Ayrshire and Arran Health Board
Annual Report and Accounts for the year ended 31 March 2022

PERFORMANCE REPORT 3
Overview 3
Performance Analysis 9
Financial performance and position 9
Performance against Key Non-Financial Targets 13
Sustainability and Environmental reporting 39
ACCOUNTABILITY REPORT 40
Corporate Governance Report 40
a) The Directors' Report 40
b) The Statement of Accountable Officers' responsibilities 43
c) The Governance Statement 44
Remuneration and Staff Report 50
Staff Report (Audited) 54
Parliamentary Accountability Report 60
Audit Report 61
Statement of Consolidated Comprehensive Net Expenditure (SOCNE) 67
Consolidated Statement of Financial Position 68
Consolidated Summary of Cash Flows 69
Consolidated Summary of Changes in Taxpayers' Equity 70
Notes to the accounts 71
Directions by the Scottish Ministers 113

A. PERFORMANCE REPORT

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

1. Overview

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

Strategy and Principal Activities

The Board is responsible for providing healthcare services for the residents of Ayrshire and Arran, a total population of 368,000.

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

The role of the unified Board is to:

- improve and protect the health of the local people;
- improve health services for local people;
- improve health outcomes and people's experience of their local NHS system;
- promote integrated health and community planning by working closely with other local organisations; and
- provide a single focus of accountability for the performance of the local NHS.

The functions of the unified Board comprise:

- strategy development;
- resource allocations;
- implementation of the Scottish Health Plan; and
- performance management.

Objectives for Board

During 2021/2022, the organisation's five corporate objectives were working together to:

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

The performance Analysis section of this report goes into more detail on outcomes against key performance indicators.

COVID-19 Pandemic
2021/2022 was dominated by the COVID-19 pandemic with high hospital occupancy and infection prevention and control measures affecting capacity. Community prevalence was at its highest in early 2022 which resulted in up to 400 staff being absent from work at times and increased use of agency doctors and nurses. A detailed account is given in the Performance Analysis section on page 9, but the costs of staffing the additional 150 beds open during the year, the vaccination programme, test and protect capacity and all other COVID-19 costs in 2021/2022 were fully funded by the Scottish Government.

Health and Social Care Integration
During 2013/2014, the three councils in Ayrshire agreed the scope of services to be included in partnerships. At its meeting on 31 March 2014 the Health Board approved the services to be managed in the partnerships, including in some cases a lead partnership for services such as inpatient mental health. The three Integration Joint Boards were formally constituted as separate legal entities on 1 April 2015 and their accounts have been consolidated in the Board accounts since April 2015. In 2017 a consultation on the arrangements in North and East Ayrshire concluded with no change proposed to the Integration Scheme. A review of the South Ayrshire Integration Scheme concluded subsequently and reported to the Board meeting on 30 March 2020 that it was not necessary to change the Integration Scheme at this stage.

In 2021/2022, almost half of the health board revenue allocation is delegated to Integration Joint Boards who commission health services from the health board as the Integration Joint Boards have no staff. The three Integration Joint Boards in Ayrshire and Arran have responsibility for the preparation of Strategic Plans and have objectives including minimising delayed discharge from hospital and reducing emergency admissions. New investment in primary care and mental health is prioritised and directed by Integration Joint Boards. There were underspends against this new transformation funding and underlying budgets in 2021/2022 which are carried forward by all three of the Integration Joint Boards, along with additional funding provided for social care demand increases as a result of the COVID-19 pandemic.

The Scottish Government has announced that a National Care Service will be established during this Parliamentary term however the detail of how this will be structured are not yet available. The Integration Joint Boards will be accountable through the National Care Service once it is established, however until then Health and Social Care Partnerships report through the council and health board chief executives while Integration Joint Boards are separate legal entities with their own Board but no employees who commission Health and Social Care services on behalf of their population. The Integration Joint Boards are accounted for as a 50:50 joint venture between the health board and council.

Acute Services
Acute health services are delivered mainly from two hospitals, University Hospital Ayr (UHA) and University Hospital Crosshouse (UHC). Some specialties are duplicated on both sites while others are provided for the whole of Ayrshire from one hospital. During 2021/2022, orthopaedic trauma services were centralised at UHC with most elective orthopaedic procedures at UHA.

Preparations for the impact of COVID-19 demand increases saw the cancellation of a lot of non-urgent acute activity during 2020/2021 as well as many elective procedures being cancelled during 2020/2021 and 2021/2022. The result is a longer waiting list and to

address this a National Treatment Centre for orthopaedic elective procedures will be opened following the purchase (in 2021/2022) and refurbishment (in 2022/2023) of Carrick Glen Hospital, Ayr.

Mental Health / North Ayrshire Community Hospital
A £47 million community hospital in Irvine was built under the non-profit distributing model and opened in April 2016 which allowed consolidation of mental health inpatient beds from three sites and the modern premises will allow better clinical care, better observation and an improved environment for patients. National Services Division of National Services Scotland commissioned NHS Ayrshire & Arran to build a 12 bed National Secure Adolescent In-patient Unit on the Ayrshire Central Hospital site and around £3 million of capital investment on this scheme commenced in 2021/2022.

Capital Schemes
During 2021/2022, the Board purchased Cumnock SPV Holdings Limited and Cumnock SPV Limited which had built and operated East Ayrshire Community Hospital since 2000 under the Private Finance Initiative (PFI). Scottish Government provided the funding of £12 million and the transaction was completed in May 2021. Derek Lindsay, Director of Finance for the Health Board serves as a Director on both wholly owned subsidiaries, as does Nicola Graham, Director of Infrastructure and Support Services.

In March 2022, the Board completed the purchase of Carrick Glen Hospital, Ayr from Circle BMI for £1.8 million and will spend capital to upgrade the facility in 2022/2023 and 2023/2024.

The purchase at a cost of £544,000 of two newly built townhouses in Kilmarnock for medical students was also completed in March 2022. All of these property transactions will be reviewed by the board internal auditors during July 2022 as part of the 2022/2023 internal audit plan to ensure compliance with the Scottish Government Property Transaction handbook.

Capital spend at 31st March 2022	**Spend to Date £000's**
Purchase of Cumnock SPV Holdings	12,000
Electromedical Equipment	10,888
National Secure Adolescent Unit	2,998
Endoscopy Decontamination, Ayr	2,568
National Treatment Centre, Carrick Glen	2,163
Digital services	1,388
Crosshouse Pre-Op Assessment	1,177
SG/DH Equipment Transfers (mainly CT Scanner / Pod)	1,001
Value Adding from Estates Formula Revenue	785
Endoscopy 4th Room, Ayr	709
Electric Vehicle Infrastructure	604
Student Accommodation	544
Trauma/Orthopaedics Ward Upgrade	528
Staff Wellbeing Suites	508
Aggregate schemes under £500k	3,701
Less book value of assets sold	(39)
Total	**41,523**

Note 7a to the accounts shows additions of fixed assets of £41.8 million for purchased assets.

Caring for Ayrshire
The strategic programme for transformation of health and social care services in Ayrshire was put on hold during the pandemic but has now recommenced. It aims to move delivery of services to as close to the patient's home as possible. During 2021/2022, the Board bought out the private finance initiative funded East Ayrshire Community Hospital and now owns the community asset giving increased flexibility for future use.

The directorates within the health board and their net operating cost are shown in the segmental analysis on note 5 to the accounts. The governance statement on page 45 outlines the governance committees of the board and page 49 shows the operational scrutiny/management structures within the Board.

Counter Fraud Service
Patients who claim exemption from charges for prescriptions or dental and ophthalmic treatments are checked on a sample basis by the Counter Fraud Service Patient Claims Team. The work of this team was suspended in April 2020 when staff were redeployed to other duties within National Services Scotland. Checking was resumed in January 2021, however there is not enough data to produce a robust extrapolation for 2021 of fraud/ error in relation to patient exemption claims.

Risks
The Governance Statement (on page 45-50) outlines the high risks within the strategic risk register. The risks associated with the COVID-19 pandemic were outlined on a separate risk register which was regularly reviewed by the Integrated Governance Committee and the Audit and Risk Committee. Significant resources have been deployed to increase capacity to cope with increased health and social care demand as a result of COVID-19. During 2021/2022, these COVID-19 risks were reassessed and either deleted or moved to the Board's operational or strategic risk register.

Chief Executive Summary
The Board had seen some success as a result of actions taken to move to a more financially sustainable position, as evidenced by £23 million brokerage being required in 2017/2018, reducing to £20 million in 2018/2019 and £14.7 million in 2019/2020. It should be noted that deficits up to 31 March 2019 have been written off by Scottish Government. In 2020/2021 and 2021/2022, no brokerage was required as the Board has a small surplus due to COVID-19 funding received to cover additional costs and reduced spend in acute settings on drugs and supplies as a result of cancellation of planned operations. There remains an underlying deficit of £11.3 million. The going concern basis has been adopted within the accounts as the services provided to the public are essential and the Government Financial Reporting Manual presumes continuation of services and requires a going concern basis unless the body is being wound up.

The declaration on 11 March 2020 of a worldwide pandemic by the World Health Organisation resulted in the cancellation of approximately 2,000 new outpatient appointments as well as planned operations at the end of March 2020, which reversed the success in improving planned care performance seen in 2019. Due to the cancellation of most non-urgent operations in 2021/2022, the numbers of patients waiting for outpatient appointments, day case and inpatient operations has increased during the year. Remobilisation plans were agreed with Scottish Government during 2021/2022 with Remobilisation Plans 3 and 4 covering 2021/2022. Due to high absence levels across all

staff groups the use of agency staff has been very high in 2021/2022 with £6.7 million of nursing agency (£3.5 million in 2020/2021) and £6.2 million of medical agency spend (in 2020/2021 this was £4.85 million).

NHS Ayrshire & Arran established emergency planning arrangements on an integrated basis with our partners in March 2020 to support the health and care teams to implement the necessary changes that would enable an effective response to COVID-19 whilst continuing to treat non COVID-19 urgent and emergency care, including cancer services.

At the outset of the COVID-19 pandemic, NHS Ayrshire & Arran were required to significantly increase our Intensive Care capacity to manage critically ill COVID-19 cases. Additional Intensive Care Unit (ICU) capacity was achieved at both our Acute hospitals through the cancellation of non-urgent elective surgery, releasing the theatre recovery areas for conversion into ICU facilities, and releasing Consultant Anaesthetists and theatre nursing staff, to help support the staffing of the additional ICU beds.

Cancelling non-urgent elective inpatient and daycase surgery also created additional bed capacity for both COVID-19 and non COVID-19 emergency admissions, and released medical, nursing and other clinical staff to assist with this emergency activity. NHS Ayrshire & Arran continued to treat ‘urgent’ and ‘urgent cancer suspected’ patients throughout 2020/2021 and 2021/2022, for as long as this was practical and safe.

During 2020, a second ICU was created in the day surgery and endoscopy recovery area at University Hospital Crosshouse to allow the required separation of non-COVID-19 and COVID-19 positive patients. This action has restricted day surgery capacity at University Hospital Crosshouse (UHC) since then.

Outpatient activity was also scaled down to release key clinical staff to assist with emerging pressures, to allow adaptation of some Outpatient areas for other uses, and to reduce the public footfall in the hospital sites. At Crosshouse Hospital, the Maxwell Suite which had been for outpatients has been used for the last two years for a staff wellbeing hub and pre-op assessment was built at UHC and a new build staff wellbeing hub has commenced. These will free up the Maxwell Suite for outpatients.

Red (COVID-19) and green (non-COVID-19) pathways were quickly established at both front doors at University Hospital Ayr (UHA) and UHC. The Combined Assessment Units (CAUs) are all single rooms which provided an appropriate environment to isolate those patients who required admission and who were suspected of COVID-19 until test results were available.

The health and social care system as a whole across Ayrshire and Arran has been continuously adapting throughout the COVID-19 pandemic to effectively and safely respond to the ongoing challenges and presence of COVID-19. The re-mobilisation of services commenced in the summer months with a commitment to restart as many of its normal services as possible, and as safely as possible. However, the resurgence of COVID-19 variants in the autumn and winter months placed new and considerable pressure on services and this resulted in a decision and requirement to again pause the majority of planned care in the final few months of 2021 and into early 2022.

All NHS Boards across Scotland were required to develop the next iteration of their Remobilisation Plans, to cover the period from April 2021 to March 2022 (Remobilisation Plan 3), a one year plan setting out key priorities and actions for 2021/2022. The first draft of Remobilisation Plan 3 was submitted to Scottish Government at the end of February

2021 and approved in early April 2021. Remobilisation Plan 4 was submitted in September 2021.

In July 2021, the former Chief Executive took up the post of Chief Operating Officer with Scottish Government and until a new Chief Executive took up post in January 2022, the Executive Nurse Director acted as Interim Chief Executive. A permanent Chief Executive was appointed and took up post in January 2022.

2. Performance Analysis

Financial performance and position

	2021/22 Resource Limit £000	2021/22 Actual Outturn £000	2021/22 Variance (Over)/Under £000	2020/21 Variance (Over)/Under £000
Core Revenue Resource Limit	1,008,402	1,007,892	510	542
Non-core Revenue Resource Limit	31,651	31,651	0	0
Total Revenue Resource Limits	1,040,053	1,039,543	510	542
Core Capital Resource Limit	41,523	41,523	0	1
Non-core Capital Resource Limit	0	0	0	0
Total Capital Resource Limits	41,523	41,523	0	1
Cash Requirement	1,041,082	1,041,082	0	0

Memorandum for in year outturn	2021/22 £000	2020/21 £000
Core Revenue Resource Variance (Deficit) / Surplus	510	542
Financial flexibility funding banked with / (provided by) Scottish Government	0	0
Underlying (Deficit) / Surplus against Core Revenue Resource Limit	**510**	**542**
Percentage	-0.1%	-0.1%

The accounts have been prepared under an accounts direction and on a going concern basis as there is an assumed continuation of business. A deficit budget of £12.1 million was set for 2021/2022, however due to underspend in acute services on drugs and supplies, and Scottish Government funding all covid costs and unachieved savings target, the Board had a small surplus as shown above.

Scottish Government have agreed that brokerage received in 2017/2018 and 2018/2019 will not be repayable, however the 2019/2020 brokerage of £14.7 million is expected to have to be repaid following the Board's return to recurring financial balance.

The Board has set a deficit budget of £26.4 million for 2022/2023 which reflects the funding uplift of 2.6% being significantly lower than the increasing cost pressures for pay, drugs costs and other supplies cost inflation. In addition the underlying deficit of £13.2 million from 2016/2017 has largely not been addressed and the identified cash releasing efficiency savings for 2022/2023 are lower than the target for previous years.

A one-year financial plan was submitted to Scottish Government in March 2021 and March 2022. Due to the impact of the Covid 19 pandemic, the Scottish Government paused the three year Annual Operating and financial planning process. Recognising the exceptional nature of 2021/2022 and the impact of the pandemic, during 2021/2022, £94.6 million of additional funding related to COVID-19 was received from Scottish Government and this is summarised in the table below.

Category	COVID Expenditure £000
Additional Hospital Bed Capacity/Costs	13,833
Loss of Income	945
Additional staff overtime and enhancements	550
Additional temporary staff spend	2,466
Lateral flow tests	6,409
Cost to 3rd Parties to Protect Services (where services are currently stopped)	58
COVID-19 screening and testing for virus	668
Personal protective equipment	3,413
Equipment & Sundries	61
Deep cleans	703
Digital, IT & Telephony Costs	181
Estates & Facilities cost including impact of physical distancing measures	86
Staffing support, including training & staff wellbeing	451
HR Staff Hub	214
CNO Care Home Additional Responsibilities	518
Infection Prevention and Control Team	226
Care homes Peripatetic Team	341
Public Health	114
Covid Vaccinations	9,939
Public Health Covid Health Protection	239
Covid - Mass Testing	1,756
Contact Tracing Costs	4,595
Subtotal Health Board	**47,766**
Community Hub	1,396
East HSCP - Various	824
East Flu Vaccinations	21
East HSCP Long Covid	175
East COVID Social Care	13,112
North HSCP - Various	1,014
North HSCP Long Covid	343
North COVID Social Care	16,748
South HSCP - Various	214
Biggart Hospital	545
South HSCP Long Covid	97
South Covid Social Care	12,377
Subtotal HSCPs	**46,866**
COVID-19 Total	**94,632**

The backlog of patients on waiting lists as a result of many outpatient, day case and elective procedures being cancelled in 2020/2021 and 2021/2022 will take several years to recover, given lower capacity in many areas such as diagnostics and outpatients as a result of the continued need for social distancing.

Outstanding Liabilities
Current and non-current liabilities are presented in the Balance Sheet in the financial statements and include liabilities outstanding in relation to Private Finance Initiative.

Public Finance Initiative/Public Private Partnerships

Ayrshire Maternity Unit (AMU)
The AMU is situated within the grounds of University Hospital Crosshouse, Kilmarnock and provides obstetric in-patient, neonatal, daycase and specialist outpatient facilities for women and babies of Ayrshire and Arran. The capital value of the project was £19.5 million, which is now on balance sheet under IFRS. The contract with Ayrshire Hospitals Limited (AHL) commenced on 1 July 2006 and runs for 30 years to 30 June 2036. At the end of the contract period the building will transfer, free of charge to the Board from the PFI Project Company. The unitary charge paid in 2021/2022 was £2.682 million (previous year £2.63 million).

East Ayrshire Community Hospital (EACH)
Situated in Cumnock, EACH provides inpatient services to frail elderly, elderly with mental illness and GP acute patients. It also provides day facilities to frail elderly and elderly mentally ill, and outpatient services to the local area. The contract with BAM Construction Scotland Limited ran for 25 years to August 2025. At the end of the contract term, the Board had the option to acquire the building at a market valuation price from the PFI Project Company Special Purpose Vehicle (SPV), Cumnock SPV Holdings Ltd. The unitary charge paid includes hard and soft facilities management. In May 2021 the Board bought the company for £12 million which secures the facility which is a crucial part of our Caring for Ayrshire plans. The contract for hard and soft facilities management for the facility continues through the provider BAM Facilities Management. During 2021/2022, payments of £2 million were made to the SPV (previous year £3.9 million).

Woodland View
The mental health and community hospital in Irvine was built under the non-profit distributing model at a cost of around £46.6 million. The facility has 206 inpatient bedrooms and was built by Balfour Beatty construction. The contract with Woodland View Project Co Ltd is for a period of 25 years from April 2016, at the end of which the building transfers free of charge to the Board. The unitary charge paid in 2021/2022 was £5.1 million (£5 million for previous year).

Details of all PFI type contracts are provided in Note 18 to the financial statements.

Provisions
Note 13a to the accounts shows a provision for around £92.8 million (prior year £95 million), mainly in respect of clinical and medical legal claims against the Board and participation in the Clinical Negligence and other Risks Indemnity Scheme (CNORIS). In addition, note 14 shows a contingent liability for clinical and medical compensation.

Across NHS Scotland there is a risk sharing pool for clinical and non-clinical claims called CNORIS. This means that each Board meets a share of any settlements in the year (which nationally has been around £50 million per annum) and the Board is liable for the first £25,000 of each claim as an "excess". The accounts show in note 13a a £38.2 million estimated future liability for NHS Ayrshire & Arran claims (prior year was £43.3 million) and there is a corresponding debtor due from CNORIS in note 9 in the amount of £37.9 million (prior year was £42.6 million). In addition, note 13a reflect NHS Ayrshire & Arran's share of the national future CNORIS liability which amounts to £45.8 million (prior year was £44.3 million).

Payment policy

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

- In 2021/2022 average credit taken was 8 days (2020/2021 = 7 days)
- In 2021/2022, the Health Board paid 93% by volume and 96% by value of non-NHS suppliers within 30 days of the invoice being received, (compared to 96% and 96% in 2020/2021).
- Based on the date of invoices being received, 85% by volume and 88% by value were paid within 10 days in 2021/2022 (compared to 87% and 88% in 2020/2021).

Pension Liabilities

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within Note 19 and the Remuneration Report. The NHS pension scheme is an unfunded multi-employer defined benefit scheme therefore future liabilities are not on the balance sheet. In 2021/2022, the Board employer contribution was 20.9% of relevant pay costs and amounted to £70.4 million (previous year £64.6 million). This reflects a 7% increase in workforce whole time equivalent staff as extra staff were employed over the last 2 years for the vaccination programme, contact tracers, double the ITU capacity and extra covid acute wards opened.

Risk

The governance statement on page 48 and 49 give a risk assessment for the Board and lists the twenty high risks on the Strategic Risk Register. These are considered quarterly by the relevant governance committee of the Board and six monthly by the full Board.

Performance against Key Non-Financial Targets

Annual Accounts – Performance Report

Rising COVID-19 hospital admissions in September 2021, as well as higher COVID-19 related staff absences, placed considerable pressure on our services. This resulted in the decision to temporarily pause non-urgent elective operating services in September 2021 to maintain cancer surgery and cancer diagnostic procedures until the end of September 2021.

The emergence of the Omicron variant in December 2021 resulted in a further three week period in January 2022 where all outpatient appointments, with the exception of patients on the Urgent Cancer Suspected pathway, were cancelled. All non-cancer elective work was also paused.

The impact of the necessary reductions in planned care during the pandemic has had a direct impact on key compliance targets and waiting lists. Diagnostic services have also been impacted by social distancing requirements and reduced patient throughput due to national infection control protocols.

Some waiting times measures have continued to remain stable or show improvement. These include targets around waiting times for Child and Adolescent Mental Health Services, Psychological Therapies, Drug and Alcohol Treatment and treatment targets for patients with Cancer.

The impact of the necessary reductions in planned care has also resulted in more patients reaching crisis point and accessing unscheduled care. These patients can often be acutely unwell requiring hospital admission with the average length of stay at both UHA and UHC increasing in 2021/2022.

Our three Health and Social Care Partnerships (HSCPs) experienced significant demand for Care at Home in 2021/2022, which was increasingly challenged by various workforce issues leading to delayed transfers of care.

In 2021/2022, we continued to modernise the delivery of vaccination services in line with guidance under the oversight of the Director of Public Health via the Vaccination Transformation Programme Board. A targeted local and national communications approach was taken to promote vaccination.

NHS Ayrshire & Arran's test and protect programme evolved during 2021/2022 to meet the guidance and direction from Scottish Government. Our testing and contact tracing capacity increased largely in line with demand to ensure we met the needs of the citizens of Ayrshire and Arran.

NHS Ayrshire and Arran's substantive workforce increased at pace throughout 2021/2022 for both recurring and non-recurring funding streams, to meet the required needs of COVID-19 and non-COVID-19 services in line with demand in specific workforce areas. Throughout 2021/2022, workforce availability was

challenging with fluctuations in staff sickness absence but we continued to utilise supplemental staffing solutions to ensure continuity and safe services.

1. Re-mobilisation

All NHS Boards across Scotland were required to develop their Re-mobilisation Plan 3 (RMP3), to cover the period from April 2021 to March 2022. Through our RMP3 we outlined how we would safely prioritise the resumption of some paused services, whilst also maintaining COVID-19 capacity and resilience. Our RMP3 also highlighted our key priorities and actions for 2021/2022 and was approved by the Scottish Government in early April 2021.

Whilst RMP3 detailed clear plans for remobilising services within 2021/2022 we anticipated that a mid-year update would be required. Correspondence received from Scottish Government on 20 July 2021 commissioned an update of those 2021/2022 plans (to be referred to as RMP4); asking for a reflection on progress to date as well as requesting that we set out what we would expect to deliver over the second part of the year (October 2021 to March 2022). Our RMP4 was submitted to the Scottish Government at the end of September 2021, and included our Winter Preparedness Plan to provide assurance that we had safe and effective pathways of care in place in preparation for winter.

Our plans were prepared collaboratively with our partners, to provide Scottish Government with confirmation that we have plans in place which demonstrate how we will continue to safeguard robust COVID-19 resilience and support for health and social care, whilst actively considering and planning for how paused services across the whole system could be safely and incrementally resumed when possible and appropriate.

To support these peak periods of pressure, the Corporate Management Team supported, on 26th October 2021, a detailed Acute Services escalation plan that included implementation of a Full Capacity Protocol, which has remained in place at March 2022.

COVID-19

The number of COVID-19 positive cases in our communities experienced a sustained increase from the end of May 2021 before falling in the first week of July 2021 (Figure 1a). Despite this increase at that time, hospital numbers remained relatively low (Figure 2). However, following on from the easing of restrictions in early August 2021, positive COVID-19 cases within communities across Scotland increased in late August/early September 2021. As a consequence of this, NHS Ayrshire & Arran hospitals experienced a sharp rise in the numbers of COVID-19 positive inpatients, increasing from 19 as at 15 August 2021 to 145 at 28 September 2021 (Figure 2). Positive case numbers in the community began to fall to lower levels in early October 2021.

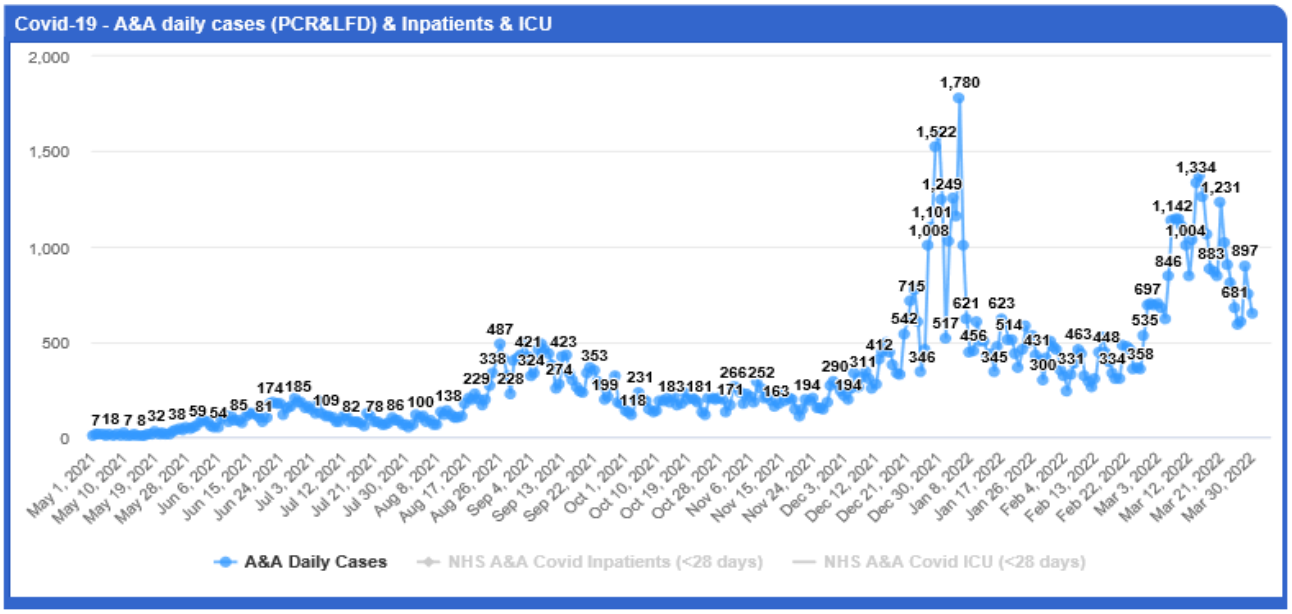
The emergence of the Omicron COVID-19 variant and its increased transmissibility resulted in a sharp acceleration in COVID-19 confirmed cases in our communities towards the end of December 2021, reaching a weekly high of 8,015 positive cases

in week commencing 27 December 2021. At this point cases were higher across Ayrshire and Arran than at any other time in the pandemic (Figures 1a and 1b). The number of confirmed cases in hospital steadily began to rise again in December 2021, and reached 152 on 17 January 2022 (Figure 2).

Case numbers in the community began to fall gradually from the high in week commencing 27 December 2021 until week commencing 7 February 2022 when cases did start to rise again, reaching their second highest level of 7,626 weekly cases by week ending 20 March 2022. At the end of March 2022, cases appear to have peaked and have started to fall again with 4,116 weekly cases in week commencing 28 March 2022. As a result of the increased community transmission during February 2022 and March 2022, the number of confirmed cases in hospital has also increased, rising from 91 at 28 February 2022 to 192 at 31 March 2022. At 4 April 2022, numbers in hospital reached 213. (For reference, the highest number reported in hospitals across Ayrshire was 243 on 1 February 2021).

The number of confirmed COVID-19 patients in ICU reached 17 during the week 26 to 29 January 2021, the highest figure reported. For the same period in January 2022 the number of confirmed COVID-19 patients reached four on 17 January 2022 (Figure 2). Despite the increase in community and hospital numbers from December 2021, the number of COVID-19 patients in ICU has remained below five since the end of November 2021 with zero reported on 31 March 2022.

Figure 1a – Daily numbers of COVID-19 positive patients across NHS Ayrshire & Arran

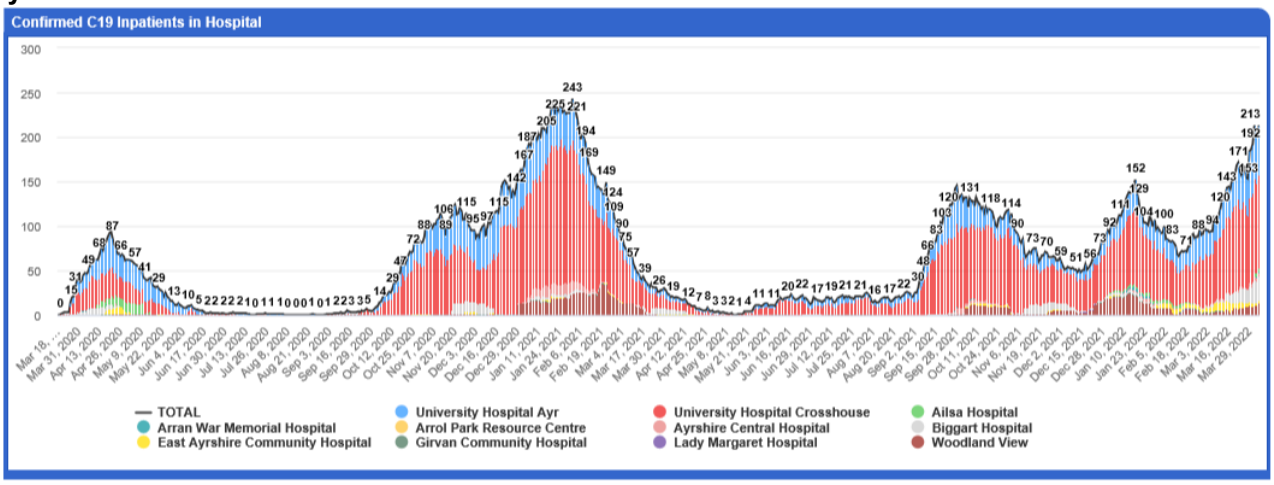


Source: Public Health Scotland

Figure 1b – Weekly numbers of COVID-19 positive patients across NHS Ayrshire & Arran

Source: Public Health Scotland

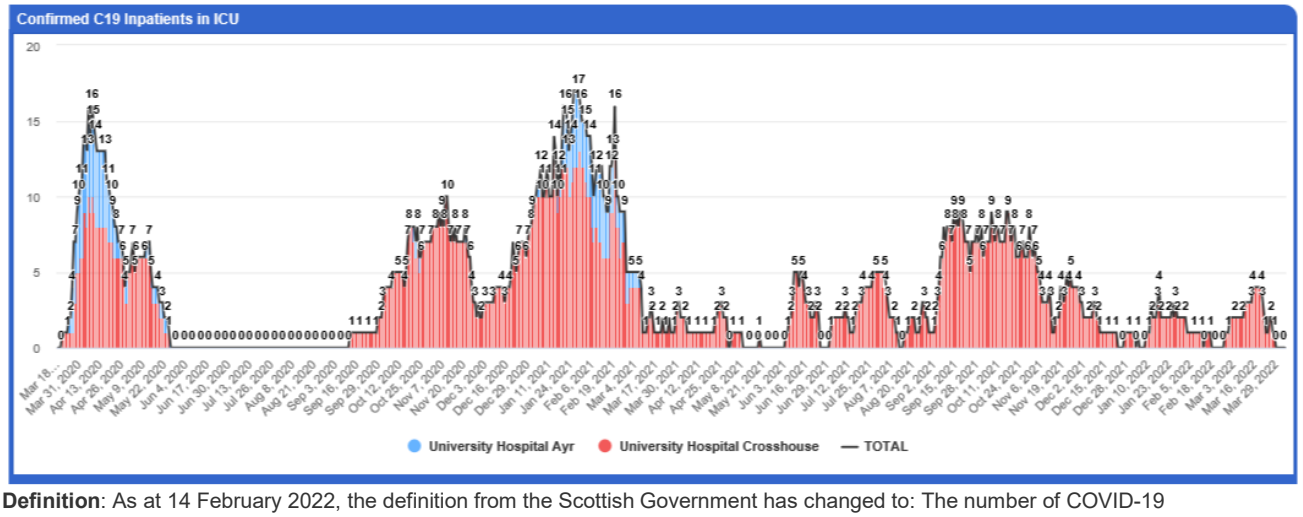
Figure 2 – Daily numbers of COVID-19 positive patients occupying a hospital bed across NHS Ayrshire & Arran



Definition: As at 14 February 2022, the definition from the Scottish Government has changed to: The number of COVID-19 patients in hospital yesterday at 8am (including in ICU). Data includes patients who first tested positive for COVID-19 within the 14 days prior to admission or during their current hospital stay. Excluded are any in-patients who first tested positive more than 28 days before; the 28-day count begins from whichever is the most recent date, i.e. date of first positive test, or admission date. Patients who subsequently test negative but remain in hospital are included until 28 days have elapsed. Relevant patients are identified using their first positive PCR or LFD test result.

Source: COVID 19 Daily Hospital Management Information (Scottish Government Return)

Figure 3 – Daily numbers of COVID-19 positive patients occupying an ICU bed in UHA or UHC (<28 days)



Definition: As at 14 February 2022, the definition from the Scottish Government has changed to: The number of COVID-19 patients in ICU yesterday morning at 8am. Data includes patients who first tested positive for COVID-19 within the 14 days prior

to admission or during their current hospital stay. Excluded are any in-patients who first tested positive more than 28 days before; the 28-day count begins from whichever is the most recent date, i.e. date of first positive test, or admission date. Patients who subsequently test negative but remain in ICU are included until 28 days have elapsed. High Dependency Unit cases are not included. Relevant patients are identified using their first positive PCR or LFD test result

Source: COVID 19 Daily Hospital Management Information (Scottish Government Return).

2. Test and Protect

NHS Ayrshire & Arran's test and protect programme evolved during 2021/2022 to meet the guidance and direction from Scottish Government. Our testing and contact tracing capacity increased largely in line with demand to ensure we met the needs of the citizens of Ayrshire and Arran. Our testing strategy continued to utilise a mixed model including our local hospital laboratory at UHC, regional laboratory services and the Lighthouse Regional and Mobile facilities throughout 2021/2022.

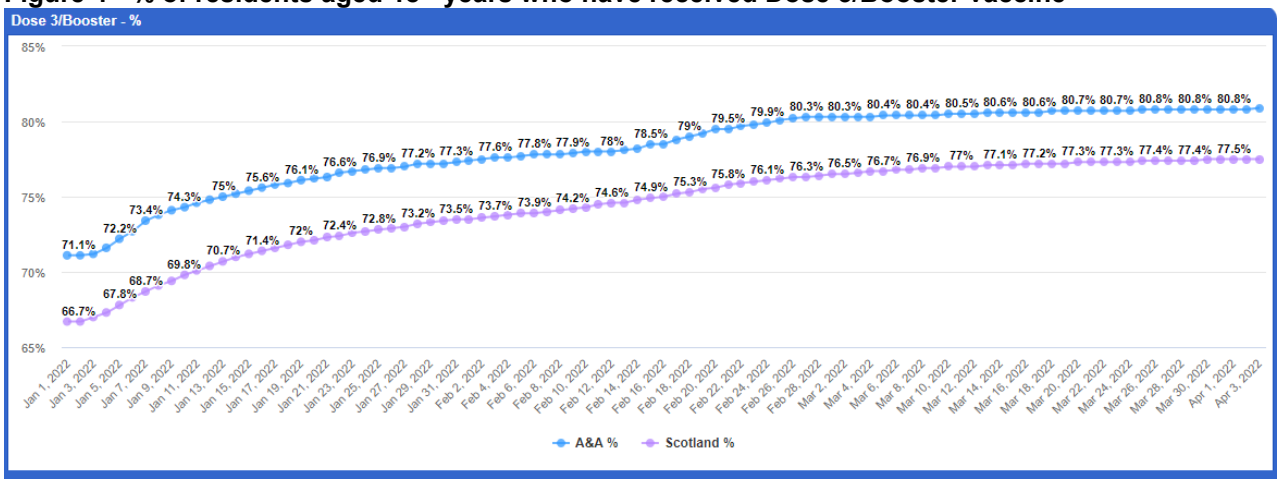
Testing to this scale and the management and resources required to support the contact tracing programme was supported by our local Public Health Teams.

Vaccination Programme

In 2021/2022, NHS Ayrshire & Arran continued to deliver a successful COVID-19 and Flu vaccination programme along with our partners in line with JCVI and Scottish Government (SG) guidance. We continued to work with local authority single points of contact (SPOCs) to review and secure suitable premises and venues, across the health board area to support the vaccination programme.

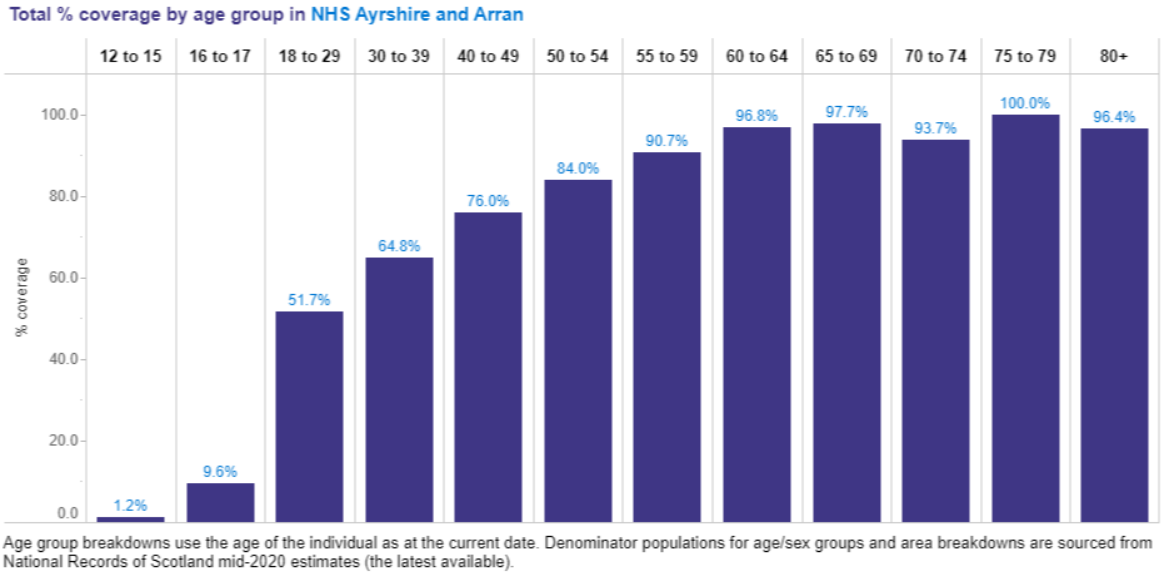
By March 2022, the programme had offered a flu and COVID-19 Booster or Dose 3 vaccine for all eligible NHS Ayrshire and Arran citizens aged 18+ years. At 31 March 2022, 80.8% of people aged 18+ years in Ayrshire and Arran had received their COVID-19 Booster or Dose 3 Vaccine (Figure 4). At 31 March 2022, coverage was at least 76.0% in all 40+ age groups (Figure 5).

Figure 4 - % of residents aged 18+ years who have received Dose 3/Booster vaccine



Source: Public Health Scotland

Figure 5 - % of residents who have received Dose 3/Booster vaccine by age group



Source: Public Health Scotland

As at 31 March 2022, 79.9% of all eligible individuals had received dose 1 and 76.5% dose 2 (Figure 6) across NHS Ayrshire & Arran.

The 5-11yrs Universal Programme commenced in mid-March 2022, with parents/carers receiving an appointment letter for their child/children. Clinics being held over evenings, weekends and during the Easter School Holidays. Local and National Planning is in place to support this.

Figure 6 - % of residents who have received Dose 1 and 2 vaccine by priority group – at 31 March 2022

Patient Assigned Cohort	Current 1st Vacc Total	Current 1st Vacc %	Current 2nd Vacc Total	Current 2nd Vacc %
T1_C01.1 - Care home resident	2410	88.0%	2625	95.8%
T1_C01.2 - Care home staff	4711	95.0%	4860	98.0%
T1_C02.1 - Over 80 not in care home	16373	95.8%	16514	96.7%
T1_C02.2 - Care at home staff	4791	97.6%	4848	98.7%
T1_C02.3 - Social care staff	7928	91.1%	7834	90.0%
T1_C02.4 - Healthcare staff	18028	95.0%	18281	96.3%
T1_C02.5 - Test Site Workers	97	93.3%	94	90.4%
T1_C03.1 - Age 75 to 79	13238	96.1%	13253	96.2%
T1_C04.1 - Age 70 to 74	19656	95.7%	19805	96.4%
T1_C04.2 - Clinically Extremely Vulnerable	11032	92.2%	11038	92.2%
T1_C05.1 - Age 65 to 69	20270	94.9%	20306	95.0%
T1_C06.1 - Clinically at Risk (aged 16 to 64)	36648	90.3%	35952	88.6%
T1_C06.2 - Unpaid carer	14105	93.2%	13899	91.9%
T1_C07.1 - Age 60 to 64	12112	92.3%	12134	92.5%
T1_C08.1 - Age 55 to 59	13597	90.6%	13491	89.9%
T1_C09.1 - Age 50 to 54	13975	87.3%	13796	86.2%
T1_C10.1 - Age 40 to 49	22501	78.5%	21788	76.0%
T1_C11.1 - Age 30 to 39	21659	72.0%	20160	67.0%

T1_C12.1 - Age 18 to 29	27303	75.4%	24916	68.8%
T1_C13.1 - Age 16 to 17	5702	73.7%	3698	47.8%
T1_C14.1 - Immunosuppressed (aged 12 to 15)	113	71.1%	86	54.1%
T1_C14.2 - Clinically at Risk (aged 12 to 15)	315	65.1%	207	42.8%
T1_C14.3 - Age 12 to 15	9874	61.7%	6343	39.7%
T1_C15.1 - Clinically at Risk (aged 5 to 11)	334	24.4%	2	0.1%
T1_C15.2 - Age 5 to 11	2042	7.8%	3	0.0%
Other	578		668	
	299392	**79.9%**	**286601**	**76.5%**

Source: Local Information Team Reports

3. Urgent Care

Primary Urgent Care Services are delivered through Ayrshire Urgent Care Services (AUCS) which provides a 24/7 urgent care response to the population including out of hours GP Services, District Nursing, Mental Health Crisis teams and Social Work teams. This service is the first point of contact for NHS 24 and provides a direct COVID-19 Clinical Pathway for patients seeking clinical advice when presenting with worsening COVID-19 symptoms as well as face to face assessment when required.

AUCS and NHS24 have played a critical role in advising people how to access the care they require which resulted in people being redirected to more appropriate services. At the outset of the pandemic, our Clinical Hub, GP Practices and AUCS worked together to create a clinical triage model providing timely telephone or video consultations to patients, ensuring these are followed with a face to face consultation if required.

In November 2020, NHS Ayrshire & Arran went live as a pathfinder NHS Board to lead the implementation of Re-design of Urgent Care. The introduction of a new Urgent Care Pathway through a Flow Navigation Centre (FNC) was developed to facilitate scheduled appointments at our Emergency Departments or Minor Injuries department where appropriate, or directed to a more appropriate service. This has created a safe, person centred urgent care service from a citizen's home over a 24/7 period.

A single pathway was set up to help patients to seek clinical advice and assessment for COVID-19 /Respiratory/Viral symptoms through accessing NHS 24/111 and directed to the local COVID-19 pathway (via the FNC) for further assessment if required. This pathway also incorporates the Clinical Assessment Centre for patients to be seen to face to face.

Throughout the pandemic care homes have been provided with direct access to AUCS 24/7 for COVID-19 and ED/MIU clinical advice. This has been embedded as business as usual and has been extended to general medical advice in the out of hours period to ensure care home staff have timely access to a clinician without having to go via NHS 24 in the first instance.

4. Unscheduled Care

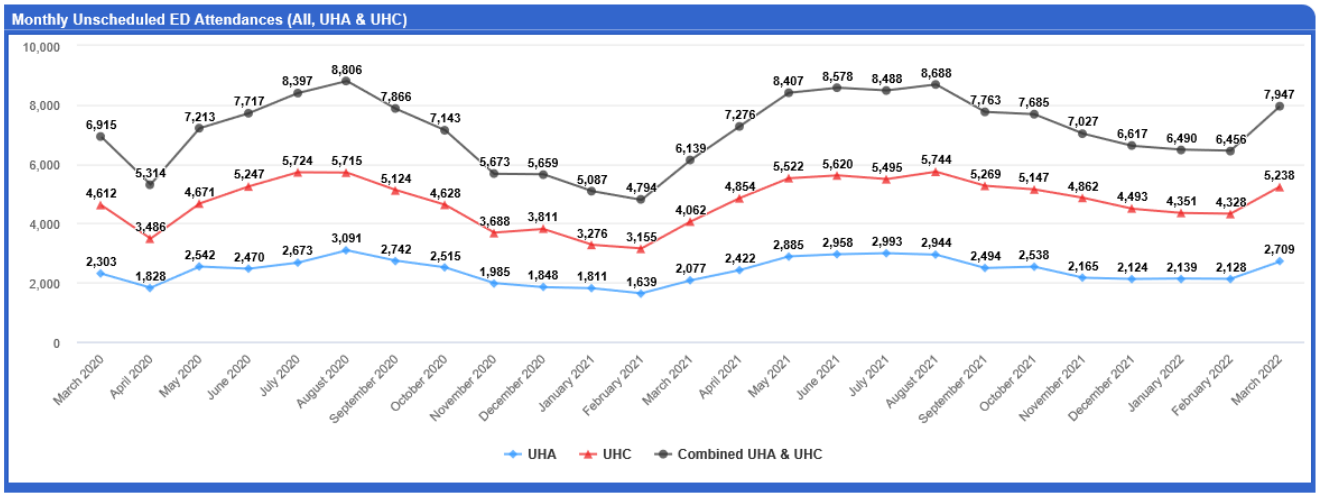
Emergency Department (ED) Attendances

Following the introduction of the Urgent Care Pathway in November 2020 a proportion of ED attendees are routed via a Flow Navigation Centre and appointed to a scheduled time slot to attend the ED.

Performance is measured both locally and nationally in relation to only those unscheduled attendances at ED (i.e. excludes scheduled activity).

Over the past 12 months, unscheduled ED attendances steadily rose to a peak of 8,688 by August 2021, thereafter decreasing to 6,456 by February 2022. Attendances increased to 7,947 in March 2022 (Figure 7). The variations in the number of attendances, should also be considered in the context of the lockdown restrictions in place last year, which had the effect of reducing attendances at ED.

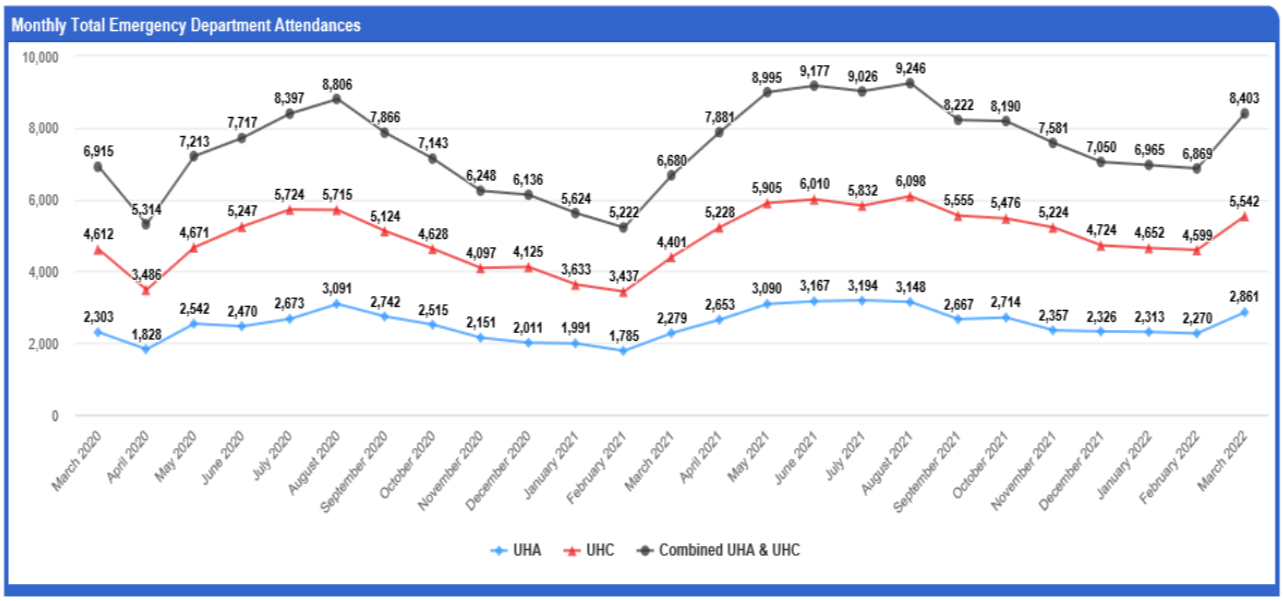
Figure 7 – Monthly unscheduled ED attendances – NHS Ayrshire & Arran, UHA and UHC



Source: Local Information Team Reports

When considering the total volume of activity within the EDs, including all scheduled and unscheduled attendances (Figure 8), there were a total of 8,403 attendances at the EDs in March 2022. This is an increase of 25.7% when compared with the same month last year (March 2021: 6,680), although is a reduction of 9.1% from August 2021 (9,246).

Figure 8 – Monthly scheduled and unscheduled ED Attendances - NHS Ayrshire & Arran, UHA & UHC

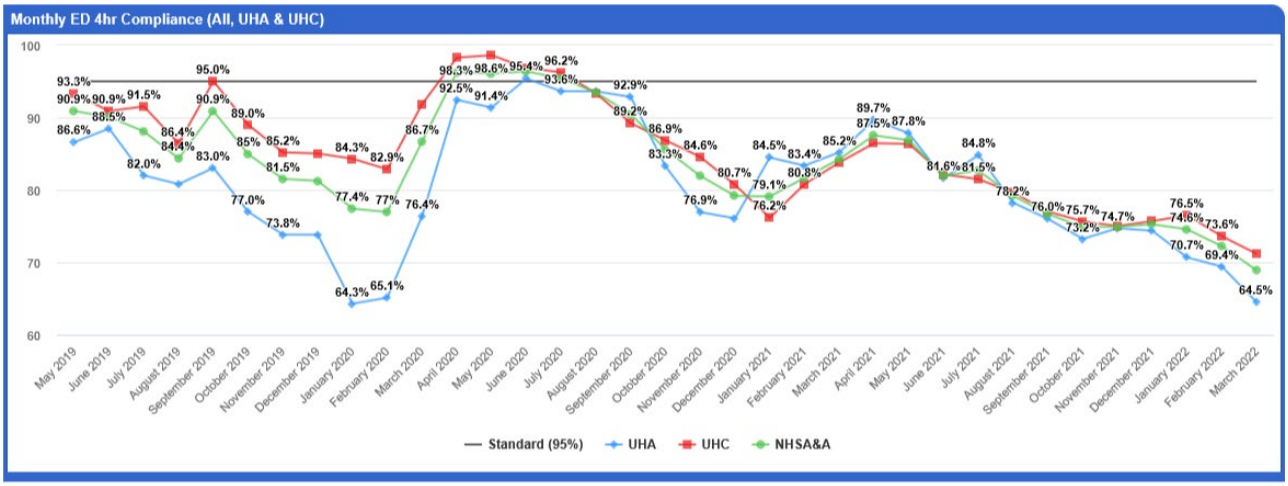


Source: Local Information Team Reports

ED 4-Hour Wait

Local management information highlights that the 4-Hour Wait compliance for unscheduled ED attendances at NHS Board level has been on a decreasing trend since April 2021 (Figure 9). Compliance has fallen below the 95% target in each consecutive month since July 2020.

Figure 9 – Monthly Unscheduled ED 4 Hour Compliance - NHS Ayrshire & Arran, UHA, and UHC



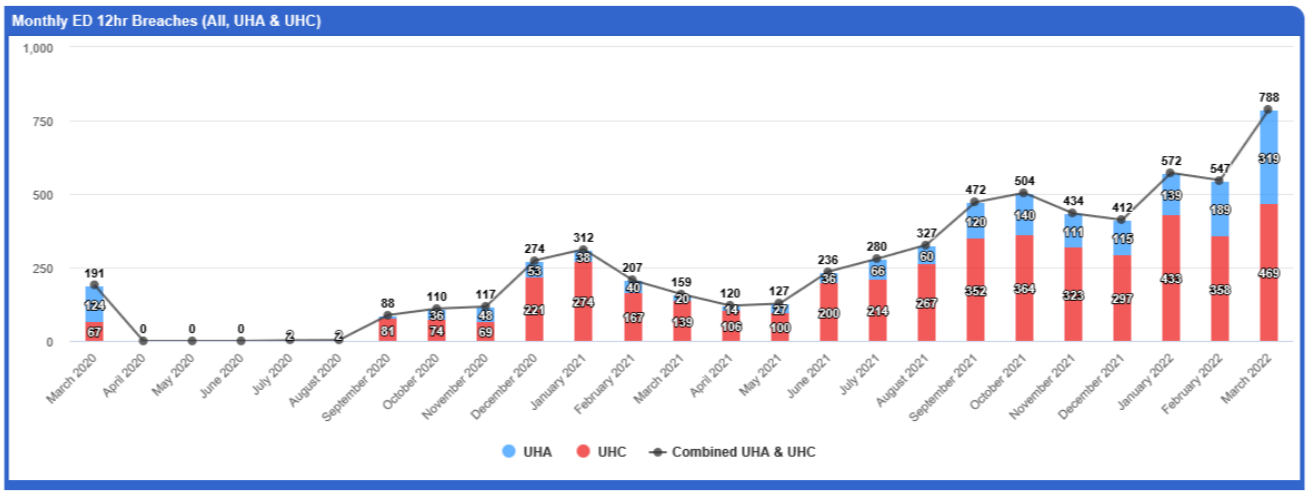
Source: Local Information Team Reports

Compliance against the 4 hour target for NHS Ayrshire and Arran in March 2022 was 68.9%, a decrease of 17.8 percentage points when compared to the same month of the previous year, and a decrease of 3.3 percentage points from the 72.2% recorded in February 2022. This was the lowest recorded compliance for NHS Ayrshire and Arran since February 2020 (77%).

ED 12 Hour Breaches

The numbers of ED 12 Hour Breaches at Board level have increased significantly to 788 in March 2022, the highest number of breaches recorded in NHS Ayrshire & Arran in a single month (Figure 10).

Figure 10 – Monthly ED Waits Over 12 Hours - NHS Ayrshire & Arran, UHA, and UHC



Source: Local Information Team Reports

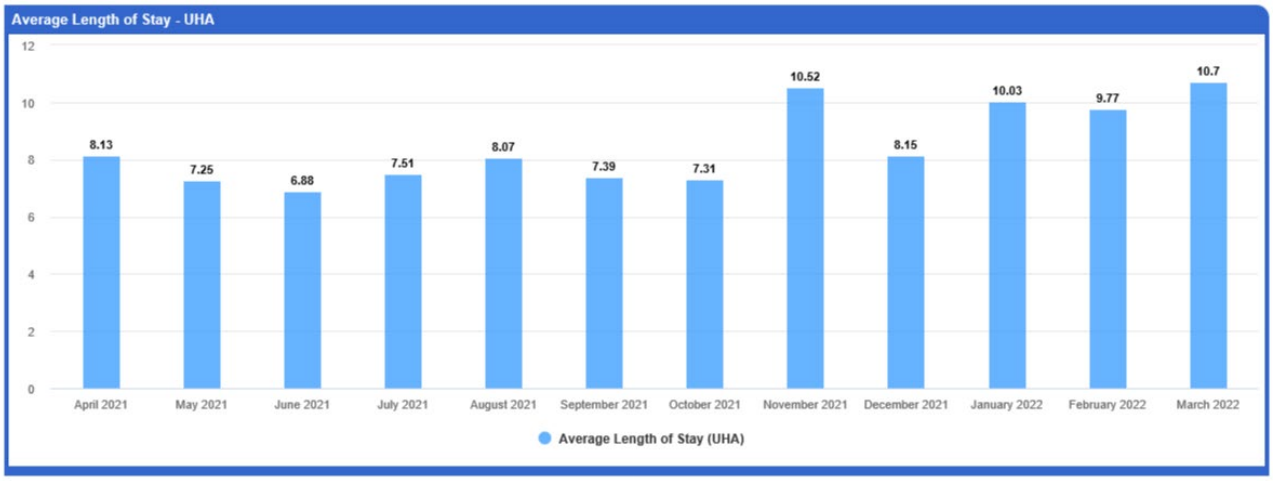
There were 319 12-hour breaches at UHA and 469 at UHC in March 2022. Numbers have increased at UHA when compared with the previous month (February 2022: 189) and are higher than pre-COVID (Feb 2020: 221). Numbers of 12-hour breaches at UHC appeared to have reached a peak of 364 in October 2021, reducing to 297 by December 2021, although numbers have now increased sharply to 469 in March 2022, the highest number recorded, and significantly higher than pre-COVID (Feb 2020: 226).

The numbers of ED 12 Hour Breaches at Board level as a proportion of all ED 12 Hour Breaches across Scotland reached a peak of 59.3% in April 2021, decreasing to 20.1% by March 2022. It should be noted that this proportional decrease is also driven by increasing numbers of 12 hour breaches in other Health Boards, signifying that NHS Ayrshire & Arran is less of an outlier in regards to this measure.

Average Length of Stay

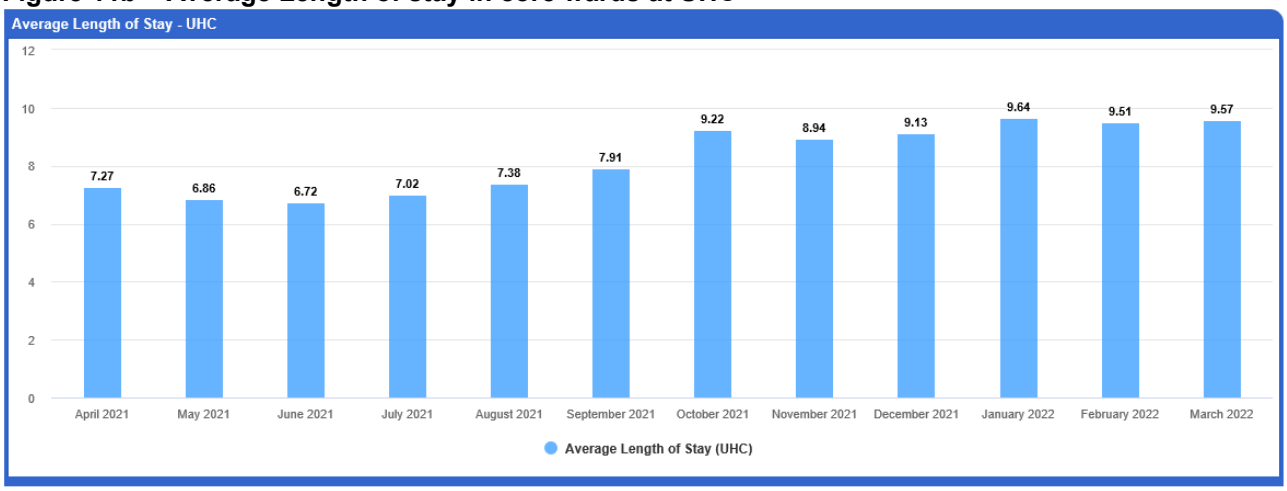
The impact of the necessary previous reductions in planned care during the pandemic has resulted in more patients reaching crisis point and accessing unscheduled care. These patients can often be acutely unwell requiring hospital admission. At UHA, the average length of stay experienced a significant increase to a high of 10.52 in November 2021, reducing in December 2021 before increasing again to 10.7 in March 2022 (Figure 11a). Local management information also highlights that the average length of stay (in days) across our core wards at UHC reached a record high of 9.64 in January 2022, this has decreased slightly to 9.57 in March 2022, however this is significantly higher than in April 2021 which reported 7.27 days (Figure 11b).

Figure 11a – Average Length of stay in core wards at UHA



Source: Local Information Team Reports
Definition: Total average length of stay for all patients discharged in month from core wards only.

Figure 11b – Average Length of stay in core wards at UHC



Source: Local Information Team Reports
Definition: Total average length of stay for all patients discharged in month from core wards only.

Work is ongoing to implement an Outpatient parenteral anti-microbial therapy (OPAT) service for lower limb cellulitis on both acute sites as part of the Interface care work-stream. It is hoped that this will reduce hospital admissions for certain patient groups. A new patient pathway and anti-microbial guidance have been defined and these documents are undergoing scrutiny at the relevant clinical forums. Arrangements for the location and staffing of the service are ongoing, work is being closely monitored by Scottish Government (SG) and it is anticipated that more conditions will be suitable for this service, once established.

Activity on ED signposting/redirection is ongoing, recent Scottish Government guidance has been reviewed and a small team are reviewing our current performance and implementing best practice signposting from other boards. Work is planned on an information document for patients who are redirected. Analysis of patient presentations, redirection locations and outcomes is planned longer term.

The Operations Resource Centre (ORC) has a clinical team based at UHA, with representation from both acute sites and co-ordinates referrals from primary care to acute services. The ORC is currently funded by non-recurring RMP monies and next steps include securing funding to enable the continuation of the ORC and forming

sub groups to drive alternatives to admissions - exploring key themes with focused working groups alongside HSCPs.

Our newly commissioned Urgent/ Unscheduled Care Programme has now collated all ongoing operational improvement work across our pre, intra and post –hospital services. This work provides a single programme management structure to the key work-streams across primary care, care-homes and SAS as well as the above unscheduled acute work and work in the community by our Health and social care partners in all three council areas. Cross-cutting work-streams have been identified, which will be resourced by staff from across the healthcare community.

5. Delayed Discharges

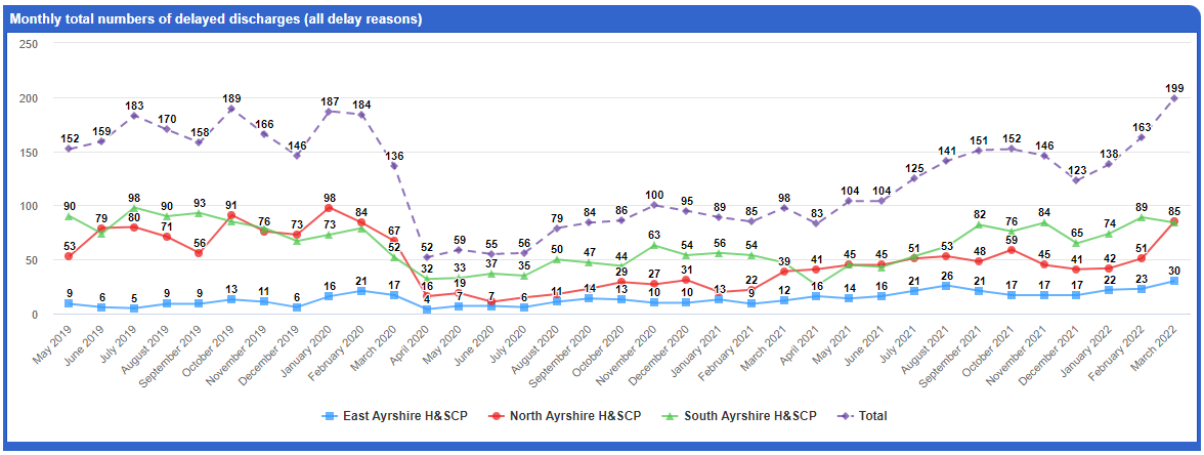
At the outset of the COVID-19 pandemic, in preparation for the anticipated demand of people being treated for COVID-19, our Health and Social Care Partnerships (HSCPs) worked with acute colleagues to create additional community bed capacity and adapt other services to enable patients defined as medically fit for discharge to be transferred to more suitable settings.

Actively managing delayed discharges across all three HSCPs was a key component in our Mobilisation Plans to create capacity for acute services and the critical care required by individuals with severe COVID-19 symptoms. HSCP Hospital Teams planned with patients and families at as early a stage as possible to ensure appropriate care and support was in place for those that no longer required hospital care and were ready for discharge to another setting. Community teams also played a central role, with the Care at Home and District Nursing services supporting a number of people with suspected or confirmed COVID-19, whilst also supporting confirmed positive individuals at the end of their life.

Daily scrutiny and performance monitoring was key in ensuring that flow was maintained, that information on individual care needs were recorded appropriately and delays were managed accordingly. Senior teams met regularly to identify areas for improvement across the system.

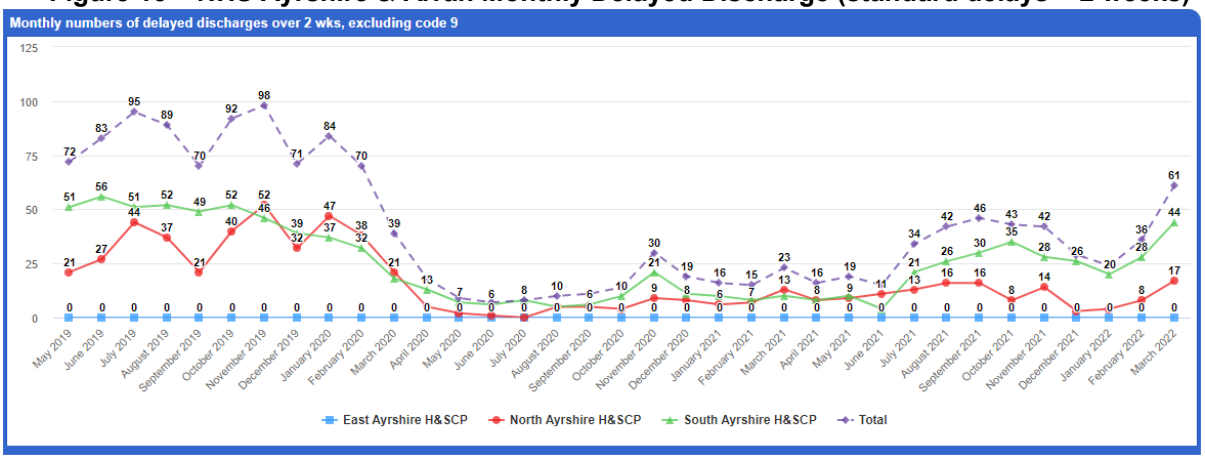
The number of delayed discharges across Ayrshire and Arran remained stable for some time but started to increase from April 2021, rising sharply since July 2021. Delays reached 152 by the end of October 2021 for all delays and lengths (Figure 12). Numbers did fall to 123 delays in December 2021, however this has since risen again to 199 delays by the end of March 2022. Similarly, numbers of residents delayed for over 2 weeks, excluding complex ‘code 9’ delays increased from 15 at the end of June 2021 to 46 at the end of September 2021. By March 2022, the number of residents delayed for over two weeks (excluding complex ‘code 9 delays) have increased to 61, its highest level since pre-pandemic figures (Figure 13).

Figure 12 – NHS Ayrshire & Arran Monthly Delayed Discharges (all delays)



Source: Public Health Scotland

Figure 13 – NHS Ayrshire & Arran Monthly Delayed Discharge (standard delays > 2 weeks)



Source: Public Health Scotland

Care at home capacity continues to be challenged across Ayrshire and Arran with an ongoing increase in demand and referrals for Care at Home from both hospital and community services. Challenges have been further compounded by consistently high staff absence levels, COVID-19 related absences and vacancies.

Work has commenced to implement the Discharge without Delay programme (DwD). The discharge without delay programme is part of a new national initiative and will define best practise in relation to planning and preparing patients for discharge, the aim of the programme is to prevent delays by ensuring patients only stay in hospital as long as is clinically and functionally necessary. Facilitated sessions with Scottish Government looked at our shared discharge processes and joint teams will meet weekly to take forward process improvement at pace. The Scottish Government have requested nine specific data measures around delayed patients. These measures will provide a weekly set of data outputs which will be used and will be benchmarked against all Scottish NHS Boards to provide opportunity for improvements.

6. Planned Care

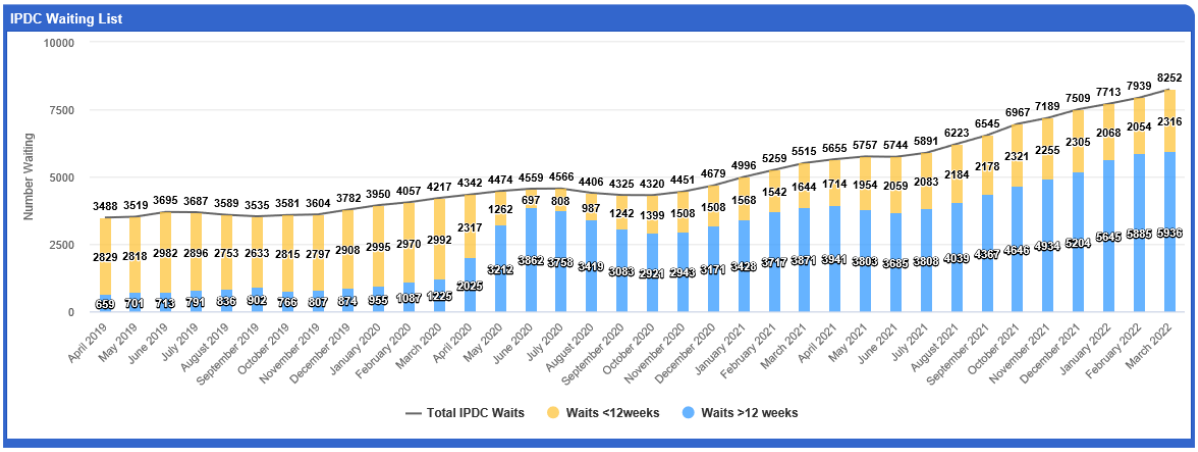
COVID-19 continues to make a significant impact on the delivery of planned care. The emergence of Omicron, the continued impact of social distancing requirements, the availability of staff and physical resources, and the pausing of services at various

points throughout the pandemic, has resulted in an increase in new outpatient and inpatient waiting list and times. Waiting times for diagnostics have also been affected.

Inpatients/Daycases

The significant constraints in operating capacity during the pandemic have resulted in an increase in overall elective surgical waiting lists, with the biggest impact being for the patients awaiting procedures in the less clinically urgent Priority 3 and particularly the Priority 4 categories. All non-cancer elective surgery was cancelled for a three week period starting on 10 January 2022. This has resulted in the overall number of patients increasing from 4,057 at February 2020 to 8,252 at March 2022 (Figure 14).

Figure 14 – Monthly number of patients on the Inpatient/Daycase waiting list (all specialties)



Source: Local Management Information Team Reports

Throughout the pandemic, the allocation of the limited operating capacity has been driven by the relative clinical priority of each case. In March 2022, activity levels reached 298% in Urgent categories compared to March 2020 (Table below). It should be noted that services were paused in March 2020.

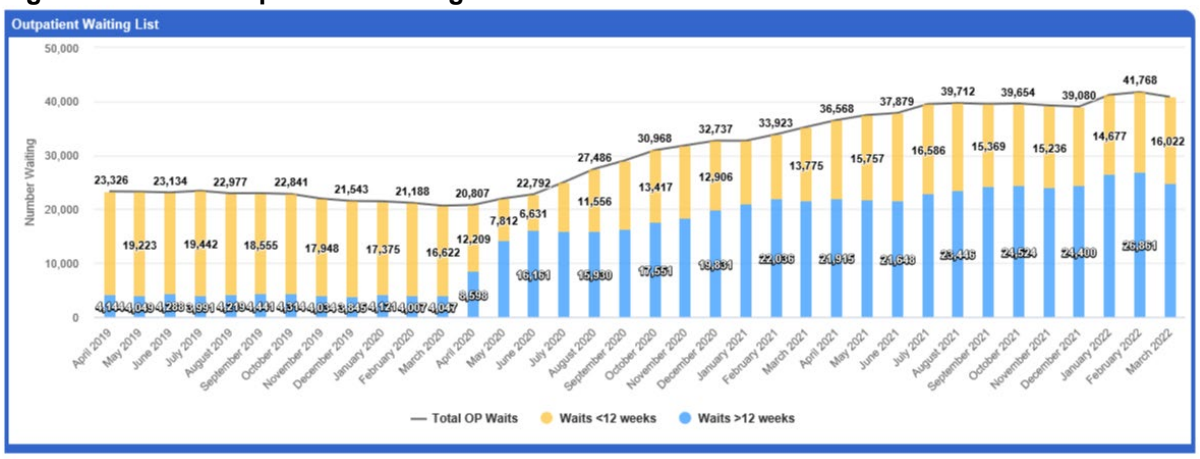
Inpatient/Day case Activity – All Specialties	31-Jan-22			28-Feb-22			31-Mar-22		
Urgency	Jan 2020 Actual	Jan 2022 Actual	%	Feb 2020 Actual	Feb 2022 Actual	%	Mar 2020 Actual	Mar 2022 Actual	%
All	1,579	599	38%	1,517	1,072	71%	1,593	1,175	71%
Routine	1,367	184	13%	1,252	471	38%	1,373	519	38%
Urgent	212	415	196%	265	601	227%	220	656	298%

The Infrastructure Programme Board has supported a feasibility study to identify a location in which a replacement Day Surgery recovery area could be created. The previous area has been re-purposed to support the increase in intensive care capacity. The day surgery unit previously supported a significant proportion of the on-site surgery, and so a replacement recovery space will be critical to the recovery of this service.

New Outpatients

After an increasing trend from 21,188 at February 2020 (pre-COVID19) to 39,654 at October 2021, the total waiting list showed some improvement, with a decreasing trend to 39,080 at the end of December 2021. Following a three week period in January 2022 where all outpatient appointments, with the exception of patients on the Urgent Cancer Suspected pathway, were cancelled, the waiting list increased to a new high of 41,768 in February 2022 before falling to 40,871 in March 2022 (Figure 15).

Figure 15 – New Outpatients Waiting List at month end



Source: Local monthly management reports, Information Team

Patient referrals continued to be prioritised in line with clinical priorities with activity levels of 170% in March 2022 in Urgent categories compared to March 2020 (Table below).

New Outpatient (12 Week Standard) Activity – All Specialties	31-Jan-22			28-Feb-22			31-Mar-22		
Urgency	Jan 2020 Actual	Jan 2022 Actual	%	Feb 2020 Actual	Feb 2022 Actual	%	Mar 2020 Actual	Mar 2022 Actual	%
All	8,957	5,163	58%	8,547	7,251	85%	9,327	8,941	96%
Routine	6,952	3,143	45%	6,849	4,276	62%	7,282	5,461	75%
Urgent	2,005	2,020	101%	1,725	2,975	172%	2,045	3,480	170%

Source: Local monthly management reports Source: Local monthly management reports, Information Team

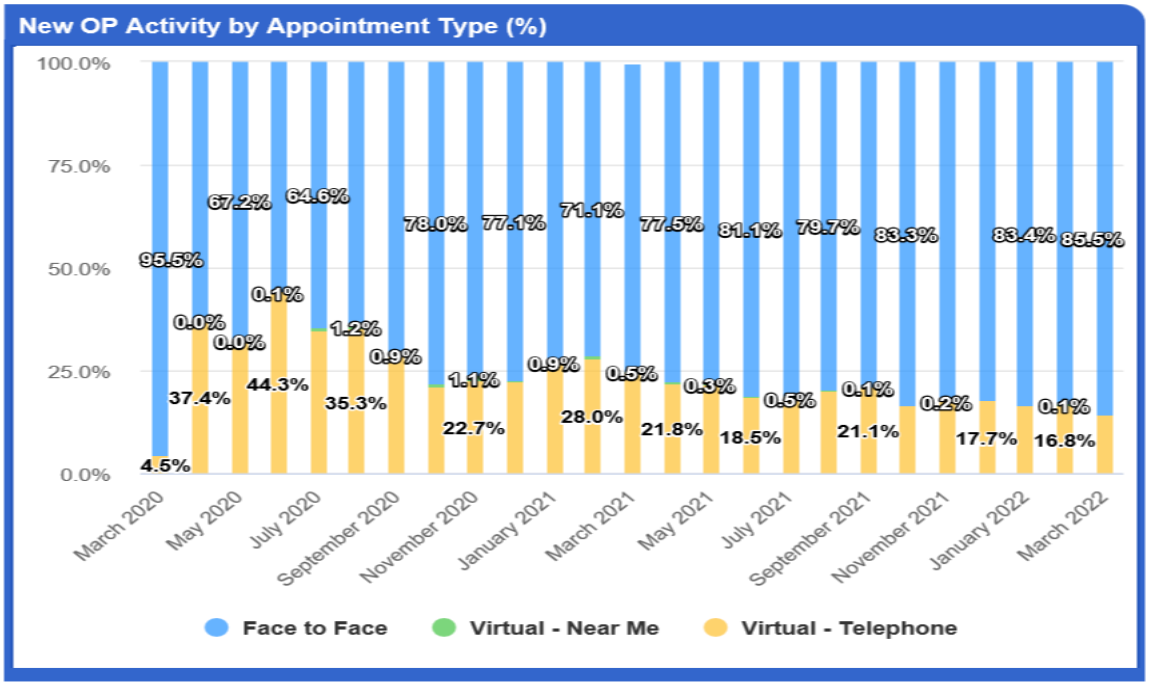
To maintain a level of outpatient services through the course of the pandemic, clinical teams developed and enhanced various strategies to maximise the delivery of outpatient services whilst optimising patient and staff safety, including the use of Near Me, Active Clinical Referral Triage, Virtual Review and Patient Initiated Review.

The percentage of face to face appointments has steadily increased over the course of 2021/2022 reaching 85.5% of all new outpatient appointments as at March 2022. Virtual telephone appointments decreased throughout 2021/2022 to 14.4% in March 2022, a reduction of 10.0% since the same period last year (March 2021), however the percentage of virtual telephone appointments remains higher than pre-pandemic

levels when only 4.5% appointments were reported in March 2020 (Figure 16). The overall percentages for non-face to face appointments can also vary considerably from each specialty. This may be due to a number of clinical reasons and including whether those particular patients are suitable for non-face to face appointments for that particular specialty.

In many specialties such as Urology and Respiratory the expansion of non-face to face appointments has continued to be successful both for new and review outpatients. Urology reached its highest ever recorded non face to face new outpatients appointments in June 2020 with 82.3% of appointments being carried out virtually, this has fluctuated throughout 2021/22 with 24.7% reported in March 2022. Respiratory Medicine had 32.3% of new outpatient appointments carried out virtually in March 2022 compared with 59.4% on the same period in March 2021. (Figure 17) Review non face to face appointments have also continued to be very successful with Urology conducting 38.9% in March 2022 and Respiratory 75.6% in March 2022 (Figure 18)

Figure 16 – Monthly percentage of new outpatients seen by appointment type



Source: Local Management Information Team Reports

Figure 17 – Monthly percentage of new outpatients seen by appointment type (Urology and

Respiratory)

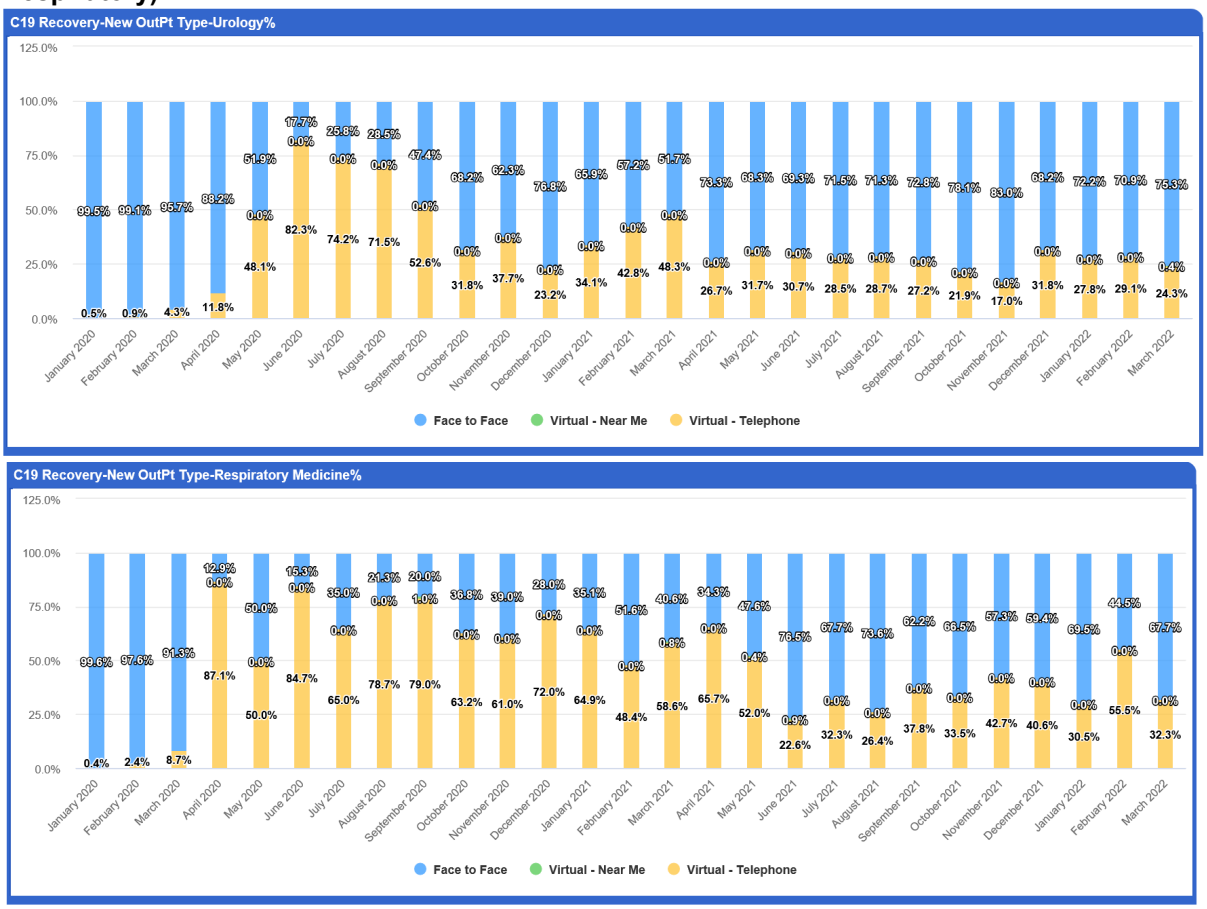
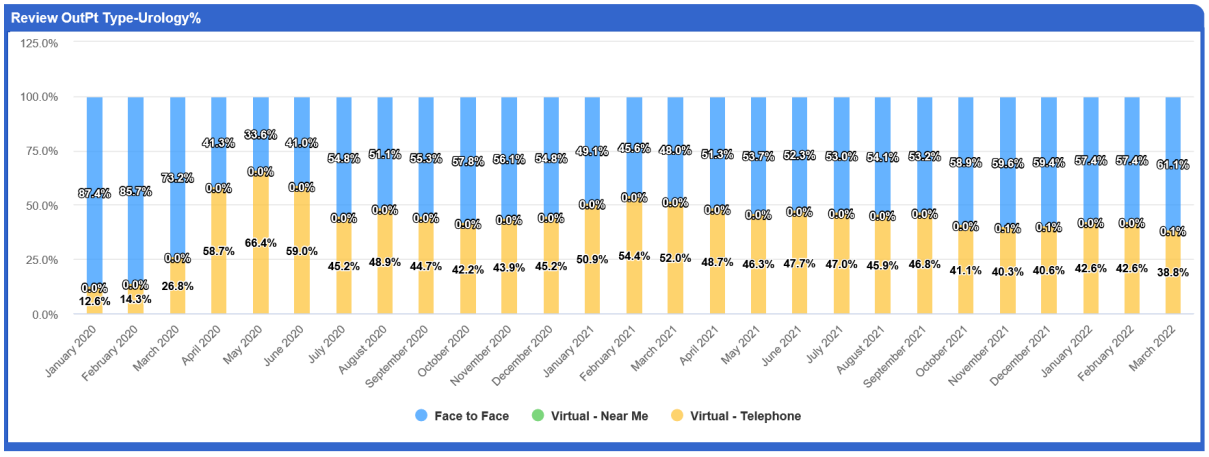
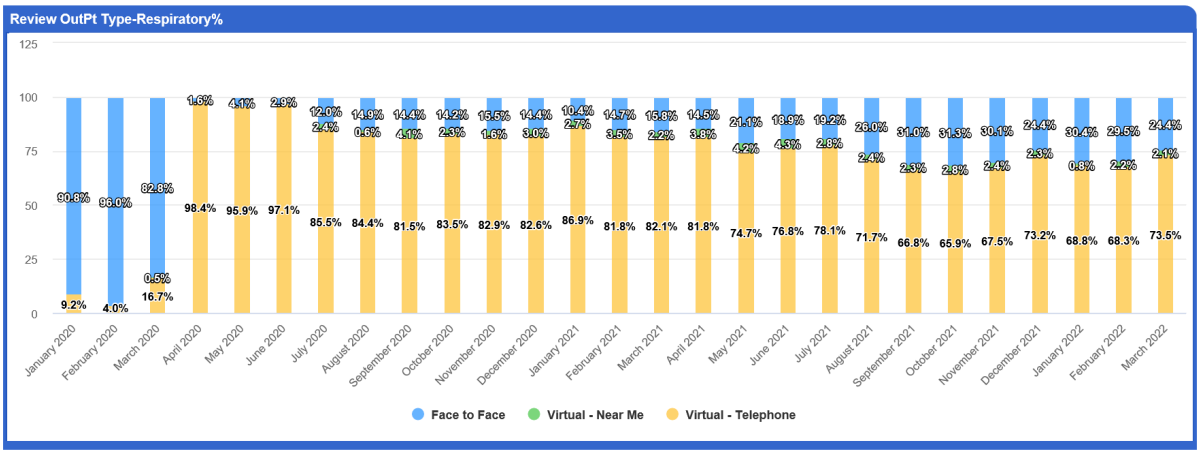


Figure 18 – Monthly percentage of Review outpatients seen by appointment type (Urology and Respiratory)





Source: Local Management Information Team Reports

Following updated Scottish guidance in relation to Antimicrobial Resistance and Healthcare Associated Infection (ARHAI), a trial of reduced social distancing of patients in the outpatient waiting area will be undertaken within the Ophthalmology department. If successful, this will be extended to include some other outpatient services. This change is expected to support additional patient throughput in clinics.

Two capital projects to provide alternative accommodation for the UHC staff wellbeing and pre-operative assessment services are now underway, which will allow outpatient clinic accommodation which had been reassigned to these services during the pandemic, to be returned to their outpatient clinic function from the early summer. The return of this clinic room capacity will also support the re-instatement of more clinics and contribute to reducing the outpatient waiting list.

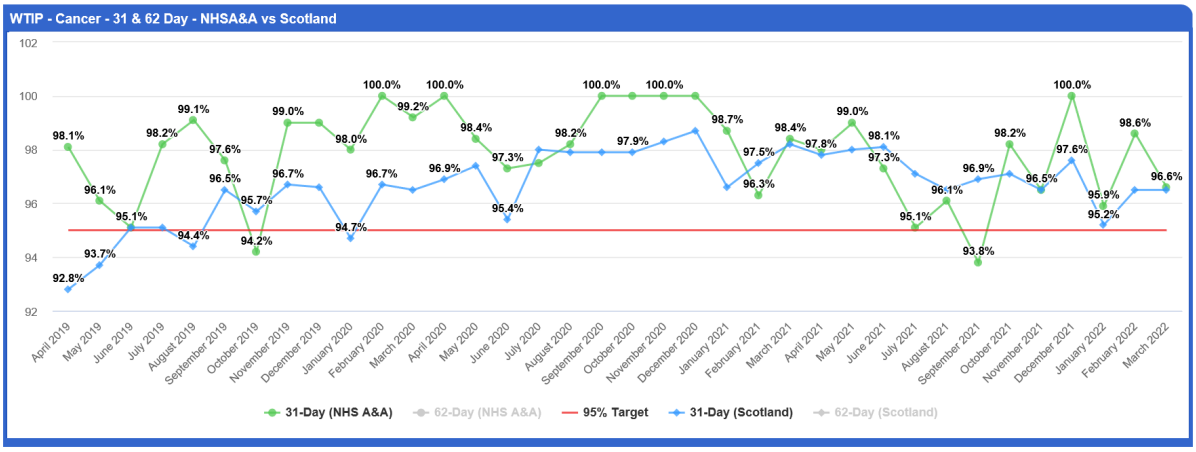
A contract has been agreed with an external agency to deliver significant additional outpatient capacity (in University Hospital Ayr) for Ophthalmology over a three month period. This commenced in February 2022.

Cancer

Although performance in relation to the 95% 31 day Cancer target dropped to its lowest in September 2021, it was maintained in all other months throughout 2021/2022 (Figure 19).

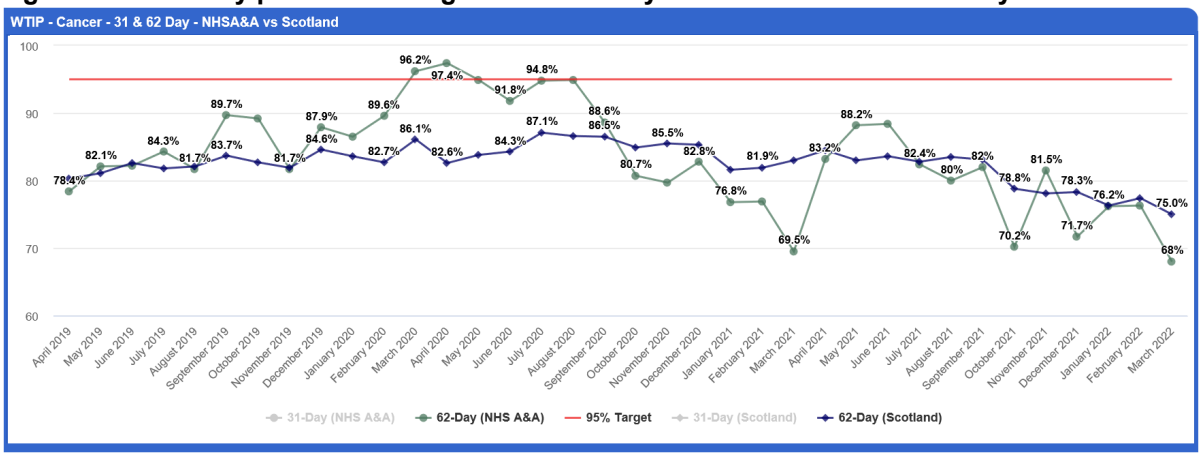
After the second COVID-19 wave, further service remobilisation did begin to demonstrate an improvement in the 62-day target performance. However system and staffing pressures which reduced both diagnostic and operating surgery capacity, resulted in lower levels of performance in some months in 2021/2022 with performance levels falling to 68.0% in March 2022 (Figure 20).

Figure 19 – Monthly performance against the 31-day Cancer standard in NHS Ayrshire & Arran



Source: Public Health Scotland

Figure 20 – Monthly performance against the 62-day Cancer standard in NHS Ayrshire & Arran



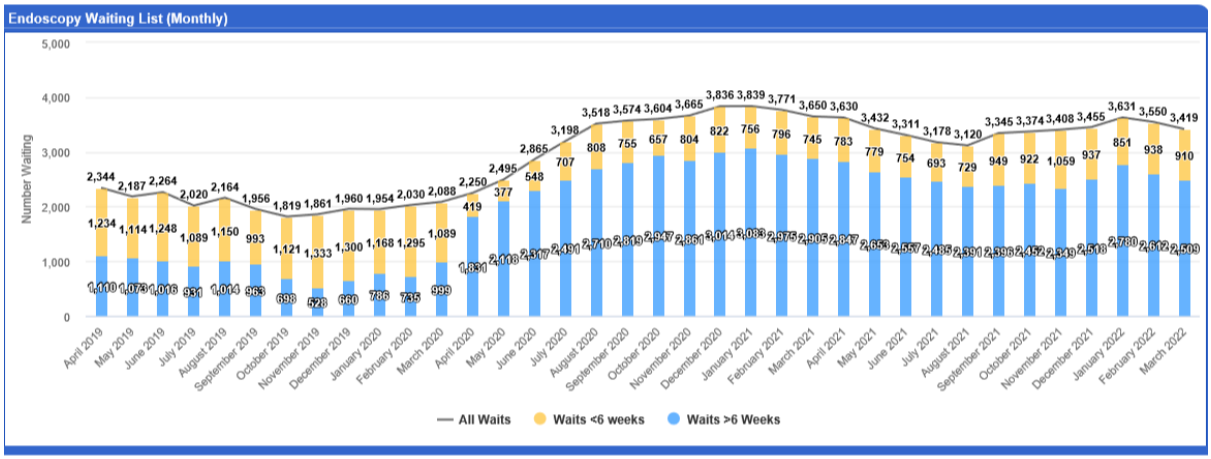
Source: Public Health Scotland

Diagnostics

Endoscopy services continued to be impacted by COVID-19 due to the re-designation of space to expand ICU facilities, the emergence of Omicron, continued impact of social distancing requirements, reduced patient throughput due to national infection control protocols, and the risk associated with aerosol generating procedures. Increased unscheduled care pressures led to a two week pause on all elective endoscopy activity during September 2021 in order to redeploy nurse staffing to other areas of pressure within the hospitals.

The total number of patients waiting for an Endoscopy was on an increasing trend between September 2021 and January 2022, with numbers falling in February 2022 and March 2022 (Figure 21).

Figure 21 – Endoscopy Waiting List at month end

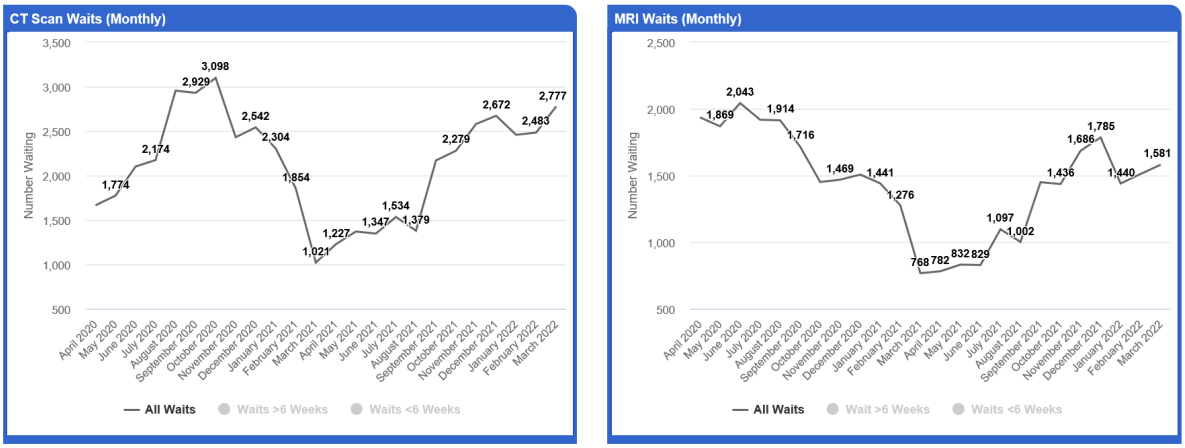


Source: Local monthly management reports, Information Team

The demand for Medical Imaging investigations continues to rise rapidly. The additional capacity via the mobile MRI van and CT Pod secured in early 2021 continued to be utilised at a high level in 2021/2022, although some staffing availability limitations have at times reduced the CT capacity.

The Computed Tomography (CT) waiting list fell to its lowest levels of 1,021 in March 2021. However since then, waits have been increasing to 2,777 in March 2022. Similarly there has been an increase in Magnetic Resonance Imaging (MRI) waiting lists since April 2021 of 782 patients waiting to 1,582 in March 2022 (Figure 22). A number of contingency plans were implemented with the use of mobile MRI scanner remaining in place until the end of March 2022. Ultrasound have also suffered from significant staffing pressures which has restricted activity as obstetric ultrasound has been prioritised over the non-obstetric patients.

Figure 22 – Monthly numbers of patients awaiting Diagnostic scans (CT and MRI)



Source: Local Management Information Team Reports

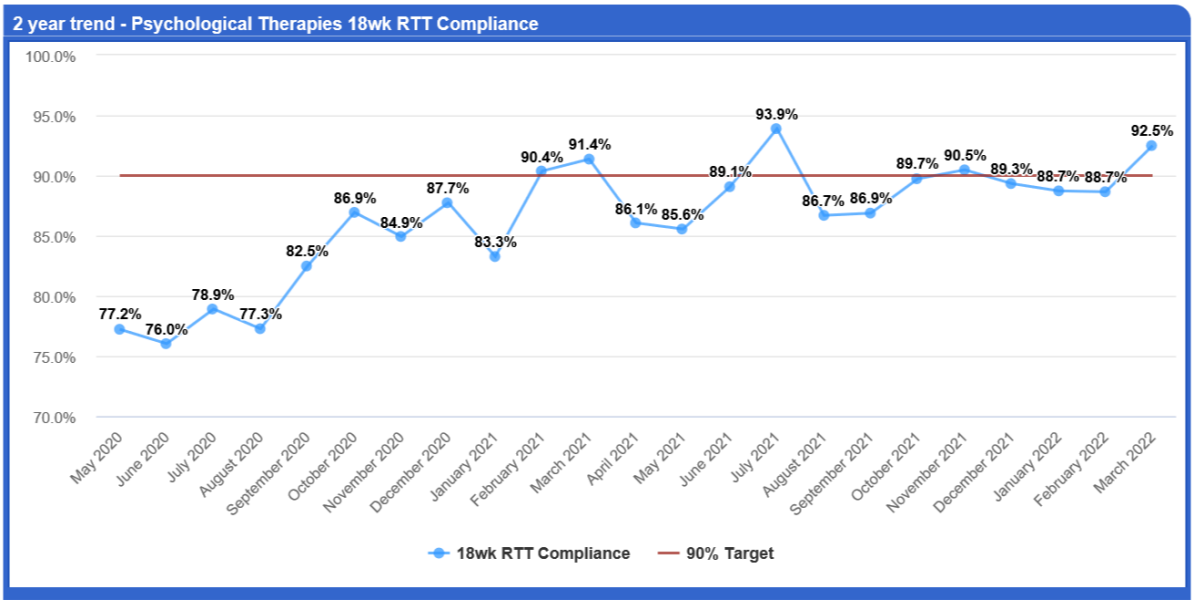
7. Mental Health

Psychological therapies

Provision of Psychological Therapies has been maintained, as close to business as usual, from the outset of the pandemic using remote delivery (telephone and Near Me video conferencing. Local management information shows that waiting times

compliance for Psychological Therapies generally remains just below the 90% standard. In July 2021 performance reached above the 90% target for the first time at 93.9% and again in November 2021 (90.5%) and March 2022 (92.5%) (Figure 24). Prior to the impact of COVID-19, performance in February 2020 was 74.9%.

Figure 24 – Monthly Psychological Therapies waiting times compliance in NHS Ayrshire & Arran



Source: Local Management Information Team Reports

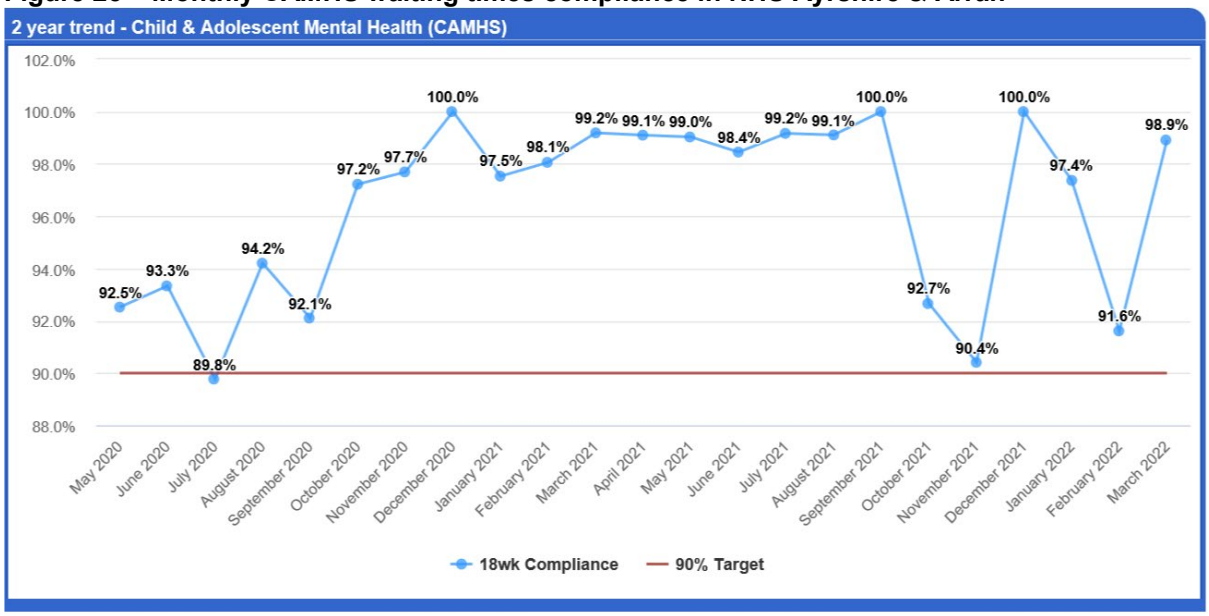
COVID-19 restrictions have had a negative impact on waiting times within the Specialties of Child and Adolescent Mental Health Services (CAMHS) and Community Paediatrics, in particular, where there was low acceptance and suitability for remote working. This relates to the predominance of neurodevelopmental and neuropsychological work within these Specialties, and the limited evidence base and options to deliver these specialist assessments to children remotely. These Specialties are also experiencing a high level of vacancy and maternity leave at present, with Community Paediatrics operating with approximately 30% staffing. Progress is being made in clearing the longest waits and further progress will be enhanced on recruiting to established posts, as well as new posts developed from the recent Scottish Government Mental Health Service Recovery and Renewal funding allocation for psychological therapies and CAMHS.

Much of the provision which had been paused during the lockdown period was reinstated. Inpatient services continued to be delivered throughout the pandemic albeit with an increased threshold for admission for only those most at risk and some realignment of services to afford specific isolated assessment provision and specific areas to support those confirmed positive for COVID-19.

Child and Adolescent Mental Health Services (CAMHS)

The target for CAMHS compliance is 90% should be seen within 18 weeks, and local management information indicates that CAMHS continues to exceed the target with performance of 98.9% at March 2022 (Figure 25). Prior to the impact of COVID-19, performance at February 2020 was 94.6%.CAMHS continues to provide a mixture of face to face and near-me contacts and this will be ongoing for the time being.

Figure 25 – Monthly CAMHS waiting times compliance in NHS Ayrshire & Arran



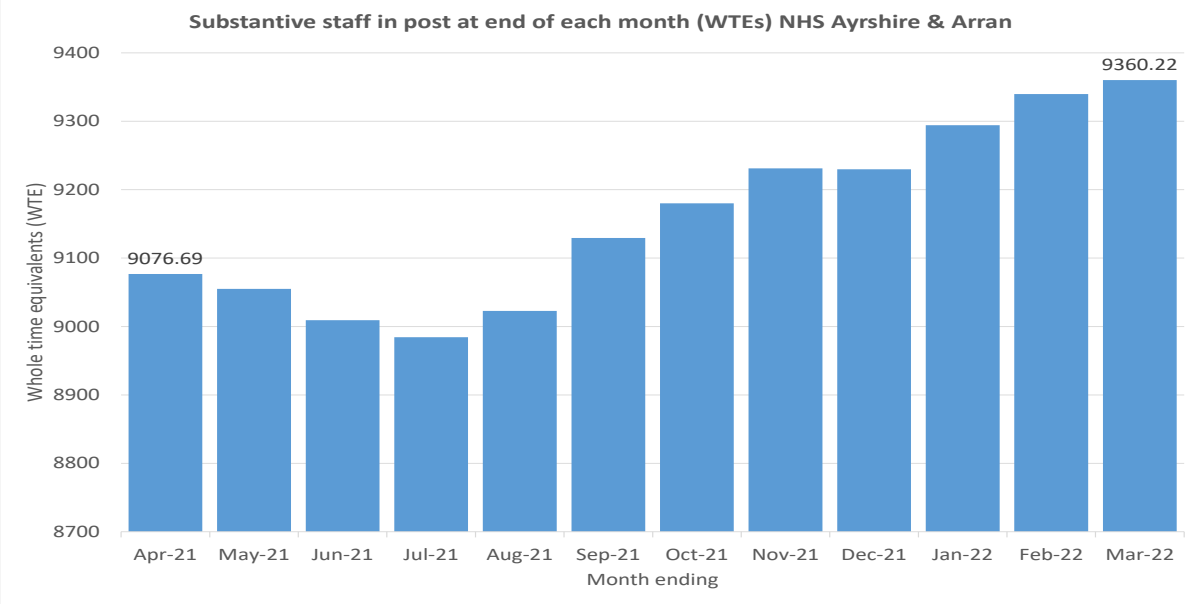
Source: Local Management Information Team Reports

8. Workforce

Staff in post

Since the start of the financial year, there has been growth in the substantive workforce, month on month, rising from 9076.69 whole time equivalent (WTE) at 30 April 2021 to 9360.22 WTE as at 31 March 2022 (Figure 26). Demand for staffing has come from both COVID-19 specific services (e.g. vaccination programme, test and protect and contract tracing) as well as non-COVID-19 services eg accommodating our increased bed compliment on acute sites, agreed investment in Allied Health Professional services and specific Scottish Government allocations such as the investment in health care support workers. Appointments have been made on substantive or a fixed term basis reflecting available funding streams i.e. recurring or non-recurring.

Figure 26 - Staff in post at end of each month (WTE) NHS Ayrshire & Arran



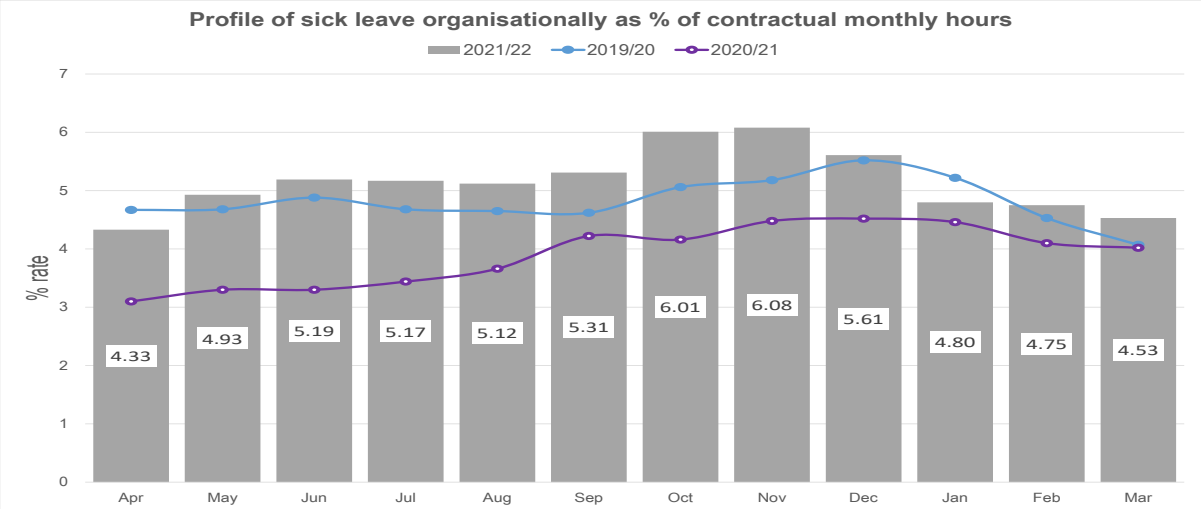
Source: O&HRD Management information

The largest increases in workforce in the year by job family have been within Allied health professions (+30.93 WTE), healthcare science (+23.13 WTE), nursing and midwifery (+208.49 WTE), and other therapeutic – pharmacy & psychology (+26.26 WTE). We took the step of recruiting all newly qualifying nurses in 2021, in keeping with all other West of Scotland NHS Boards.

Workforce availability

Workforce availability remained challenging throughout 2021/2022 with fluctuations in both non-COVID-19 sickness absence and COVID-19 related absences (Figures 27 and 28). Impact from both these absence types stimulated supplemental staffing solutions (bank, agency, overtime, excess part time hours) throughout the year to ensure service sustainability and safety.

Figure 27 – Monthly non- COVID-19 sickness absence for NHS Ayrshire & Arran



Source: O&HRD Management information

Overall sickness absence has returned to more typical pre-COVID-19 levels albeit there was elevated levels in quarter 3 of 2021/2022 before a notable drop in the final quarter. The correlation with COVID-19 related absence, which conversely spiked in quarter four, is material to interpreting this trend. The trend for NHS Ayrshire & Arran is reflective of the wider NHS Scotland trend (reported retrospectively) and our rate for sickness absence typically remains below the Scottish average on a monthly basis.

Figure 28 – Monthly covid absence for NHS Ayrshire & Arran

Source: O&HRD Management information

COVID-19 absence (inclusive of staff isolation, long covid, covid positive) has followed national trends i.e. the emergence of new variants / waves of infection with the fourth quarter being particularly challenging. The levels of COVID-19 related absence in this period prompted the re-introduction of the Staff Hub within human resources. All unplanned absence (COVID-19 and sickness absence) are reported and recorded centrally in order to relieve pressure on operational services and ensure real-time organisational intelligence on staff availability.

As part of our approach to staff wellbeing, staff have been encouraged to utilise annual leave to ensure they have rest and recuperation. Figure 29 below highlights the monthly profile of annual leave usage.

Figure 29 – Monthly annual leave utilisation for NHS Ayrshire & Arran

Source: O&HRD Management information

Annual leave usage follows the typical trend as would be expected, however there is a correlation with unplanned leave (sickness and COVID-19) trends on the usage of annual leave.

While the number of covid positive patients in hospital reduced when the Omicron variant became dominant in December 2021, the increased transmissibility of the Omicron variant resulted in a large number of staff being absent in January 2022 and again in March 2022. The normal winter pressures on hospitals were increased due to patients being more complex and some patients who had not been able to receive elective procedures presented as emergencies.

Both Ayr and Crosshouse Hospitals had to open additional wards, not just for COVID-19 positive patients who tended to have a long length of stay, but for increased unscheduled care demand. From November/December 2021 until March 2022, both hospitals worked under full capacity protocol and had about 150 extra beds open above normal staff establishment. This required increased use of agency nurses and doctors, the redeployment of some support staff to front line services in January and the offer buy back up to ten days of annual leave from all staff.

Digital

During the pandemic, some service changes had been introduced which enhance the resilience and sustainability of services. These include chemotherapy delivery outwith an acute site, separation of elective orthopaedics at Ayr Hospital with trauma centralised at Crosshouse Hospital and the use of technology to support virtual outpatient consultations.

The response to the pandemic has led to some remarkable and innovative developments in service delivery for the benefit of patients; particularly via the use of digital technology such as Near Me and Microsoft Teams, to enable more services to be delivered at home or in the community and the workforce to become agile in their approach to health and social care and their ability to work from home. The use of

Microsoft Teams has allowed for professional to professional conversations and collaboration in real time.

Social matters

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

Sustainability and Environmental reporting
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. 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 Ayrshire & Arran is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

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: https://sustainablescotlandnetwork.org/reports

A new Climate Change and Sustainability Strategy was approved by the Board in January 2022 to provide a framework for NHS Ayrshire & Arran to maximise its contribution to mitigating and adapting to the effects of global climate emergency and for the development of integrating sustainability into its everyday actions as an organisation.

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

Signed …… Date …28 June 2022…
Chief Executive

B. ACCOUNTABILITY REPORT

Corporate Governance Report
a) The Directors' Report

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

Date of Issue
The audited Financial statements were approved and authorised for issue by the Health Board on 28 June 2022.

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 Deloitte LLP to undertake the audit of Ayrshire and Arran Health Board. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

Board membership
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 on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

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

Mrs L Bowie, Chair
Mr J Burns, Chief Executive (until 30 June 2021)
Ms Claire Burden, Chief Executive (from 13 January 2022)
Mrs M Anderson, Non-Executive Director
Professor H Borland, Nurse Director (until 30 June 2021), Interim Chief Executive (from 1 July 2021 until 12 January 2022), Nurse Director (from 13 January 2022 to 31 March 2022)
Mr M Breen, Non-Executive Director
Councillor L Brennan-Whitefield, Non-Executive Director
Mr A Carragher, Non-Executive Director
Ms Sheila Cowan, Non-Executive Director (from 1 April 2021)
Councillor J Cullinane, Non-Executive Director
Dr S Das, Non-Executive Director
Mrs J Ford Non-Executive Director
Mr E Hope, Employee Director
Ms M Kennedy, Non-Executive Director (until 31 October 2021)
Mr D Lindsay, Director of Finance
Mr R Martin, Non-Executive Director
Dr C McGuffie, Medical Director
Mrs Lynne McNiven, Director of Public Health (from 17 May 2021)
Mr J Rainey, Non-Executive Director (until 31 August 2021)

Councillor D Reid, Non-Executive Director
Ms L Semple, Non-Executive Director
Mr Marc Mazzucco, Non-Executive Director (from 1 November 2021)
Miss L Tennant, Non-Executive Director (until 31 March 2021)
Mrs Jennifer Wilson, Interim Nurse Director (from 1 July 2021 until 12 January 2022)

The Statement of Board Members' responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2022 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

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

Board Members' and Senior Managers' Interests
Details of any interests of board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in note 24. A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available by contacting Ayrshire & Arran Health Board, Eglinton House, Ailsa Hospital, Dalmellington Road, Ayr KA6 6AB, or can be accessed on the Board's website at: https://www.nhsaaa.net/media/10720/register-interests-and-gh-board-members-2020-2021-published-2021-05-05.pdf

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

Directors' third party indemnity provisions
Directors have no third party indemnity provisions.

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

Value of Land
Land is shown in the balance sheet at market value.

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

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

This information is available on our website at the following link Public Services Reform (Scotland) Act 2010.

Personal data related incidents reported to the Information Commissioner
Throughout the year 2021/2022, three personal data related incidents were considered to meet the criteria for notification to the Information Commissioner's Office (ICO).

All incidents were duly reported. One incident was closed by the ICO with no regulatory action taken.

NHS Ayrshire & Arran await further correspondence from the ICO with regards to the two remaining personal data related incidents.

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

b) The Statement of Accountable Officers' responsibilities

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

This designation carries with it, responsibility for:

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

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

- Observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government's Financial Reporting Manual have been followed and disclose and explain any material departures; and
- Prepare the accounts on a going concern basis
- I have taken reasonable steps to gain assurance from Directors
- As far as I am aware, there is no relevant audit information of which our auditors are unaware.

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of 17 December 2021.

c) The Governance Statement

Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives including those set by Scottish Ministers. In addition, I am responsible for safeguarding the public funds and assets assigned to the organisation.

Purpose of Internal Control

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

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

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the Annual Report and Accounts. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy and promotes good practice and high standards of propriety. The Board has complied with the SPFM during 2021/2022.

Governance Framework of the Board

The Governance Framework comprises the following committees:

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

These committees have operated as normal and, in accordance with social distancing and travel guidance, they have taken place virtually during 2021/2022 to ensure membership access was available. The Board has considered their minutes and has received their annual reports. Due to the expected absence and service pressures in January 2022 some committees were deferred and one meeting was cancelled, the January 2022 Audit and Risk Committee. The business was covered at the March 2022 Audit and Risk Committee. There was an update to the April 2021 Board with

agreement of actions for 2021/2022. The Board is satisfied that the Governance Committees have fulfilled their remit.

The Board meets every two months and receives timely, comprehensive and relevant information for discussion and approval. During 2021/2022, the Board met virtually (using Microsoft Teams) to comply with travel and social distancing guidelines. The Board has strong and effective relationships with stakeholders and is a key participant within community planning and public protection meetings across the three councils.

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

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

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

In response to the Blueprint for Good Governance, the Head of Corporate Governance submitted to the February 2019 Board meeting a high level self-assessment against the blueprint. A more detailed discussion on the improvement plan and progress to date took place at a Board workshop on 18 April 2019 and at the October 2019 Board annual development session. A further update was provided to the Board in March 2021, and actions for 2021/22 were agreed. Progress against the Corporate Governance Improvement Plan is regularly discussed at the Integrated Governance Committee.

The Board normally reviews its Code of Corporate Governance annually, which brings all aspects of Corporate Governance (including Standing Orders, Standing Financial instructions and Scheme of Delegation) into a single code. The revisions to the Code were agreed by the Health Board at its meeting in May 2021 having been reviewed by the Integrated Governance Committee and Audit and Risk Committee.

A process is in place to assign government circulars and directives to a lead director and follow up actions taken. This ensures compliance with relevant laws and regulations.

The Board has in place a Whistleblowing Policy. An additional non-executive Director was appointed to the Board in February 2020 with the role of whistleblowing champion as part of their non-executive role. New Whistleblowing Standards were introduced from 1 April 2021. In preparation for this, a Whistleblowing Oversight Group was established in July 2020 to ensure that NHS Ayrshire & Arran was ready for the launch of the new Whistleblowing Standards. The Staff Governance Committee terms of reference have been amended to ensure that there is a formal reporting and monitoring of all whistleblowing activity and our non-executive Whistleblowing Champion is a member of

our Staff Governance Committee. A quarterly update on Whistleblowing activity is submitted to the Board.

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

Review of Adequacy and Effectiveness

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

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

The Board receives approved minutes from each Governance Committee to confirm that their remit has been fulfilled. Where necessary a committee can escalate issues for Board scrutiny. No issues were escalated in 2021/2022.

In accordance with the principles of best value, the Board aims to foster a culture of continuous improvement. As part of this, Directorates are encouraged to review, identify and improve the efficient and effective use of resources. Business cases and Board papers need to demonstrate that consideration has been given to the Best Value characteristics published in the 2011 Best Value Guidance to Accountable Officers. I can confirm that arrangements have been made to secure best value as set out in the SPFM.

Each year the Board's internal auditors design their audit programme to review the highest risk areas within the Board strategic risk register. The 2021/2022 internal audit programme was recommended by the Audit and Risk Committee and approved at the March 2021 Board meeting. Each report produced by internal audit is considered by the Audit and Risk Committee, but in addition is referred to the most relevant governance

committee (Staff, Healthcare, Information, Performance, and Integrated) for detailed scrutiny.

The internal audit programme gives assurance on a broad range of internal controls and in addition a focused review of key financial controls covers the core financial systems on a three-year cyclical basis. The internal audit programme required to be curtailed because of the COVID-19 pandemic and the overall internal audit opinion for the period 1 April 2021 to 31 March 2022 is that partial assurance with improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. As the covid emergency arrangements cease in 2022/2023 we would hope that internal audit may be able to provide reasonable assurance in future years while recognising the need for continuous improvement.

The NHS Board receives a Financial Management Report at every Board meeting. In addition the Performance Governance Committee receives a range of finance and performance reports to ensure effective scrutiny. During 2021/2022 the NHS Board received significant additional funding to meet the costs of responding to the COVID-19 pandemic. The financial position at the end of the year was a small underspend, however the NHS Board has an underlying deficit of £11.3 million. The Revenue Plan to Board in March 2022 projected a £26.4 million deficit for 2022/2023 despite cash releasing savings and redesign of service delivery. In recognition of financial challenges, the Board has remained at level 3 of the Scottish Government escalation ladder throughout the year.

In November 2021, Scottish Government announced a £300 million of investment in health and social care funded recurringly from 2022/2023 by the increase in national insurance. The full year investment is £656 million with 81% going to councils for social care and most of this funding for an increase in hourly rate for the lowest paid social care staff.

Risk Assessment

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

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

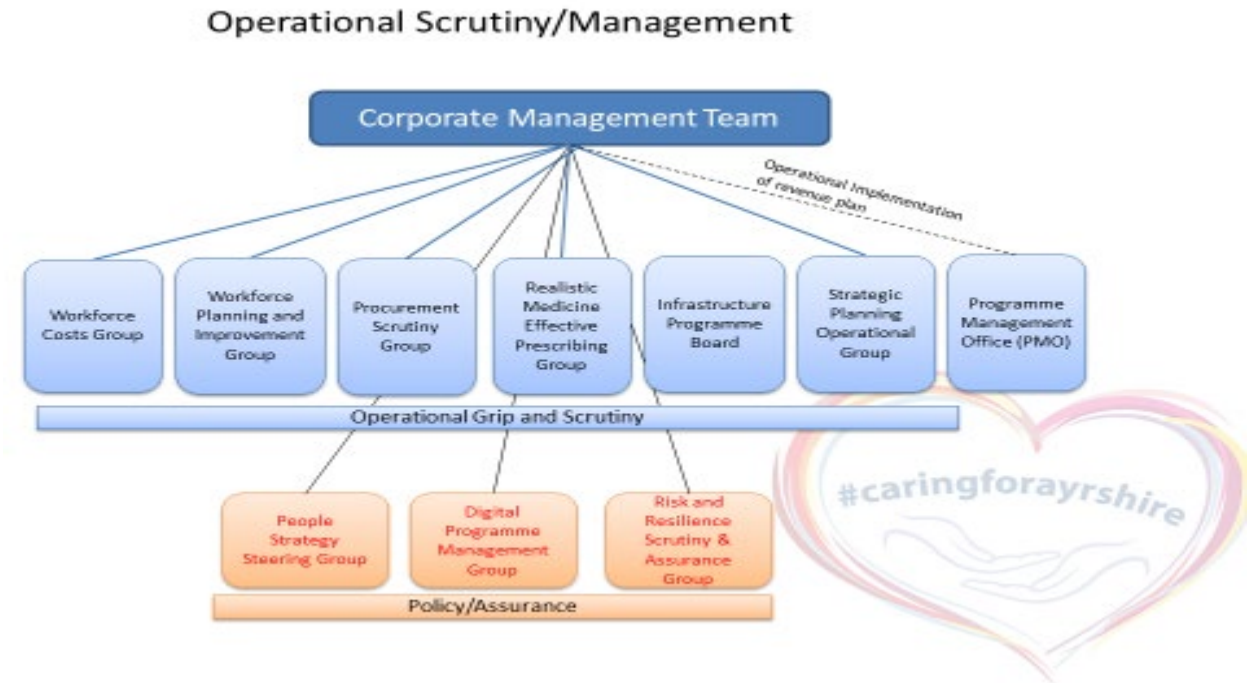
As at March 2022, there were no strategic risks which remain rated as "very high risk" (the compliance with information governance standards one having been downgraded during the year due to an updated assessment by the risk owner that the risk had been scored too highly).

The strategic risk register also contains twenty high risks in the following areas, some of which transferred from the covid risk register during the year:

- registrant workforce supply and capacity;
- general medicine provision at University Hospital Ayr;
- primary care sustainability;
- transformational change programme (2);
- promoting attendance;
- personal development review;
- cyber security;
- statutory management of the estate;
- statutory management of occupational road risk;
- GP workforce;
- achieving the legal treatment time guarantee;
- financial outturn 2021/2022;
- care homes; and,
- infection prevention and control.

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

The following operational scrutiny arrangements were put in place and have remained in place from 2018/2019 until 2021/2022 as shown in the diagram below.



A review of Corporate Management Team function concluded on the following five areas for focus:

1) holding to account for performance (activity, finance etc.);
2) governance and operational scrutiny;
3) decision making;
4) commissioning reform work; and,

5) consideration of national and regional work to inform local service delivery.

Emergency Management Team (EMT)

In response to the COVID-19 pandemic the EMT was formed in February 2020 and met on 252 occasions from then until 31 March 2022. This meeting included all directors and was Chaired by the Chief Executive (or a deputy). The EMT acted as a "gold command" group which was supported by a wide range of silver and bronze subject specific groups. In addition, a number of short life extreme teams were established to tackle specific issues such as PPE. An internal audit review of these command structures was received at the March 2022 Audit and Risk Committee and had two low risk recommendations.

During the year, the Board had three different Chief Executive's, Accountable Officers;

- John Burns was appointed to the post of Chief Operating Officer at Scottish Government and left NHS Ayrshire & Arran at the end of June 2021;
- Hazel Borland was acting Chief Executive from 1 July 2021 to mid -January 2022, providing continuity during upsurges in the pandemic and unscheduled care demand;
- Claire Burden was appointment at Chief Executive in September 2021 and took up post in mid-January 2022.

Disclosures

On 23 March 2020 the NHS was placed under emergency planning arrangements by Scottish Government due to the nationwide COVID-19 pandemic and this remained in place throughout financial years 2020/2021 and 2021/2022.

Throughout the year 2021/2022, three personal data related incidents were considered to meet the criteria for notification to the Information Commissioner's Office (ICO). All incidents were duly reported. One incident was closed by the ICO with no regulatory action taken. NHS Ayrshire & Arran await further correspondence from the ICO with regards to the two remaining personal data related incidents. Two complaints were raised by patients of NHS Ayrshire & Arran to the ICO with regards to the processing of personal data: both complaints were duly investigated and no regulatory action was taken by the ICO.

In 2021/2022, the number of planned day cases and inpatients seen was 10,400, which is higher than the 6,687 the previous year as a result of the impact of the COVID-19 pandemic. Of the number seen 3,815 were treated outwith the 12 week treatment time guarantee (TTG). This means that 6,585 patients (63.3%) received their treatment within 12 weeks during this period. The impact of COVID-19 meant that surgical care had to be clinically prioritised to ensure urgent and emergency care was delivered. This meant that the NHS Board did not meet the TTG standard as the waiting time for routine surgery extended.

Subject to the above, during the 2021/2022 financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

Remuneration and Staff Report

Board members' and senior employees' remuneration

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

The Remuneration Committee membership is as follows:

Mrs L Bowie, Chair
Mrs M Anderson
Councillor J Cullinane
Mr E Hope

The committee met twice during 2021/2022. The committee is responsible for providing assurance to the Board regarding the probity and corporate governance aspects of the appointment, appraisal and remuneration of those covered by Executive Pay Arrangements and to monitor terms and conditions of employment in accordance with central direction.

Directors - Remuneration

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

Performance Appraisal

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

Staff Turnover

The most recent published staff turnover rate for the Board was 6.4% (2020/2021 6.4%).

Staff Engagement

The most recent staff survey was carried out in 2021, and the employee engagement index from the survey was 75, on a scale of 0 - 100. The previous survey was in 2019, when the employee engagement index was 76.

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

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2021/2022.

Single total figure of remuneration					
Board Members	**Directors' Gross Salary (Bands of £5,000)**	**Benefits in kind (£'000)**	**Total Earnings in Year (Bands of £5,000)**	**(i) Pension Benefits (£'000)**	**Total Remuneration (Bands of £5,000)**
	2021/22	**2021/22**	**2021/22**	**2021/22**	**2021/22**
Executive					
(ii) John Burns, Chief Executive (to 30/06/21)	35-40	0.0	35-40	0	35-40
(iii) Claire Burden, Chief Executive (from 13/01/22)	25-30	0.0	25-30	7	35-40
Derek Lindsay, Director of Finance	120-125	0.0	120-125	63	180-185
(iv) Dr Crawford McGuffie, Medical Director	215-220	0.0	215-220	333	550-555
Professor Hazel Borland, Nurse Director (to 30/06/21) Interim Chief Executive (from 01/07/21 to 12/01/22) Nurse Director (from 13/01/22 to 31/03/22)	110-115	0.0	110-115	134	245-250
(v) Jennifer Wilson, Interim Nurse Director (from 01/07/21 to 12/01/22)	90-95	0.0	90-95	56	150-155
(vi) Lynne McNiven, Director of Public Health (from 17/05/21)	135-140	0.0	135-140	107	240-245
Non-executive					
Lesley Bowie, Chair	30-35	0.0	30-35	0	30-35
Margaret Anderson	5-10	0.0	5-10	0	5-10
Michael Breen	10-15	0.0	10-15	0	10-15
Councillor Laura Brennan-Whitefield	5-10	0.0	5-10	0	5-10
(vii) Adrian Carragher	75-80	0.0	75-80	27	100-105
Sheila Cowan (from 01/04/21)	5-10	0.0	5-10	0	5-10
Councillor Joseph Cullinane	5-10	0.0	5-10	0	5-10
Sukhomoy Das	5-10	0.0	5-10	0	5-10
Jean Ford	10-15	0.0	10-15	0	10-15
(viii) Ewing Hope	55-60	0.0	55-60	81	135-140
Mhairi Kennedy (to 31/10/21)	5-10	0.0	5-10	0	5-10
Robert Martin	10-15	0.0	10-15	0	10-15
Marc Mazzucco (from 01/11/2021)	0-5	0.0	0-5	0	0-5
John Rainey (to 31/08/21)	0-5	0.0	0-5	0	0-5
Councillor Douglas Reid	5-10	0.0	5-10	0	5-10
Linda Semple	10-15	0.0	10-15	0	10-15

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions.
(ii) Full year equivalent salary £140,000 - £145,000.
(iii) Full year equivalent salary £130,000 - £135,000.
(iv) Dr Crawford McGuffie is the Medical Director, and £35,000 - £40,000 of his salary is in respect of non-Board duties. Pension benefits are high as he had previously left the scheme but reoined during 2021/22.
(v) Jennifer Wilson was a board member for part of the year, and £40,000 - £45,000 of her salary relates to the period when she was not a board member.
(vi) Lynne McNiven was a board member for part of the year, and £10,000 - £15,000 of her salary relates to the period when she was not a board member.
(vii) Adrian Carragher is a stakeholder director for the Area Clinical Forum, and £65,000 - £70,000 of his salary and all pension benefits are in respect of non-Board duties.
(viii) Ewing Hope is the employee director, and £45,000 - £50,000 of his salary and all pension benefits are in respect of non-Board duties.
(ix) There were no bonus payments in 2021/22.

Pension Benefits							
Board Members	**Accrued pension at pension age as at 31/03/2022 (Bands of £5,000)**	**Accrued lump sum at pension age as at 31/03/2022 (Bands of £5,000)**	**Real increase in pension at pension age (Bands of £2,500)**	**Real increase in lump sum at pension age (Bands of £2,500)**	**Cash Equivalent Transfer Value (CETV) at 31/03/2021 £'000**	**(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2022 £'000**	**Real increase in CETV £'000**
John Burns, Chief Executive	55-60	165-170	0	0	1,393	1,351	0
Claire Burden, Chief Executive	0-5	0	0-2.5	0	0	7	7
Derek Lindsay, Director of Finance	45-50	95-100	2.5-5	2.5-5	879	960	82
Dr Crawford McGuffie, Medical Director	65-70	165-170	15-17.5	37.5-40	1,056	1,399	343
Professor Hazel Borland, Nurse Director	55-60	130-135	5-7.5	12.5-15	987	1,141	154
Jennifer Wilson, Interim Nurse Director	25-30	0	2.5-5	0	294	340	46
Lynne McNiven, Director of Public Health	45-50	105-110	5-7.5	7.5-10	931	1,066	134
Adrian Carragher, Non-executive Director	20-25	35-40	0-2.5	0-2.5	356	388	32
Ewing Hope, Non-executive Director	10-15	35-40	2.5-5	10.12.5	196	286	85

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

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2020/2021.

Single total figure of remuneration					
Board Members	**Directors' Gross Salary (Bands of £5,000)**	**Benefits in kind (£'000)**	**Total Earnings in Year (Bands of £5,000)**	**(i) Pension Benefits (£'000)**	**Total Remuneration (Bands of £5,000)**
	2020/21	**2020/21**	**2020/21**	**2020/21**	**2020/21**
Executive					
Mr J Burns, Chief Executive	140-145	0.0	140-145	0	140-145
Mr D Lindsay, Director of Finance	110-115	2.9	115-120	50	165-170
(ii) Dr C McGuffie, Medical Director (from 1 April 2020)	205-210	0.0	205-210	0	205-210
Professor H Borland, Nurse Director	95-100	0.0	95-100	67	160-165
Non-executive					
Mrs L Bowie, Chair	30-35	0.0	30-35	0	30-35
Mrs M Anderson	5-10	0.0	5-10	0	5-10
Mr M Breen	5-10	0.0	5-10	0	5-10
Councillor L Brennan-Whitefield	5-10	0.0	5-10	0	5-10
(iii) Mr A Carragher	70-75	0.0	70-75	28	100-105
Councillor J Cullinane	5-10	0.0	5-10	0	5-10
Dr S Das	5-10	0.0	5-10	0	5-10
Mrs J Ford	5-10	0.0	5-10	0	5-10
(iv) Mr E Hope	40-45	0.0	40-45	18	55-60
Ms M Kennedy (from 1 January 2021)	0-5	0.0	0-5	0	0-5
Mr R Martin	10-15	0.0	10-15	0	10-15
Mr J Rainey	5-10	0.0	5-10	0	5-10
Councillor D Reid	5-10	0.0	5-10	0	5-10
Ms L Semple	10-15	0.0	10-15	0	10-15
Miss L Tennant (left 31 March 2021)	5-10	0.0	5-10	0	5-10

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions.
(ii) Dr C McGuffie is the Medical Director, and £30,000 - £35,000 of his salary is in respect of non-Board duties.
(iii) Mr A Carragher is a stakeholder director for the Area Clinical Forum, and £60,000 - £65,000 of his salary and all pension benefits are in respect of non-Board duties.
(iv) Mr E Hope is the employee director, and £30,000 - £35,000 of his salary and all pension benefits are in respect of non-Board duties.
(v) There were no bonus payments in 2020/21.

Pension Benefits							
Board Members	**Accrued pension at pension age as at 31/03/2021 (Bands of £5,000)**	**Accrued lump sum at pension age as at 31/03/2021 (Bands of £5,000)**	**Real increase in pension at pension age (Bands of £2,500)**	**Real increase in lump sum at pension age (Bands of £2,500)**	**Cash Equivalent Transfer Value (CETV) at 31/03/2020 £'000**	**(vi) Cash Equivalent Transfer Value (CETV) at 31/03/2021 £'000**	**Real increase in CETV £'000**
Mr J Burns, Chief Executive	55-60	165-170	0	0	1,358	1,351	0
Mr D Lindsay, Director of Finance	40-45	90-95	2.5-5.0	2.5-5.0	785	852	67
Dr C McGuffie, Medical Director	50-55	120-125	0	0	1,003	1,023	21
Professor. H Borland, Nurse Director	45-50	110-115	2.5-5.0	2.5-5.0	876	957	81
Mr A Carragher, Non-executive Director	15-20	35-40	0-2.5	0-2.5	313	345	32
Mr E Hope, Non-executive Director	5-10	20-25	0-2.5	2.5-5.0	169	190	18

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

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

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

Fair Pay Disclosures (Audited)

	2022	2021	% Change
Range of staff remuneration	19,012 - 305,702	18,433 - 325,432	
Highest earning Director's total remuneration (£000s)	215,000- 220,000	205,000-210,000	4.8
Median (*total pay & benefits)*	33,366		
Median (*salary only)*	33,352	33,604	-0.7
Ratio	6.52	6.17	
25th Percentile (*total pay & benefits)*	26,127		
26th Percentile (*salary only)*	26,096		
Ratio	8.33		
75th Percentile Pay *(total pay & benefits)*	43,137		
76th Percentile Pay *(salary only)*	42,938		
Ratio	5.07		

Commentary

Boards are required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the Board's workforce. The banded total remuneration of the highest-paid director in NHS Ayrshire & Arran in the financial year 2021/2022 was the Medical Director at £215,000 - £220,000 (2020/2021 was the Medical Director at £205,000-£210,000), an increase of 4.8%. In 2021/2022 this was 6.52 times the median remuneration (salary only) of the workforce, which was £33,352 while in 2020/2021 this was 6.17 times the median remuneration (salary only), which was £33,604.

In 2021/22, the 25th Percentile Pay (salary only) was £26,096 and the 75th Percentile Pay (salary only) was £42,938. The remuneration of the highest paid director was 8.33 times the 25th Percentile Pay, and 5.07 times the 75th Percentile Pay.

There was a reduction of 0.7% year on year in the median remuneration of the workforce. This is partly due to the payment of the £500 bonus to all staff in 2020/21. During 2021/2022, there were 5 clinical members of staff whose remuneration was higher than the highest earning director. During 2020/2021, there were 3 clinical members of staff whose remuneration was higher than the highest paid director.

The average salary (including inward secondees) reduced from £40,263 in 2020/21 to £39,934 in 2021/22, a reduction of 0.82%. This is also influenced by the £500 bonus payment in 2020/21.

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

Staff Report (Audited)

a) Higher Paid Employees' Remuneration

Employees whose remuneration fell within the following ranges:

	2022 Number	2021 Number
Employees whose remuneration fell within the following ranges:		
Clinicians		
£ 70,001 to £ 80,000	60	52
£ 80,001 to £ 90,000	42	46
£ 90,001 to £100,000	41	35
£100,001 to £110,000	33	35
£110,001 to £120,000	49	53
£120,001 to £130,000	41	45
£130,001 to £140,000	40	31
£140,001 to £150,000	34	33
£150,001 to £160,000	19	22
£160,001 to £170,000	17	17
£170,001 to £180,000	13	6
£180,001 to £190,000	10	9
£190,001 to £200,000	4	3
£200,001 and above	10	4
Other		
£ 70,001 to £ 80,000	12	15
£ 80,001 to £ 90,000	10	5
£ 90,001 to £100,000	8	9
£100,001 to £110,000	3	2
£110,001 to £120,000	2	2
£120,001 to £130,000	1	0
£130,001 to £140,000	0	0
£140,001 to £150,000	0	1
£150,001 to £160,000	0	0
£160,001 to £170,000	0	0
£170,001 to £180,000	0	0
£180,001 to £190,000	0	0
£190,001 to £200,000	0	0
£200,001 and above	0	0

B Staff numbers and Costs (Audited)

	Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2022 Total	2021 Total
	£000	£000	£000	£000	£000	£000	£000	£000
STAFF COSTS								
Salaries and wages	515	161	386,397			(1,652)	**385,421**	396,193
Social security costs	73	4	42,492			(207)	**42,362**	38,661
NHS scheme employers' costs	83		70,597			(217)	**70,463**	64,379
Other employers' pension costs							**0**	0
Inward secondees				23,324			**23,324**	324
Agency and other directly engaged staff					14,150		**14,150**	9,053
	671	165	499,486	23,324	14,150	(2,076)	**535,720**	508,610
Compensation for loss of office/early retirement							**0**	60
Pensions to former Board members	0	0	0	0	0	0	**0**	0
Total	**671**	**165**	**499,486**	**23,324**	**14,150**	**(2,076)**	**535,720**	**508,670**
Included in the total staff costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of:							376	305
STAFF NUMBERS								
Whole time equivalent (WTE)	4	14	9,954	250		8	**10,230**	**9,843**
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:							0	0
Included in the total staff numbers above were disabled staff of:							124	111
Included in the total staff numbers above were Special Advisers of:							0	0

C Staff Composition (Not audited)

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

	2022			2021		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	2	4	3	1	4
Non-Executive Directors and Employee Director	8	6	14	8	6	14
Senior Employees	277	176	453	240	181	421
Other	1,510	9,167	10,677	1,611	9,214	10,825
Total Headcount	1,797	9,351	11,148	1,862	9,402	11,264

A Mainstreaming Report including Equality Outcomes Progress was considered at the March 2021 public board meeting. To view click here.

D Sickness Absence (Not audited)

	2022	2021
Sickness absence rate	5.2%	3.9%

The above reflects the average non-COVID-19 absence as detailed in figure 27 on page 35, while figure 28 on page 36 shows the COVID-19 related absence.

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

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

In accordance with current policy:

- All disabled applicants who meet the minimum criteria for a job vacancy will be invited to attend for interview and their suitability for the post will be based on their skills, knowledge and experience. This includes existing staff who apply for a promoted post.

- Reasonable adjustments will be made both in terms of duties and/or equipment required to retain an employee in work should they become disabled during their employment.

- Individual training needs are primarily identified and agreed at the annual PDP meeting. The subsequent development plan is created to meet the needs of the employee thus providing all staff with the same opportunity for development.

NHS Ayrshire & Arran also participates in a number of employability initiatives to support people with a disability to gain work experience and sustainable employment eg the Management Trainee Scheme for disabled graduates, which is a 2-year employment opportunity for disabled graduates providing them with a challenging and rewarding experience of employment.

F Exit packages (Audited)

EXIT PACKAGES

	2022		2021	
Exit package cost band	**Total number of exit packages by cost band**	**Cost of exit packages (£000)**	**Total number of exit packages by cost band**	**Cost of exit packages (£000)**
<£10,000	0	0	0	0
£10,001 - £25,000	0	0	0	0
£25,001 - £50,000	0	0	0	0
£50,001 - £100,000	0	0	1	60
£100,001- £150,000	0	0	0	0
£150,001- £200,000	0	0	0	0
£200,001- £250,000	0	0	0	0
>£250,000	0	0	0	0
Total	**0**	**0**	**1**	**60**
			0	0

There were no compulsory redundancies in 2021/2022 or in 2020/2021.

G Trade Union Regulations (Not audited)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. 2021/2022 information is below.

Table 1 Relevant Union Officials

Number of Employees who were relevant union officials during the relevant period (inclusive of full-time equivalent)	Full-time equivalent employee number
8	**5**

Table 2 Percentage of time spent on facility time

Percentage of Time spent on facility time	Number of Employees
0%	0
1 - 50%	4
51-49%	0
100%	4

Table 3 Percentage of pay bill spent on facility time

First Column	Figures
Total cost of Facility time	£290,749
Provide the total pay bill	£536,623,000
Provide the percentage of the total paybill spent on facility time	0.05%

Table 4

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.00%

Parliamentary Accountability Report

On occasion, the Board is required to write off balances that are no longer recoverable. Individual losses and special payments over £300,000 require formal approval to regularise such transactions and their notation in the annual accounts. There were no individual losses or special payments over £300,000 in 2021/2022 or in 2020/21.

Fees and Charges

As required in the fees and charges guidance in the Scottish Public Finance Manual, NHS Ayrshire & Arran charges for services provided on a full cost basis whenever applicable. NHS Ayrshire & Arran host, on behalf of NHS Scotland, the financial ledger and helpdesk. The staffing, software and managed technical service costs are met by the Board then recharged to the other twenty-one Boards. Income from Boards of £3.2 million (2020/2021 £2.7 million) offset the costs for the year of £3.2 million (2020/2021 £2.7 million).

Signed …… Date …28 June 2022……
Chief Executive

Audit Report

Independent auditor's report to the members of Ayrshire and Arran Health Board, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Ayrshire and Arran Health Board and its group for the year ended 31 March 2022 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, Consolidated Statement of Financial Position, Consolidated Summary of Cash Flows, Consolidated Summary of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the affairs of the board and its group as at 31 March 2022 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 2021/22 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 6 years. We are independent of the board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 board's current or future financial sustainability. However, we 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

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to

detect material misstatements in respect of irregularities, including fraud. Procedures include:

- considering the nature of the board's control environment and reviewing the board's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;

- identifying which laws and regulations are significant in the context of the board;

- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service (Scotland) Act 1978 and the Public Bodies (Joint Working) Scotland Act 2014.

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the expenditure resource limits set by the Scottish Government. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained independent confirmation of the resource limits allocated by the Scottish Government and, tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in

making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom

28 June 2022

2021 £000		Note	2022 £000
509,544	Employee expenditure	3a	537,420
128,284	Independent Primary Care Services	3b	127,384
152,512	Drugs and medical supplies	3b	160,794
757,060	Other health care expenditure	3b	798,299
1,547,400			**1,623,897**
(517,158)	Less: operating income	4	(529,202)
(15,990)	Associates and joint ventures accounted for on an equity basis		(29,758)
1,014,252	**Net expenditure for the year**		**1,064,937**
	Other Comprehensive Net Expenditure		
6,372	Net (gain) / loss on revaluation of property, plant and equipment		(16,458)
(1,730)	Net (gain) / loss on revaluation of available for sale financial assets		166
4,642	**Other Comprehensive Expenditure**		**(16,292)**
1,018,894	**Comprehensive Net Expenditure**		**1,048,645**

The other comprehensive expenditure will not be reclassified.

The Notes to the Accounts, numbered 1 to 24 , form an integral part of these Accounts.

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
412,066	412,066	Property, plant and equipment	7a	441,111	441,111
		Financial assets:			
8,884	-	Investments	10	8,960	150
16,294	-	Investments in associates and joint ventures	24	46,052	-
39,585	39,585	Trade and other receivables	9	33,329	33,329
476,829	**451,651**	**Total non-current assets**		**529,452**	**474,590**
5,661	5,661	Inventories	8	5,441	5,441
		Financial assets:			
27,339	27,339	Trade and other receivables	9	31,219	31,219
908	132	Cash and cash equivalents	11	1,937	136
-	-	Assets classified as held for sale	7	40	40
33,908	**33,132**	**Total current assets**		**38,637**	**36,836**
510,737	**484,783**	**Total assets**		**568,089**	**511,426**
(15,178)	(15,178)	Provisions due within one year	13a	(24,562)	(24,562)
		Financial liabilities:			
(118,421)	(118,382)	Trade and other payables	12	(183,266)	(182,780)
(133,599)	**(133,560)**	**Total current liabilities**		**(207,828)**	**(207,342)**
377,138	**351,223**	**Non-current assets less net current liabilities**		**360,261**	**304,084**
(79,872)	(79,872)	Provisions due outwith one year	13a	(74,634)	(74,634)
		Financial liabilities:			
(59,452)	(59,452)	Trade and other payables	12	(54,618)	(54,618)
-	-	Liabilities in associates and joint ventures		-	-
(139,324)	**(139,324)**	**Total non-current liabilities**		**(129,252)**	**(129,252)**
237,814	**211,899**	**Assets less liabilities**		**231,009**	**174,832**
		Taxpayers' Equity			
96,540	96,540	General fund	SoCTE	46,742	46,742
115,359	115,359	Revaluation reserve	SoCTE	128,090	128,090
16,294	-	Other reserves - associates and joint ventures	SoCTE	46,052	-
9,621	-	Fund held on Trust	SoCTE	10,125	-
237,814	**211,899**	**Total taxpayers' equity**		**231,009**	**174,832**

The Notes to the Accounts, numbered 1 to 24 , form an integral part of these Accounts.

The Accounting Officer authorised these financial statements for issue on 28 June 2022.

Adopted by the Board on _____

Director of Finance _____

Chief Executive _____

2021 £000		Note	2022 £000	2022 £000
	Cash flows from operating activities			
(1,014,252)	Net operating cost	SoCTE	(1,064,937)	
18	Adjustments for non-cash transactions	2b	(948)	
7,022	Add back: interest payable recognised in net operating cost	2b	4,909	
(322)	Investment income		(333)	
32,808	Movements in working capital	2b	72,868	
(974,726)	**Net cash outflow from operating activities**	**24c**		**(988,441)**
	Cash flows from investing activities			
(13,529)	Purchase of property, plant and equipment		(29,562)	
(270)	Investment Additions	10	(12,565)	
6,452	Transfer of assets to / (from) other NHS Scotland bodies		844	
1,050	Proceeds of disposal of property, plant and equipment		39	
933	Receipts from sale of investments		323	
322	Interest received		333	
(5,042)	**Net cash outflow from investing activities**	**24c**		**(40,588)**
	Cash flows from financing activities			
990,113	Cash drawn down	SoCTE	1,041,082	
(2,649)	Capital element of payments in respect of finance leases and On-balance sheet PFI contracts	2b	(6,115)	
(7,022)	Interest element of finance leases and On-balance sheet PFI/PPP contracts	2b	(4,909)	
980,442	**Net Financing**	**24c**		**1,030,058**
674	Net Increase (decrease) in cash and cash equivalents in the period	11		1,029
234	Cash and cash equivalents at the beginning of the period			908
908	**Cash and cash equivalents at the end of the period**			**1,937**
	Reconciliation of net cash flow to movement in net debt/cash:			
674	Increase (decrease) in cash in year			1,029
234	Net cash at 1 April			908
908	**Net cash at 31 March**			**1,937**

The Notes to the Accounts, numbered 1 to 24 , form an integral part of these Accounts.

	Note	General Fund	Revaluation Reserve	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000
Balance at 31 March 2021		96,540	115,359	16,294	9,621	237,814
Prior year adjustments for changes in accounting policy and material errors	22	-	-	-	-	-
Balance at 1 April 2021		**96,540**	**115,359**	**16,294**	**9,621**	**237,814**
Changes in taxpayers' equity for 2021-22 :						
Net gain on revaluation of property, plant and equipment	7a	-	16,458	-	-	16,458
Net loss on revaluation assets	10	-		-	(166)	(166)
Impairment of property, plant and equipment		-	(2,134)	-	-	(2,134)
Revaluation & impairments taken to operating costs	2a	-	2,048	-	-	2,048
Release of reserves to the statement of comprehensive net expenditure		-		-	-	-
Transfers between reserves		3,641	(3,641)	-	-	-
Non Cash Costs		844				844
Net operating cost for the year	SCCF	(1,095,365)	-	29,758	670	(1,064,937)
Total recognised income and expense for 2021-22		**(1,090,880)**	**12,731**	**29,758**	**504**	**(1,047,887)**
Funding:						
Drawn down	SCCF	1,041,082	-	-	-	1,041,082
Movement in General Fund (creditor) / debtor	CFS	-	-	-	-	-
Balance at 31 March 2022	**SoFP**	**46,742**	**128,090**	**46,052**	**10,125**	**231,009**

Changes in Taxpayers' Equity 2020/21

Prior Year	Note	General Fund	Revaluation Reserve	Associates & Joint Ventures	Funds Held on Trust	Total Reserves
		£000	£000	£000	£000	£000
Balance at 31 March 2020		125,569	126,779	304	7,491	260,143
Prior year adjustments for changes in accounting policy and material errors	22	-	-	-	-	-
Balance at 1 April 2020		**125,569**	**126,779**	**304**	**7,491**	**260,143**
Changes in taxpayers' equity for 2020-21						
Net loss on revaluation of property, plant and equipment	7a	-	(6,372)	-	-	(6,372)
Net gain on revaluation assets	10		-		1,730	1,730
Impairment of property, plant and equipment	7a	-	(507)	-	-	(507)
Revaluation & impairments taken to operating costs	2b	-	507	-	-	507
Transfers between reserves		5,048	(5,048)	-	-	-
Non Cash Costs		6,452				6,452
Net operating cost for the year		(1,030,642)	-	15,990	400	(1,014,252)
Total recognised income and expense for 2020-21		**(1,019,142)**	**(11,420)**	**15,990**	**2,130**	**(1,012,442)**
Funding:						
Drawn down		990,113	-	-	-	990,113
Balance at 31 March 2021	**SoFP**	**96,540**	**115,359**	**16,294**	**9,621**	**237,814**

The Notes to the Accounts, numbered 1 to 24 , form an integral part of these Accounts.

Note 1 – Accounting Policies

1. **Authority**
   In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the UK Endorsement Board on behalf of the Secretary of State, 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 30 below.

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

   In the current year, the Board has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

   - **Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9:** Interest Rate Benchmark Reform (Phase 2).
   - **Amendments to IFRS 4:** Insurance contracts – deferral of IFRS 9
   - **Covid-19 Related Rent Concessions beyond 30 June 2021:** (Amendment to IFRS 16)

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

There are no new standards, amendments or interpretations early adopted this year.

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

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

- **IFRS 16:** Leases. HM Treasury have agreed to defer implementation until 1 April 2022/23. The impact is detailed below.

- **IFRS 17:** Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1**: Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1**: Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 8**: Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.
- **Amendments to IAS 16:** Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 37:** Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

The Board does not expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods, except as noted below.

IFRS 16 Leases supersedes IAS 17 Leases and is being applied by HM Treasury in the Government Financial Reporting Manual (FReM) from 1 April 2022/23. IFRS 16 introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed.

Under IFRS 16, lessees are required to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. While no standard definition of 'low value' has been mandated, NHS Scotland have elected to utilise the capitalisation threshold of £5,000 to determine the assets to be disclosed. The Board expects that its existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16. In future years new contracts and contract renegotiations will be reviewed for consideration under IFRS 16 as implicitly identified right-of-use assets. Assets recognised under IFRS 16 will be held on the Statement of Financial Position as (i) right of-use assets which represent the Board's right to use the underlying leased assets; and (ii) lease liabilities which represent the obligation to make lease payments.

The bringing of leased assets onto the Statement of Financial Position will require depreciation and interest to be charged on the right-of-use asset and lease liability, respectively. Cash repayments will also be recognised in the Statement of Cash Flows, as required by IAS 7.

The Board has assessed the likely impact to i) comprehensive net expenditure and ii) the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases as at 31 March 2022.

The standard is expected to increase total expenditure. by £0.2 million. Right-of-use assets totalling £2.8 million will be brought onto the Statement of Financial Position, with an associated lease liability of £2.8 million.

2. Basis of Consolidation

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

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

Ayrshire and Arran Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Endowment Fund is consolidated on a line by line basis in accordance with IFRS 10. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

In conjunction with the three Ayrshire Local Authorities, the Board has formed three Integration Joint Boards (IJBs), one each for their respective areas, under the terms of the Public Bodies (Joint Working) Scotland Act 2014.

In accordance with IAS 28 -Investments in Associates and Joint Ventures, the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of Integration Joint Boards using the equity method of accounting.

During 2021/22, NHS Ayrshire and Arran purchased Cumnock SPV Holdings Limited and Cumnock SPV Limited, which are not consolidated as they are not material. Further information is contained in Note 24 to the Annual Accounts.

Note 26 to the Annual Accounts details how these consolidated Financial Statements have been calculated.

3. Retrospective Restatements

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

4. Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for a minimum of 12 months from the date of these accounts. In accordance with the FReM, the going concern concept will apply as there is the assumed continuation of service provision into the future.

5. Accounting Convention

The Accounts are prepared on an historical cost basis, as modified by the revaluation of property, plant and equipment. Intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities are held at fair value.

6. Funding

6.1 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. IFRS 15 will be taken into account where appropriate.

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

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

7.2 Measurement

Valuation:

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

All assets that are not held for their service potential (ie 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.

Valuations of all land and building assets are reassessed by valuers on an annual basis of professional valuations and 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 insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non-specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology

available (for example, appropriate indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. 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.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

The impact of Brexit has been considered and there is no material impact.

Subsequent expenditure:

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

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

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.

Gains and losses:

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

Temporary Decreases in Asset Value
Temporary decreases in asset value 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 consolidated net expenditure.

7.3 Depreciation

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

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

1) Freehold land is considered to have an infinite life and is not depreciated.

2) Assets in the course of construction and residual interests in PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.

3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.

4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.

5) Equipment is depreciated over the estimated life of the asset.

6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

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

8. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

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

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

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

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

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

10. Leasing

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

Operating leases
Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

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

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 an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure (SOCNE) are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

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 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.

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.

In 2020/21 and 2021/22, the Health Board received inventories, including personal protective equipment and testing kits, from the Scottish Government and the UK government at nil cost. These inventories have been accounted for at a deemed cost, reflecting the best available approximation of an imputed market value based on the cost of acquisition by the Scottish and UK governments.

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.

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 for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The pension cost is assessed every five years by the Government Actuary and determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive

Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

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

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

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 4.

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

19. PFI /HUB/NPD Schemes

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

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by

charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

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

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

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

20. Provisions

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

21. 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.

22. 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.

23. Financial Instruments

Financial assets

Business model
The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

Classification
When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale. IFRS 9 will be taken into account where appropriate.

(a) Financial assets at fair value through profit or loss.
This is the default basis for financial assets.
(b) Financial assets held at amortised cost.

A financial asset may be held at amortised cost where both of the following conditions are met:

i. the financial asset is held within a business model where the objective is to collect contractual cash flows; and
ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

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

A financial asset may be held at fair value through other comprehensive income where both of the following conditions are met:

i. the financial asset is held within a business model where the objective is to collect contractual cash flows *and* sell the asset; and
ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

Impairment of financial assets
Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive

income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

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

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

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

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

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

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

(b) Financial assets held at amortised cost

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

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

Financial Liabilities

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

i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
ii. they contain embedded derivatives; and/or
iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

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

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

(b) Financial liabilities held at amortised cost

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

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

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

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

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

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

(b) Amortised costs

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

24. Segmental reporting

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

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

25. 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 balance sheet. Where the Government Banking Service is using Citi and Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

26. 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 balance sheet date:

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

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet 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.

27. 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.

28. Key sources of judgement

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

The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of a causing material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

The Board has concluded that there are no critical judgements required by management in applying accounting policies that may have a significant effect on the amounts recognised in the financial statements.

29. Key sources of estimation uncertainty

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

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

Clinical and Medical Negligence Claims

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

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

The accounts contain a provision of £38,245,000 for negligence claims, with an offsetting debtor of £37,932,000 for reimbursement under CNORIS. There is also a provision of £45,793,000 in respect of the Board's liability from participating in CNORIS.

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

Valuation of Land and Buildings

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

The Board considers the revaluation of its property, plant and equipment to be a material estimation made by the District Valuer, who will make a number of estimations around asset values and lives based on their professional knowledge and experience. The carrying amount of the Board's revalued property, plant and equipment is £392.5 million (2020/21: £382.8 million) for the year ended 31 March 2022. The Board commissioned a valuation for 31 March 2022 which was performed in January to March 2022.

NHS Ayrshire and Arran
Summary of Resource Outturn
for the year ended 31st March 2022

Note 2a Summary of Resource Outturn (SORO)

	Note		2022 £000
Summary Of Core Revenue Resource Outturn			
Net Operating Costs	**SoCNE**		**1,064,937**
Total Non-Core Expenditure (see below)			(31,651)
Family Health Services Non-Discretionary Allocation			(55,822)
Endowment Net Operating Costs			670
Associates and Joint Ventures accounted for on an equity basis			29,758
Total Core Expenditure			1,007,892
Core Revenue Resource Limit			1,008,402
Saving against Core Revenue Resource Limit (RRL)			**510**
Summary Of Non-Core Revenue Resource Outturn			
Depreciation / Amortisation		13,197	
Annually Managed Expenditure - Impairments		14,882	
Annually Managed Expenditure - Creation of Provisions		1,671	
Annually Managed Expenditure - Depreciation of Donated Assets		400	
Additional SGHSCD non-core funding		335	
Donated assets income		(215)	
IFRS PFI Expenditure		1,381	
Total Non-Core Expenditure		**31,651**	
Non Core Revenue Resource Limit			**31,651**
Excess against Non Core Revenue Resource Limit (RRL)			**-**

Summary Resource Outturn

	Resource £000	Expenditure £000	Saving (Excess) £000
Core	1,008,402	1,007,892	510
Non-Core	31,651	31,651	-
Total	**1,040,053**	**1,039,543**	**510**

Note 2b Notes to the Cash Flow Statement

2021 £000		Note	2022 £000
	Consolidated adjustment for non-cash transactions		
15,574	Depreciation	7a	14,577
350	Depreciation Donated Assets	7a	400
507	Impairments on PPE charged to SOCNE		2,048
-	Loss on remeasurement of non-current assets held for sale		-
(423)	Funding Of Donated Assets	7a	(215)
-	Profit on disposal of property, plant and equipment		-
(15,990)	Investment in IJB		(29,758)
18	**Total Expenditure Not Paid In Cash**	**SoCCF**	**(12,948)**
	Consolidated adjustment for non-cash transactions		
	Interest payable		
7,022	PFI Finance lease charges allocated in the year	18	4,909
-	Other Finance lease charges allocated in the year		-
7,022	**Total Interest Payable**		**4,909**

Consolidated movements in working capital

2021 £000		Note	2022 £000	2022 £000	2022 £000
	Inventories				
114	Raw materials and Consumables	8	5,661	5,441	
114	**Net Increase**		5,661	5,441	**220**
	Trade and Other Receivables				
460	Due within one year	9	27,339	31,219	
(14,902)	Due after more than one year	9	39,585	33,329	
		SoCCF	66,924	64,548	
(14,442)	**Net Increase (Decrease)**				**2,376**
	Trade and Other Payables				
40,241	Due within one year	12	118,421	183,266	
(2,985)	Due after more than one year	12	59,452	54,618	
	Less: property, plant & equipment (capital) included in above				
-	Less: General Fund creditor included in above	12	(117)	(117)	
2,649	Less: lease and PFI creditors included in above	12	(61,784)	(55,669)	
		SoCCF	115,972	182,098	
39,905	**Net Increase**				**66,126**
	Provisions				
7,231	Statement of Financial Position	13a	95,050	99,196	
		SoCCF	95,050	99,196	
7,231	**Net Increase**				**4,146**
32,808	**Net Increase**				**72,868**

Note 3 Operating Expenses

2021 Consolidated £000		2022 Board £000	2022 Consolidated £000
	Note 3a Staff Costs		
99,218	Medical and Dental	106,138	106,138
226,934	Nursing	243,300	243,300
183,392	Other Staff	187,982	187,982
509,544	**Total Staff Costs**	**537,420**	**537,420**
	Further detail and analysis of employee costs can be found in the Remuneration and Staff Report forming part of the Accountability Report.		
	Note 3b Other Operating Costs		
	Independent Primary Care Services		
68,046	General Medical Services	69,410	69,410
25,121	Pharmaceutical Services	21,300	21,300
26,753	General Dental Services	28,140	28,140
8,364	General Ophthalmic Services	8,534	8,534
128,284		**127,384**	**127,384**
	Drugs and Medical Supplies		
82,535	Prescribed drugs Primary Care	82,491	82,491
36,400	Prescribed drugs Secondary Care	40,932	40,932
10,189	PPE and Testing Kits	3,827	3,827
23,388	Medical Supplies	33,544	33,544
152,512		**160,794**	**160,794**
	Other health care expenditure		
575,947	Contribution to Integration Joint Boards	605,954	605,954
72,062	Goods and services from other NHS Scotland bodies	76,125	76,125
101	Goods and services from other UK NHS bodies	309	309
3,782	Goods and services from private providers	4,797	4,797
5,575	Goods and services from voluntary organisations	6,638	6,638
98,557	Other operating expenses (analysed in note 3c below)	103,223	103,223
161	External Auditor's remuneration - statutory audit fee	168	168
42	External Auditor's remuneration - IJB	42	42
833	Endowment Fund expenditure	-	1,043
757,060		**797,256**	**798,299**
1,037,856	**Other Operating Expenditure**	**1,085,434**	**1,086,477**

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

2021 Consolidated £000	Other Operating Expenses reported above includes	Note	2022 Board £000	2022 Consolidated £000
15,575	Depreciation on owned assets		14,578	14,578
1,450	Impairment of building assets		4,166	4,166
10,164	Utility and rates		10,997	10,997
11,053	PFI		9,219	9,219
3,590	CNORIS participation		3,640	3,640
10,059	Equipment and IT additions and maintenance		13,437	13,437
9,655	Hotel Services		10,378	10,378
37,011	Other		36,808	36,808
98,557	**Other operating expenses per note 3b above**	**SoCNE**	**103,223**	**103,223**

Note 4 Operating Income

2021 Consolidated £000		2022 Board £000	2022 Consolidated £000
27,862	Income from other NHS Scotland bodies	28,980	28,980
336	Income from NHS non-Scottish bodies	507	507
20	Income from private patients	160	160
464,939	Income for services commissioned by Integration Joint Board	470,013	470,013
677	Patient charges for primary care	2,426	2,426
2,893	Donations	6,624	6,624
1,206	Profit on disposal of assets	244	244
	Non NHS:		
21	Overseas patients (non-reciprocal)	23	23
1,233	Endowment Fund Income	-	1,713
17,971	Other	18,512	18,512
517,158	**Total Income**	**527,489**	**529,202**

Note 5 Segmental Information

	Acute £000	East HSCP £000	North HSCP £000	South HSCP £000	Corporate £000	Group £000
Net operating cost	387,307	217,777	187,343	113,978	158,532	**1,064,937**
Net operating cost - prior year	383,976	239,515	111,433	140,508	138,820	1,014,252

Note 6 Intangible Assets (Non-Current) Consolidated Board

Software Licences	2021 £000	2022 £000
Cost or Valuation		
At 1st April	21	21
At 31st March	**21**	**21**
Amortisation		
At 1st April	21	21
At 31st March	**21**	**21**
Net Book Value		
At 1st April	0	0
At 31st March	**0**	**0**

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

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2022 £000
Cost or valuation									
At 31st March 2021	15,379	367,856	544	207	71,745	10,554	8,608	2,295	477,188
Additions Purchased	-	5,067	-	-	13,277	1,549	70	9,599	29,562
Additions Donated	-	-	-	-	215	-	-	-	215
Completions	-	285	-	-	-	-	-	(285)	-
Transfers (to) / from non-current assets held for sale	(28)	(12)	-	-	-	-	-	-	(40)
Revaluation	822	5,227	5	-	-	-	-	-	6,054
Impairment Charge	(5)	(1,669)	-	-	-	-	-	(499)	(2,173)
Disposals Purchased	-	-	-	-	(2,640)	-	-	-	(2,640)
Disposals Donated	-	-	-	-	(74)	-	-	-	(74)
At 31st March 2022	**16,168**	**376,754**	**549**	**207**	**82,523**	**12,103**	**8,678**	**11,110**	**508,092**
Depreciation									
At 31st March 2021	-	957	-	207	49,320	7,249	7,389	-	65,122
Additions Purchased	-	10,412	20	-	2,820	1,149	176	-	14,577
Additions Donated	-	74	-	-	326	-	-	-	400
Transfers (to) / from non-current assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation	-	(10,384)	(20)	-	-	-	-	-	(10,404)
Impairment Charge	-	(39)	-	-	-	-	-	-	(39)
Disposals Purchased	-	-	-	-	(2,601)	-	-	-	(2,601)
Disposals Donated					(74)				(74)
At 31st March 2022	**-**	**1,020**	**-**	**207**	**49,791**	**8,398**	**7,565**	**-**	**66,981**
Net book value at March 2021 (SoFP	**15,379**	**366,899**	**544**	**-**	**22,425**	**3,305**	**1,219**	**2,295**	**412,066**
Net book value at March 2022	**16,168**	**375,734**	**549**	**-**	**32,732**	**3,705**	**1,113**	**11,110**	**441,111**
Open Market Value of Land in Land and Dwellings included above	6,123	-	523	-	-	-	-	-	-
Asset financing:									
Owned - purchased	16,168	302,210	549	-	30,920	3,705	1,113	11,360	**366,025**
Owned - donated	-	2,942	-	-	1,812	-	-	-	**4,754**
Held on finance lease	-	1,245	-	-	-	-	-	-	**1,245**
On-balance sheet PFI contracts	-	69,337	-	-	-	-	-	(250)	**69,087**
Net book value at March 2022	**16,168**	**375,734**	**549**	**-**	**32,732**	**3,705**	**1,113**	**11,110**	**441,111**

Note 7 a **(Prior Year)**

	Land (inc under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total 2021 £000
Cost or valuation									
At 31st March 2020	16,358	381,266	558	207	64,417	9,992	8,533	3,786	485,117
Additions Purchased	-	2,288	-	-	8,582	562	75	2,022	13,529
Additions Donated	-	-	-	-	423	-	-	-	423
Completions	-	3,176	-	-	-	-	-	(3,176)	-
Revaluation	71	(18,696)	(14)	-	-	-	-	-	(18,639)
Impairment Charge	-	(178)	-	-	-	-	-	(337)	(515)
Disposals Purchased	(1,050)	-	-	-	(1,641)	-	-	-	(2,691)
Disposals Donated	-	-	-	-	(36)	-	-	-	(36)
At 31st March 2021	**15,379**	**367,856**	**544**	**207**	**71,745**	**10,554**	**8,608**	**2,295**	**477,188**
Depreciation									
At 31st March 2020	-	895	-	207	48,708	6,123	7,217	-	63,150
Provided during the year Purchased	-	12,240	20	-	2,016	1,126	172	-	15,574
Provided during the year Donated	-	77	-	-	273	-	-	-	350
Revaluation	-	(12,247)	(20)	-	-	-	-	-	(12,267)
Impairment Charge	-	(8)	-	-	-	-	-	-	(8)
Disposals Purchased	-	-	-	-	(1,641)	-	-	-	(1,641)
Disposals Donated	-	-	-	-	(36)	-	-	-	(36)
At 31st March 2021	**-**	**957**	**-**	**207**	**49,320**	**7,249**	**7,389**	**-**	**65,122**
Net book value at March 2020 (SoFP	**16,358**	**380,371**	**558**	**-**	**15,709**	**3,869**	**1,316**	**3,786**	**421,967**
Net book value at March 2021	**15,379**	**366,899**	**544**	**-**	**22,425**	**3,305**	**1,219**	**2,295**	**412,066**
Open Market Value of Land in Land and Dwellings included above	6,107		522						
Asset financing:									
Owned - purchased	15,379	281,255	544	-	20,502	3,305	1,219	2,295	324,499
Owned - donated	-	2,936	-	-	1,923	-	-	-	4,859
Held on finance lease	-	1,306	-	-	-	-	-	-	1,306
On-balance sheet PFI contracts	-	81,402	-	-	-	-	-	-	81,402
Net book value at March 2021	**15,379**	**366,899**	**544**	**-**	**22,425**	**3,305**	**1,219**	**2,295**	**412,066**

Note 7 b. Assets held for Sale

Assets held for Sale - Consolidated and Board		2021 £000	2022 £000
At 1 April		0	0
Transfers (to) / from property, plant and equipment	7a	0	40
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		0	0
At 31 March	**SoFP**	**0**	**40**

Note 7c. Property, Plant and Equipment Disclosures

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
407,207	407,207	Purchased	7a	436,357	436,357
4,859	4,859	Donated	7a	4,754	4,754
412,066	**412,066**	**Net book value of property, plant and equipment at 31 March**		**441,111**	**441,111**
6,629	**6,629**	**Net book value related to land valued at open market value at 31 March**		**6,646**	**6,646**
25,854	**25,854**	**Net book value related to buildings valued at open market value at 31 March**		**25,999**	**25,999**
		Total value of assets held under:			
1,306	1,306	Finance Leases		1,245	1,245
81,402	81,402	PFI and PPP Contracts		69,087	69,087
82,708	**82,708**			**70,332**	**70,332**
		Total depreciation charged in respect of assets held under:			
61	61	Finance leases		61	61
3,464	3,464	PFI and PPP contracts		1,561	1,561
3,525	**3,525**			**1,622**	**1,622**

All land and 100% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2022 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £18.377m (2020-21: a decrease of £6.372m) which was credited to the revaluation reserve. Impairment of £4.166m (2020-21 £0.507m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Note 7d Analysis of Capital Expenditure

2021 £000			2022 £000
13,529	Acquisition of Property, plant and equipment	7a	29,562
423	Donated Asset Additions	7a	215
0	Purchase of Cumnock SPV		12,000
13,952	**Gross Capital Expenditure**		**41,777**
1,050	Net book value of disposal of property, plant and equipment		39
1,050	**Capital Income**		**39**
12,902	**Net Capital Expenditure**		**41,738**

The published accounts for 2020-21 included donated asset income of £423,000. There has been a change in presentation from April 2021 onwards.

	Summary of Capital Resource Outturn	
12,479	Core capital expenditure included above	41,523
12,480	Core Capital Resource Limit	41,523
(1)	**Excess against Core Capital Resource Limit (CRL)**	**0**

Note 8 Inventories

Consolidated 2021 £000	Board 2021 £000		Consolidated 2022 £000	Board 2022 £000
5,661	5,661	Raw Materials and Consumables	5,441	5,441
5,661	**5,661**		**5,441**	**5,441**

Note 9 Trade and Other Receivables

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
963	963	Boards		2,131	2,131
963	**963**	**NHS Scotland receivables due within one year**		**2,131**	**2,131**
47	47	NHS Non-Scottish Bodies		66	66
855	855	VAT recoverable		610	610
2,213	2,213	Prepayments		1,876	1,876
4,138	4,138	Accrued income		1,377	1,377
16,143	16,143	Other Receivables		13,560	13,560
2,980	2,980	Reimbursement of provisions		11,599	11,599
26,376	**26,376**	**Other receivables due within one year**		**29,088**	**29,088**
27,339	**27,339**	**Total receivables due within one year**	**SoFP**	**31,219**	**31,219**
39,585	39,585	Reimbursement of Provisions		33,329	33,329
39,585	**39,585**	**Total Receivables due after more than one year**	**SoFP**	**33,329**	**33,329**
66,924	**66,924**	**Total Receivables**		**64,548**	**64,548**
91	**91**	**Provision for impairment included above**		**439**	**439**
		WGA Classification			
963	963	NHS Scotland		2,131	2,131
345	345	Central Government Bodies		922	922
1,225	1,225	Whole of Government Bodies		1,942	1,942
47	47	Balances with NHS Bodies in England and Wales		66	66
64,344	64,344	Balances with bodies external to Government		59,487	59,487
66,924	**66,924**	**Total Current Receivables**		**64,548**	**64,548**
		Movement on the provision for impairment of receivables:			
58	58	At 1 April		91	91
33	33	Provision for impairment		348	348
91	**91**	**As at 31st March**		**439**	**439**

As of 31 March 2022, receivables with a carrying value of £438,000 (2020-21: £91,000) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
0	0	3 to 6 months past due		0	0
91	91	Over 6 months past due		439	439
91	**91**	**As at 31st March**		**439**	**439**

The receivables assessed as individually impaired were mainly English NHS Trusts, overseas patients and private individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2022, receivables with a carrying value of £1,032,000
(2020-21: £852,000) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

259	259	Up to 3 months past due	220	220
182	182	3 to 6 months past due	95	95
411	411	Over 6 months past due	717	717
852	**852**	**As at 31st March**	**1,032**	**1,032**

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

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

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

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

852	**852**	**Existing customers with no defaults in the past**	**1,032**	**1,032**

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

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

66,924	**66,924**	**Pounds**	**64,548**	**64,548**

All non-current receivables are due within 5 years.
A single exception exists - 100% reimbursement due to NHS A&A equal to an annual payment by The Board of two Clinical Negligence settlements during the agreement period.

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

The fair value of long term other receivables is £0 (2020-21 £0).

The effective interest rate on non-current other receivables is 0% (2021: 0%).
Pension liabilities are discounted at -1.3% (2021: -0.95%).

Note 10 Available for Sale Financial Assets

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
8,884		Other		8,810	
8,884	**-**	**Total Assets Available for Sale**	**SoFP**	**8,810**	**-**
7,817		At 1 April		8,884	-
270		Additions		12,415	-
-		GP Loans advances		150	150
(933)		Disposals		(323)	-
-		Impairment recognised in SoCNE		(12,000)	-
1,730		Revaluation surplus / (deficit) transfered to equity		(166)	-
8,884	**-**	**At 31 March**		**8,960**	**150**
8,884		Non-current	SoFP	8,960	**150**
17,768	**-**	**At 31 March**		**8,960**	**150**

Note 11. Cash and Cash Equivalents

2021 £000		2022 £000
234	Balance at 1 April	908
674	Net change in cash and cash equivalent balances	1,029
908	Balance at 31 March	**1,937**
908	**Total Cash - Cash Flow Statement**	**1,937**
	The following balances at 31 March were held at:	
39	Government Banking Service	50
93	Commercial banks and cash in hand	86
776	Endowment cash	1,801
908	**Balance at 31 March**	**1,937**

Note 12 Trade and Other Payables

Consolidated 2021 £000	Board 2021 £000		Note	Consolidated 2022 £000	Board 2022 £000
4,959	**4,959**	**NHS Scotland payables due within 1 year**	SFR 30.0	**6,261**	**6,261**
0	0	NHS Non-Scottish bodies	SFR 30.2	0	0
117	117	Amounts Payable to General Fund		117	117
21,719	21,719	FHS Practitioners		21,483	21,483
5,452	5,452	Trade Payables		43,833	43,833
55,177	55,177	Accruals		75,593	75,593
1,912	1,912	Deferred income		2,173	2,173
23	23	Net obligations under Finance Leases	17	24	24
3,058	3,058	Net obligations under PPP / PFI Contracts	18	1,682	1,682
9,900	9,900	Income tax and social security	SFR 30.1	11,013	11,013
8,005	8,005	Superannuation		8,564	8,564
6,894	6,894	Holiday Pay Accrual		11,129	11,129
1,205	1,166	Other payables		1,394	908
113,462	**113,423**	**Other payables due within one year**		**177,005**	**176,519**
118,421	**118,382**	**Total payables due within one year**	**SoFP**	**183,266**	**182,780**
24	24	Net obligations under Finance Leases due within 2 years	17	25	25
80	80	Net obligations under Finance Leases due after 2 years but within 5 years	17	84	84
84	84	Net obligations under Finance Leases due after 5 years	17	55	55
3,170	3,170	Net obligations under PPP / PFI Contracts due within 2 years	18	1,789	1,789
7,262	7,262	Net obligations under PPP / PFI Contracts due after 2 years but within 5 years	18	6,113	6,113
48,083	48,083	Net obligations under PPP / PFI Contracts due after 5 years	18	45,897	45,897
749	749	Deferred income		655	655
59,452	**59,452**	**Total payables due after more than one year**	**SoFP**	**54,618**	**54,618**
177,873	**177,834**	**Total payables**		**237,884**	**237,398**
		WGA Classification			
4,959	4,959	NHS Scotland		6,261	6,261
17,905	17,905	Central Government bodies		19,577	19,577
155,009	154,970	Balances with bodies external to Government		212,046	211,560
177,873	**177,834**	**Total current liabilities**		**237,884**	**237,398**
		The carrying amount of receivables are denominated in the following currencies:			
177,873	**177,834**	**Pounds**		**237,884**	**237,398**

Note 13 a. Provisions - Consolidated and Board

	Pensions & similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	Total 2022
	£000	£000	£000	£000	£000
At 31st March 2021	7,418	43,263	44,270	99	95,050
Arising during the year	966	12,811	2,394	827	16,998
Utilised during the year	(569)	(2,505)	(1,507)	(102)	(4,683)
Unwinding of discount	230	-	-	-	230
Reversed unutilised	(57)	(8,328)	-	(14)	(8,399)
At 31st March 2022	**7,988**	**45,241**	**45,157**	**810**	**99,196**
The amounts shown above in relation to Clinical & Medical Legal Claims against NHS Board are stated gross. The amount of any expected reimbursements are separately disclosed as receivables in note 9.					
Payable in one year	570	12,427	11,263	302	24,562
Payable between 1 - 5 years	2,280	14,658	27,442	508	44,888
Payable between 6 - 10 years	2,850	1,817	2,334	-	7,001
Thereafter	2,288	16,339	4,118	0	22,745
At 31st March 2022	**7,988**	**45,241**	**45,157**	**810**	**99,196**

Note 13 a. Provisions - Consolidated and Board Prior Year

	Pensions & similar obligations	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other (non-endowment)	Total 2021
	£000	£000	£000	£000	£000
At 31st March 2020	7,628	35,845	44,326	20	87,819
Arising during year	401	17,490	2,711	141	20,743
Utilised during year	(564)	(4,097)	(2,767)	(54)	(7,482)
Unwinding during year	-	-	-	-	-
Reversed unutilised	(47)	(5,975)	-	(8)	(6,030)
At 31st March 2021	**7,418**	**43,263**	**44,270**	**99**	**95,050**
Payable in one year	564	3,572	11,042	-	15,178
Payable between 1 - 5 years	2,256	27,996	26,903	-	57,155
Payable between 6 - 10 years	2,820	1,475	2,289	-	6,584
Thereafter	1,778	10,220	4,036	99	16,133
At 31st March 2021	**7,418**	**43,263**	**44,270**	**99**	**95,050**

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal NHS Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the NHS Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury Discount Rate of Real discount rate of -1.3%
(-0.95% 2021) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 55 years.

Clinical & Medical Legal Claims against NHS Board

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

Participation in CNORIS

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

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

		2021 £000	2022 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	43,263	45,241
Associated CNORIS receivable at 31 March	9	(42,565)	(44,928)
Provision recognising the NHS Board's liability from participating in the scheme	13a	44,270	45,157
Net Total Provision relating to CNORIS at 31 March		**44,968**	**45,470**

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

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

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in third line above.

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

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

Note 14 Contingent Liabilities

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

2021 £000		2022 £000
12,032	Clinical and medical compensation payments	24,045
194	Employer's liability	750
345	Third party liability	412
250	Other - Girvan Groundwater Monitoring	250
12,821	**Total Contingent Liabilities**	**25,457**
11,473	Clinical and medical compensation payments	24,843
11,473	**Total Contingent Assets**	**24,843**

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

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

Note 15 Events After the End of the Reporting Year

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

Note 16 Capital Commitments

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

2021 £000		2022 £000
8,600	Ayrshire Central Hospital National Forensic Service in Scotland	9,700
609	Boardwide PACS/RICS	218
200	ACH CDU Steriliser Replacement Programme	200
-	Endoscopy Suite / Discharge Lounge Ayr Hospital	1,007
-		-
9,409	**Total Capital Commitments**	**11,125**
4,500	Board wide Whole System Estate Plan	1,600
62	West of Scotland Regional Vascular Programme	-
580	UHC Ward 4 Upgrade	535
-	0	-
5,142	**Total Authorised but not Contracted**	**2,135**

Note 17 Commitments Under Operating Leases

Total future minimum payments under leases are stated below

2021 £000		2022 £000
10	Not later than one year	10
10	Later than one year, not later than 2 years	10
29	Later than two years, not later than five years	29
26	Later than five years	17
75	**Total Land**	**66**
289	Not later than one year	243
289	**Total Other**	**243**
289	Hire of equipment (including vehicles)	243
51	Other operating leases	51
340	**Total Amounts charged to Operating Costs in year**	**294**

Commitments Under Finance Leases

Total net obligation under finance leases is analysed in Note 12 Payables

33	Rentals due within one year	12	33
33	Rentals due between one and two years (inclusive)	12	33
99	Rentals due between two and five years (inclusive)	12	99
91	Rentals due after five years	12	58
(45)	Less interest element		(35)
211	**Total Finance Leases (Buildings)**		**188**

Aggregate Rentals Receivable in the year

242	**Total of finance & operating leases**	**242**

Note 18 Commitments under PFI Contracts on Balance Sheet

East Ayrshire Community Hospital (EACH)is situated in the town of Cumnock. The facility provides Inpatient beds, Elderly Mental Ill and GP Acute, there are also day facilities for Frail Elderly Ill and Outpatients Clinics (including AHPS's). The 25 year contract commenced in August 2000 and was due to be completed in August 2025.
On 7 May 2021, the Health Board purchased all the shares in Cumnock Holdings SPV, which built and owned EACH under the PFI Initiative. The purchase price was £12million. There are no future PFI obligations due to the buyout detailed above.

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

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

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

2021			East Ayrshire Community Hospital	Ayrshire Maternity Unit	Woodland View	2022
£000			£000	£000	£000	£000
8,042	Rentals due within 1 year		-	1,895	4,080	5,975
7,761	Due within 1 to 2 years		-	1,783	4,083	5,866
19,385	Due within 2 to 5 years		-	5,433	12,265	17,698
82,394	Due after 5 years		-	18,768	57,650	76,418
117,582	**Gross Minimum Lease Payments**		**-**	**27,879**	**78,078**	**105,957**
	less					
(4,984)	Rentals due within 1 year		-	(1,240)	(3,053)	(4,293)
(4,591)	Due within 1 to 2 years		-	(1,102)	(2,975)	(4,077)
(12,123)	Due within 2 to 5 years		-	(3,196)	(8,389)	(11,585)
(34,311)	Due after 5 years		-	(8,717)	(21,804)	(30,521)
(56,009)	**Interest Element**		**-**	**(14,255)**	**(36,221)**	**(50,476)**
	giving	Note				
3,058	Rentals due within 1 year	12	-	655	1,027	1,682
3,170	Due within 1 to 2 years	12	-	681	1,108	1,789
7,262	Due within 2 to 5 years	12	-	2,237	3,876	6,113
48,083	Due after 5 years	12	-	10,051	35,846	45,897
61,573	**Present value of minimum lease payments**		**-**	**13,624**	**41,857**	**55,481**
4,132	Rentals due within 1 year		-	429	2,071	2,500
4,235	Due within 1 to 2 years		-	440	2,122	2,562
13,022	Due within 2 to 5 years		-	1,352	6,527	7,879
34,728	Due after 5 years		-	4,297	31,220	35,517
56,117	**Service elements due in future periods**		**-**	**6,518**	**41,940**	**48,458**
117,690	**Total Commitments**		**-**	**20,142**	**83,797**	**103,939**

		Note	
7,022	**Interest charges**	2	**4,909**
245	**Contingent rents (included in Other charges)**		**68**

Note 19 Pension Costs

NHS Ayrshire and Arran participates in the NHS Pension Scheme (Scotland).

The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees' contributions.
NHS Ayrshire and Arran has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

i) The scheme is an unfunded multi-employer defined benefit scheme.

ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NHS Ayrshire and Arran is unable to identify its share of the underlying assets and liabilities of the scheme.

iii) The employer contribution rate for the period from 1 April 2021 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

iv) While a valuation was carried out as at 31 March 2016, 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 cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account.

The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

v) NHS Ayrshire and Arran's level of participation in the scheme is 5.11% based on the proportion of employer contributions paid in 2020-21

	2021 £000	2022 £000
Pension cost charge for the year	64,596	70,380
Additional Costs arising from early retirement	564	569
Provisions / Liabilities / Pre-payments included in the Balance Sheet	1,286	1,513
Pension costs for the year for staff transferred from local authority	-	-

Note 20 **Financial Instruments - Financial Assets and Liabilities**

2021 £000	Financial Assets - Consolidated	Note	Loans and Receivables £000	Available for sale £000	2022 £000
8,884	Investments	10	8,810		8,810
20,328	prepayments, reimbursements of provisions and VAT recoverable.	9	15,003		15,003
908	Cash and cash equivalents	11	1,937		1,937
30,120	**Financial Assets per Balance Sheet**		**25,750**	**-**	**25,750**
	Financial Assets - Board				
20,328	prepayments, reimbursements of provisions and VAT recoverable.	9	15,003		15,003
132	Cash and cash equivalents	11	136		136
20,460	**Financial Assets per Balance Sheet**		**15,139**	**-**	**15,139**

2021 £000	Financial Liabilities - Consolidated	Note		2022 £000
211	Finance lease liabilities	12	188	188
61,573	PFI Liabilities	12	55,481	55,481
90,564	Trade and other payables excluding statutory liabilities	12	153,549	153,549
152,348	**Financial Liabilities per Balance Sheet**		**209,218**	**209,218**
	Financial Liabilities - Board			
211	Finance lease liabilities	12	188	188
61,573	PFI Liabilities	12	55,481	55,481
90,525	Trade and other payables excluding statutory liabilities	12	153,063	153,063
152,309	**Financial Liabilities per Balance Sheet**		**208,732**	**208,732**

Note 20 b **Financial Risk Factors**

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

Credit Risk — The possibility that other parties might fail to pay amounts due.

Liquidity Risk — The possibility that the NHS Board might not have funds available to meet its commitments to make payment

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Liquidity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31st March 2022	**£000**	**£000**	**£000**	**£000**
PFI Liabilities	1,609	1,711	5,838	46,323
Finance lease liabilities	24	25	84	54
Total	**1,633**	**1,736**	**5,922**	**46,377**
At 31st March 2021				
PFI Liabilities	3,058	3,170	7,262	48,083
Finance lease liabilities	23	24	80	84
Total	**3,081**	**3,194**	**7,342**	**48,167**

Market Risk

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

i. **Cash flow and fair value interest rate risk**
The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

ii. **Foreign Currency and Price Risks**
The NHS Board is not exposed to foreign currency risk or equity security price risk.

Note 20 b Fair Value Estimation

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

Note 21 Derivative Financial Instruments - Consolidated and Board

There are no derivative financial instruments in 2021-22 or prior years.

Note 22 Related Party Transactions

The North Ayrshire Integration Joint Board was established on 1 April 2015 as a partnership between North Ayrshire Council and NHS Ayrshire & Arran, and is responsible for planning and overseeing the delivery of a full range of community, health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professionals. In the year 2021/2022 the following Health Board financial transactions were made with North Ayrshire Integration Joint Board relating to the integrated and health functions.

Contribution made to North Ayrshire IJB £224.3 million (2021/22 £209 million)
Commissioning income received from North Ayrshire IJB £176.0 million (2021/22 £169.55 million)
North Ayrshire IJB balance due to (from) the Health Board £14.6 million (2020/21 2.6 million)

The South Ayrshire Integration Joint Board was established on 1 April 2015 as a partnership between South Ayrshire Council and NHS Ayrshire & Arran, and is responsible for planning and overseeing the delivery of a full range of community, health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professionals. In the year 2021/2022 the following Health Board financial transactions were made with East Ayrshire Integration Joint Board relating to the integrated and health functions.

Contribution made to South Ayrshire IJB £188.4 million (2020/21 £178.6 million)
Commissioning income received from South Ayrshire IJB £145.9 million (2020/21 £142.6 million)
South Ayrshire IJB balance due to (from) the Health Board £14.4 million (2020/21 £5.3 million)

The East Ayrshire Integration Joint Board was established on 1 April 2015 as a partnership between East Ayrshire Council and NHS Ayrshire & Arran, and is responsible for planning and overseeing the delivery of a full range of community, health and social work/social care services, including those for older people, adults, children and families, people in the Criminal Justice System and allied health professionals. In the year 2021/2022 the following Health Board financial transactions were made with South Ayrshire Integration Joint Board relating to the integrated and health functions

Contribution made to East Ayrshire IJB £193.2 million (2020/21 £188.3 million)
Commissioning income received from East Ayrshire IJB £148.1 million (2020/21 £156.8 million)
East Ayrshire IJB balance due to (from) the Health Board £17.1 million (2020/21 £8.6 million)

Ayrshire & Arran Endowment Funds are manged by Trustees who are also Directors of the Board (as notified in the Remuneration report) and is therefore a related party. During the year the board made payments to Endowments of £1,257,000 (2020/2021 £259,000) and received payments from Endowments of £344,000 (2020/2021 £851,000) with a balance of £162,000 (2020/2021 £63,000) due to the Board outstanding at year-end.

The main payments from endowments during the year relate to £36,000 for posts which are funded from endowments (research, admin etc) with the balance relating to reimbursement for goods and services procured through the Board. In June 2021, the Endowment Trustees agreed to fund £1,514,734 to build staff wellbeing suites on the main hospital sites. During 2021/2022, Scottish Government agreed to contribute £1 million towards this which was received as income by Endowment funds.

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

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

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

Board Member	Position	Organisation	Sales or Purchase in Year			
Derek Lindsay	Director of Finance	Cumnock SPV Ltd			£1,999,000	expenditure
Linda Semple	Non-Executive	Golden Jubilee Hospital	£209,000	income	£8,385,000	expenditure
Jean Ford	Non-Executive	NHS Education Scotland	£20,282,000	income	£3,839,000	expenditure
Micheal Breen	Vice Principal - Finance	Ayrshire College	£760			

Cumnock SPV

The Performance Report notes the purchase during the year of Cumnock SPV Holdings Limited and Cumnock SPV Limited. In March 2022, Cumnock SPV Limited (which is a wholly owned subsidiary of the Health Board) completed a renunciation of the ground lease for the ground on which East Ayrshire Community Hospital (EACH) is built. This did not involve any compensation, but in place of the ground lease Cumnock SPV Limited was granted a licence to operate in EACH by the Health Board which is consistent with that issued to the Ayrshire Hospice earlier in the year.

Cumnock SPV is not consolidated into the accounts of the Health Board as not material. The cessation of the ground lease meant that EACH could be shown on the Health Board balance sheet, as it had previously as an on balance sheet PFI.

Hard and soft facilities management services for EACH continue to be provided to the Board by Cumnock SPV through BAM FM. During 2021/2022 payments of £1.999 million were made to Cumnock SPV Holdings Ltd for these services.

Note 23 **Third Party Assets**

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

	2021 £000	Gross Inflows £000	Gross Outflows £000	2022 £000
Monetary amounts such as bank balances and monies on deposit	425	357	(495)	288

Note 24 a **Consolidated Statement of Comprehensive Net Expenditure**

2021 Group £000		Note	2022 Board £000	2022 Endowment £000	2022 East Health & Social Care Partnership £000	2022 North Health & Social Care Partnership £000	2022 South Health & Social Care Partnership £000	2022 Group £000
509,544	Staff costs	3a	537,420	-	-	-	-	537,420
128,284	Independent Primary Care Services	3b	127,384	-	-	-	-	127,384
152,512	Drugs and medical supplies		160,794	-	-	-	-	160,794
757,060	Other health care expenditure		797,256	1,043	-	-	-	798,299
1,547,400	**Gross expenditure for the year**		**1,622,854**	**1,043**	**-**	**-**	**-**	**1,623,897**
(517,158)	Less: operating income	4	(527,489)	(1,713)	-	-	-	(529,202)
(15,990)	Associates and joint ventures accounted for on an equity basis		-	-	(9,354)	(11,361)	(9,043)	(29,758)
1,014,252	**Net expenditure for the year**		**1,095,365**	**(670)**	**(9,354)**	**(11,361)**	**(9,043)**	**1,064,937**
	Other Comprehensive Net Expenditure							
6,372	Net gain on revaluation of Property Plant		(16,458)	-	-	-	-	(16,458)
(1,730)	Net gain on revaluation of available for sales financial assets		-	166	-	-	-	166
4,642	**Other Comprehensive Expenditure**		**(16,458)**	**166**	**-**	**-**	**-**	**(16,292)**
1,018,894	**Comprehensive Net Expenditure**		**1,078,907**	**(504)**	**(9,354)**	**(11,361)**	**(9,043)**	**1,048,645**

Note 24 b Consolidated Statement of Financial Position

2021 Group £000			2022 Board £000	2022 Endowment £000	2022 Intergroup Adjustment £000	2022 East Health & Social Care Partnership £000	2022 North Health & Social Care Partnership £000	2022 South Health & Social Care Partnership £000	2022 Group £000
412,066	Property, plant and equipment	7a	441,111	-	-	-	-	-	441,111
	Financial assets:								
8,884	Available for sale financial assets	10a	150	8,810	-	-	-	-	8,960
16,294	Investments in associates and joint ventures		-	-	-	17,084	14,616	14,352	46,052
39,585	Trade and other receivables	9	33,329	-	-	-	-	-	33,329
476,829	**Total non-current assets**		**474,590**	**8,810**	**-**	**17,084**	**14,616**	**14,352**	**529,452**
5,661	Inventories	8	5,441	-	-	-	-	-	5,441
	Financial assets:								
27,339	Trade and other receivables	9	31,219	-	-	-	-	-	31,219
908	Cash and cash equivalents	11	136	1,801	-	-	-	-	1,937
-	Assets classified as held for sale	7b	40						40
33,908	**Total current assets**		**36,836**	**1,801**	**-**	**-**	**-**	**-**	**38,637**
510,737	**Total assets**		**511,426**	**10,611**	**-**	**17,084**	**14,616**	**14,352**	**568,089**
(15,178)	Provisions	13a	(24,562)	-	-	-	-	-	(24,562)
	Financial liabilities:								
(118,421)	Trade and other payables	12	(182,780)	(486)	-	-	-	-	(183,266)
(133,599)	**Total current liabilities**		**(207,342)**	**(486)**	**-**	**-**	**-**	**-**	**(207,828)**
377,138	**Non-current assets less net current liabilities**		**304,084**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**360,261**
(79,872)	Provisions	13a	(74,634)	-	-	-	-	-	(74,634)
	Financial liabilities:								
(59,452)	Trade and other payables	12	(54,618)	-	-	-	-	-	(54,618)
-	Liabilities in associate and joint ventures		-	-	-	-	-	-	-
(139,324)	**Total non-current liabilities**		**(129,252)**	**-**	**-**	**-**	**-**	**-**	**(129,252)**
237,814	**Assets less liabilities**		**174,832**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**231,009**
	Taxpayers' Equity								
96,540	General fund	SoCTE	46,742	-	-	-	-	-	46,742
115,359	Revaluation reserve	SoCTE	128,090	-	-	-	-	-	128,090
16,294	Other reserves - associates and joint ventu	SoCTE	-	-	-	17,084	14,616	14,352	46,052
9,621	Fund held on Trust	SoCTE	-	10,125	-	-	-	-	10,125
237,814	**Total taxpayers' equity**		**174,832**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**231,009**

Note 24 b Consolidated Statement of Financial Position - Prior Year

2020 Group £000			2021 Board £000	2021 Endowment £000	2021 Intergroup Adjustment £000	2021 East Health & Social Care Partnership £000	2021 North Health & Social Care Partnership £000	2021 South Health & Social Care Partnership £000	2021 Group £000
395,829	Property, plant and equipment	7a	412,066	-	-	-	-	-	412,066
	Financial assets:								
10,086	Available for sale financial assets	10	-	8,884	-	-	-	-	8,884
943	Investments in associates and joint ventures		-	-	2,848	5,088	3,255	5,103	16,294
44,578	Trade and other receivables	9	39,585	-	-	-	-	-	39,585
451,436	**Total non-current assets**		**451,651**	**8,884**	**2,848**	**5,088**	**3,255**	**5,103**	**476,829**
4,090	Inventories	8	5,661	-	-	-	-	-	5,661
	Financial assets:								
14,318	Trade and other receivables	9	27,339	63	(63)	-	-	-	27,339
540	Cash and cash equivalents	11	132	776	-	-	-	-	908
25	Assets classified as held for sale	7b	-	-	-	-	-	-	-
18,973	**Total current assets**		**33,132**	**839**	**(63)**	**-**	**-**	**-**	**33,908**
470,409	**Total assets**		**484,783**	**9,723**	**2,785**	**5,088**	**3,255**	**5,103**	**510,737**
(12,214)	Provisions	13a	(15,178)	-	-	-	-	-	(15,178)
	Financial liabilities:								
(54,076)	Trade and other payables	12	(118,382)	(102)	63	-	-	-	(118,421)
(66,290)	**Total current liabilities**		**(133,560)**	**(102)**	**63**	**-**	**-**	**-**	**(133,599)**
404,119	**Non-current assets less net current liabilities**		**351,223**	**9,621**	**2,848**	**5,088**	**3,255**	**5,103**	**377,138**
(82,409)	Provisions	13a	(79,872)	-	-	-	-	-	(79,872)
	Financial liabilities:								
(69,653)	Trade and other payables	12	(59,452)	-	-	-	-	-	(59,452)
(1,623)	Liabilities in associate and joint ventures		-	-	(2,544)	-	2,544	-	-
(153,685)	**Total non-current liabilities**		**(139,324)**	**-**	**(2,544)**	**-**	**2,544**	**-**	**(139,324)**
250,434	**Assets less liabilities**		**211,899**	**9,621**	**304**	**5,088**	**5,799**	**5,103**	**237,814**
	Taxpayers' Equity								
149,186	General fund	SoCTE	96,540	-	-	-	-	-	96,540
90,882	Revaluation reserve	SoCTE	115,359	-	-	-	-	-	115,359
-680	Other reserves - associates and joint ventu	SoCTE	-	-	304	5,088	5,799	5,103	16,294
11,046	Fund held on Trust	SoCTE	-	9,621	-	-	-	-	9,621
250,434	**Total taxpayers' equity**		**211,899**	**9,621**	**304**	**5,088**	**5,799**	**5,103**	**237,814**

Note 24 c **Consolidated Statement of Cash Flows**

2021 Group		2022 Board	2022 Endowment	2022 East Health & Social Care	2022 North Health & Social Care	2022 South Health & Social Care	2022 Group
£000	**Cash flows from operating activities**	£000	£000	£000	£000	£000	£000
(1,014,252)	Net operating cost	(1,095,365)	670	9,354	11,361	9,043	(1,064,937)
18	Adjustments for non-cash transactions	28,810	-	(9,354)	(11,361)	(9,043)	(948)
7,022	Add back: interest payable recognised in net operating cost	4,909	-	-	-	-	4,909
(322)	Deduct: interest receivable recognised in net operating cost	-	(333)	-	-	-	(333)
32,808	Movements in working capital	72,421	447	-	-	-	72,868
(974,726)	**Net cash outflow from operating activities**	**(989,225)**	**784**	**-**	**-**	**-**	**(988,441)**
	Cash flows from investing activities						
(13,529)	Purchase of property, plant and equipment	(29,562)	-	-	-	-	(29,562)
(270)	Investment Additions	(150)	(12,415)	-	-	-	(12,565)
6,452	Transfer of assets to/(from) other NHS bodies	844	-	-	-	-	844
1,050	Proceeds of disposal of property, plant and equipment	39	-	-	-	-	39
933	Receipts from sale of investments	-	323	-	-	-	323
322	Interest received	-	333	-	-	-	333
(5,042)	**Net cash outflow from investing activities**	**(28,829)**	**(11,759)**	**-**	**-**	**-**	**(40,588)**
	Cash flows from financing activities						
990,113	Funding	1,041,082	-	-	-	-	1,041,082
(2,649)	Capital element of payments in respect of finance leases on-balance sheet PFI contracts	(6,115)	-	-	-	-	(6,115)
(7,022)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	(4,909)	-	-	-	-	(4,909)
980,442	**Net Financing**	**1,030,058**	**-**	**-**	**-**	**-**	**1,030,058**
674	Net Increase in cash and cash equivalents in the period	12,004	(10,975)	-	-	-	1,029
234	Cash and cash equivalents at the beginning of the period	132	776	-	-	-	908
908	**Cash and cash equivalents at the end of the period**	**12,136**	**(10,199)**	**-**	**-**	**-**	**1,937**
	Reconciliation of net cash flow to movement in net debt/cash						
674	Increase / (decrease) in cash in year	4	1,025	-	-	-	1,029
234	Net debt / cash at 1 April	132	776	-	-	-	908
908	**Net cash at 31 March**	**136**	**1,801**	**-**	**-**	**-**	**1,937**

Directions by the Scottish Ministers

DIRECTIONS BY THE SCOTTISH MINISTERS

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

1. NHS Ayrshire & Arran must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.

2. In preparing a statement of accounts in accordance with paragraph 1, NHS Ayrshire & Arran must use the NHS Ayrshire & Arran Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.

3. In preparing a statement of accounts in accordance with paragraph 1, NHS Ayrshire & Arran must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –

   (a) The NHS Scotland Capital Accounting Manual,

   (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and

   (c) The Scottish Public Finance Manual.

4. A statement of accounts prepared by NHS Ayrshire & Arran in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.

5. NHS Ayrshire & Arran must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.

6. In these Directions –

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

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

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

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

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

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

"NHS Ayrshire & Arran Annual Accounts template" means the Excel spreadsheet issued to NHS Ayrshire & Arran by the Scottish Ministers as a template for their statement of accounts, and

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

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.

8. This Direction will come into force on the day after the day on which it is signed.

9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978.

Signed by the authority of the Scottish Ministers

Dated 22 March 2022