them in accordance with the FReM. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Events Subsequent to the Date of the Statement of Financial Position

All events subsequent to 31st March 2024 for which IAS 10 as interpreted by the FReM requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Gordon Jamieson

Gordon Jamieson
Chief Executive / Accountable Officer
NHS Western Isles